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PLEASE REPLY TO SANTA FE

\* NEW MEXICO BOARD OF SPECIALIZATION RECOGNIZED SPECIALIST IN NATURAL RESOURCES - OIL & GAS LAW  
\*\* NEW MEXICO BOARD OF SPECIALIZATION RECOGNIZED SPECIALIST IN REAL ESTATE LAW

October 24, 2001

**Via Fax and Regular Mail(903) 792-3799**

Jimmy Roberson Energy Corporation  
Jimmy Roberson, Registered Agent  
Hwy 71 North  
P.O. Box 1965  
Texarkana, Texas 75504

Re: AP Hixon 1-A Com No. 1; AP Hixon Com No. 1-E  
Sec. 21, T-25-N, R-11-W, San Juan County, New Mexico  
Navajo Allotted Oil and Gas Lease Nos. NOOC-14-20-5424 and NOOC 14-20-5245

Dear Mr. Roberson:

This firm represents Central Resources, Inc., ("Central"), of Denver, Colorado.

By that Conveyance, Assignment and Bill of Sale executed on November 6, 1998, signed by the Assignee on December 4, 1998 and recorded at Book 1274, Page 963 of the records of the San Juan County Clerk, Central assigned the above-referenced Navajo-Allotted oil and gas leases to Jimmy Roberson Energy Corporation ("Roberson"). Soon thereafter, in accordance with the requirements of the EBCO purchase and sale agreement, Roberson entered onto the lands and assumed operations of the referenced AP Hixon wells. A copy of the referenced assignment is attached. Moreover, written evidence contained in the official lease files of the Bureau of Indian Affairs for the referenced leases reflects that Roberson identified itself to the BIA, the New Mexico Oil Conservation Division, ("NMOCD"), and others as the Operator of the subject wells and leases within the meaning of the provisions of 43 CFR 3160.0-5 as those regulations are made applicable to oil and gas leases administered by the BIA by 25 CFR 211.55(f), among others. As such, Roberson is responsible for

OIL CONSERVATION DIV.  
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operations on the subject lands. Roberson has acknowledged its responsibility in its October 12, 2001 correspondence to the NMOCD.

Central has been advised by the BIA that there have been numerous violations of applicable federal regulations during Roberson's operations on the subject lands, including a failure to report production and account for and pay royalties. In addition, Roberson is a named party in NMOCD Case No. 12739 whereby the New Mexico Oil Conservation Division seeks civil penalties for numerous violations of the Division's rules and to bring the referenced wells, among others, back into compliance with the Division's regulations. A copy of the NMOCD's notice of the proceeding is also attached. It is clearly the obligation of Roberson to immediately address and correct all of the violations.

In order to facilitate the efforts of the BIA and the NMOCD to bring these properties and wells back into compliance with their respective regulations and orders, Central hereby demands that Roberson make immediate efforts to remedy all instances of non-compliance with or violations of the applicable rules and regulations of those agencies. Roberson's failure to address its past and ongoing violations may subject it to substantial penalties and assessments by both agencies. In the case of the NMOCD, those penalties may be up to \$1,000 per day, and in the case of the BIA, the penalties may be up to \$10,000 per day for each violation.

In addition, you are advised that, to the extent Central may have any reversionary interests in the subject wells and leases, it will hold Roberson liable for any and all damages to its interests as a result of Roberson's conduct. Moreover, Central will also hold Roberson liable and will otherwise seek its indemnification to the extent that the BIA, the NMOCD or any other third parties, including the Indian mineral owners, may seek performance, damages or penalties from Central Resources, Inc.

You are requested to have your counsel contact me immediately at the address listed above.

For purposes of communicating with the Bureau of Indian Affairs, you should immediately contact:

Mr. Kevin Gambrell, Director  
Farmington Indian Minerals Office  
1235 La Plata Highway Suite B  
Farmington, NM 87401-1805  
(505) 599-8961

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For purposes of communicating with the New Mexico Oil Conservation Division, you should immediately contact:

Mr. David Brooks, General Counsel  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505  
(505) 476-3450

Please give this matter your immediate attention.

Sincerely,



J. Scott Hall  
Miller Stratvert & Torgerson, P.A..  
Attorneys for Central Resources, Inc.

Cc: Mr. Kevin Gambrell – FIMO  
David Brooks, Esq. - NMOCD Santa Fe ✓  
Mr. Charlie Perrin – NMOCD Aztec  
Mr. Paul Zecchi – Central Resources, Inc.

Enclosures

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October 24, 2001

**Via Fax and Regular Mail(903) 792-3799**

Jerry Andrews, Registered Agent  
Jimmy Roberson Energy Corporation  
6500 No. Summerhill Road, Suite 1-H  
Texarkana, Texas 75503

Re: AP Hixon 1-A Com No. 1; AP Hixon Com No. 1-E  
Sec. 21, T-25-N, R-11-W, San Juan County, New Mexico  
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October 26, 2001

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Central has been advised by the BIA that there have been numerous violations of applicable federal regulations during Roberson's operations on the subject lands, including a failure to report production and account for and pay royalties. In addition, Roberson is a named party in NMOCD Case No. 12739 whereby the New Mexico Oil Conservation Division seeks civil penalties for numerous violations of the Division's rules and to bring the referenced wells, among others, back into compliance with the Division's regulations. A copy of the NMOCD's notice of the proceeding is also attached. It is clearly the obligation of Roberson to immediately address and correct all of the violations.

In order to facilitate the efforts of the BIA and the NMOCD to bring these properties and wells back into compliance with their respective regulations and orders, Central hereby demands that Roberson make immediate efforts to remedy all instances of non-compliance with or violations of the applicable rules and regulations of those agencies. Roberson's failure to address its past and ongoing violations may subject it to substantial penalties and assessments by both agencies. In the case of the NMOCD, those penalties may be up to \$1,000 per day, and in the case of the BIA, the penalties may be up to \$10,000 per day for each violation.

In addition, you are advised that, to the extent Central may have any reversionary interests in the subject wells and leases, it will hold Roberson liable for any and all damages to its interests as a result of Roberson's conduct. Moreover, Central will also hold Roberson liable and will otherwise seek its indemnification to the extent that the BIA, the NMOCD or any other third parties, including the Indian mineral owners, may seek performance, damages or penalties from Central Resources, Inc.

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Farmington Indian Minerals Office  
1235 La Plata Highway Suite B  
Farmington, NM 87401-1805  
(505) 599-8961

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Mr. David Brooks, General Counsel  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505  
(505) 476-3450

Please give this matter your immediate attention.

Sincerely,



J. Scott Hall  
Miller Stratvert & Torgerson, P.A..  
Attorneys for Central Resources, Inc.

Cc: Mr. Kevin Gambrell – FIMO  
David Brooks, Esq. - NMOCD Santa Fe ✓  
Mr. Charlie Perrin – NMOCD Aztec  
Mr. Paul Zecchi – Central Resources, Inc.

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October 24, 2001

**Via Fax and Regular Mail(903) 792-3799**

Wanliss Armstrong, Registered Agent  
Jimmy Roberson Energy Corporation  
700 W. Panther  
Jal, New Mexico 88252

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