April 20, 1999

Maralex Resources, Inc. 621 17th Street, Suite 1125 Denver, CO 80293

Dear Sirs:

Redwolf Production, Inc. proposes to drill a Basin Fruitland Coal well in the NENE of Section 36, T26N, R13W, San Juan County, New Mexico. The dedicated acreage for this well would be the N/2 of Section 36, comprising 320 acres, more or less. Our records indicate that Maralex Resources, Inc. would be a 57.111863% working interest owner in the subject well.

I have enclosed an Authority for Expenditure for your consideration. If Maralex Resources, Inc. would like to participate in this well, please sign and return the enclosed AFE by May 12, 1999, and I will forward an Operating Agreement for your approval. We anticipate a spud date of approximately August 1, 1999.

As an alternative to participation, Redwolf Production, Inc. hereby tenders the following offer to purchase your interest in the subject acreage under the following terms of sale:

W/2 of the NE/4 Section 36, T26N, R13W SW/4 of the NW/4 Section 36, T26N, R13W SE/4 of the NW/4 Section 36, T26N, R13W N/2 of the NW/4 Section 36, T26N, R13W

- 1. One hundred and four dollars (\$104.00) per net mineral acre for all rights from the surface to the base of the Basin Fruitland Coal formation.
- 2. Maralex Resources, Inc. will deliver an 84% net revenue interest in the subject acreage. Should your ownership be greater or less than an 84% net revenue interest, the purchase price will be prorated to reflect your actual net interest.

UE P

- 3. Approval of title by Redwolf Production, Inc.
- 4. Acceptance of this offer by May 12, 1999.

Please indicate on the attached signature-page your election concerning the subject well and return one copy by May 12, 1999. If you have any questions, please give me a call at (505) 326-4125. Thank you for your consideration in this matter.

Sincerely,

Dana L. Delventhal

"Daw J. William that

Vice President

Maralex Resources, Inc. elects to participate in the proposed well, subject to approval of a standard Oil and Gas Operating Agreement.
By: Title:
Date:
Maralex Resources, Inc. elects to sell their interest in the subject acreage according to the preceding terms of sale.
By:
litle:
Date:

Area	Farmington, NM	Field	Basin Fruitland Coal AFE	No042099RW
Туре: (Х) 1.	D & E 2. Repair 3. Other		Well Name	Bear No. 1
Group: (X) 1.	Dev. 2. Maint. 3. Expl. 4.	Inv 5. Other	County and State	San Juan, New Mexico
Project:	Drill and complete a Fr	uitland Coal we	II. TD and Obj.	1300' - Fruitland Coal
			Land Lease No.	
			AFE Date	20-Apr-99
Operator	Redwolf Produ	ction, Inc.	Commencement Date:	1-Aug-99
			Completion Date:	15-Aug-99
(1) Proposed		ction 36, T26N, County, New M		
Dedicate	d Acreage: N/2 of Se	ction 36, compr	ising 320 acres m/l	
(2) Division	of Interest: Maralex F	Resources, Inc.	57.111863 %W[	

	TANGIBLE	INTANGIBLE	
Description	Gross \$	Gross \$	GROSS ECONOMICS
Material Purchased	65,000		Gross Recovery
Fuel, Water, Lubs., Elec.		1,600	Discount Factor%
Loc. Damages, Roads-Bridges		9,650	Discounted Profit \$
Salvage & Dismantling Costs			
Drilling Contract-Footage		14,000	Rate of Return%
Drilling Contract-Daywork		5,000	Payout
Drilling Bits & Reamers			
Fishing Tool Expense			
Directional Drilling Costs			
Mud Mat'ls, Chems. & Services		1,000	
Cement & Cementing Service		4,300	
Noncontrollable Materials			
Rentals		2,500	
Coring Costs			
Drill Stem Tests			
Perforating		1,500	Cash and Warehouse Outlay
Acidizing, Fracturing		24,000	
Well Services, ElecMud Log.		2,000	Gross Cost \$174,460.00
Transportation		1,500	<del></del>
Overhead-Partner Op'd.		4,000	Net \$ 99,637.36
Area Expense			
Co. Labor & Supervision			Approvals: Date
Contract Labor		1,300	
Fabrication & Installation		1,800	
Miscellaneous Services		6,450	Daw J. Wilmenthal
Miscellaneous Costs (Meter)		13,000	Redwolf Production, Inc. 4/20/99
Subtotal	\$ 65,000	\$ 93,600	
Tot. Cash & Wrhs. Outlay			
Material on Hand			1
Contingency at 10%	6,500	9,360	Maralex Resources, Inc.
Grand Total	\$ 71,500	\$ 102,960	
TOTAL WELL COST	\$ 174,460		

on the reverse side?	SENDER:  ©complete items 1 and/or 2 for additional services.  ©complete items 3, 4a, and 4b.  Print your name and address on the reverse of this form so that we card to you.  Attach this form to the front of the mailpiece, or on the back if spac permit.  Write 'Return Receipt Requested' on the mailpiece below the article.  The Return Receipt will show to whom the article was delivered and delivered.	I also wish to rectifollowing service: extra fee):  1.  Addresse: 2.  Restricte Consult postmas	s (for an ee's Address d Delivery	elpt Service.	
ğ	3. Article Addressed to:	4a. Article N			2
completed	Maralex Resources, Inc.	Z 175	5 056 074		Ē
Ę	621 17th Street, Suite 1125	4b. Service 1	Гуре		at a
	Denver, CO 80293	☐ Registere	ed	🖄 Certifled	Œ
S		☐ Express I	Mail	☐ Insured	Ę
껿		☐ Return Red	ceipt for Merchandise	COD	3
RETURN ADDRESS		7. Dan de De	APRy 1999		you fo
BETUE	5. Received By: (Print Name)	B. Addressee and fee is	o's Address (Only i paid)	f requested	Thank
s your [	6. Signature (Addressee or Agent)			····	•
_	PS Form 3811 December 1997	5.15.07.B.C.179	Domestic Retu	urn Receipt	

April 20, 1999

T. J. Foster
P. O. Box 1638
San Mateo, CA 94401

Dear Mr. Foster:

Redwolf Production, Inc. proposes to drill a Basin Fruitland Coal well in the NENE of Section 36, T26N, R13W, San Juan County, New Mexico. The dedicated acreage for this well would be the N/2 of Section 36, comprising 320 acres, more or less. Our records indicate that you would be a 0.073827% working interest owner in the subject well. I have enclosed an Authority for Expenditure for your consideration. If you would like to participate in this well, please sign and return the enclosed AFE by May 12, 1999, and I will forward an Operating Agreement for your approval. We anticipate a spud date of approximately August 1, 1999.

As an alternative to participation, Redwolf Production, Inc. hereby tenders the following offer to purchase your interest in the subject acreage under the following terms of sale:

#### SE/4 of the NW/4 Section 36, T26N, R13W

- 1. One hundred and four dollars (\$104.00) per net mineral acre for all rights from the surface to the base of the Basin Fruitland Coal formation.
- 2. T. J. Foster will deliver an 84% net revenue interest in the subject acreage. Should your ownership be greater or less than an 84% net revenue interest, the purchase price will be prorated to reflect your actual net interest.
- 3. Approval of title by Redwolf Production, Inc.
- 4. Acceptance of this offer by May 12, 1999.

Please indicate on the attached signature page your election concerning the subject well and return one copy by May 12, 1999. If you have any questions, please give me a call at (505) 326-4125. Thank you for your consideration in this matter.

Sincerely,

wars I Delienthal

Dana L. Delventhal Vice President

and Gas Operating Agreement.	
By:	
T. J. Foster elects to sell their interest in the sutterms of sale.	bject acreage according to the preceding
By:	-

T. J. Foster elects to participate in the proposed well, subject to approval of a standard Oil

#### 

							7
Area	Farmington	, NM	Field	Basin Fr	uitland Coal	AFE No.	042099RW
Туре: (Х)	1. D & E 2. Repair	3. Other			Well Name		Bear No. 1
Group: (X)	) 1. Dev. 2. Maint.	3. Expl. 4. Inv.	5. Other		County and St	ate	San Juan, New Mexico
Project:	Drill and c	omplete a Fruitla	and Coal wel	1.	TD and Obj.		1300' - Fruitland Coal
. <del></del>					Land Lease No	).	
					AFE Date		20-Apr-99
Operator	Re	dwolf Production	n, Inc.		Commenceme	nt Date:	1-Aug-99
					Completion Da	ate:	15-Aug-99
•	n, (2) Divis sed Location: cated Acreage:	NENE Section San Juan Cou N/2 of Section	nty, New Me	exico	cres m/l		
(2) Divisi	ion of Interest:	T. J. Foster		0.073827	%WI		
(3) Justifi	ication:	To develop B	asin Fruitlan	d Coal res	crves in th <b>e</b> N	/2 of Sect	ion 36, <b>T26N, R13W</b>

<del></del>	TANGIBLE	INTANGIBLE	
Description	Gross \$	Gross \$	GROSS ECONOMICS
Material Purchased	65,000	₩.	Gross Recovery
Fuel, Water, Lubs., Elec.		1,600	Discount Factor%
Loc. Damages, Roads-Bridges		9,650	Discounted Profit \$
Salvage & Dismantling Costs			
Orilling Contract-Footage		14,000	
Orilling Contract-Daywork		5,000	Payout
Orilling Bits & Reamers			
Fishing Tool Expense	A Section 1		
Directional Drilling Costs			
Mud Mat'ls, Chems. & Services		1,000	
Cement & Cementing Service		4,300	
Noncontrollable Materials			
Rentals		2,500	
Coring Costs			
Orill Stem Tests			
Perforating	4	1,500	Cash and Warehouse Outlay
Acidizing, Fracturing		24,000	
Well Services, ElecMud Log.		2,000	Gross Cost \$174,460.00
Transportation		1,500	
Overhead-Partner Op'd.		4,000	Net \$ 128.80
Area Expense			
Co. Labor & Supervision			Approvals: Date
Contract Labor		1,300	
Fabrication & Installation		1,800	
Miscellaneous Services		6,450	Days I will nuttral
Miscellaneous Costs (Meter)			Redwolf Production, Inc. 4/20/99
Subtotal	\$ 65,000	\$ 93,600	
Tot. Cash & Wrhs. Outlay			
Material on Hand		¥.	
Contingency at 10%	6,500	9,360	T. J. Foster
Grand Total	\$ 71,500	\$ 102,960	
TOTAL WELL COST	\$ 174,460		

## P 103 694 085



# US Postal Service Receipt for Certified Mail No Insurance Coverage Provided.

	Do not use for International Mail (See reverse)				
	Sent to T.J. Foster				
	Street & Number P.O. Box 1638				
	Post Office, State, & ZIP Code San Mateo, CA 94401				
	Postage	\$			
	Certified Fee				
	Special Delivery Fee				
10	Restricted Delivery Fee				
1995	Return Receipt Showing to				
6	Whom & Date Delivered				
April 19	Whom & Date Delivered Return Receipt Showing to Whom, Date, & Addressee's Address				
800, April 19:	Whom & Date Delivered Return Receipt Showing to Whom, Date, & Addressee's Address TOTAL Postage & Fees	\$			
1 <b>3800</b> , April 19	Whom & Date Delivered Return Receipt Showing to Whom, Date, & Addressee's Address TOTAL Postage & Fees Postmark or Date	\$			
orm 3800, April 19	Whom & Date Delivered  Return Receipt Showing to Whom, Date, & Addressee's Address  TOTAL Postage & Fees  Postmark or Date  4/21/99	\$			
PS Form <b>3800</b> , April 1995	Whom & Date Delivered Return Receipt Showing to Whom, Date, & Addressee's Address TOTAL Postage & Fees Postmark or Date 4/21/99	\$			

April 20, 1999

Minatome Corporation One Allen Center, Suite 400 Houston, TX 77002

Dear Sirs:

Redwolf Production, Inc. proposes to drill a Basin Fruitland Coal well in the NENE of Section 36, T26N, R13W, San Juan County, New Mexico. The dedicated acreage for this well would be the N/2 of Section 36, comprising 320 acres, more or less. Our records indicate that Minatome Corporation would be a 2.151919% working interest owner in the subject well. I have enclosed an Authority for Expenditure for your consideration. If you would like to participate in this well, please sign and return the enclosed AFE by May 12, 1999, and I will forward an Operating Agreement for your approval. We anticipate a spud date of approximately August 1, 1999.

As an alternative to participation, Redwolf Production, Inc. hereby tenders the following offer to purchase your interest in the subject acreage under the following terms of sale:

#### SE/4 of the NW/4 Section 36, T26N, R13W

- 1. One hundred and four dollars (\$104.00) per net mineral acre for all rights from the surface to the base of the Basin Fruitland Coal formation.
- 2. Minatome Corporation will deliver an 84% net revenue interest in the subject acreage. Should your ownership be greater or less than an 84% net revenue interest, the purchase price will be prorated to reflect your actual net interest.
- 3. Approval of title by Redwolf Production, Inc.
- 4. Acceptance of this offer by May 12, 1999.

Please indicate on the attached signature page your election concerning the subject well and return one copy by May 12, 1999. If you have any questions, please give me a call at (505) 326-4125. Thank you for your consideration in this matter.

Sincerely,

Dana L. Delventhal

Dria J. Wilmenthal

Vice President

By: Title: Date:
Minatome Corporation elects to sell their interest in the subject acreage according to the receding terms of sale.
By: Citle: Date:

Minatome Corporation elects to participate in the proposed well, subject to approval of a standard Oil and Gas Operating Agreement.

### AUTHORITY FOR . SPENDITURE

Area	Farmington, NM	Field	Basin Fruitland Coal	AFE No.	042099RW
Туре: (Х) 1.1	D & E 2. Repair 3. Of	ner	Well Name	· · · · · · · · · · · · · · · · · · ·	Bear No. 1
Group: (X) 1.	Dev. 2. Maint. 3. Exp	1. 4. Inv 5. Other	County and St	ate	San Juan, New Mexico
Project:	Drill and complete	a Fruitland Coal we	II. TD and Obj.		1300' - Fruitland Coal
			Land Lease No	).	
			AFE Date		20-Apr-99
Operator	Redwolf F	Production, Inc.	Commenceme	nt Date:	1-Aug-99
<del></del>		-	Completion D	ate:	15-Aug-99
(1) Location,	(2) Division of In	t. (3) Justification	l		
` '	Location: NEN	t. (3) Justification IE Section 36, T26N, Juan County, New M	R13W		
(1) Proposed	Location: NEN San	IE Section 36, T26N	R13W Jexico		
(1) Proposed  Dedicated	Location: NEN San d Acreage: N/2	IE Section 36, T26N Juan County, New M	R13W Jexico		

	TANGIBLE	INTANGIBLE	
Description	Gross \$	Gross \$	GROSS ECONOMICS
Naterial Purchased	65,000		Gross Recovery
uel, Water, Lubs., Elec.		1,600	Discount Factor%
.oc. Damages, Roads-Bridges		9,650	Discounted Profit \$
Salvage & Dismantling Costs			
Orilling Contract-Footage		14,000	Rate of Return%
Orilling Contract-Daywork		5,000	Payout
Orilling Bits & Reamers			
Fishing Tool Expense			
irectional Drilling Costs			·
Aud Mat'ls, Chems. & Services	2.5 (2.5)	1,000	
Cement & Cementing Service		4,300	
Noncontrollable Materials			
Rentals		2,500	
Coring Costs			
rill Stem Tests			
erforating		1,500	Cash and Warehouse Outlay
Acidizing, Fracturing		24,000	
Well Services, ElecMud Log.		2,000	Gross Cost \$174,460.00
Transportation Transportation		1,500	
Overhead-Partner Op'd.		4,000	Net \$ 3,754.24
Area Expense			
Co. Labor & Supervision			Approvals: Date
Contract Labor		1,300	
Fabrication & Installation		1,800	
Miscellaneous Services		6,450	Theya J. Delugathal
Miscellaneous Costs (Meter)		13,000	Redwolf Production, Inc. 4/20/99
Subtotal	\$ 65,000	\$ 93,600	1
Tot. Cash & Wrhs. Outlay		- · · · · · · · · · · · · · · · · · · ·	
Material on Hand		Ä.	1
Contingency at 10%	6,500	9,360	Minatome Corporation
Grand Total	\$ 71,500	\$ 102,960	<del></del>
TOTAL WELL COST	\$ 174,460		

## ₽ 103 694 084



## US Postal Service Receipt for Certified Mail No Insurance Coverage Provided.

	Provided.						
	Do not use for International Mail (See reverse) Sent to						
	Minatome Corporation						
	Street & Number						
	One Allen Center, Suite 400						
	Post Office, State, & ZIP Code Houston, TX 77002						
	Postage	\$					
	Certified Fee						
	Special Delivery Fee						
10	Restricted Delivery Fee						
1998	Return Receipt Showing to Whom & Date Delivered						
, April	Return Receipt Showing to Whom. Date, & Addressee's Address						
800	TOTAL Postage & Fees	\$					
33	Postmark or Date						
PS Form <b>3800</b> , April 1995	4/21/99						



April 20, 1999

Roger B. Nielsen c/o Sunwest Bank of Albuquerque, N. A. Trust Dept. P. O. Box 26900 Albuquerque, NM 87125

Dear Mr. Nielsen:

Redwolf Production, Inc. proposes to drill a Basin Fruitland Coal well in the NENE of Section 36, T26N, R13W, San Juan County, New Mexico. The dedicated acreage for this well would be the N/2 of Section 36, comprising 320 acres, more or less. Our records indicate that you would be a 0.214686% working interest owner in the subject well. I have enclosed an Authority for Expenditure for your consideration. If you would like to participate in this well, please sign and return the enclosed AFE by May 12, 1999, and I will forward an Operating Agreement for your approval. We anticipate a spud date of approximately August 1, 1999.

As an alternative to participation, Redwolf Production, Inc. hereby tenders the following offer to purchase your interest in the subject acreage under the following terms of sale:

#### SE/4 of the NW/4 Section 36, T26N, R13W

- 1. One hundred and four dollars (\$104.00) per net mineral acre for all rights from the surface to the base of the Basin Fruitland Coal formation.
- 2. Roger B. Nielsen will deliver an 84% net revenue interest in the subject acreage. Should your ownership be greater or less than an 84% net revenue interest, the purchase price will be prorated to reflect your actual net interest.
- 3. Approval of title by Redwolf Production, Inc.
- 4. Acceptance of this offer by May 12, 1999.

Please indicate on the attached signature page your election concerning the subject well and return one copy by May 12, 1999. If you have any questions, please give me a call at (505) 326-4125. Thank you for your consideration in this matter.

Sincerely.

Dana L. Delventhal

June I William Ilal

Vice President

By: Title:	
Date:	
Roger B. Nielsen elects to sell their interest in preceding terms of sale.	the subject acreage according to the
	•
By:	
Title:	
Date:	

Roger B. Nielsen elects to participate in the proposed well, subject to approval of a standard Oil and Gas Operating Agreement.

Area	Farmington, N	iM	Field	Basin Fruitland Co	al AFE No.	0420 <b>99RW</b>
Гуре: (Х)	1. D & E 2. Repair	3 Other		Well Nan	e	Bear No. 1
Group: (X)	1. Dev. 2. Maint. 3	Expl. 4. Inv.	5. Other	County ar	d State	San Juan, New Mexico
Project:	Drill and con	nplete a Fruitlan	d Coal we	II. TD and O	bj	1300' - Fruitland Coal
				Land Leas	se No.	
			·	AFE Date		20-Apr-99
Operator	Redw	volf Production,	Inc.	Commend	ement Date:	1-Aug-99
				Completio	on Date:	15-Aug-99
1) Location	n, (2) Division	of Int. (3) .	Justification			
1) Propo	sed Location:	NENE Section : San Juan Count	36, T26N, y, New M	R13W		
l) Propo Dedic	sed Location:	NENE Section : San Juan Count	36, T26N, y, New M 36, compri	R13W exico		

	TANGIBLE	INTANGIBLE	
Description	Gross \$	Gross \$	GROSS ECONOMICS
Material Purchased	65,000		Gross Recovery
Fuel, Water, Lubs., Elec.		1,600	Discount Factor%
Loc. Damages, Roads-Bridges		9,650	Discounted Profit \$
Salvage & Dismantling Costs			
Drilling Contract-Footage		14,000	Rate of Return %
Drilling Contract-Daywork		5,000	Payout
Orilling Bits & Reamers			
Fishing Tool Expense			
Directional Drilling Costs			
Mud Mat'ls, Chems. & Services		1,000	
Cement & Cementing Service		4,300	
Noncontrollable Materials			
Rentals		2,500	1
Coring Costs			]
Drill Stem Tests			
Perforating		1,500	Cash and Warehouse Outlay
Acidizing, Fracturing		24,000	
Well Services, ElecMud Log.		2,000	Gross Cost \$174,460.00
Transportation		1,500	
Overhead-Partner Op'd.		4,000	Net \$ 374.54
Area Expense			
Co. Labor & Supervision			Approvals: Date
Contract Labor		1,300	
Fabrication & Installation		1,800	
Miscellaneous Services		6,450	Thoma I went to a D
Miscellaneous Costs (Meter)			Redwolf Production, Inc.
Subtotal	\$ 65,000	\$ 93,600	
Tot. Cash & Wrhs. Outlay			
Material on Hand		- 10 m	
Contingency at 10%	6,500	9,360	Roger B. Nielsen
Grand Total	\$ 71,500	\$ 102,960	
TOTAL WELL COST	\$ 174,460		

Bank of America Private Bank Oil and Gas Management PO Box 2546 Fort Worth, TX 76113-2546

Tel 817.390.6161 Fax 817.390.6494

May 14, 1999

RedWolf Production, Inc. P.O. Box 5382 Farmington, New Mexico 87499

RE: Roger B. Nielsen

Bear No. 1

NENE Sec. 36-T26N-R13W (N/2 320 acre dedication)

San Juan Co., New Mexico

#### Gentlemen:

We have received certified mail P 103 694 087 for the referenced owner. We are forwarding same on to Mr. Nielsen as he handles his own oil and gas interest. Please make note of his address:

Mr. Roger Nielsen 6424 Belton El Paso, Texas 79912

Delierah Ceoughlin

If I can be of further assistance you can reach me at (817) 390-6571.

Yours truly,

Deborah Coughlin

Title Analyst

Cc: Roger Nielsen

SENDER: ot adolavna to dot re-		LO I	eceive the
<ul> <li>Complete items 3, 4a, and 4b.</li> <li>Print your name and address on the reverse of this form so that we card to you.</li> </ul>	e can return this	following servi extra fee):	ces (for an
Attach this form to the front of the mailpiece, or on the back if spa permit.	ce does not	1.  Addre	ssee's Address
■Write "Return Receipt Requested" on the mailpiece below the artice. ■The Return Receipt will show to whom the article was delivered a		2. 🗆 Restri	cted Delivery
delivered.		Consult postm	aster for fee.
3. Article Addressed to:	4a. Article N	umber	
Roger B. Nielsen	P 10	3 694 087	
c/o Sunwest Bank of Albuquerque	4b. Service	Туре	
N.A. Trust Dept.	☐ Register	ed	
P.O. Box 26900	☐ Express	Mail	☐ Insured
Albuquerque, NM 87125	☐ Return Re	ceipt for Merchand	ise, 🗆 COD
	7. Date of D	elivery 4.0	
5. Received By: (Print Name)	8. Addresse and fee is	e's Address (On paid)	ly if requested
6. Signature: (Addressee or Agent)			
X Pain/Lyon	1		
PS Form <b>3811</b> , December 1994	02595-97-B-0179	Domestic R	eturn Receip



November 5, 1999

Maralex Resources, Inc. 621 17th Street, Suite 1125 Denver, CO 80293 Attn: Mr. Rick Keller

Dear Mr. Keller:

As outlined in our letter of April 20, 1999, Redwolf Production, Inc. proposed the drilling of a Basin Fruitland Coal well in the NENE of Section 36, T26N, R13W, San Juan County, New Mexico. Since we have been unable to obtain voluntary commitments from all owners in the N/2 spacing unit, Redwolf Production, Inc. will be seeking compulsory pooling for the subject acreage.

The dedicated acreage for this well would be the N/2 of Section 36, comprising 320 acres, more or less. Our records indicate that you would be a 57.111863% working interest owner in the subject well. I have enclosed an Authority for Expenditure and Joint Operating Agreement for your consideration. If you would like to participate in this well, please return one executed Authority for Expenditure and Joint Operating Agreement for our files by November 19, 1999. As we are facing a lease deadline, we will commence drilling on or before December 1, 1999.

If you have any questions, please give me a call at (505) 326-4125. Thank you for your consideration in this matter.

Sincerely,

Dana L. Delventhal

Dana J. Wilmenttal

Vice President

#### AUTHORITY FOR EXPENDITURE

#### Production and Exploration

Area F	armington, NM	Field	Basin Fruitland Coal	AFE No.	0 <b>42099RW</b>
Type: (X) 1. D&E	2. Repair 3. Other		Well Name		Bear No. 1
Group: (X) 1. Dev. Project:	2. Maint. 3. Expl. 4. Drill and complete a Fr	Inv. 5. Other uitland Coal we	County and So TD and Obj. Land Lease N	i	San Juan, New Mexico 300' - Fruitland Coal
		·	AFE Date		20-Apr-99
Operator	Redwolf Produ	ction, Inc.	Commenceme	nt Date:	30-Nov-99
<del></del>			Completion D	ate:	1-Feb-99
(1) Location,	(2) Division of Int.	(3) Justification			
(1) Proposed Locati	on: NENE Se	ction 36, T26N,	RI3W		
(1) 110p0000 20000		County, New M			
Dedicated Acres		•	ising 320 acres m/l		
(2) Division of Inte	rest: Maralex F	Resources, Inc.	57.11186 %WI		
(3) Justification:	To develo	p Basin Fruitlar	nd Coal reserves in the N	//2 of Section	on 36, T26N, R13W
		NGIBLE	L WELVERY		
Description	j.	Gross \$	INTANGIBLE Gross \$		GROSS ECONOMICS
Material Purchased		65,000	Gloss \$	Gross Recov	
Fuel, Water, Lubs., Elec		55,555	1,600	1	ctor%
Loc. Damages, Roads-B			9,650	3	Profit \$
Salvage & Dismantling					
Drilling Contract-Footag	je		14,000	Rate of Retu	ım %
Drilling Contract-Daywo			5,000	Payout	
Drilling Bits & Reamers					
Fishing Tool Expense					
Directional Drilling Cos					
Mud Mat'ls, Chems. & S			1,000		
Cement & Cementing Se			4,300		
Noncontrollable Materia	ils		2,500		
Rentals Coring Costs	<del></del>		2,300	Į.	
Drill Stem Tests				1	
Perforating	<del></del>		1,500	C:	ash and Warehouse Outlay
Acidizing, Fracturing	<del></del>		24,000		ash and wateriouse odday
Well Services, ElecMu	d Log.		2,000	Gross Cost	\$174,460.00
Transportation			1,500		<del></del>
Overhead-Partner Op'd.			4,000	Net	\$ 99,637.36
Area Expense					
Co. Labor & Supervisio	n			Approvals:	Date
Contract Labor			1,300		
Fabrication & Installation	n		1,800		
Miscellaneous Services			6,450 (	Dana	Latterenle G. E
Miscellaneous Costs (M	eter)		<del></del>	Redwolf Pro	duction, Inc. 11/4/99
Subtotal		\$ 65,000	\$ 93,600		<u></u>
Tot. Cash & Wrhs. Outli	ay				
Material on Hand		7.50		<u> </u>	
Contingency at 10%		6,500	9,360	Maralex Res	ources, Inc.
Grand Total		\$ 71,500	\$ 102,960	İ	

\$ 174,460

TOTAL WELL COST

SENDER:  Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b.  Print your name and address on the reverse of this form so the card to you.  Attach this form to the front of the mailpiece, or on the back if permit.  Write "Return Receipt Requested" on the mailpiece below the The Return Receipt will show to whom the article was deliver delivered.	space does not article number.	ing ser	vish to receive the follow- vices (for an extra fee): addressee's Address Restricted Delivery	elpt Service.
3. Article Addressed to:	4a. Article Nu	mber		Rec
Maralex Resources, Inc. 621 17th Street, Suite 1125 Denver, CO 80293 Attn: Mr. Rick Keller	4b. Service T  Registered Express M Return Reco	ail eipt for Me ivery	Certified  insured  rchandise COD	c you for using Return
5. Received By: (Print Name)  6. Signature (Addressee or Agent)  C  C  C  C  C  C  C  C  C  C  C  C  C	8. Addressee fee is paid)		s (Only if requested and	Thank vou
PS Form 3811, December 1994	102595-99	-8-0223	Domestic Return Receipt	



November 5, 1999

Roger B. Nielsen 6424 Belton El Paso, TX 79912

Dear Mr. Nielsen:

As outlined in our letter of April 20, 1999, Redwolf Production, Inc. proposed the drilling of a Basin Fruitland Coal well in the NENE of Section 36, T26N, R13W, San Juan County, New Mexico. Since we have been unable to obtain voluntary commitments from all owners in the N/2 spacing unit, Redwolf Production, Inc. will be seeking compulsory pooling for the subject acreage.

The dedicated acreage for this well would be the N/2 of Section 36, comprising 320 acres, more or less. Our records indicate that you would be a 0.214686% working interest owner in the subject well. I have enclosed an Authority for Expenditure and Joint Operating Agreement for your consideration. If you would like to participate in this well, please return one executed Authority for Expenditure and Joint Operating Agreement for our files by November 19, 1999. As we are facing a lease deadline, we will commence drilling on or before December 1, 1999.

If you have any questions, please give me a call at (505) 326-4125. Thank you for your consideration in this matter.

Sincerely,

Dana L. Delventhal Vice President

Dana S. Welneuttral

#### AUTHORITY FOR EXPENDITURE

Production and Exploration

Area Farmingt	on, NM	Field	Basin Fruitland Coal	AFE No.	042099RW
Type: (X) 1. D&E 2. Rep	air 3 Other		Well Name		Bear No. 1
Group: (X) 1. Dev. 2. Maint	t. 3. Expl. 4. Inv.	5. Other	County and S	tate	San Juan, New Mexico
=	d complete a Fruitlan				300' - Fruitland Coal
			Land Lease N		1 Tulliana Cour
	<del></del>		AFE Date	ΙΟ.	20-Apr-99
Operator	Pedwalf Production	Inc	Commencem	ant Data:	30-Nov-99
Pperator Redwolf Production, Inc.		<del></del>		1-Feb-99	
			Completion D	oate:	1-reb-99
(1) Location, (2) Di	vision of Int. (3)	Justification			
(1) Proposed Location:	NENE Section : San Juan Count				
Dedicated Acreage:		-	sing 320 acres m/l		
(2) Division of Interest:	Roger B. Nielse	en	0.214686 %WI		
(3) Justification:	To develop Bas	in Fruitlan	nd Coal reserves in the N	I/2 of Sectio	on 36, T26N, R13W
	TANGIB	LE	INTANGIBLE		
Description	Gross 5	6	Gross \$		GROSS ECONOMICS
Material Purchased		65,000		Gross Recov	/ery
Fuel, Water, Lubs., Elec.			1,600	Discount Fa	ctor%
Loc. Damages, Roads-Bridges			9,650	Discounted	Profit \$
Salvage & Dismantling Costs					
Drilling Contract-Footage			14,000		m %
Orilling Contract-Daywork			5,000	Payout	
Orilling Bits & Reamers					
Fishing Tool Expense					
Directional Drilling Costs			1.000		
Mud Mat'ls, Chems. & Services			1,000		
Cement & Cementing Service			4,300		
Noncontrollable Materials			2.500		
Rentals			2,500		
Coring Costs Drill Stem Tests					
Perforating			1,500		ish and Warehouse Outlay
Perforating Acidizing, Fracturing			24,000	٠,	ian and wateriouse Odday
Well Services, ElecMud Log.			2,000	Gross Cost	\$174,460.00
Transportation			1,500	Gross Cost	Ψ. τ · 1, του. ου
Overhead-Partner Op'd.		_ <del></del> -	4,000	Net	\$ 374.54
Area Expense	<del></del>		1,300	1	
Co. Labor & Supervision				Approvals:	Date
Contract Labor	<del></del>		1,300	1	
Fabrication & Installation	<del></del>		1,800	<u> </u>	
Miscellaneous Services			6,450	Daya	J. Diluon Has O
Miscellaneous Costs (Meter)			13,000		duction, Inc. 11/4/99
Subtotal	\$	65,000	\$ 93,600		
Tot. Cash & Wrhs. Outlay		··-		1	
Material on Hand				1	
Contingency at 10%		6,500	9,360	Roger B. Nie	elsen
Grand Total	S	71,500	\$ 102,960		

\$ 174,460

TOTAL WELL COST

US Postal Service

Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail (See reverse) Roger B. Nielsen Street & Number 6424 Belton
Post Office, State, & ZIP Code
P.O. Box 12241 **\$**9912 Postage Paso. TX Certified Fee Special Delivery Fee Restricted Delivery Fee Return Receipt Showing to Whom & Date Delivered

Return Receipt Showing to Whom Date, & Addressee's Address Return Receipt Showing to Whom, Date, & Addressee's Address PS Form **3800**, TOTAL Postage & Fees \$ Postmark or Date 11/5/99



November 5, 1999

Robert Warren Umbach George William Umbach c/o Ronald J. Brotzman, Esq. 1810 30th Street Boulder, CO 80301-1025

#### Dear Sirs:

As outlined in our letter of April 20, 1999, Redwolf Production, Inc. proposed the drilling of a Basin Fruitland Coal well in the NENE of Section 36, T26N, R13W, San Juan County, New Mexico. Since we have been unable to obtain voluntary commitments from all owners in the N/2 spacing unit, Redwolf Production, Inc. will be seeking compulsory pooling for the subject acreage.

The dedicated acreage for this well would be the N/2 of Section 36, comprising 320 acres, more or less. Our records indicate that you each would be a 0.156250% working interest owner in the subject well. I have enclosed an Authority for Expenditure and Joint Operating Agreement for your consideration. If you would like to participate in this well, please return one executed Authority for Expenditure and Joint Operating Agreement for our files by November 19, 1999. As we are facing a lease deadline, we will commence drilling on or before December 1, 1999.

If you have any questions, please give me a call at (505) 326-4125. Thank you for your consideration in this matter.

Sincerely,

Dana L. Delventhal Vice President

Dava J. Delieuthal

#### AUTHORITY FOR EXPENDITURE

Area	Farmington, NM	Field	Basin Fruitland Coal A	AFE No. 042099RW
Type: (X) 1. D a	& E 2. Repair 3. Other		Well Name	Bear No. 1
Group: (X) 1. De	ev. 2. Maint. 3. Expl.	4. Inv. 5. Other	County and State	San Juan, New Mexico
Project:	Drill and complete a l	Fruitland Coal we	ll. TD and Obj.	1300' - Fruitland Coal
			Land Lease No.	
			AFE Date	20-Apr-99
Operator	Redwolf Prod	luction, Inc.	Commencement I	Date: 30-Nov-99
-			Completion Date:	1-Feb-99
(1) Location,	(2) Division of Int.	(3) Justification		
<ol> <li>Location,</li> <li>Proposed Lo</li> <li>Dedicated A</li> </ol>	ocation: NENE S San Juan	Section 36, T26N, n County, New M	R13W	
(1) Proposed Lo	ocation: NENE S San Juan Acreage: N/2 of S	Section 36, T26N, n County, New M	R13W exico ising 320 acres m/l	

	TANGIBLE	INTANGIBLE	
Description	Gross \$	Gross \$	GROSS ECONOMICS
Material Purchased	65,000	•	Gross Recovery
Fuel, Water, Lubs., Elec.		1,600	Discount Factor%
Loc. Damages, Roads-Bridges		9,650	Discounted Profit \$
Salvage & Dismantling Costs			
Drilling Contract-Footage		14,000	Rate of Return %
Drilling Contract-Daywork		5,000	Payout
Drilling Bits & Reamers			
Fishing Tool Expense			
Directional Drilling Costs			
Mud Mat'ls, Chems. & Services		1,000	
Cement & Cementing Service		4,300	
Noncontrollable Materials			
Rentals		2,500	
Coring Costs			
Orill Stem Tests			
Perforating		1,500	Cash and Warehouse Outlay
Acidizing, Fracturing		24,000	
Well Services, ElecMud Log.		2,000	Gross Cost \$174,460.00
Transportation		1,500	
Overhead-Partner Op'd.		4,000	Net \$ 272.59
Area Expense			
Co. Labor & Supervision			Approvals: Date
Contract Labor		1,300	
Fabrication & Installation		1,800	
Miscellaneous Services		6,450	Days J. Delyerthal
Miscellaneous Costs (Meter)		13,000	Redwolf Production, Inc. 1149
Subtotal	\$ 65,000	\$ 93,600	
Tot. Cash & Wrhs. Outlay			
Material on Hand			1
Contingency at 10%	6,500	9,360	Robert Warren Umbach
Grand Total	\$ 71.500	\$ 102,960	
TOTAL WELL COST	\$ 174.460		

#### AUTHORITY FOR EXPENDITURE

Area	Farmingtor	ı, NM	Field	Basin Fruitland Coal	AFE No.	042099RW
Type: (X)	1. D & E 2. Repair	3. Other		Well Name		Bear No. 1
Group: (X)	1. Dev. 2. Maint.	3. Expl. 4. Inv	. 5. Other	County and St	ate	San Juan, New Mexic
Project:	Drill and o	complete a Fruitl	and Coal we	l. TD and Obj.		1300' - Fruitland Coal
				Land Lease No	Э.	
				AFE Date		20-Apr-99
Operator	Re	dwolf Productio	n, Inc.	Commenceme	nt Date:	30-Nov-99
				Completion D	ate:	1-Feb-99
(1) Location	a, (2) Divis	sion of Int. (3)	) Justification			
(1) Propos	sed Location:	NENE Sectio San Juan Cou	n 36, T26N, inty, New Mo			
(1) Propos	sed Location:	NENE Sectio San Juan Cou	n 36, T26N, unty, New Mo n 36, compri	exico sing 320 acres m/l		

	TANGIBLE	INTANGIBLE	
Description	Gross \$	Gross \$	GROSS ECONOMICS
Material Purchased	65,000		Gross Recovery
Fuel, Water, Lubs., Elec.		1,600	Discount Factor%
Loc. Damages, Roads-Bridges		9,650	Discounted Profit \$
Salvage & Dismantling Costs			
Drilling Contract-Footage		14,000	]
Drilling Contract-Daywork		5,000	Payout
Drilling Bits & Reamers			
Fishing Tool Expense			
Directional Drilling Costs			
Mud Mat'ls, Chems. & Services		1,000	
Cement & Cementing Service		4,300	
Noncontrollable Materials			
Rentals		2,500	
Coring Costs			
Drill Stem Tests			
Perforating		1,500	Cash and Warehouse Outlay
Acidizing, Fracturing		24,000	
Well Services, ElecMud Log.		2,000	Gross Cost \$174,460.00
Transportation		1,500	
Overhead-Partner Op'd.		4,000	Net \$ 272.59
Area Expense			
Co. Labor & Supervision			Approvals: Date
Contract Labor		1,300	
Fabrication & Installation		1,800	
Miscellaneous Services		6,450	
Miscellaneous Costs (Meter)			Redwolf Production, Inc.
Subtotal	\$ 65,000	\$ 93,600	
Tot. Cash & Wrhs. Outlay			
Material on Hand			
Contingency at 10%	6,500	9,360	George William Umbach
Grand Total	\$ 71,500	\$ 102,960	
TOTAL WELL COST	\$ 174,460		

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
■ Complete items 1, 2, and 3. Also complete Item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits.  1. Article Addressed to:  Lubart Umbrk  233 6 CM7in # 200	A. Received by (Please Print Clearly) B. Date of Delivery  Grant  Graduite  Graduites  Graduitessee  Figure 17 Yes  If YES, enter delivery address below:
BER. CO 80302	3. Service Type  Certified Mail
	4. Restricted Delivery? (Extra Fee)
2. Article Number (Copy from service label)	
PS Form 3811, July 1999 Domestic Ret	turn Receipt 102595-99-M-1789



November 5, 1999

Robert Warren Umbach George William Umbach c/o George Foster Hannett, Esq. P. O. Box 1849 Albuquerque, NM 87103

#### Dear Sirs:

As outlined in our letter of April 20, 1999, Redwolf Production, Inc. proposed the drilling of a Basin Fruitland Coal well in the NENE of Section 36, T26N, R13W, San Juan County, New Mexico. Since we have been unable to obtain voluntary commitments from all owners in the N/2 spacing unit, Redwolf Production, Inc. will be seeking compulsory pooling for the subject acreage.

The dedicated acreage for this well would be the N/2 of Section 36, comprising 320 acres, more or less. Our records indicate that you each would be a 0.156250% working interest owner in the subject well. I have enclosed an Authority for Expenditure and Joint Operating Agreement for your consideration. If you would like to participate in this well, please return one executed Authority for Expenditure and Joint Operating Agreement for our files by November 19, 1999. As we are facing a lease deadline, we will commence drilling on or before December 1, 1999.

If you have any questions, please give me a call at (505) 326-4125. Thank you for your consideration in this matter.

Sincerely,

Dana L. Delventhal Vice President

ana J. Welneuthal

### AUTHORDY FOR EXPENDEDURE

Area	Farmington, NM	Field	Basin Fruitland Coal	AFE No.	C42099RW
Type: (X) 1.	D & E 2. Repair 3. Other		Well Name		Bear No. 1
Group: (X) 1.	Dev. 2. Maint. 3. Expl. 4	Inv. 5 Other	County and Stat	e	San Juan, New Mexico
Project:	Drill and complete a F	ruitland Coal wel	l. TD and Obj.		1300' - Fruitland Coal
			Land Lease No.		
			AFE Date		20-Apr-99
Operator	Redwolf Produ	iction, Inc.	Commencemen	t Date:	30-Nov-99
			Completion Dat	e:	1-Feb-99
•	San Juan	ection 36, T26N, I County, New Me			
Dedicated	d Acreage: N/2 of Se	ction 36, compris	sing 320 acres m/l		
	of Interest: Robert W	arren Umbach	0.15625 %WI		
(2) Division	- · · · · · · · · · · · · · · · · · · ·				

	TANGIBLE	INTANGIBLE	
Description	Gross \$	Gross \$	GROSS ECONOMICS
Material Purchased	65,000		Gross Recovery
Fuel, Water, Lubs., Elec.		1,600	
Loc. Damages, Roads-Bridges		9,650	Discounted Profit \$
Salvage & Dismantling Costs			
Drilling Contract-Footage		14,000	
Drilling Contract-Daywork		5,000	Payout
Drilling Bits & Reamers			
Fishing Tool Expense			
Directional Drilling Costs			
Mud Mat'ls, Chems. & Services		1,000	
Cement & Cementing Service		4,300	
Noncontrollable Materials			
Rentals		2,500	
Coring Costs			
Drill Stem Tests			
Perforating		1,500	Cash and Warehouse Outlay
Acidizing, Fracturing		24,000	
Well Services, ElecMud Log.		2,000	Gross Cost \$174,460.00
Transportation		1,500	
Overhead-Partner Op'd.		4,000	Net \$ 272.59
Area Expense			
Co. Labor & Supervision			Approvals: Date
Contract Labor		1,300	
Fabrication & Installation		1,800	
Miscellaneous Services		6,450	والمتحالا التناف المتحالية والمتحال المتحال ال
Miscellaneous Costs (Meter)		13,000	Redwolf Production, Inc. W4199
Subtotal	\$ 65,000	\$ 93,600	
Tot. Cash & Wrhs. Outlay			
Material on Hand			
Contingency at 10%	6,500	9,360	Robert Warren Umbach
Grand Total	\$ 71,500	\$ 102,960	
TOTAL WELL COST	\$ 174,460		

### AUTHORITY FOR EXPENDITURE

Area	Farmington	. NM	Field	Basin Fruitland	Coal	AFE No.	042099RW
Type: (X) 1.	D&E 2. Repair	3. Other		Well	Name		Bear No. 1
Group: (X) 1.	Dev. 2. Maint.	3. Expl. 4. Inv.	5. Other	Coun	ty and St	ate	San Juan, New Mexico
Project:	Drill and c	omplete a Fruitla	nd Coal we	II. TD ar	nd Obj.		1300' - Fruitland Coal
				Land	Lease No	).	
				AFE	Date		20-Apr-99
Operator	Re	dwolf Production	n, Inc.	Comr	nenceme	nt Date:	30-Nov-99
				Comp	oletion Da	ate:	1-Feb-99
•	l Location: d Acreage:	NENE Section San Juan Cour N/2 of Section	nty, New Mo		/1		
(2) Division	of Interest:	George Willia	m Umbach	0.15625 %WI			

	TANGIBLE	INTANGIBLE	
Description	Gross \$	Gross \$	GROSS ECONOMICS
Material Purchased	65,000		Gross Recovery
Fuel, Water, Lubs., Elec.		1,600	Discount Factor%
Loc. Damages, Roads-Bridges		9,650	Discounted Profit \$
Salvage & Dismantling Costs			
Drilling Contract-Footage		14,000	Rate of Return %
Drilling Contract-Daywork		5,000	Payout
Drilling Bits & Reamers			
Fishing Tool Expense			
Directional Drilling Costs			
Mud Mat'ls, Chems. & Services		1,000	
Cement & Cementing Service		4,300	
Noncontrollable Materials			
Rentals		2,500	
Coring Costs			
Drill Stem Tests			
Perforating		1,500	Cash and Warehouse Outlay
Acidizing, Fracturing		24,000	
Well Services, ElecMud Log.		2,000	Gross Cost \$174,460.00
Transportation		1,500	
Overhead-Partner Op'd.		4,000	Net \$ 272.59
Area Expense			
Co. Labor & Supervision			Approvals: Date
Contract Labor		1,300	
Fabrication & Installation		1,800	
Miscellaneous Services		6,450	Days J. Deleuttral
Miscellaneous Costs (Meter)		13,000	Redwolf Production, Inc.
Subtotal	\$ 65,000	\$ 93,600	
Tot. Cash & Wrhs. Outlay			
Material on Hand			
Contingency at 10%	6,500	9,360	George William Umbach
Grand Total	\$ 71.500	\$ 102,960	
TOTAL WELL COST	\$ 174,460		

on the reverse side?	SENDER:  Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. Print your name and address on the reverse of this form so that we card to you.  Altach this form to the front of the mailpiece, or on the back if space permit. Write "Return Receipt Requested" on the mailpiece below the article The Return Receipt will show to whom the article was delivered adelivered.	te does not tie number.	1. Addressee's Address 2. Restricted Delivery		
completed	3. Article Addressed to: Robert Warren Umbach George William Umbach c/o George Foster Hannett, Fed	4a. Article Nu P 103 4b. Service T □ Registered Express M	<b>696</b> 594	Ğ Certified □ Insured	
RETURN ADDRESS	P.O. Box 1849	7. Dete of De	eipt for Merchandise	COD	
Is your BE	6. Signature (Addressee or Agent)  PS Form <b>3811</b> , December 1994	102595-98		ic Return Receipt	



November 24, 1999

Ms. Dana Delventhal Redwolf Production, Inc. PO Box 5382 Farmington, NM 87499

Re: Bear #1

N/2: Section 36, T26N-R13W San Juan County, New Mexico

Dear Ms. Delventhal:

Pursuant to our conversation, enclosed is information evidencing the transfer from Total Minatome Corporation to Energen Resources MAQ, Inc. for the captioned lands.

Please provide all pertinent information concerning your proposed well, as well as any title opinion information concerning our interest.

Please call if you have any questions.

Sincerely.

Richard Corcoran District Landman

RC/tm Enclosure

### CERTIFIED COPY OF CERTIFICATE OF AMENDMENT OF CERTIFICATE OF INCORPORATION OF TOTAL MINATOME CORPORATION

I, J. David Woodruff, Jr., the undersigned Assistant Secretary of Energen Resources MAQ, Inc. (formerly known as Total Minatome Corporation), do hereby certify that the attached represents a full, true and correct copy of a certain Certificate of Amendment of Certificate of Incorporation of Total Minatome Corporation, which Certificate of Amendment was filed in the Office of the Secretary of State of the State of Delaware on October 15, 1998.

WITNESS my signature as Assistant Secretary of Energen Resources MAQ, Inc. over its corporate seal this 9th day of December, 1998.

Assistant Secretary

Witness

Witness

STATE OF ALABAMA

COUNTY OF JEFFERSON

I, the undersigned, a notary public in and for said county in said state, hereby certify that J. David Woodruff, Jr., whose name as Assistant Secretary of Energen Resources MAQ, Inc., a Delaware corporation, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal this the 9th day of December, 1998.

Notary Public

My commission expires: /

ion expires: 12/10/2001

[NOTARIAL SEAL:

Jan 1927

000 SL0 1/19/99#037

\$10.00F1

# CERTIFICATE OF AMENDMENT OF CERTIFICATE OF INCORPORATION OF TOTAL MINATOME CORPORATION

In accordance with the provisions of Sections 103 and 242 of the General Corporation Law of the State of Delaware, TOTAL Minatorne Corporation, a corporation organized and existing under the laws of the State of Delaware, does hereby certify as follows:

1. That the Certificate of Incorporation of TOTAL Minatome Corporation, as heretofore filed and amended, shall, upon the filing and recording of this Certificate of Amendment, be further amended by amending Article 1 to read as follows:

"The name of the Corporation is Energen Resources MAQ, Inc."

2. That such amendment has been duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, said TOTAL Minatome Corporation has caused this certificate to be signed by Wm. M. Warren, Jr., its Chairman of the Board, and attested by J. David Woodruff, Jr., its Assistant Secretary, as of the 15th day of October, 1998.

TOTAL MINATOME CORPORATION

y: No M Warra I

Its Chairman of the Board

ATTEST:

J. David Woodport

Its Assistant Secretary

## Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF

DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT

COPY OF THE CERTIFICATE OF AMENDMENT OF "TOTAL MINATCME

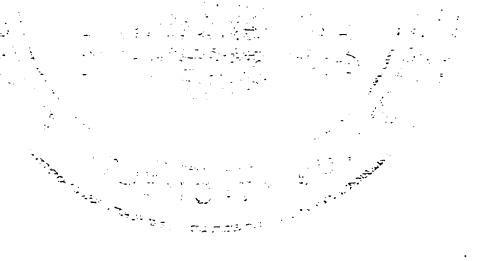
CORPORATION", CHANGING ITS NAME FROM "TOTAL MINATCME

CORPORATION", TO "ENERGEN RESOURCES MAQ, INC.", FILED IN THIS

OFFICE ON THE FIFTEENTH DAY OF OCTOBER, A.D. 1998, AT 11:15

O'CLOCK A.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.



Edward J. Freel, Secretary of State

0826989 8100 AUTHENTICATION:

9356021

981398261

DATE:

10-15-98

## STATE OF NEW MEXICO LEASE NUMBERS

	NM E-331-32	NM E-70-22
	NM B-11017-58	NM E-286-23
•	NM B-11017-59	NM B-10405-51
	NM B-11017-57	NM B-11124-32
	NM B-11017-56	NM B-11017-29
E-4500-3	NM B-11318-29	NM E-286-24
NM B-11125-79	NM B-10405-49	NM B-10405-52
B-10405-41	NM B-10405-50	NM B-10405-54
NM B-11318-24	NM B-11124-28	

9.00

2.00

0.00

## CERTIFIED COPY OF CERTIFICATE OF AMENDMENT OF CERTIFICATE OF INCORPORATION OF TOTAL MINATOME CORPORATION

I, J. David Woodruff, Jr., the undersigned Assistant Secretary of Energen Resources MAQ, Inc. (formerly known as Total Minatome Corporation), do hereby certify that the attached represents a full, true and correct copy of a certain Certificate of Amendment of Certificate of Incorporation of Total Minatome Corporation, which Certificate of Amendment was filed in the Office of the Secretary of State of the State of Delaware on October 15, 1998.

WITNESS my signature as Assistant Secretary of Energen Resources MAQ, Inc. over its corporate scal this 9th day of December, 1998.

STATE OF ALABAMA

COUNTY OF JEFFERSON

I, the undersigned, a notary public in and for said county in said scate, hereby certify that J. David Woodruff, Jr., whose name as Assistant Secretary of Energen Resources MAQ. Inc., a Delaware corporation, is signed to the foregoing instrument and who is known to me. acknowledged before me on this day that, being informed of the contents of the instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal this the 9th day of December, 1998.

My commission expires: 12

## JERTIFICATE OF AMENDMENT OF CERTIFICATE OF INCORPORATION OF TOTAL MINATOME CORPORATION

In accordance with the provisions of Sections 103 and 242 of the General Corporation Law of the State of Delaware, TOTAL Minatome Corporation, a corporation organized and existing under the laws of the State of Delaware, does hereby certify as follows:

1. That the Certificate of Incorporation of TOTAL Minatome Corporation, as heretofore filed and amended, shall, upon the filing and recording of this Certificate of Amendment, be further amended by amending Article 1 to read as follows:

"The name of the Corporation is Energen Resources MAQ, Inc."

2. That such amendment has been duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, said TOTAL Minatome Corporation has caused this certificate to be signed by Wm. M. Warren, Jr., its Chairman of the Board, and attested by J. David Woodruff, Jr., its Assistant Secretary, as of the 15th day of October, 1998.

TOTAL MINATOME CORPORATION

Зу: <u>У/</u>

Wm. M. Warren, Jr.

Its Chairman of the Board

ATTEST:

J. David Woodpari,

Its Assistant Secretary

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## Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "TOTAL MINATOME CORPORATION", CHANGING ITS NAME FROM "TOTAL MINATOME CORPORATION", TO "ENERGEN RESOURCES MAQ, INC.", FILED IN THIS OFFICE ON THE FIFTEENTH DAY OF OCTOBER, A.D. 1998, AT 11:15

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.

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Edward J. Freel, Secretary of State

0826989 8100 AUTHENTICATION:

9356021

981398261

DATE:

10-15-98



### CERTIFIED - RETURN RECEIPT REQUESTED

November 30, 1999

Energen Resources Corporation 2198 Bloomfield Highway Farmington, NM 87401 Attn: Mr. Richard Corcoran

Dear Mr. Corcoran:

Redwolf Production, Inc. proposes to drill a Basin Fruitland Coal well in the NENE of Section 36, T26N, R13W, San Juan County, New Mexico. Since we have been unable to obtain voluntary commitments from all owners in the N/2 spacing unit, Redwolf Production, Inc. will be seeking compulsory pooling for the subject acreage at the December 2, 1999 NMOCD Examiner's hearing.

The dedicated acreage for this well would be the N/2 of Section 36, comprising 320 acres, more or less. Our records indicate that Energen would have a 2.151919% working interest in the subject well. I have enclosed an Authority for Expenditure and Joint Operating Agreement for your consideration. If you would like to participate in this well, please return one executed Authority for Expenditure and Joint Operating Agreement for our files. As we are facing a lease deadline, we will commence drilling on or before December 1, 1999.

If you have any questions, please give me a call at (505) 326-4125. Thank you for your consideration in this matter.

Sincerely,

Dana L. Delventhal Vice President

Dava S. Delienthal

#### AUTHORITY FOR EXPENDITURE

Production and Exploration

Area Fa	rmington, NM	Field	Basin Fruitland Coal	AFE No.	0 <b>42099RW</b>
Type: (X) 1. D & E 2. Repair 3. Other		Well Name		Bear No. 1	
Group: (X) 1. Dev. 2. Maint. 3. Expl. 4. Inv. 5. 0  Project: Drill and complete a Fruitland Co			<del></del>		San Juan, New Mexico 1300' - Fruitland Coal
Operator Redwolf Production,		n, Inc.	Land Lease N AFE Date Commencement		20-Apr-99 30-Nov-99
		-	Completion D	ate:	1-Feb-99
Dedicated Acrea  (2) Division of Interes		•	sing 320 acres m/l 2.151919 %WI		
(2) Bivision of liner					
(3) Justification:	To develop B	asin Fruitlan	d Coal reserves in the N	/2 of Sect	ion 36, T26N, R13W
` '				/2 of Sect	ion 36, T26N, R13W
(3) Justification:	TANG	IBLE	INTANGIBLE	/2 of Sect	- 10-2 <sub>00</sub>
(3) Justification:  Description		IBLE s \$			GROSS ECONOMICS
(3) Justification:	TANG	IBLE	INTANGIBLE	/2 of Sect  Gross Reconnt F	GROSS ECONOMICS

	TANGIBLE	INTANGIBLE	
Description	Gross \$	Gross \$	GROSS ECONOMICS
Material Purchased	65,000		Gross Recovery
Fuel, Water, Lubs., Elec.		1,600	Discount Factor%
Loc. Damages, Roads-Bridges		9,650	Discounted Profit \$
Salvage & Dismantling Costs			
Orilling Contract-Footage		14,000	Rate of Return %
Drilling Contract-Daywork		5,000	Payout
Orilling Bits & Reamers			
Fishing Tool Expense			
Directional Drilling Costs			
Mud Mat'ls, Chems. & Services		1,000	
Cement & Cementing Service		4,300	
Noncontrollable Materials			
Rentals		2,500	
Coring Costs			
Drill Stem Tests			
Perforating		1,500	Cash and Warehouse Outlay
Acidizing, Fracturing		24,000	
Well Services, ElecMud Log.		2,000	Gross Cost \$174,460.00
Transportation		1,500	
Overhead-Partner Op'd.		4,000	Net \$ 3,754.24
Area Expense			
Co. Labor & Supervision			Approvals: Date
Contract Labor		1,300	11/30/99
Fabrication & Installation		1,800	0 0 0 11 0
Miscellaneous Services		6,450	Dava J. Delice that
Miscellaneous Costs (Meter)		13,000	Redwolf Production, Inc.
Subtotal	\$ 65,000	\$ 93,600	
Tot Cash & Wrhs. Outlay			
Material on Hand			
Contingency at 10%	6,500	9,360	Energen Resources Corporation
Grand Total	\$ 71,500	\$ 102,960	
TOTAL WELL COST	\$ 174,460		

**US Postal Service** 

## **Receipt for Certified Mail**

No Insurance Coverage Provided. Do not use for International Mail (See reverse) Energen Resources Corporation
Street & Number 2198 Bloomfield Highway
Post Office, State, & ZIP Code Farmington, NM 87401 Arth: Mr. Richard Corcoran Certified Fee 1.40 Special Delivery Fee Restricted Delivery Fee Return Receipt Showing to Whom & Date Delivered ... ハマミ Return Receipt Showing to Whom, Date, & Addressee & Address PS Form **3800**, TOTAL Postage & Fees 4.96 \$ Postman or Cate -November 30, 1999

FROM : MARALEN RESOURCES



621 17th Street, Suite 1125 Deriver, Colorado 80293 (303) 292-5636 FAX (303) 292-5382

P.O. Box 338 Ignacio, Colorado 81137 (970) 563-4000 FAX (970) 563-4116

November 29, 1999 VIA FACSIMILE (505) 325-8644

Attn: Dana L. Delventhal REDWOLF PRODUCTION, INC. PO Box 5382 Farmington, NM 87499

Rc:

Bcar No 1 N2 Sec 36 T26N, R13W

San Juan County, New Mexico

#### Ladies and Gentlemen

As discussed, we feel very positive about your captioned location and would like very much to participate in drilling the location and would have been happy to operate would we have thought that a gathering pipeline could be completed in a reasonable time. Our experience is that dealing with the Mavajo Nation on "off lease" lands could cause delays to two years or more and economics will not allow us to tie up money for that time with no return. We are, however, sympathetic concerning your lease expiration and wish to cooperate in some way short of your having to force pool this interest.

Notwithstanding all said above we will not consider the 80/20 farmout you proposed by phone. However, we are comfortable that we could deliver an 80% NRI before payout, reserve the right to convert a portion of the reserved orri (the difference between 80% and our present NRI) to a 40% working interest when payout occurs and leave you an 82% NRI after payout.

As discussed we have been forced to consider a tougher deal than this in the area and would prefer a 50/50 farmout but will consider the 60/40 if you will.

If you wish to consider this offer please notify me by phone and I will put together a formal farmout agreement in one or two days time for your consideration.

Very truly yours

MARALEX RESOURCES, INC

Land Manager



December 1, 1999

Maralex Resources, Inc. 621 17th Street, Suite 1125 Denver, CO 80293 Attn: Mr. Patrick M. Keller

Dear Mr. Keller:

Thank you for your letter of November 29, 1999, proposing a 60/40 farmout on your acreage in the N/2 of Section 36. Fownship 26 North, Range 13 West. Thave performed an economic evaluation of this proposal, and the economics are simply too tight for us to accept this offer.

I understand your reservations regarding the surface ownership and potential connect delays, and I share your concerns. We began our right-of-way acquisition in June of 1999, and hope to have approved documents within the first half of 2000. We will delay any discretionary work or spending until this approval is received. We would look forward to having you as a partner in this well, but certainly understand if you would rather not participate. Unfortunately, I see no way around the development of this acreage that would avoid the Indian surface ownership difficulties.

If you have any questions, please give me a call at (505) 326-4125. Thank you for your efforts concerning this project.

Sincerely,

Dana L. Delventhal

Dava J. Welmenthia

Vice President