

# MODEL FORM OPERATING AGREEMENT

OPERATING AGREEMENT

### DATED

May 14, 1998,

OPERATOR Richards	son Operating Company			
CONTRACT AREA	Township 30 North, Range 14 West, NMTM			
	Section 21: W/2			
	Surface to base of Pictured Cliffs formation			
COUNTY OR PARISH	OF San Juan , STATE OF New Mexico			

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### EXHIBIT

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### ACCOUNTING PROCEDURE JOINT OPERATIONS

I., GENERAL PROVISIONS



### 1. Definitions

"Joint Property" shall mean the real and personal property subject to the agreement to which this Accounting Procedure is attached.

"Joint Operations" shall mean all operations necessary or proper for the development, operation, protection and maintenance of the Joint Property.

"Joint Account" shall mean the account showing the charges paid and credits received in the conduct of the Joint Opera tions and which are to be shared by the Parties.

"Operator" shall mean the party designated to conduct the Joint Operations.

"Non-Operators" shall mean the Parties to this agreement other than the Operator.

"Parties" shall mean Operator and Mon-Operators.

"First Level Supervisors" shall mean these employees whose primary function in Joint Operations is the direct supervision of other employees and/or contract labor directly employed on the Joint Property in a field operating enpacts.

"Technical Employees" shall mean those employees having special and specific engineering, geological or other professional skills, and whose primary function in Joint Operations is the handling of specific operating conditions and problem for the benefit of the Joint Property.

"Personal Expenses" shall mean travel and other reasonable relimbursable expenses of Operator's employees.
"Material" shall mean personal property, equipment or supplies acquired or held for use on the Joint Property.
"Controllable Material" shall mean Material which at the time is so classified in the Material Classification Manual a most recently recommended by the Council of Petroleum Accountants Societies.

### 2. Statement and Billings

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of the Joint Account for the preceding month. Such bills will be accompanied by statements which identify the authority for expenditurations or facility, and all charges and credits summarized by appropriate classifications of investment and expense excepthat items of Controllable Material and unusual charges and credits shall be separately identified and fully described it detail.

### 3. Advances and Payments by Non-Operators

- A. Unless otherwise provided for in the agreement, the Operator may require the Mon-Operators to advance the share of estimated each outlay for the succeeding month's operation within fifteen (16) days after receipt of the biling or by the first day of the month for which the advance is required, whichever is later. Operator shall adjust enmonthly billing to reflect advances received from the Mon-Operators.
- B. Each Non-Operator shall pay its proportion of all bills within lifteen (16) days after receipt. If payment is not may within such time, the unpaid belance shall bear interest monthly at the prime rate in effect at Norwest—Dank Denyer——on the first day of the month in which delinquency occurs plus 4% or the maximic contract rate pormitted by the applicable usury laws in the state in which the Joint Property is located, whiches is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amount.

### 4. AdJustments

Pryment of any such bills shall not prejudice the right of any Mon-Operator to pietest or question the correctness there provided, however, all bills and statements rendered to Mon-Operators by Operator during any calendar year shall calculately be presumed to be true and correct after twenty four (24) months following the end of any such enlandar year within the said twenty-four (24) month period a Mon-Operator takes will be exception thereto and makes within Operator for adjustment. He adjustment favorable to Operator shall be made unless it is made within the same present period. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of Controlls Material as provided for in Section V.





Overhead - Drilling and Producing Operations

١.	As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge	drllllin
	and producing operations on either:	

(X) Fixed Rate Basis, Paragraph 1A, or( ) Percentage Basis, Paragraph 1B

Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and minutes or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.

ii. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property:

( ) shall be covered by the overhead rates, or
 (X) shall not be covered by the overhead rates.

iii. The salaries, wages and Personal Expenses of Technical Employees and/or costs of professional consultant services and contract services of technical personnel either temporarily or permanently assigned to and directly employed in the operation of the Joint Property:

( ) shall be covered by the overhead rates, or (X) shall not be covered by the overhead rates.

- A. Overhend Flued Rate Basis
  - (1) Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rute \$ 5,000,00 (Provated for less than a full month)

Producing Well Rate \$ 500.00

- (2) Application of Overhead Fixed Rate Basis shall be as follows:
  - (a) Drilling Well Rate
    - (1) Charges for drilling wells shall begin on the date the well is spudded and terminate on the date the drilling rig, completion rig, or other units used in completion of the well is released, whichever is later, except that no charge shall be made during suspension of drilling or completion operations for fifteen (16) or more consecutive calendar days.
    - (2) Charges for wells undergoing any type of workover or recompletion for a period of five (5) consecutive work days or more shall be made at the drilling well rate. Such charges shall be applied for the period from date workover operations, with rig or other units used in workover, commence through date of rig or other unit release, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive calendar days.
  - (b) Producing Well Rates
    - (1) An active well either produced or injected into for any portion of the month shall be considered as a one well charge for the entire month.
    - (2) Each active completion in a multi-completed well in which production is not commingled down hole shall be considered as a one-well charge providing each completion is considered a separate well by the governing regulatory authority.
    - (3) An limitive gas well shut in because of overproduction or failure of purchaser to take the production shall be considered as a one-well charge providing the gas well is directly connected to a permanent safe-outlet.
    - (4) A one-well charge shall be made for the month in which plugging and abandonment operations are completed on any well. This one-well charge shall be made whether or not the well has produced except when drilling well rate applies.
    - (b) All other inactive wells (including but not limited to functive wells covered by unit allowable, lease allowable, transferred allowable, etc.) shall not qualify for an overhead charge.
- (3) The well rates shall be adjusted as of the first day of April each year following the effective date of the agreement of which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Grude Petroleum and Grander year compared to the calendar year preceding as shown by the indeportance weekly earnings of Grude Petroleum and Gas Production Workers as published by the United State Department of Labor, Bureau of Labor Statistics, or the equivalent Canadian index as published by Statistic Canada, as applicable. The adjusted rates shall be the rates currently in use, plus or minus the computed as justment.

### B .- Overhead Percentage-Rasia

(4)-Operator-shall-charge-the-Joint-Account-at-the-following rates:

MODEL FORM OPERATING AGREEMENT

### OPERATING AGREEMENT

### DATED

OPERATOR	Richardson Operating Company				
CONTRACT AREA	Township 30 North, Range 14 West, NMPM				
para kana kata kata kana dipangain kana ang manaka manaka manggala manaka kana kana kana kana kana kana k	Section 16: All				
	Section 2: N/2				
	Township 29North, Range 14 West, NMPM				
	Section 16: N/2				
COUNTRY OR PARIST	ron San Juan STATH OF New México				

COPYRIGITY 1989 .... ATT, RIGHTS RESERVED ANIERICAN ASSOCIATION OF PETROLEUM 1.ANIDMEN, 4100 FOSSIL CREEK BLVD. FORT WORTH, TEXAS, 76137, APPROVED FORM.

A.A.P.L. NO. 610 - 1989

### EXHIBIT

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hed.	between_Michardson_Operating_Company, as_Operator, and Evko
evelopment	co., et al, as Non-Operators,

### ILLEGIBLE ACCOUNTING PROCEDURE JOINT OPERATIONS

### E. GERRHAL PROVISIOUS

### Definitions

"Joint Property" whall mean the real and personal property subject to the agreement to which this Accounting Procedure in attached.

"Joint Operations" shall mean all operations necessary or preper for the development, aparation, protection and maintenance of the Joint Property

names of the Joint Property.
"Joint Account showing the charges paid and credits received in the conduct of the Joint Opera tions and which are to be shared by the Parties.

"Operator" whall mean the party dealgranted to conduct the John Operations

"Non Operators" shall mean the Parties to this agreement other than the Operator.

"Partles" shall mean Operator and Hon Operators

"First Level Supervisors" shall mean those employees where policiety function in Joint Operations is the direct supervision of other employees and/or continue tabor directly employed on the Joint Property in a Hold operating enpacty. "Technical Employees" shall mean those employees having special and specific engineering, geological or other piole

aland skills, and whose primary function in Joint Operations is the handling of specific operating conditions and problem for the benefit of the Joint Property.
"Fersonal Expenses" shall mean travel and other reasonable reliablicable expenses of Operator's employees.
"Materials by the Course property of the contraction of the contraction of the Course of the Cours

"Malerial" shall mean personal property, equipment or supplies acquired or held for use on the Joint Property.
"Controllable Material" shall mean Material which at the time is so closelfied in the Material Classification Manual most recently recommended by the Council of Petroleum Accountants Sucleties.

### Statement and Illlings

Operator shall bill Hon-Operators on or before the last day of each month for their proportionate share of the Joint a count for the proceeding month. Such bills will be accompanied by statements which identify the nathority for expenditulenss or facility, and all charges and credits summarized by appropriate classifications of lovestment and expense exertial items of Controllable Material and unusual charges and credits shall be separately identified and fully described detail.

### . Advances and Payments by Hon Operators

- A. Unless otherwise provided for in the agreement, the Operator may require the Mon Operators to advance to share of estimated anch outlay for the suggesting month's operation within titteon (16) days after receipt of the largest by the Irst day of the month for which the advance is required, whichever is later. Operator shall adjust a monthly hilling to reflect advances received from the Mon Operators.
- B. Each Mon Operator shall pay its proportion of all bills within fifteen (16) days after receipt. If payment is not a within such flows, the unpuld believe while been interest monthly at the prime rate in effect at Norwest Dank Denver on the first day of the month in which dellequency occurs plus 1% or the maxis contract rate parmitted by the applicable usury loves in the state in which the Joint Property is located, which is the lesser, plus attenuar's fees, camet costs, and other costs in connection with the collection of unpull amon

### t. Adhistments

Payment of any mich bills shall not prejudice the right of any Hon Operator to platest or question the correctness the provided, however, all hills and statements rendered to Hon Operators by Operator during any calendar year shall chiefly be presumed to be true and correct after twenty four (24) months following the end of any much calendar unless within the end twenty-four (24) menth period a Hon-Operator takes willton exception thereto and makes classically for adjustment. He adjustment favorable to Operator shall be made unless it is made within the same previous. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of Control Metarial as provided for in Section V.

### ILLEGIBLE

verliend - Drilling and Producing Operations

As compensation for administrative, supervision, office services and warehousing costs. Operator shall charge diffilling and productor operations on either:

o Al decigned Rate Books, Paragraph 1A, or Percentage Books, Paragraph 111

Unless otherwise agreed to by the Parties, such charge shall be in flex of costs and expenses of all offices and unlartes or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under l'aragraph 3A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.

II. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and continuity services of technical personnel directly employed on the Joint Property:

( ) shall be covered by the overhead rates, or (X) shall not be covered by the overhead rates.

III. The natures, wages and Personal Expenses of Technical Employees and/or costs at professional consultant services and contract services of technical personnel either temporally or permanently assigned to and directly employed in the operation of the Joint Property:

( ) shall be covered by the overbead rates, or (X) shall not be covered by the overbead rates

- A. Overhend Fixed Rate Basis
  - (1) Operator shall charge the Joint Account at the following rates per well per month:

Diffling Well Hate \$ \_5,000,00 \_\_\_\_\_(Promised for less than a full month)

Producing Well linte \$ 500.00 .....

- (2) Application of Overhead Fluck Rate Hada shall be as follows:
  - (a) Drilling Well Hato
    - (1) Charges for diffling wells shall begin on the date the well is spinled and terminate on the date the diffling rig, completion rig, or other units used in completion of the well is released, whichever is later, except that no charge shall be made during suspension of diffling or completion operations for fifteen (16) or more consecutive calendar days.
    - (2) Charges for wells undergoing any type of workover or recompletion for a pariod of five (6) consecutive work days or more shall be made at the drilling well rate. Such charges shall be applied for the period from data workover operations, with the or other units used in workover, commence through date of the or other unit release, except that no charge shall be made during suspension of operations for liftee (15) or more consecutive calonial days.
  - (b) Producing Well Rules
    - (1) An active well either produced or injected into for any parties of the month shall be considered as a on well charge for the cylic month.
    - (2) Each active completion in a multi-completed well in which production is not commingled down hole states to considered as a one-well charge providing each completion is considered a separate well by the governing regulatory authority.
    - (3) An limitive gas well shut in because of averproduction or failure of purchaser to take the production shalo considered as a one-well charge providing the gas well is directly connected to a permanent so outlet.
    - (4) A one-well charge shall be made for the month in which plugging and abandonment operations are copieted on any well. This one well charge shall be made whether or not the well has produced except will allilling well rate applies.
    - (6) All other inactive wells (including but not limited to inactive wells covered by unit allowable, lease all able, transferred allowable, etc.) shall not qualify for an overhead charge.
- (3) The well rates shall be adjusted as of the floot day of April each year following the effective date of the agreem to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate really in pse by the percentage increase or decrease in the average weekly earnings of Grude Petroleuin and Production Workers for the last ealendar year compared to the calendar year preceding as shown by the bot average weekly earnings of Grude Petroleum and Gas Production Workers as published by the United Statistics, or the equivalent Canadian index as published by Statistical, as the enter currently in use, plus or minus the computer historical.

A.A.P.L. FORM 610 - 1989

## MODEL FORM OPERATING AGREEMENT

OPERATING AGREEMENT

DATED

December 151998 ,

OPERATORRichard	son Operating Company				
CONTRACT AREA	Township 30 North, Range 14 West, NMPM				
	Section 16: W/2				
	Surface to base of Pictured Cliffs formation				
COUNTY OR PARISH	or San Juan STATE OF New Mexico				

### EXHIBIT

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rehed to and made a part of \_Attached\_to\_and\_made\_a\_part\_of\_that\_ceitate\_Operating\_barrement\_\_ ited Dec. 15, 1998, between Blobardson Operating Company, as Operator, and Amoco oduction Company et al, as Non-Operators.

### ACCOUNTING PROCEDURE JOINT OPERATIONS

L. GENERAL, PROVISIONS



### Dellalllong

"Joint Property" shall mean the real and personal property subject to the agreement to which this Accounting Procedure In attached.

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"Operator" shall mean the party designated to conduct the Joint Operations.

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"Personal Expenses" shall mean travel and other reasonable relimbursable expenses of Operator's grapleyees.

"Material" shall mean personal property, equipment or supplies acquired or hold for use on the Joint Property.
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### Statement and Hilliams

Operator shall bill Non-Operators on at before the last day of each month for their proportionate share of the Joint Ac count for the preceding month. Such bills will be accompanied by statements which identify the authority for expenditure lease or facility, and all charges and credits summarized by appropriate classifications of investment and expense except that items of Controllable Material and unusual charges and credite shall be separately bleatified and fully described in detail.

### Advances and Payments by Non Operators

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### Adjustments

Payment of any such hills shall not projudice the eight of any Non-Operator to plutest or question the correctness thereo provided, however, all hills and statements rendered to Mon-Operators by Operator during any calcular year shall coclustively be presumed to be true and correct after (wenty-four (24) mentles following the end of any such enlandar year unloss within the said twenty-low (24) menth period a Non-Operator linkes written exception therete and makes claim i Operator for adjustment. He adjustment favorable to Operator chall be made unless it is made within the same presents perfod. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of Controllab Material us provided for in Section V.

### III. OVERHIEAD



Overhead - Drilling and Producing Operations

1.	As compensation for administrative, supervision, office services and warehousing costs. Operator shall charge drilling and producing operations on either:					
	(X) Fixed Rate Basis, Paragraph 1A, or ( ) Percentage Basis, Paragraph III					
	Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Parsgraph 3A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.					
H.	The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property:					
	( ) shall be covered by the everhead rates, or (X) shall not be covered by the everhead rates.					
ill.	The valuries, wages and Personal Expenses of Technical Employees and/or costs of professional consultant services and contract services of technical personnel either temporarily or permanently assigned to and directly employed in the operation of the Joint Property:					
	( ) shall be covered by the overhead rates, or (X) shall not be covered by the overhead rates.					
٨.	Overhead - Flued Rate Basis					
	(1) Operator shall charge the Joint Account at the following hates per well per month:					
	Diffling Well Rote \$ 5,000,00 (Provated for less than a full month)					
	Producing Well Rate \$ 500,00					

- (2) Application of Overhead Fixed Rate Basis shall be as follows:
  - (a) Drilling Well Rate
    - (1) Charges for drilling wells shall begin on the date the well is spudded and torminate on the date the drilling rig, completion rig, or other units used in completion of the well is released, whichever is later, except that no charge shall be made during suspension of drilling or completion operations for fifteen (16) or more consecutive calendar days.
    - (2) Charges for wells undergoing any type of workover or recompletion for a period of five (6) consecutive work days or more shall be made at the drilling well rate. Such charges shall be applied for the period from data workover operations, with rig or other units used in workover, commence through date of rig or other unit release, except that no charge shall be made during suspension of operations for fifteen (46) or more consecutive calendar days.
  - (b) Producing Well Rates
    - (1) An active well either produced or injected into for any parties of the month shall be considered as a one well charge for the eather month.
    - (2) Each active completion in a multi-completed well in which production is not commingled down hole shall be considered as a one-well charge providing each completion is considered a separate well by the governing regulatory authority.
    - (3) An limitive gas well shut in because of overproduction or failure of purchaser to take the production shut be considered as a one-well charge providing the gas well is directly connected to a permanent substitute.
    - (4) A one-well charge shall be made for the month in which plugging and abandonment operations are completed on any well. This one-well charge shall be made whether or not the well has produced except when drilling well rate applies.
    - (6) All other inactive wells (including but not limited to inactive wells covered by unit allowable, lease allowable, transferred allowable, etc.) shall not qualify for an overhead charge.
- (3) The well rates shall be adjusted as of the first day of April each year following the effective date of the agreements which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Go: Production Workers for the last entendar year compared to the calendar year preceding as shown by the indestance weekly carnings of Crude Petroleum and Gas Production Workers as published by the United State Department of Labor, Dureau of Labor Statistics, or the equivalent Canadian index as published by Statistics Canada, as applicable. The adjusted rates shall be the rates currently in use, plus or minus the computed as justment.

A.A.P.I. FORKI 610 - 1989

### MODEL FORM OPERATING AGREEMENT

### OPERATING AGREEMENT

DATED June 1, 2000

OPERATOR	RICHARDSON OPE	RATING_COMPANY_	
CONTRACT AREA	TOWNSHIP 30	NORTH - RANGE 1	4 WEST, NMPM
	Section 21: N	W/4	
Surface U	to base of the	Pictured Cliffs	Formation
COUNTY OR PARISH			New May Les

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Recommended by the Council of Petroleum Accountants Sprinting



### EXHIBIT

Attached to and made a part ofcertain .Operating . Agreement Dated June 1, 2000,
between Richardson Operating Company, as Operator, and Amogo
Production Company, et al, as Non-Operators

### ACCOUNTING PROCEDURE JOINT OPERATIONS

### 1. GENERAL PROVISIONS

### Definitions

"Joint Property" shall mean the real and personal property subject to the agreement to which this Accounting Procedure

"Joint Operations" shall mean all operations necessary or proper for the development, operation, protection and mainte-

nance of the Joint Property.
"Joint Account" shall mean the account showing the charges paid and credits received in the conduct of the Joint Operations and which are to be shared by the Parties.

"Operator" shall mean the party designated to conduct the Joint Operations.

"Non-Operators" shall mean the Parties to this agreement other than the Operator.

"Parties" shall mean Operator and Non Operators.

"First Level Supervisors" shall mean those employees whose primary function in Joint Operations is the direct supervision

of other employees and/or contract labor directly employed on the Joint Property in a field operating capacity. "Technical Employees" shall mean those employees having special and specific engineering, geological or other professional skills, and whose primary function in Joint Operations is the handling of specific operating conditions and problems for the benefit of the Joint Property.

"Personal Expenses" shall mean travel and other reasonable reimbursable expenses of Operator's employees.

"Material" shall mean personal property, equipment or supplies acquired or held for use on the Joint Property.
"Controllable Material" shall mean Material which at the time is so classified in the Material Classification Manual as most recently recommended by the Council of Petroleum Accountants Societies.

### Statement and Billings

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### Advances and Payments by Non-Operators 3.

- Unless otherwise provided for in the agreement, the Operator may require the Non-Operators to advance their share of estimated cash outlay for the succeeding worth's operation within fifteen (16) days after receipt of the biffing or by the first day of the month for which the advance is required, whichever is later. Operator shall adjust each monthly billing to reflect advances received from the Non-Operators.
- Each Non Operator shall pay its proportion of all bills within fifteen (15) days after receipt. If payment is not made within such time, the unpaid balance shall bear interest monthly at the prime rate in effect at Wells Fargo Bank \_ ... on the first day of the month in which delinquency occurs plus 1% or the maximum contract rate permitted by the applicable usury laws in the state in which the Joint Property is located, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts.

### Adjustments

Payment of any such bills shall not prejudice the right of any Mon Operator to protest or question the correctness thereof; provided, however, all hills and statements rendered to Mon Operators by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty four (24) months following the end of any such calendar year, unless within the said twenty-four (24) month period a Non Operator takes written exception thereto and makes claim on Operator for adjustment. No adjustment favorable to Operator shall be made unless it is made within the same prescribed period. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of Controllable Material as provided for in Section V.



### HIL OVERHEAD

### 1. Overhead - Drilling and Producing Operations

4.3

- i. As compensation for administrative, supervision, office services and wavehousing costs, Operator shall charge drilling and producing operations on either:
  - (x) Fixed Rate Basis, Paragraph 1A, or( ) Percentage Basis, Paragraph 1B

Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 3A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.

- ii. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property:
  - ( ) shall be covered by the overhead rates, or
  - (x ) shall not be covered by the overhead rates.
- iii. The salaries, wages and Personal Expenses of Technical Employees and/or costs of professional consultant services and contract services of technical personnel either temporarily or permanently assigned to and directly employed in the operation of the Joint Property:
  - ( ) shall be covered by the overhead rates, or
  - (x) shall not be covered by the overhead rates.
- A. Overhead Fixed Rate Basis
  - (1) Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate \$ . 5,000.00 (Prorated for less than a full month)

Producing Well Rate \$ . 500,00

ILLEGIBLE

- (2) Application of Overhead Fixed Rate Basis shall be as follows:
  - (a) Drilling Well Rate
    - (1) Charges for drilling wells shall begin on the date the well is spudded and terminate on the date the drilling rig, completion rig, or other units used in completion of the well is released, whichever is later, except that no charge shall be made during suspension of drilling or completion operations for fifteen (15) or more consecutive calendar days.
    - (2) Charges for wells undergoing any type of workover or recompletion for a period of five (5) consecutive work days or more shall be made at the drilling well rate. Such charges shall be applied for the period from date workover operations, with rig or other units used in workover, commence through date of rig or other unit release, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive calendar days
  - (b) Producing Well Rates
    - (1) An active well either produced or injected into for any portion of the month shall be considered as a one-well charge for the entire month.
    - (2) Each active completion in a multi-completed well in which production is not commingled down hole shall be considered as a one-well charge providing each completion is considered a separate well by the governing regulatory authority.
    - (3) An inactive gas well shut in because of overproduction or failure of purchaser to take the production shall be considered as a one-well charge providing the gas well is directly connected to a permanent sales outlet.
    - (4) A one-well charge shall be made for the month in which plugging and abandonment operations are completed on any well. This one well charge shall be made whether or not the well has produced except when drilling well rate applies.
    - (5) All other inactive wells (including but not limited to inactive wells covered by unit allowable, lease allowable, transferred allowable, etc.) shall not qualify for an overhead charge.
- (3) The well rates shall be adjusted as of the first day of April each year following the effective date of the agreement to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last calendar year compared to the calendar year preceding as shown by the index of average weekly earnings of Crude Petroleum and Gas Production Workers as published by the United States Department of Labor, Bureau of Labor Statistics, or the equivalent Canadian index as published by Statistics Canada, as applicable. The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.

B. Overhend - Percentage Basis

(1) Operator shall charge the doint Account at the following rates

A.A.P.L. FORM 610 - 1989

# MODEL FORM OPERATING AGREEMENT

OPERATING AGREEMENT

DATED
June 1, 2000

OPERATOR RICHARDSON OPERATING COMPANY					
CONTRACT AREA	TOWNSHIP 30 NO	DRTII - RANGE 14	I WEST, NMPM		
	Section 21: SE	/4			
Surface t	o base of the Pi	ctured Cliffs	Formation		
COÚNTY OR PARISII	OF San Juan	STATE OF	New Mexico		

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Recommended by the Council of Petroleum Accountants Socialies



### EXHIBIT

$\Lambda$ (tached	to and made a part of	certa	inOperat	Ling Ag	reement	Dated June 1	, 2000,
	between_Ric	chardson Ope	rating Co	ompany,	as Oper	alor, and.	Amogo
	Production.	.Company,et	.al,as N	VonOpc.	rators .		

### ACCOUNTING PROCEDURE JOINT OPERATIONS

### L. GENERAL PROVISIONS

### Definitions

"Joint Property" shall mean the real and personal property subject to the agreement to which this Accounting Procedure is attached

"Joint Operations" shall mean all operations necessary or proper for the development, operation, protection and maintenance of the Joint Property.

"Joint Account" shall mean the account showing the charges paid and credits received in the conduct of the Joint Operations and which are to be shared by the Parties.

"Operator" shall mean the party designated to conduct the Joint Operations.

"Non-Operators" shall mean the Parties to this agreement other than the Operator.

"Parties" shall mean Operator and Non-Operators.

"First Level Supervisors" shall mean those employees whose primary function in Joint Operations is the direct supervision

of other employees and/or contract labor directly employed on the Joint Property in a field operating capacity. "Technical Employees" shall mean those employees having special and specific engineering, geological or other professional skills, and whose primary function in Joint Operations is the handling of specific operating conditions and problems for the benefit of the Joint Property.

"Personal Expenses" shall mean travel and other reasonable reindursable expenses of Operator's employees.

"Material" shall mean personal property, equipment or supplies acquired or held for use on the Joint Property,

"Controllable Material" shall mean Material which at the time is so classified in the Material Classification Manual as most recently recommended by the Council of Petroleum Accountants Societies.

### Statement and Billings

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of the Joint Account for the preceding month. Such bills will be accompanied by statements which identify the authority for expenditure. lease or facility, and all charges and credits summarized by appropriate classifications of investment and expense except that items of Controllable Material and unusual charges and credits shall be separately identified and fully described in detail

### 3. Advances and Payments by Non-Operators

- Unless otherwise provided for in the agreement, the Operator may require the Mon Operators to advance their share of estimated cash outlay for the succeeding month's operation within fifteen (15) days after receipt of the billing or by the first day of the month for which the advance is required, whichever is later. Operator shall adjust each monthly billing to reflect advances received from the Non-Operators.
- Each Non-Operator shall pay its proportion of all bills within fifteen (15) days after receipt. If payment is not made 11. within such time, the unpaid balance shall bear interest mouthly at the prime rate in effect at Wells Fargo Bank , on the first day of the month in which delinquency occurs plus 1% or the maximum. contract rate permitted by the applicable usury laws in the state in which the Joint Property is located, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid augusts.

### Adjustments

Payment of any such bills shall not prejudice the right of any flow Operator to piotest or question the correctness thereof; provided, however, all bills and statements rendered to Non Operators by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty four (24) months following the end of any such calendar year. unless within the said twenty four (24) month period a Non Operator takes written exception thereto and makes claim on Operator for adjustment. No adjustment favorable to Operator shall be made unless it is unde within the same prescribed period. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of Controllable Material as provided for in Section V



### HI. OVERHEAD

- 1. Overhead Drilling and Producing Operations
  - i. As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge drilling and producing operations on either:
    - (x ) Fixed Rate Basis, Paragraph 1A, or( ) Percentage Basis, Paragraph 1B

Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 3A. Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.

- ii. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property:
  - ( ) shall be covered by the overhead rates, or
  - (x) shall not be covered by the overhead rates.
- iii. The salaries, wages and Personal Expenses of Technical Employees and/or costs of professional consultant services and contract services of technical personnel either temporarily or permanently assigned to and directly employed in the operation of the Joint Property:
  - ( ) shall be covered by the overhead rates, or
  - & ) shall not be covered by the overhead rates.
- A. Overhead Fixed Rate Basis
  - (1) Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate \$ \_\_5,000\_00\_\_\_\_(Prorated for less than a full month)

Producing Well Rate \$ \_500,00

- (2) Application of Overhead Fixed Rate Basis shall be as follows:
  - (a) Drilling Well Rate
    - (1) Charges for drilling wells shall begin on the date the well is spudded and terminate on the date the drilling rig, completion rig, or other units used in completion of the well is released, whichever is later, except that no charge shall be made during suspension of drilling or completion operations for lifteen (15) or more consecutive calendar days.
    - (2) Charges for wells undergoing any type of workover or recompletion for a period of five (5) consecutive work days or more shall be made at the drilling well rate. Such charges shall be applied for the period from date workover operations, with rig or other units used in workover, commence through date of rig or other unit release, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive calendar days.
  - (b) Producing Well Rates
    - (1) An active well either produced or injected into for any portion of the month shall be considered as a one-well charge for the entire month.
    - (2) Each active completion in a multi-completed well in which production is not commingled down hole shall be considered as a one-well charge providing each completion is considered a separate well by the governing regulatory authority.
    - (3) An inactive gas well shut in because of overproduction or failure of purchaser to take the production shall be considered as a one-well charge providing the gas well is directly connected to a permanent sales outlet.
    - (4) A one-well charge shall be made for the month in which plugging and abandonment operations are completed on any well. This one-well charge shall be made whether or not the well has produced except when drilling well rate applies.
    - (5) All other inactive wells (including but not limited to inactive wells covered by unit allowable, lease allowable, transferred allowable, etc.) shall not qualify for an overhead charge.
- (3) The well rates shall be adjusted as of the first day of April each year following the effective date of the agreement to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last enlendar year compared to the calendar year preceding as shown by the index of average weekly earnings of Crude Petroleum and Gas Production Workers as published by the United States Department of Labor, Bureau of Labor Statistics, or the equivalent Canadian index as published by Statistics Canada, as applicable. The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.
- B. Overhend Percentage Basis
  - (1) Operator shall charge the Joint Account at the following rates: