



Joel McCommon
Gas Area HES
Team Leader

MidContinent/Alaska HES
North American Exploration
and Production Company
11111 S. Wilcrest #S1009
Houston, TX 77099
Tel 281-561-3967
JMcCommon@chevron.com

January 23, 2009

Joel McCommon
Mr. Stephen M. Burns, Jr.
Encinitos Ranch
3684 FM 755
Encino, Texas 78353-6048

Re: McGill Brothers NCT-1 No. 26 Well; Encinitos Ranch; McGill Brothers Oil and Gas Lease; J. A. & A. Morales Garcia Survey, A-214, known as Subdivision 1 of the San Antonito Grant of the Allen Irrigation & Improvement Company, Brooks County, Texas

Dear Mr. Burns:

The purpose of this letter is to provide you with an update pertaining to the soil remediation process with regards to the McGill NCT-1 26 well site, and let you know that Chevron will be plugging and abandoning the well within the next couple of months. As I explained in my first letter, trace accumulations of mercury were found in the soil around the wellhead. Prior to conducting any well work, Chevron decided to perform a thorough site evaluation to determine the extent of mercury present at the well site. Chevron employed EMC (Environmental Management Corporation) to perform the soil analysis, which determined that the presence of Mercury is confined to a small area located near the well head of the McGill NCT-1 No. 26 Well. Chevron also engaged EMC to develop a plan to remove all effected soil and remediate the well site. This planning process has been completed and we are ready to proceed.

In addition, Chevron's technical team has determined that the well has reached its economical limit, and therefore the McGill NCT-1 No. 26 Well should be plugged and abandoned. We have received approval to plug the well from the Texas Railroad Commission (copy of approved plugging permit attached) and are in the process of obtaining consent from our co-owners to plug the well. Prior to beginning the soil remediation process, we will plug and abandon the well in a manner to minimize any further soil contamination, therefore in the coming weeks our Drilling and Completions group will proceed with plugging the well.

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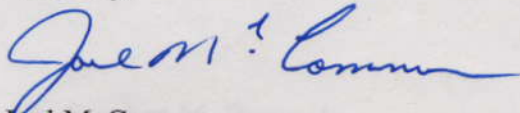
Joel McCommon
Case Area 1403
Train Letter

Environmental Services
Chevron Environmental Services
Production Company
1111 S. Walnut #5120
Houston, TX 77002
Tel 281-291-1000

After the plugging process is complete, EMC will begin the soil remediation process which includes hauling and disposing of any and all effected soils to an approved disposal site located near Port Author Texas, and reclaiming the surface site around the well.

Should you have any further questions in this regard, please do not hesitate to contact me at 281-561-3967.

Sincerely,



Joel McCommon

Environmental Services
2804 Pch 755
Lubbock, Texas 79408-6048

Re: McGill Brothers NCT-1 No. 26 Well, Frontier Ranch, McGill Brothers Oil and Gas
L.P., J. A. & A. Morales Garcia Survey, A-274, Block 21 Subdivision 1 of the 3rd
Addition Grant of the Allen Reclamation & Improvement Company, Brewer County, Texas

Dear Mr. Burns:

The purpose of this letter is to provide you with an update pertaining to the soil remediation process with regards to the McGill NCT-1 No. 26 well site, and let you know that Chevron will be plugging and abandoning the well within the next couple of months. As I explained in my last letter, trace accumulations of mercury were found in the soil around the wellhead. Prior to conducting any well work, Chevron decided to perform a thorough site evaluation to determine the extent of mercury present at the well site. Chevron employed EMC (Environmental Management Corporation) to perform the soil analysis, which determined that the presence of Mercury is confined in a small area located near the well head of the McGill NCT-1 No. 26 Well. Chevron also engaged EMC to develop a plan to remove all effected soil and remediate the well site. This planning process has been completed and we are ready to proceed.

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