



2-20-96

## RICHARDSON OPERATING COMPANY

1700 Lincoln, Suite 1700  
Denver, Colorado 80203 (303) 830-8000  
FAX (303) 830-8009

January 19, 1996 *resent 2-12-96*

*w/map*

Ms. Fern Knight Lane  
P.O. Box 822  
Farmington, NM 87499-0822

*1 owner*  
*AB Lane Electric Motor Service*

*(303) 327-9442*

Re: Request for Oil and Gas Lease  
E/2-Section 15-T29N-R13W  
San Juan County, New Mexico

*talked to about 4 times*

*No response*

Dear Ms. Lane:

A recent check of the county records indicates you own mineral rights in the following described lands that are not currently subject to an oil and gas lease:

Township 29 North, Range 13 West, NMPM  
Section 15: Certain tracts of land within the E/2  
Surface to base of Pictured Cliffs formation  
Containing 0.2926 acres, more or less

Richardson Production Company offers to take an oil and gas lease that provides for a three year primary term with bonus consideration based on \$50.00 per net acre for your 0.2926 net mineral acres. The lease would also provide for a 15% royalty in the case of production. Attached is a copy of our proposed oil and gas lease form.

If you accept the above terms and conditions, please so indicate by signing below and returning one copy of this letter to me at your earliest convenience.

Thank you for your consideration in this matter. If you have any questions, do not hesitate to call me collect at (303) 830-8000.

Sincerely,

RICHARDSON PRODUCTION COMPANY

*Cathleen Colby*

Cathleen Colby  
Land Manager

AGREED TO and ACCEPTED this \_\_\_\_\_ day of \_\_\_\_\_, 1996.

\_\_\_\_\_  
Fern Knight Lane

BEFORE THE  
OIL CONSERVATION DIVISION  
Case No. 11570 Exhibit No.  
Submitted By:  
*Richardson Oil Company*  
Hearing Date: July 11, 1996

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RICHARDSON OPERATING COMPANY

1700 Lincoln, Suite 1700  
Denver, Colorado 80203 (303) 830-8000  
FAX (303) 830-8009

February 12, 1996

Ms. Fern Knight Lane  
P.O. Box 822  
Farmington, NM 87499-0822

Re: Request for Oil and Gas Lease  
E/2-Section 15-T29N-R13W  
San Juan County, New Mexico

Dear Ms. Lane:

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RICHARDSON PRODUCTION COMPANY

Cathleen Colby  
Land Manager

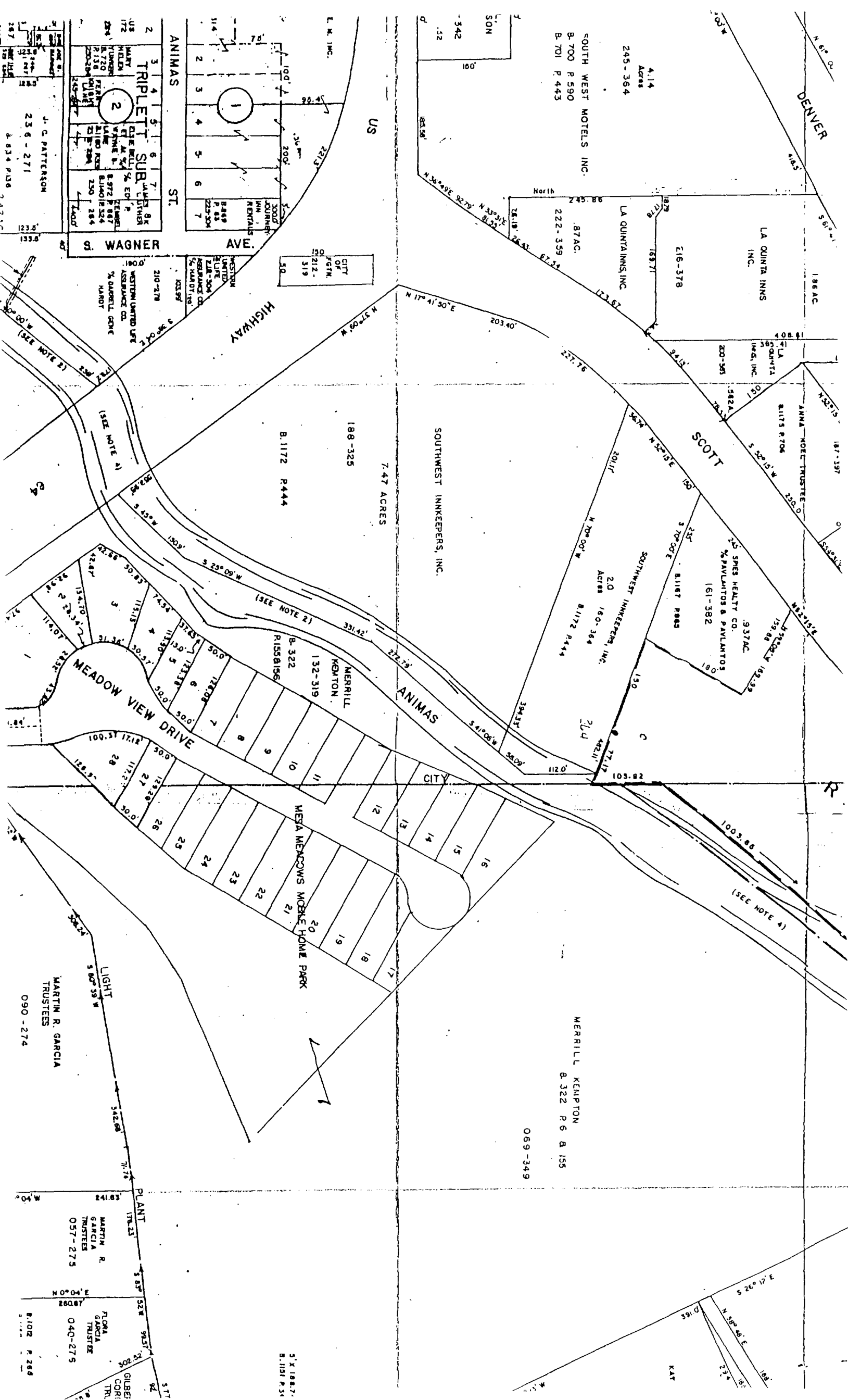
AGREED TO and ACCEPTED this \_\_\_\_\_ day of \_\_\_\_\_, 1996.

\_\_\_\_\_  
Fern Knight Lane

Ms Lane,

Enclosed is the map that you asked for.  
There would not be a well drilled on  
your property. You would be pooled with  
other leases and share in the royalty.

Thank you, Cathly Colby





## RICHARDSON OPERATING COMPANY

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1700 Lincoln, Suite 1700  
Denver, Colorado 80203 (303) 830-8000  
FAX (303) 830-8009

February 27, 1996

Mrs. Fern Knight Lane  
P.O. Box 822  
Farmington, NM 87499-0822

Certified Mail P 296 557 447

Re: West Gallegos Prospect  
ROPCO 15-1 GW (A) PC, (B) FC Well  
NE/4-Section 15-T29N-R13W  
San Juan County, New Mexico

Dear Mrs. Lane:

Richardson Operating Company proposes the drilling of a well to a depth sufficient to adequately test the Pictured Cliffs and Fruitland Coal formations, anticipated total depth being 1,500 feet. The well will be located in the SE/4NE/4 of Section 15, either at a standard or exception location. The NE/4 of Section 15, Township 29 North, Range 13 West, NMPM will be dedicated as the proration unit for the Pictured Cliffs formation of the well. The E/2 of said Section 15 will be dedicated as the proration unit for the Fruitland Coal formation.

Our AFE dated February 27, 1996 is enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling, testing and completion, either as a producing well or plugging and abandonment in the event of a dry hole, please return an executed copy of the AFE to the undersigned by March 19, 1996.

Upon receipt of your executed AFE, or by prior written request, we will forward our Joint Operating Agreement for your review and execution.

In the event you do not wish to participate, Richardson respectfully requests you elect one of the following options as to your interest insofar as it covers from the surface of the earth to the base of the Pictured Cliffs formation. Your Dakota rights would not be affected by any of the following elections:

Mrs. Fern Knight Lane  
February 27, 1996  
Page 2

1. Enter into a no occupancy oil and gas lease that provides for a three year primary term with bonus consideration based on \$50.00 per net acre and a 15% royalty in the case of production, surface to base of Pictured Cliffs formation
2. Sell all of your mineral interest for \$200.00 per net acre, surface to base of Pictured Cliffs formation.
3. Enter into a farmout agreement covering your interest, giving Richardson 180 days in which to drill a well, reserving a proportionate nonconvertible overriding royalty interest equal to the difference between existing burdens and 15%, surface to base of Pictured Cliffs formation.

Your response is respectfully requested by 5 PM MST, March 19, 1996.

Should you have any questions, please do not hesitate to call.

RICHARDSON OPERATING COMPANY

*Cathleen Colby*

Cathleen Colby  
Land Manager

P 296 557 447



# Receipt for Certified Mail

No Insurance Coverage Provided  
Do not use for International Mail  
(See Reverse)

|                                                              |         |
|--------------------------------------------------------------|---------|
| Sent to                                                      |         |
| Mrs. Fern Knight Lane                                        |         |
| Street and No.                                               |         |
| P.O. Box 822                                                 |         |
| P.O., State and ZIP Code                                     |         |
| Farmington, NM 87499                                         |         |
| Postage                                                      | \$ .55  |
| Certified Fee                                                | 1.10    |
| Special Delivery Fee                                         |         |
| Restricted Delivery Fee                                      |         |
| Return Receipt Showing to Whom & Date Delivered              | 1.10    |
| Return Receipt Showing to Whom Date, and Addressee's Address |         |
| TOTAL Postage & Fees                                         | \$ 2.75 |
| Postmark or Date                                             |         |

PS Form 3800, June 1991

Is your RETURN ADDRESS completed on the reverse side?

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |  |                                                                                                                                                                                                              |  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <b>SENDER:</b><br>• Complete items 1 and/or 2 for additional services.<br>• Complete items 3, and 4a & b.<br>• Print your name and address on the reverse of this form so that we can return this card to you.<br>• Attach this form to the front of the mailpiece, or on the back if space does not permit.<br>• Write "Return Receipt Requested" on the mailpiece below the article number.<br>• The Return Receipt will show to whom the article was delivered and the date delivered. |  | I also wish to receive the following services (for an extra fee):<br>1. <input type="checkbox"/> Addressee's Address<br>2. <input type="checkbox"/> Restricted Delivery<br>Consult postmaster for fee.       |  |
| 3. Article Addressed to:<br><br>Mrs. Fern Knight Lane<br>P.O. Box 822<br>Farmington, NM 87499-0822                                                                                                                                                                                                                                                                                                                                                                                        |  | 4a. Article Number<br>P 296 557 447                                                                                                                                                                          |  |
| 5. Signature (Addressee)<br>FERN LANE                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  | 4b. Service Type<br><input type="checkbox"/> Registered<br><input checked="" type="checkbox"/> Certified<br><input type="checkbox"/> Express Mail<br><input type="checkbox"/> Return Receipt for Merchandise |  |
| 6. Signature (Agent)<br>Fern Lane                                                                                                                                                                                                                                                                                                                                                                                                                                                         |  | 7. Date of Delivery<br>NOV 1991                                                                                                                                                                              |  |
| PS Form 3811, December 1991 * USAPO: 1992-307-530                                                                                                                                                                                                                                                                                                                                                                                                                                         |  | 8. Addressee's Address requested and fee is paid<br>DOMESTIC RETURN RECEIPT                                                                                                                                  |  |

Thank you for using Return Receipt Service.

**RICHARDSON OPERATING COMPANY**  
**AUTHORITY FOR EXPEDITURES**

Well Name: ROPCO 15-1 (A) PC, (B) FC SECTION 15 PC NE/4, FC E/2

Location: T29N R13W

Date: 2/27/96

Proposed Depth: 1400' Fruitland Coal  
1500' Pictured Cliffs

Objective Formation: Commingled Pictured Cliffs  
and Fruitland Coal

**I. Drilling Costs (Included Run Casing)**

Survey and Permits -----  
Title Opinion & Land Costs-----  
Damages-----  
• Drilling (Incl. water and mud) 1500' @ 12.00/ft.---  
BOP Rental-----  
Dirt Work-----  
Pit Lining-----  
Surface Casing 200' @ 6.00/ft.-----  
Casing Head-----  
Cement Surface-----  
Power Tongs-----  
Casing 1500' @ 5.00/ft.-----  
Trucking-----  
Logs-----  
Engineering-----  
Cement Longstring-----  
Total Cost to Run Casing-----  
5.9375% Farmington, NM Tax  
10% Contingency-----  
Grand Total to Run Casing-----

| Tangible | Intangible | Total  | Fruitland Coal | Pictured Cliffs |
|----------|------------|--------|----------------|-----------------|
|          | 1,500      |        | 750            | 750             |
|          | 7,500      |        | 3,750          | 3,750           |
|          | 1,500      |        | 750            | 750             |
|          | 18,000     |        | 8,400          | 9,600           |
|          | 750        |        | 375            | 375             |
|          | 3,000      |        | 1,500          | 1,500           |
|          | 1,500      |        | 750            | 750             |
| 1,200    |            |        | 600            | 600             |
| 750      |            |        | 375            | 375             |
|          | 1,500      |        | 750            | 750             |
|          | 1,000      |        | 500            | 500             |
| 7,500    |            |        | 3,500          | 4,000           |
|          | 2,000      |        | 1,000          | 1,000           |
|          | 4,000      |        | 2,000          | 2,000           |
|          | 2,500      |        | 1,250          | 1,250           |
|          | 4,000      |        | 1,867          | 2,133           |
| 9,450    | 48,750     | 58,200 | 28,117         | 30,083          |
|          |            | 3,456  | 1,669          | 1,786           |
|          |            | 6,166  | 2,979          | 3,187           |
|          |            | 67,821 | 32,765         | 35,056          |

**II. Completion Costs**

Rig Anchors-----  
Logs-----  
Perf-----  
Wellhead & Fittings-----  
Tubing 1500' @ 1.50/ft.-----  
Stimulation-----  
Tool Rental-----  
Trucking-----  
Battery Installation-----  
Restore Location-----  
Engineering-----  
Treater-----  
Flowline-----  
Tank & Fittings-----  
Gravel-----  
Workover Rig-----  
Completion Fluids-----  
El Paso Hookup-----  
Division Order-----  
Frac Tank Rental-----  
Flowback-----  
Fence Location-----  
Total Completion Costs-----  
5.9375% Farmington, NM Tax  
10% Contingency-----  
Drilling Costs-----  
Grand Total Well Costs

|        |         |         |         |         |
|--------|---------|---------|---------|---------|
|        | 600     |         | 300     | 300     |
|        | 3,500   |         | 1,750   | 1,750   |
|        | 4,000   |         | 2,000   | 2,000   |
| 5,000  |         |         | 2,500   | 2,500   |
| 2,250  |         |         | 1,050   | 1,200   |
|        | 48,000  |         | 24,000  | 24,000  |
|        | 2,000   |         | 1,000   | 1,000   |
|        | 3,000   |         | 1,500   | 1,500   |
|        | 4,000   |         | 2,000   | 2,000   |
|        | 1,500   |         | 750     | 750     |
|        | 6,500   |         | 3,250   | 3,250   |
| 5,000  |         |         | 2,500   | 2,500   |
| 5,000  |         |         | 2,500   | 2,500   |
| 5,000  |         |         | 2,500   | 2,500   |
|        | 2,000   |         | 1,000   | 1,000   |
|        | 15,000  |         | 7,500   | 7,500   |
|        | 2,000   |         | 1,000   | 1,000   |
|        | 13,000  |         | 6,500   | 6,500   |
|        | 2,500   |         | 1,250   | 1,250   |
|        | 1,000   |         | 500     | 500     |
|        | 2,000   |         | 1,000   | 1,000   |
| 2,000  |         |         | 1,000   | 1,000   |
| 24,250 | 110,600 | 134,850 | 67,350  | 67,500  |
|        |         | 8,007   | 3,999   | 4,008   |
|        |         | 14,286  | 7,135   | 7,151   |
|        |         | 67,821  | 32,765  | 35,056  |
|        |         | 224,964 | 111,249 | 113,715 |

WI Share of Costs

**FRUITLAND COAL**

0.0914% FERN KNIGHT LANE

DATE \_\_\_\_\_

APPROVED \_\_\_\_\_

\$102

99.9086% RICHARDSON OPERATING CO. ET AL

DATE \_\_\_\_\_

APPROVED \_\_\_\_\_

\$111,147

**PICTURED CLIFFS**

0.1829% FERN KNIGHT LANE

DATE \_\_\_\_\_

APPROVED \_\_\_\_\_

\$208

99.8171% RICHARDSON OPERATING CO. ET AL

DATE \_\_\_\_\_

APPROVED \_\_\_\_\_

\$113,507