| RICHARDSON PRODUCTIC 1700 Lincoln, Suite 17 Denver, Colorado 80203 (303) Fax (303) 830-8009 Decamber 20, 2001 | 20 16 70 10 00 15 188 79 18 178 11 17 18 3811, July 1999 Domestic Return Receip | moenix AZ 86016 | ward Hardson 309 N 2 412 Place | ns 1, 2, and 3. Also complete ricted Delivery is desired. The and address on the reverse in return the card to you. If to the back of the mallplece, it if space permits. |
|---|---|---|--------------------------------------|---|
| (602) 95 | Return | ا د | | |
| Mrs. Howard E. Henderson 5809 N. 24th Place Phoenix, AZ 36016 RE: Pictured Cliffs & Fruitland Coal Well Proposal RPC #17-3 Weil SW/4 Section 17, Township 29 North, Range 13 West Pictured Cliffs Proposal RPC #17-4 SE/4 Section 17, Township 29 North, Range 13 West | Receipt | Service Type M. Certified Mail Registered Insured Mail Restricted Delivery | At YES, enter delivery address below | A. Received by Please Print Clearly) B. I C. Signature X. M. A. |
| San Juan County, New Mexico Dear Mrs. Henderson: Please accept Richardson Production Company's sincerest co Ouring our telephone conversation yesterday we discussed the ni | 102595-00-M-0952 | Express Mail Gratum Receipt for Merchandise B Gratum C.O.D. (Extra Fee) Gratum Fee | € (4) lette | Date of Delivery 1 5 2221 Agent Cly Addressee |

dated December 5, 2001 to Howard E. Henderson from Sheila Frazier with Richardson Production Company ("ROC") will need in order to ent

You indicated you had a "Life Estate" to the properties and the properties would revert to Howard E Henderson's son upon your death. ROC will need the following:

- Copy of Death Cartificate of Howard E. Henderson
- Copy of Last Will and Testament of Howard E. Henderson
- Copy of Letters Testamentary, if the Estate has not been closed

If the Estate has not been closed, ROC will need to enter into an Gil and Gas Lease with the Estate and the signing party will be the Executor of the Estate.

Should you have any questions concerning the outlined information I can be contacted by telephone at (303) 330-3000, by e-mail at <u>a unpluncom a accourtsonoil com</u> or at the letterness accords.

Very duly yours.

Company.

Teleca G. Die Blecon Reseccia E. Van Blaricom Administrative Landman

> BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Case Nos. 12797/98 Cons. Exhibit No. 5 Submitted by: Richardson Production Company Hearing Date: February 7, 2002

Howard E. Henderson 5809 N. 24th Place Phoenix, AZ 86016

Certified Mail 7000 1670 0006 8579 2718

Re:

Pictured Cliffs & Fruitland Coal Well Proposal

RPC #17-3 Well

SW/4-Section 17-T29N-R13W San Juan County, New Mexico

Dear Mineral Owner:

Richardson Production Company proposes to drill a downhole commingled Pictured Cliffs & Fruitland Coal well on the captioned lands. A recent check of the county records indicates that you own a 6.5 net acre unleased mineral interest within the spacing unit. The RPC #17-3 well will be located in the SW/4 of Section 17. The Pictured Cliffs spacing unit covers the SW/4 and the Fruitland Coal spacing unit covers the S/2 of Section 17. Your lands may or may not be covered under both spacing units.

Enclosed for your review is an AFE itemizing the estimated costs for the well. In the event you wish to participate in this drilling and completion attempt, please return an executed copy of the AFE to the undersigned by December 28, 2001. Upon receipt of your executed AFE, or by prior written request, we will forward an AAPL Form 610 Joint Operating Agreement for your review and execution, providing for, among other things, a 300%/100% non-consent penalty and \$5000 drilling/\$500 producing overhead rates.

In the event you do not wish to participate, Richardson respectfully requests you elect one of the following options as to your interest:

- 1. Enter into an oil and gas lease that provides for a three year primary term with bonus consideration based on \$50.00 per net acre and a 12.5% royalty in the event of production (lease form included for your review).
- 2. Sell all of your mineral interest for \$100.00 per net acre

Please execute and return the 2nd page of this letter offer indicating your intentions with regard to Richardson's above options. A self-addressed envelope is provided for for your convenience. Your response is respectfully requested by December 28, 2001. Should you have any questions please contact the undersigned at (303) 830-8000.

Sincerely,

RE: RPC #17-3 PC/FC Well Proposal SW/4 Section 17-T29N-R13W

San Juan County, NM

Description of your unleased lands:

Section 17: E. 30/a of the SESW; W2SWSE, W. 2/a NWSE

Containing 52.0 gross and 6.5 net acres

| On this | sday of | 2001, we/I hereby elect the following: |
|----------|--|--|
| Q | Participate in proposed drilling a herewith. | and completion attempt, executed AFE is returned |
| Q | | or \$50.00 per net mineral acre, with lease to provide for a .5% royalty in the event of production. |
| Q | Sell mineral rights for \$100.00 p | per net mineral acre. |
| Howar | d E. Henderson | |

Well Name: RPC 17-3 (PC) & (FC) well

Location: T29N R13W Section 17 SW/4

Spacing: Pictured Cliffs SW/4; Fruitland CL S/2

Proposed Depth: 960' Fruitland CL; 1150' Pictured Cliffs

Date:

12/5/2001

Objective Formation:

Commingled Pictured Cliffs and Fruitland Coal

| 1. | Drilling Costs (Included Run Casing) | Tangible | Intangible | Total | Fruitland Coal | Pictured Cliffs |
|-----|---|----------|------------|------------------|---------------------------------------|-----------------|
| | Survey and Permits | | 3,000 | | 1,500 | 1,500 |
| | Title Opinion & Land |] | 3,000 | | 1,500 | 1,500 |
| | Damages | | 2,000 | | 1,000 | 1,000 |
| • | * Drilling (incl. water & mud) 1200' @ 15.00/ft | | 17,250 | ł | 7,200 | 10,050 |
| | BOP Rental | ļ | 750 | | 375 | 375 |
| | Dirt Work | | 4,000 | | 2,000 | 2,000 |
| | Pit Lining | ŀ | 2,800 | | 1,400 | 1,400 |
| | Surface Casing 200' @ 7.85/ft | 1,530 | ļ | | 765 | 765 |
| | Casing Head | 1,500 | 1 | | 750 | 750 |
| | Cement Surface | | 2,300 | | 1,150 | 1,150 |
| | Power Tongs | | 1,000 | | 500 | 500 |
| | Casing 1200' @ 5.00/ft | 6,325 | } | | 2,640 | 3,685 |
| | Trucking | | 3,000 | | 1,500 | 1,500 |
| | Logs | | 4,000 | | 2,000 | 2,000 |
| | Engineering | | 5,000 | | 2,500 | 1 |
| | Cement Longstring | | 4,000 | | 1,670 | |
| | Total Cost to Run Casing | 9,355 | 52,100 | 61,455 | | |
| | 10% Contingency | • | · . | 6,146 | 1 | 1 |
| | Grand Total to Run Casing | | | 67,601 | | |
| n. | Completion Costs | | | 07,007 | 01,200 | 00,000 |
| ••• | Rig Anchors | | 750 | | 375 | 375 |
| | Logs | | 3,000 | | 1,500 | 1 1 |
| | Perf | | 4,000 | | 2,000 | 1 1 |
| | Wellhead & Fittings | 4,000 | 1 | | 2,000 | |
| | Tubing 1200' @ 2.10/ft | 2,875 | | | 1,200 | |
| | Stimulation | _,,,,, | 50,000 | | 25,000 | |
| | Tool Rental | | 2,300 | | 1,150 | 1 |
| | Trucking | | 3,000 | | 1,500 | 1 |
| | Battery Installation | | 6,000 | | 3,000 | 1 |
| | Restore Location | | 4,000 | | 2,000 | |
| | Engineering | | 5,000 | | 2,500 | t i |
| | Treator, Separator | 6,000 | 1 | | 3,000 | |
| | Flowline | 4,000 | (| | 2,000 | 1 |
| | Tank & Fittings | 5,000 | | | 2,500 | |
| | Gravel | 3,000 | | | 1,500 | L . |
| | Workover Rig | 0,000 | 12,000 | | 6,000 | 3 |
| | Completion Fluids | | 2,000 | | 1,000 | |
| | Pipeline Hookup | | 13,000 | | 6,500 | 1 |
| | Division Order Opinion | | 2,000 | | 1,000 | |
| | Frac Tank Rental | | 2,000 | | 1,000 | 1 |
| | Flowback | | 2,000 | | 1,000 | 1 |
| | Fence Location | 5,000 | | | 2,500 | |
| | Total Completion Costs | 29,875 | + | 140,925 | · · · · · · · · · · · · · · · · · · · | |
| | | 28,010 | 111,030 | | | |
| | 10% Contingency Drilling Costs | | ļ | 14,093 67,601 | | |
| | _ | | ŀ | | | |
| | Grand Total Well Costs | | Ĺ | 222,618 | 108,540 | 3 114,076 |

| | | | Share of costs: |
|--|----------|----------------|-----------------|
| FRUITLAND COAL (FC) | Date: | Approved BY: | |
| 0.7520% Howard Henderson | | | \$816.19 |
| 99.2480% Richardson Operating Company et als | 5-Dec-01 | | \$107,726.31 |
| | | Total FC Costs | \$108,542.50 |
| PICTURED CLIFFS (PC) | | | |
| 2.0508% Howard Henderson | | | \$2,339.44 |
| 97.9492% Richardson Operating Company et als | 5-Dec-01 | | \$111,736.06 |
| , , , | | Total PC Costs | \$114,075.50 |

Total Costs of Commingled PC/FC Well: Howard Henderson Richardson Operating Company et als

\$3,155.63 \$219,462.37 \$222,618.00

Julia Cremean Satterley P O Box 448 Wadsworth, IL 60083

Certified Mail 7000 1670 0006 8579 2787

Re:

Pictured Cliffs & Fruitland Coal Well Proposal

RPC #17-3 Well

SW/4-Section 17-T29N-R13W San Juan County, New Mexico

Dear Mineral Owner:

Richardson Production Company proposes to drill a downhole commingled Pictured Cliffs & Fruitland Coal well on the captioned lands. A recent check of the county records indicates that you own a 1.0833 net acre unleased mineral interest within the spacing unit. The RPC #17-3 well will be located in the SW/4 of Section 17. The Pictured Cliffs spacing unit covers the SW/4 and the Fruitland Coal spacing unit covers the S/2 of Section 17. Your lands may or may not be covered under both spacing units.

Enclosed for your review is an AFE itemizing the estimated costs for the well. In the event you wish to participate in this drilling and completion attempt, please return an executed copy of the AFE to the undersigned by December 28, 2001. Upon receipt of your executed AFE, or by prior written request, we will forward an AAPL Form 610 Joint Operating Agreement for your review and execution, providing for, among other things, a 300%/100% non-consent penalty and \$5000 drilling/\$500 producing overhead rates.

In the event you do not wish to participate, Richardson respectfully requests you elect one of the following options as to your interest:

- Enter into an oil and gas lease that provides for a three year primary term with bonus consideration based on \$50.00 per net acre and a 12.5% royalty in the event of production (lease form included for your review).
- 2. Sell all of your mineral interest for \$100.00 per net acre

Please execute and return the 2rd page of this letter offer indicating your intentions with regard to Richardson's above options. A self-addressed envelope is provided for for your convenience. Your response is respectfully requested by December 28, 2001. Should you have any questions please contact the undersigned at (303) 830-8000.

Sincerely.

RE: RPC #17-3 PC/FC Well Proposal

SW/4 Section 17-T29N-R13W San Juan County, NM

Description of your unleased lands:

Section 17: E. 30/a of the SESW; W/2SWSE, W. 2/a of NWSE

Containing 52.0 gross and 1.0833 net acres

| On this | day of | , 2001, we/i hereby elect the following: |
|----------|--|---|
| | Participate in proposed dri herewith. | lling and completion attempt, executed AFE is returned |
| | | ase for \$50.00 per net mineral acre, with lease to provide for and 12.5% royalty in the event of production. |
| 0 | Sell mineral rights for \$100 | 0.00 per net mineral acre. |
| Julia Ci | reamean Satterley | |

Well Name: RPC 17-3 (PC) & (FC) well

Location: T29N R13W Section 17 SW/4

Spacing: Pictured Cliffs SW/4; Fruitland CL S/2

Proposed Depth: 960' Fruitland CL; 1150' Pictured Cliffs

Date:

12/5/2001

Objective Formation:

Commingled Pictured Cliffs and Fruitland Coal

| Drilling Costs (Included Run Casing) | Tangible | Intangible | Total | Fruitland Coal | Pictured Cliffs |
|---|----------|------------|---------|----------------|-----------------|
| Survey and Permits | | 3,000 | | 1,500 | 1,500 |
| Title Opinion & Land | | 3,000 | | 1,500 | 1,500 |
| Damages | | 2,000 | Í | 1,000 | 1,000 |
| * Drilling (incl. water & mud) 1200' @ 15.00/ft | | 17,250 | | 7,200 | 10,050 |
| BOP Rental | 1 | 750 | | 375 | 375 |
| Dirt Work | | 4,000 | | 2,000 | 2,000 |
| Pit Lining | | 2,800 | ĺ | 1,400 | 1,400 |
| Surface Casing 200' @ 7.65/ft | 1,530 | | | 765 | 765 |
| Casing Head | 1,500 | | | 750 | 750 |
| Cement Surface | | 2,300 | | 1,150 | 1,150 |
| Power Tongs | | 1,000 | | 500 | 500 |
| Casing 1200' @ 5.00/ft | 6,325 | | | 2,640 | 3,685 |
| Trucking | : | 3,000 | | 1,500 | 1,500 |
| Logs | | 4,000 | | 2,000 | 2,000 |
| Engineering | | 5,000 | | 2,500 | 2,500 |
| Cement Longstring | | 4,000 | | 1,670 | 2,330 |
| Total Cost to Run Casing | 9,355 | 52,100 | 61,455 | 28,450 | 33,005 |
| 10% Contingency | | | 6,146 | 2,845 | 3,301 |
| Grand Total to Run Casing | | | 67,601 | 31,295 | 36,306 |
| Completion Costs | | | • | · · | · |
| Rig Anchors | | 750 | | 375 | 375 |
| Logs | | 3,000 | | 1,500 | |
| Perf | | 4,000 | | 2,000 | , |
| Wellhead & Fittings | 4,000 | 1 | | 2,000 | |
| Tubing 1200' @ 2.10/ft | 2,875 | 3 | | 1,200 | 1 |
| Stimulation | , | 50,000 | | 25,000 | |
| Tool Rental | | 2,300 | | 1,150 | 1 |
| Trucking | | 3,000 | | 1,500 | • |
| Battery Installation | | 6,000 | | 3,000 | 1 |
| Restore Location | | 4,000 | | 2,000 | ì |
| Engineering | | 5,000 | | 2,500 | 1 |
| Treator, Separator | 6,000 | 1 | | 3,000 | |
| Flowline | 4,000 | | | 2,000 | |
| Tank & Fittings | 5,000 | 1 | | 2,500 | 1 |
| Gravel | 3,000 | 1 | | 1,500 | |
| Workover Rig | ļ , | 12,000 | | 6,000 | 1 |
| Completion Fluids | | 2,000 | | 1,000 | 1 |
| Pipeline Hookup | | 13,000 | | 6,500 | · · |
| Division Order Opinion | { | 2,000 | | 1,000 | • |
| Frac Tank Rental | Į | 2,000 | | 1,000 | 1 |
| Flowback | 1 | 2,000 | | 1,000 | 1 |
| Fence Location | 5,000 | 1 | | 2,500 | 1 |
| Total Completion Costs | 29,875 | | 140,925 | | |
| 10% Contingency | | | 14,093 | | |
| Drilling Costs | | 1 | 67,601 | I | I |
| Grand Total Well Costs | | - | | | |
| Grand Lotal Well Costs | | <u> </u> | 222,618 | 108,543 | 114,07 |

| | | | Share of costs: |
|--|----------|----------------|-----------------|
| FRUITLAND COAL (FC) | Date: | Approved BY: | |
| 0.2506% Julia Cremean Slatterly | | | \$272.02 |
| 99.7494% Richardson Operating Company et als | 5-Dec-01 | | \$108,270.48 |
| | | Total FC Costs | \$108,542.50 |
| PICTURED CLIFFS (PC) | | | |
| 0.6835% Julia Cremean Slatterly | | | \$779.69 |
| 99.3165% Richardson Operating Company et als | 5-Dec-01 | | \$113,295.81 |
| . • | | Total PC Costs | \$114,075.50 |

Total Costs of Commingled PC/FC Well: Julia Cremean Slatterly Richardson Operating Company et als

\$1,051.71 \$221,566.29 \$222,618.00

William H. Hall 416 N. Behrend Farmington, NM 87401

Certified Mail 7000 1670 0006 8579 2817

Re: Pictured Cliffs & Fruitland Coal Well Proposal

RPC #17-3 Well

SW/4-Section 17-T29N-R13W San Juan County, New Mexico

Dear Mineral Owner:

Richardson Production Company proposes to drill a down Fruitland Coal well on the captioned lands. A recent chec you own a 5.0 net acre unleased mineral interest within the will be located in the SW/4 of Section 17. The Pictured C and the Fruitland Coal spacing unit covers the S/2 of Section covered under both spacing units.

Enclosed for your review is an AFE itemizing the estimate wish to participate in this drilling and completion attempt, participate in this drilling and completion attempt, participate to the undersigned by December 28, 2001. Upon reconstruction request, we will forward an AAPL Form 610 Joint C and execution, providing for, among other things, a 300% \$5000 drilling/\$500 producing overhead rates.

In the event you do not wish to participate, Richardson resithe following options as to your interest:

- Enter into an oil and gas lease that provides bonus consideration based on \$50.00 per n event of production (lease form included for
- 2. Sell all of your mineral interest for \$100.00;

PS Form 3811, July 1999 Article Addressed to: Article Number (Copy from service label)
1000 1670 0006 8 Attach this card to the back of the mailpiece or on the front if space permits. Print your name and address on the reverse Complete items 1, 2, and 3. Also complete Wm A. Hall 9000 8579 Domestic Return Receipt 2817 A. Received by (Please Print Clearly) COMPLETE THIS SECTION ON DELIVERY Certified Mail
Registered
Insured Mail is delivery address different Restricted Delivery? (Extra Fee) If YES, enter delivery address below: Signature Service Type ☐ Express Mail
☐ Return Receipt fr
☐ C.O.D. from item B. Date of Delivery for Merchandise 02595-00-M-0952 Z ₹ Addressee Agent ĕ9

Please execute and return the 2rd page of this letter offer indicating your intentions with regard to Richardson's above options. A self-addressed envelope is provided for for your convenience. Your response is respectfully requested by December 28, 2001. Should you have any questions please contact the undersigned at (303) 830–8000.

Sincerely,

William H. Hall 416 N. Behrend Farmington, NM 87401

Certified Mail 7000 1670 0006 8579 2817

Re: Pictured Cliffs & Fruitland Coal Well Proposal

RPC #17-3 Well

SW/4-Section 17-T29N-R13W San Juan County, New Mexico

Dear Mineral Owner:

Richardson Production Company proposes to drill a downhole commingled Pictured Cliffs & Fruitland Coal well on the captioned lands. A recent check of the county records indicates that you own a 5.0 net acre unleased mineral interest within the spacing unit. The RPC #17-3 well will be located in the SW/4 of Section 17. The Pictured Cliffs spacing unit covers the SW/4 and the Fruitland Coal spacing unit covers the S/2 of Section 17. Your lands may or may not be covered under both spacing units.

Enclosed for your review is an AFE itemizing the estimated costs for the well. In the event you wish to participate in this drilling and completion attempt, please return an executed copy of the AFE to the undersigned by December 28, 2001. Upon receipt of your executed AFE, or by prior written request, we will forward an AAPL Form 610 Joint Operating Agreement for your review and execution, providing for, among other things, a 300%/100% non-consent penalty and \$5000 drilling/\$500 producing overhead rates.

In the event you do not wish to participate, Richardson respectfully requests you elect one of the following options as to your interest:

- 1. Enter into an oil and gas lease that provides for a three year primary term with bonus consideration based on \$50.00 per net acre and a 12.5% royalty in the event of production (lease form included for your review).
- 2. Sell all of your mineral interest for \$100.00 per net acre

Please execute and return the 2nd page of this letter offer indicating your intentions with regard to Richardson's above options. A self-addressed envelope is provided for for your convenience. Your response is respectfully requested by December 28, 2001. Should you have any questions please contact the undersigned at (303) 830-8000.

Sincerely,

RE: RPC #17-3 PC/FC Well Proposal

SW/4 Section 17-T29N-R13W

San Juan County, NM

Description of your unleased lands:

Section 17: SE/4

Containing 40 gross and 5.0 net acres

| On this | day of, 2001, we/i hereby elect the following: |
|-------------|--|
| | Participate in proposed drilling and completion attempt, executed AFE is returned herewith. |
| | Enter into Oil and Gas Lease for \$50.00 per net mineral acre, with lease to provide for a three year primary term and 12.5% royalty in the event of production. |
| | Sell mineral rights for \$100.00 per net mineral acre. |
| William | A. Hall |

Well Name: RPC 17-3 (PC) & (FC) well

Location: T29N R13W Section 17 SW/4

Spacing: Pictured Cliffs SW/4; Fruitland CL S/2

Proposed Depth: 960' Fruitland CL; 1150' Pictured Cliffs

Date:

12/5/2001

Objective Formation:

Commingled Pictured Cliffs and Fruitland Coal

| 1. | Drilling Costs (Included Run Casing) | Tangible | Intangible | Total | Fruitland Coal | Pictured Cliffs |
|-----|---|----------|-----------------|---------|----------------|--|
| | Survey and Permits | | 3,000 | | 1,500 | 1,500 |
| | Title Opinion & Land | | 3,000 | i | 1,500 | 1,500 |
| | Damages | | 2,000 | | 1,000 | 1,000 |
| | * Drilling (incl. water & mud) 1200' @ 15.00/ft | | 17,250 | | 7,200 | 10,050 |
| | BOP Rental | | 750 | | 375 | 375 |
| | Dirt Work | | 4,000 | | 2,000 | 2,000 |
| | Pit Lining | | 2,800 | | 1,400 | 1,400 |
| | Surface Casing 200' @ 7.65/ft | 1,530 | 1 | | 765 | 765 |
| | Casing Head | 1,500 | | | 750 | 750 |
| | Cement Surface | | 2,300 | | 1,150 | 1,150 |
| | Power Tongs | | 1,000 | | 500 | 500 |
| | Casing 1200' @ 5.00/ft | 6,325 | | | 2,640 | 3,685 |
| | Trucking | | 3,000 | | 1,500 | 1,500 |
| | Logs | | 4,000 | | 2,000 | 2,000 |
| | Engineering | | 5,000 | | 2,500 | 2,500 |
| | Cement Longstring | | 4,000 | | 1,670 | 2,330 |
| | Total Cost to Run Casing | 9,355 | 52,100 | 61,455 | 28,450 | 33,005 |
| | 10% Contingency | | | 6,146 | 2,845 | |
| | Grand Total to Run Casing | | | 67,601 | 31,295 | 36,306 |
| II. | Completion Costs | | | • | · | · |
| | Rig Anchors | | 750 | | 375 | 375 |
| | Logs | | 3,000 | | 1,500 | 1,500 |
| | Perf | | 4,000 | | 2,000 | |
| | Wellhead & Fittings | 4,000 | 1 | | 2,000 | 1 ' I |
| | Tubing 1200' @ 2.10/ft | 2,875 | ł J | | 1,200 | |
| | Stimulation | , | 50,000 | | 25,000 | 1 |
| | Tool Rental | | 2,300 | | 1,150 | i I |
| | Trucking | | 3,000 | | 1,500 | 1 |
| | Battery Installation | | 6,000 | | 3,000 | |
| | Restore Location | | 4,000 | | 2,000 | 1 |
| , | Engineering | | 5,000 | | 2,500 | 1 |
| | Treator, Separator | 6,000 | J 3 | | 3,000 | |
| | Flowline | 4,000 | 1 1 | | 2,000 | |
| | Tank & Fittings | 5,000 | 1 | | 2,500 | 1 |
| | Gravel | 3,000 | 1 1 | | 1,500 | i : : |
| | Workover Rig | 0,000 | 12,000 | | 6,000 | 1 |
| | Completion Fluids | | 2,000 | | 1,000 | 1 |
| | Pipeline Hookup | | 13,000 | | 6,500 | 1 |
| | Division Order Opinion | | 2,000 | | 1,000 | j : |
| | Frac Tank Rental | ļ | 2,000 | | 1,000 | |
| | Flowback | | 2,000 | | 1,000 | |
| | Fence Location | 5,000 | 1 (| | 2,500 | · Company of the comp |
| | Total Completion Costs | 29,875 | | 140,925 | · | · · · · · · · · · · · · · · · · · · · |
| | 10% Contingency | 20,070 | , , , , , , , , | 14,093 | | |
| | Drilling Costs | | | 67,60° | 1 | |
| | Grand Total Well Costs | | ł | 222,818 | | |
| | Grand Total Well Costs | | Į. | 222,010 | 100,540 | 114,070 |

| FRUITLAND COAL (FC) | Date: | Approved BY: | |
|---|----------|----------------|--------------|
| 1.3672% William Hall | | | \$1,483.98 |
| 98.6328% Richardson Operating Company et als | 5-Dec-01 | | \$107,058.52 |
| , , , | | Total FC Costs | \$108,542.50 |
| PICTURED CLIFFS (PC) | | Ţ. | |
| 0.0000% William Hall | | | \$0.00 |
| 100.0000% Richardson Operating Company et als | 5-Dec-01 | | \$114,075.50 |
| . 3 1 / | | Total PC Costs | \$114 075 50 |

Total Costs of Commingled PC/FC Well: William Hall

Richardson Operating Company et als

\$1,483.98 \$221,134.02 \$222,618.00

Share of costs:

First National Stof Town

I YES, enter delivery address below:

ه کاه ه

Addressee Agent

Attach this card to the back of the mallplece

Complete items 1, 2, and 3. Also complete Print your name and address on the reverse

Delivery is desired.

December 5, 2001

First National Bank of Iowa City, Iowa Trustee u/Va dated Aug 6, 1966 P O Box 1880 lowa City, IA 52244

Certified Mail 7000 1670 0006 8579 2800

Re:

Pictured Cliffs & Fruitland Coal Well Proposal

RPC #17-3 Well

SW/4-Section 17-T29N-R13W San Juan County, New Mexico

Dear Mineral Owner:

Richardson Production Company proposes to drill a downl Fruitland Coal well on the captioned lands. A recent checi you own a 5.0 net acre unleased mineral interest within the will be located in the SW/4 of Section 17. The Pictured C and the Fruitland Coal spacing unit covers the S/2 of Sect. be covered under both spacing units.

Enclosed for your review is an AFE itemizing the estimate: wish to participate in this drilling and completion attempt, p AFE to the undersigned by December 28, 2001. Upon rec written request, we will forward an AAPL Form 610 Joint C and execution, providing for, among other things, a 300%/ \$5000 drilling/\$500 producing overhead rates.

In the event you do not wish to participate, Richardson res_ the following options as to your interest:

> Enter into an oil and gas lease that provides for a three year primary term with 1. bonus consideration based on \$50.00 per net acre and a 12.5% royalty in the event of production (lease form included for your review).

8579

Certified Mall
Registered
Insured Mall

☐ Expres Return Receipt Express Mail

for Merchandise

Certified Mal

Restricted Delivery? (Extra Fee)

Yes

Domestic Return Receip

2. Sell all of your mineral interest for \$100.00 per net acre

Please execute and return the 2rd page of this letter offer indicating your intentions with regard to Richardson's above options. A self-addressed envelope is provided for for your convenience. Your response is respectfully requested by December 28, 2001. Should you have any questions please contact the undersigned at (303) 830-8000.

Sincerely,

First National Bank of Iowa City, Iowa Trustee u/t/a dated Aug 6, 1966 P O Box 1880 Iowa City, IA 52244

Certified Mail 7000 1670 0006 8579 2800

Re: Pictured Cliffs & Fruitland Coal Well Proposal

RPC #17-3 Well

SW/4-Section 17-T29N-R13W San Juan County, New Mexico

Dear Mineral Owner:

Richardson Production Company proposes to drill a downhole commingled Pictured Cliffs & Fruitland Coal well on the captioned lands. A recent check of the county records indicates that you own a 5.0 net acre unleased mineral interest within the spacing unit. The RPC #17-3 well will be located in the SW/4 of Section 17. The Pictured Cliffs spacing unit covers the SW/4 and the Fruitland Coal spacing unit covers the S/2 of Section 17. Your lands may or may not be covered under both spacing units.

Enclosed for your review is an AFE itemizing the estimated costs for the well. In the event you wish to participate in this drilling and completion attempt, please return an executed copy of the AFE to the undersigned by December 28, 2001. Upon receipt of your executed AFE, or by prior written request, we will forward an AAPL Form 610 Joint Operating Agreement for your review and execution, providing for, among other things, a 300%/100% non-consent penalty and \$5000 drilling/\$500 producing overhead rates.

In the event you do not wish to participate, Richardson respectfully requests you elect one of the following options as to your interest:

- 1. Enter into an oil and gas lease that provides for a three year primary term with bonus consideration based on \$50.00 per net acre and a 12.5% royalty in the event of production (lease form included for your review).
- 2. Sell all of your mineral interest for \$100.00 per net acre

Please execute and return the 2nd page of this letter offer indicating your intentions with regard to Richardson's above options. A self-addressed envelope is provided for for your convenience. Your response is respectfully requested by December 28, 2001. Should you have any questions please contact the undersigned at (303) 830-8000.

Sincerely,

RE: RPC #17-3 PC/FC Well Proposal SW/4 Section 17-T29N-R13W San Juan County, NM

Description of your unleased lands:

Section 17: SE/4

Containing 40 gross and 5.0 net acres

| On this | sday of | , 2001, we/I hereby elect the following: |
|----------|--|--|
| O . | Participate in proposed dril herewith. | lling and completion attempt, executed AFE is returned |
| ū | | se for \$50.00 per net mineral acre, with lease to provide for a d 12.5% royalty in the event of production. |
| Q | Sell mineral rights for \$100 | 0.00 per net mineral acre. |
| First N | ational Bank of Iowa City, Io | nwa Trustee |
| | | |
| THIRE C | l Name & Title: | |

Well Name: RPC 17-3 (PC) & (FC) well

Location: T29N R13W Section 17 SW/4

Spacing: Pictured Cliffs SW/4; Fruitland CL S/2

Proposed Depth: 960' Fruitland CL; 1150' Pictured Cliffs

Date:

12/5/2001

Objective Formation:

Commingled Pictured Cliffs and Fruitland Coal

| ١. | Drilling Costs (included Run Casing) | Tangible | Intangible | Total | Fruitland Coal | Pictured Cliffs |
|-----|---|----------|-------------|---------|----------------|--|
| | Survey and Permits | | 3,000 | | 1,500 | 1,500 |
| | Title Opinion & Land | j | 3,000 | | 1,500 | 1,500 |
| | Damages | | 2,000 | | 1,000 | 1,000 |
| | * Drilling (incl. water & mud) 1200' @ 15.00/ft | | 17,250 | | 7,200 | 10,050 |
| | BOP Rental | | 750 | | 375 | 375 |
| | Dirt Work | | 4,000 | | 2,000 | 2,000 |
| | Pit Lining | | 2,800 | | 1,400 | 1,400 |
| | Surface Casing 200' @ 7.65/ft | 1,530 | | | 765 | 765 |
| | Casing Head | 1,500 | | | 750 | 750 |
| | Cement Surface | | 2,300 | | 1,150 | 1,150 |
| | Power Tongs | | 1,000 | | 500 | 500 |
| | Casing 1200' @ 5.00/ft | 6,325 | | | 2,640 | 3,685 |
| | Trucking | | 3,000 | | 1,500 | 1,500 |
| | Logs | | 4,000 | | 2,000 | 2,000 |
| | Engineering | | 5,000 | | 2,500 | 2,500 |
| | Cement Longstring | | 4,000 | | 1,670 | |
| | Total Cost to Run Casing | 9,355 | 52,100 | 61,455 | 28,450 | 33,005 |
| | 10% Contingency | | | 6,146 | 2,845 | 3,301 |
| | Grand Total to Run Casing | | [| 67,601 | 31,295 | 36,306 |
| II. | Completion Costs | | | | | |
| | Rig Anchors | | 750 | | 375 | 375 |
| | Logs | | 3,000 | | 1,500 | 1,500 |
| | Perf | | 4,000 | | 2,000 | 2,000 |
| | Wellhead & Fittings | 4,000 | | | 2,000 | 2,000 |
| | Tubing 1200' @ 2.10/ft | 2,875 | | | 1,200 | 1,675 |
| | Stimulation | | 50,000 | | 25,000 | 25,000 |
| | Tool Rental | | 2,300 | | 1,150 | 1,150 |
| | Trucking | | 3,000 | | 1,500 | |
| | Battery Installation | | 6,000 | | 3,000 | le de la companya de |
| | Restore Location | | 4,000 | | 2,000 | 1 |
| | Engineering | ļ | 5,000 | | 2,500 | 1 |
| | Treator, Separator | 6,000 | 1 | | 3,000 | |
| | Flowline | 4,000 | , | | 2,000 |) |
| | Tank & Fittings | 5,000 | 1 1 | | 2.500 | |
| | Gravel | 3,000 | 1 | | 1,500 | l . |
| | Workover Rig | } | 12,000 | | 6,000 | 1 |
| | Completion Fluids | | 2,000 | | 1,000 | |
| | Pipeline Hookup | 1 | 13,000 | | 6,500 | 1 |
| | Division Order Opinion | Į. | 2,000 | | 1,000 | 1 |
| | Frac Tank Rental | | 2,000 | | 1,000 | · · |
| | Flowback | | 2,000 | | 1,000 | 1 |
| | Fence Location | 5,000 | | | 2,500 | |
| | Total Completion Costs | 29,875 | 111,050 | 140,925 | | |
| | 10% Contingency | | | 14,093 | 1 | (|
| | Drilling Costs | | Ĺ | 67,601 | | |
| | Grand Total Well Costs | ; | [| 222,618 | 108,543 | 114,076 |

| FRUITLAND COAL (FC) | Date: | Approved BY: | |
|---|----------|----------------|--------------|
| 1.3672% First National Bank of Iowa City, Trustee | | | \$1,483.98 |
| 98.6328% Richardson Operating Company et als | 5-Dec-01 | | \$107,058.52 |
| | | Total FC Costs | \$108,542.50 |
| PICTURED CLIFFS (PC) | | Ţ | |
| 0.0000% First National Bank of Iowa City, Trustee | | | \$0.00 |
| 100.0000% Richardson Operating Company et als | 5-Dec-01 | | \$114,075.50 |
| , | | Total PC Costs | \$114 075 50 |

Total Costs of Commingled PC/FC Well: First National Bank of Iowa City, Trustee Richardson Operating Company et als

| \$1 | ,483.98 |
|-------|---------|
| \$221 | ,134.02 |
| \$222 | 618.00 |

Share of costs:

Elizabeth L. Fisk, Trustee . P O Box 310 Farmington, NM 87499

Certified Mail 7000 1670 0006 8579 2794

Re:

Pictured Cliffs & Fruitland Coal Well Proposal

RPC #17-3 Well

SW/4-Section 17-T29N-R13W San Juan County, New Mexico

Dear Mineral Owner:

Richardson Production Company proposes to drill a down Fruitland Coal well on the captioned lands. A recent checyou own a 1.5406 net acre unleased mineral interest with well will be located in the SW/4 of Section 17. The Pictus SW/4 and the Fruitland Coal spacing unit covers the S/2 inot be covered under both spacing units.

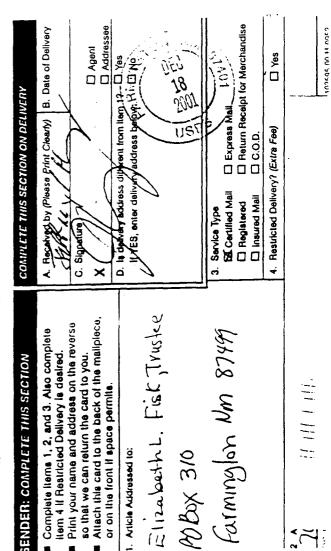
Enclosed for your review is an AFE itemizing the estimate wish to participate in this drilling and completion attempt, | AFE to the undersigned by December 28, 2001. Upon rewritten request, we will forward an AAPL Form 610 Joint C and execution, providing for, among other things, a 300% \$5000 drilling/\$500 producing overnead rates.

In the event you do not wish to participate, Richardson resthe following options as to your interest:

- Enter into an oil and gas lease that provides for a three year primary term with bonus consideration based on \$50.00 per net acre and a 12.5% royalty in the event of production (lease form included for your review).
- Seil all of your mineral interest for \$100.00 per net acre

Please execute and return the 2rd page of this letter offer indicating your intentions with regard to Richardson's above options. A self-addressed envelope is provided for for your convenience. Your response is respectfully requested by December 28, 2001. Should you have any questions please contact the undersigned at (303) 830–8000.

Sincerery,



Elizabeth L. Fisk, Trustee P O Box 310 Farmington, NM 87499

Certified Mail 7000 1670 0006 8579 2794

Re:

Pictured Cliffs & Fruitland Coal Well Proposal

RPC #17-3 Well

SW/4-Section 17-T29N-R13W San Juan County, New Mexico

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Sincerely,

RE: RPC #17-3 PC/FC Well Proposal

SW/4 Section 17-T29N-R13W San Juan County, NM

Oan Juan County, Min

Description of your unleased lands:

Section 17: 3.61 acre tract in the SESE less tract deeded to State of NM Highway Dept.

Containing 1.5406 net acres

| On this | day of | 2001, we/i hereby elect the following: |
|-------------|-----------------------------------|--|
| | Participate in proposed herewith. | drilling and completion attempt, executed AFE is returned |
| | | ease for \$50.00 per net mineral acre, with lease to provide for a and 12.5% royalty in the event of production. |
| a | Sell mineral rights for \$1 | 100.00 per net mineral acre. |
| Elizabe | th I. Fisk Trustee | |

Well Name: RPC 17-3 (PC) & (FC) well

Location: T29N R13W Section 17 SW/4

Spacing: Pictured Cliffs SW/4; Fruitland CL S/2

Proposed Depth: 960' Fruitland CL; 1150' Pictured Cliffs

Date:

12/5/2001

Objective Formation:

Commingled Pictured Cliffs and Fruitland Coal

| I. | Drilling Costs (included Run Casing) | Tangible | Intangible | Total | Fruitland Coal | Pictured Cliffs |
|-----|---|-----------------|------------|---------|-----------------|--|
| | Survey and Permits | | 3,000 | | 1,500 | 1,500 |
| | Title Opinion & Land | 1 | 3,000 | ł | 1,500 | 1,500 |
| | Damages | | 2,000 | | 1,000 | 1,000 |
| | * Drilling (incl. water & mud) 1200' @ 15.00/ft | | 17,250 | ľ | 7,200 | 10,050 |
| | BOP Rental | | 750 | 1 | 375 | 375 |
| | Dirt Work | | 4,000 | ł | 2,000 | 2,000 |
| | Pit Lining | | 2,800 | | 1,400 | 1,400 |
| | Surface Casing 200' @ 7.65/ft | 1,530 | | l | 765 | 765 |
| | Casing Head | 1,500 | | | 750 | 750 |
| | Cement Surface | | 2,300 | | 1,150 | 1,150 |
| | Power Tongs | | 1,000 | | 500 | 500 |
| | Casing 1200' @ 5.00/ft | 6,325 | | | 2,640 | 3,685 |
| | Trucking | | 3,000 | | 1,500 | 1,500 |
| | Logs | | 4,000 | | 2,000 | 2,000 |
| | Engineering | , | 5,000 | | 2,500 | 2,500 |
| | Cement Longstring | | 4,000 | | 1,670 | 2,330 |
| | Total Cost to Run Casing | 9,355 | 52,100 | 61,455 | 28,450 | 33,005 |
| | 10% Contingency | -, | | 6,146 | | 3,301 |
| | Grand Total to Run Casing | | | 67,601 | | 36,306 |
| 11. | Completion Costs | | | 07,007 | 0.,200 | 30,000 |
| ••• | Rig Anchors | | 750 | | 375 | 375 |
| | Logs | | 3,000 | | 1,500 | 1,500 |
| | Perf | | 4,000 | | 2,000 | 2,000 |
| | Wellhead & Fittings | 4,000 | 1 | | 2,000 | 2,000 |
| | Tubing 1200' @ 2.10/ft | 2,875 | 1 | | 1,200 | 1,675 |
| | Stimulation | 2,0.0 | 50,000 | | 25,000 | |
| | Tool Rental | | 2,300 | | 1,150 | 1,150 |
| | Trucking | | 3,000 | | 1,500 | |
| | Battery Installation | | 6,000 | | 3,000 | i . |
| | Restore Location | | 4,000 | | 2,000 | 1 |
| | Engineering | | 5,000 | | 2,500 | |
| | Treator, Separator | 6,000 | 1 | | 3,000 | 1 |
| | Flowline | 4,000 | 1 1 | | 2,000 | |
| | Tank & Fittings | 5,000 | 1 | | 2,500 | |
| | Gravel | 3,000 | | | 1,500 | 1 |
| | Workover Rig | 3,000 | 12,000 | | 6,000 | 4 |
| | Completion Fluids | | 2,000 | | 1,000 | , |
| | Pipeline Hookup | | 13,000 | | 6,500 | |
| | Division Order Opinion | ł | 2,000 | | 1,000 | ł i |
| | • | | | | 1,000 | B |
| | Frac Tank Rental | | 2,000 | | 1,000 | 1 |
| | | 5 000 | 1 | | 1 | II ' |
| | Fence Location | 5,000 29,875 | | 140,925 | 2,500 70,225 | |
| | Total Completion Costs | 28,075 | 111,030 | | | the same of the sa |
| | 10% Contingency | | ł | 14,093 | | |
| | Drilling Costs | | - | 67,601 | | |
| | Grand Total Well Costs | | L | 222,618 | 108,543 | 114,076 |

| FRUITLAND COAL (FC) | Date: | Approved BY: | |
|---|----------|----------------|--------------|
| 0.7520% Elizabeth L. Fisk Trustee, uta dated 11/29/88 | | | \$816.19 |
| 99.2480% Richardson Operating Company et als | 5-Dec-01 | | \$107,726.31 |
| • • • • • | | Total FC Costs | \$108,542.50 |
| PICTURED CLIFFS (PC) | | | |
| 0.0000% Elizabeth L. Fisk Trustee, uta dated 11/29/88 | | | \$0.00 |
| 100.0000% Richardson Operating Company et als | 5-Dec-01 | | \$114,075.50 |
| , , , | | Total PC Costs | \$114 075 50 |

Total Costs of Commingled PC/FC Well: Elizabeth L. Fisk Trustee, uta dated 11/29/88 Richardson Operating Company et als

| | \$816.19 |
|-----|------------|
| \$2 | 221,801.81 |
| \$: | 222,618.00 |

Share of costs:

Attach this card to the back of the mailplece

×

If YES, enter delivery address below: delivery address different from item 1?

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Agen

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MAFE

Express Mail

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Complete items 1, 2, and 3. Also complete Print your name and address on the reverse tem 4 if Restricted Delivery is desired.

A. Received by (Please Print Clearly)

B. Date of Delivery

newnexico State Kwa

PS Form 3811, July 1999

Domestic Return Receipt

2732

December 5, 2001

New Mexico State Highway and Transportaion Dept P O Box 1149 Santa Fe, New Mexico 87504-1149

Certified Mail 7000 1670 0006 8579 2732

Re: Pictured Cliffs & Fruitland Coal Well Proposal **RPC #17-3 Well** SW/4-Section 17-T29N-R13W

San Juan County, New Mexico

Dear Mineral Owner:

Richardson Production Company proposes to drill a down Fruitland Coal well on the captioned lands. A recent cheyou own a 1.0733 net acre unleased mineral interest with well will be located in the SW/4 of Section 17. The Pictu SW/4 and the Fruitland Coal spacing unit covers the S/2 not be covered under both spacing units.

Enclosed for your review is an AFE itemizing the estimate wish to participate in this drilling and completion attempt, AFE to the undersigned by December 28, 2001. Upon rewritten request, we will forward an AAPL Form 610 Joint and execution, providing for, among other things, a 300% \$5000 drilling/\$500 producing overhead rates.

Return Receipt for Merchandise 102595-00-M-0952 In the event you do not wish to participate, Richardson respectfully requests you elect one of the following options as to your interest:

- Enter into an oil and gas lease that provides for a three year primary term with 1. bonus consideration based on \$50.00 per net acre and a 12.5% royalty in the event of production (lease form included for your review).
- 2. Sell all of your mineral interest for \$100.00 per net acre

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Sincerely.

New Mexico State Highway and Transportaion Dept P O Box 1149 Santa Fe. New Mexico 87504-1149

Certified Mail 7000 1670 0006 8579 2732

Re: Pictured Cliffs & Fruitland Coal Well Proposal

RPC #17-3 Well

SW/4-Section 17-T29N-R13W San Juan County, New Mexico

Dear Mineral Owner:

Richardson Production Company proposes to drill a downhole commingled Pictured Cliffs & Fruitland Coal well on the captioned lands. A recent check of the county records indicates that you own a 1.0733 net acre unleased mineral interest within the spacing unit. The RPC #17-3 well will be located in the SW/4 of Section 17. The Pictured Cliffs spacing unit covers the SW/4 and the Fruitland Coal spacing unit covers the S/2 of Section 17. Your lands may or may not be covered under both spacing units.

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Sincerely.

RE: RPC #17-3 PC/FC Well Proposal

SW/4 Section 17-T29N-R13W San Juan County, NM

Description of your unleased lands:

Section 17: Two (2) tracts in the SE/4 of Section 17

Containing 1.0733 net acres

| On this | day of, 2001, we/I hereby elect the following: |
|----------|--|
| a | Participate in proposed drilling and completion attempt, executed AFE is returned herewith. |
| 3 | Enter into Oil and Gas Lease for \$50.00 per net mineral acre, with lease to provide for a three year primary term and 12.5% royalty in the event of production. |
| | Sell mineral rights for \$100.00 per net mineral acre. |
| Orintan | Name & Title |

Well Name: RPC 17-3 (PC) & (FC) well Date: 12/5/2001

Location: T29N R13W Section 17 SW/4

Spacing: Pictured Cliffs SW/4; Fruitland CL S/2 Objective Formation:

Proposed Depth: 960' Fruitland CL; 1150' Pictured Cliffs Commingled Pictured Cliffs and Fruitland Coal

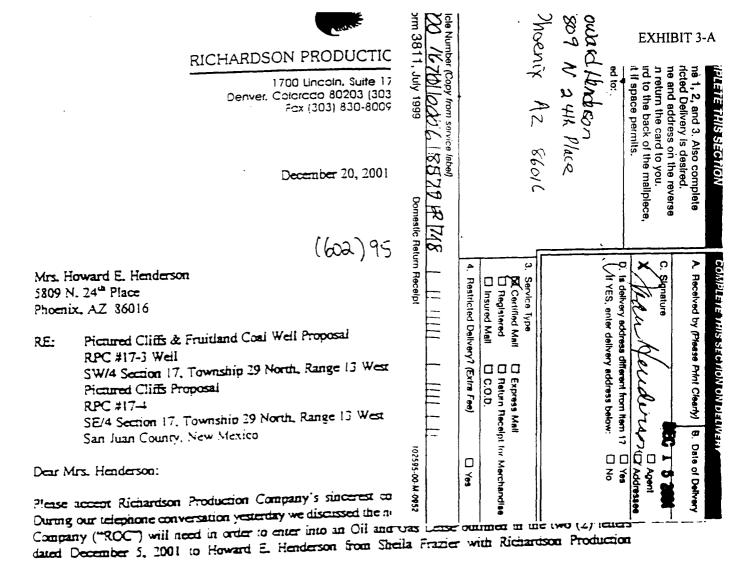
| Drilling Costs (Included Run Casing) | Tangible | Intangible | Total | Fruitland Coal | Pictured Cliffs |
|---|----------|-------------|------------|----------------|-----------------|
| Survey and Permits | | 3,000 | | 1,500 | 1,500 |
| Title Opinion & Land | | 3,000 | | 1,500 | 1,500 |
| Damages | | 2,000 | | 1,000 | 1,000 |
| * Drilling (incl. water & mud) 1200' @ 15.00/ft | | 17,250 | ĺ | 7,200 | 10,050 |
| BOP Rental | | 750 | ļ | 375 | 375 |
| Dirt Work | | 4,000 | | 2,000 | 2,000 |
| Pit Lining | | 2,800 | l | 1,400 | 1,400 |
| Surface Casing 200' @ 7.65/ft | 1,530 | İ | į | 765 | 765 |
| Casing Head | 1,500 | Ì | | 750 | 750 |
| Cement Surface | | 2,300 | į | 1,150 | 1,150 |
| Power Tongs | | 1,000 | | 500 | 500 |
| Casing 1200' @ 5.00/ft | 6,325 | 1 | | 2,640 | 3,685 |
| Trucking | | 3,000 | | 1,500 | 1,500 |
| Logs | | 4,000 | | 2,000 | 2,000 |
| Engineering | | 5,000 | | 2,500 | 2,500 |
| Cement Longstring | | 4,000 | | 1,670 | 2,330 |
| Total Cost to Run Casing | 9,355 | 52,100 | 61,455 | 28,450 | 33,005 |
| 10% Contingency | | | 6,146 | 2,845 | 3,301 |
| Grand Total to Run Casing | | | 67,601 | 31,295 | 36,306 |
| Completion Costs | | | · | · | |
| Rig Anchors | | 750 | | 375 | 375 |
| Logs | | 3,000 | | 1,500 | 1,500 |
| Perf | | 4,000 | 1 | 2,000 | 2,000 |
| Wellhead & Fittings | 4,000 | | | 2,000 | 2,000 |
| Tubing 1200' @ 2.10/ft | 2,875 | | | 1,200 | 1,675 |
| Stimulation | | 50,000 | | 25,000 | 25,000 |
| Tool Rental | | 2,300 | | 1,150 | 1,150 |
| Trucking | | 3,000 | | 1,500 | 1,500 |
| Battery Installation | | 6,000 | | 3,000 | 3,000 |
| Restore Location | | 4,000 | | 2,000 | 2,000 |
| Engineering | | 5,000 | | 2,500 | 2,500 |
| Treator, Separator | 6,000 |) | | 3,000 | 3,000 |
| Flowline | 4,000 | 1 | | 2,000 | 2,000 |
| Tank & Fittings | 5,000 | | | 2,500 | 2,500 |
| Gravel | 3,000 | | | 1,500 | 1 |
| Workover Rig | | 12,000 | | 6,000 | 6,00 |
| Completion Fluids | | 2,000 | | 1,000 | 1,000 |
| Pipeline Hookup | | 13,000 | | 6,500 | 6,50 |
| Division Order Opinion | | 2,000 | | 1,000 | 1,00 |
| Frac Tank Rental | (| 2,000 | | 1,000 | 1,000 |
| Flowback | | 2,000 | | 1,000 | 1 |
| Fence Location | 5,000 | I I | | 2,500 | I . |
| Total Completion Costs | 29,875 | | 140,925 | | |
| 10% Contingency | | | 14,093 | 7,023 | |
| Drilling Costs | | 1 | 67,601 | | i |
| <u> </u> | | } | سير نسي سي | 108,543 | |

Share of costs:

| FRUITLAND COAL (FC) | Date: | Approved BY: | |
|---|-------------|----------------|--------------|
| 0.2935% State Hwy Department of New Mexico | | | \$318.54 |
| 99.7065% Richardson Operating Company et als | 5-Dec-01 | | \$108,223.96 |
| | | Total FC Costs | \$108,542.50 |
| PICTURED CLIFFS (PC) | | | |
| 0.0000% State Hwy Department of New Mexico | | | \$0.00 |
| 100.0000% Richardson Operating Company et als | 5-Dec-01 | | \$114,075.50 |
| | | Total PC Costs | \$114,075.50 |

Total Costs of Commingled PC/FC Well: State Hwy Department of New Mexico Richardson Operating Company et als

| | \$318.54 |
|---|--------------|
| - | \$222,299.46 |
| | \$222,618.00 |



You indicated you had a "Life Estate" to the properties and the properties would revert to Howard E Henderson's son upon your death. ROC will need the following:

- Copy of Death Certificate of Howard E. Henderson
- Copy of List Will and Testament of Howard E. Henderson

G. Bi Baren

. Copy of Laters Taxamentary, if the Estate has not been closed

If the Estate has not been closed, ROC will need to enter into an Oil and Gas Lesse with the Estate and the signing party will be the Executor of the Estate.

Should you have any questions concerning the outlined information is can be contacted by telephone at 1933 330-3000, by semail at happointeem a heartesonous compared on at the letterness appress.

Very duly yours.

Company.

Resecta E. Van Blancom

Howard E. Henderson 5809 N. 24th Place Phoenix, AZ 86016

Certified Mail 7000 1670 0006 8579 2718

Re:

Pictured Cliffs & Fruitland Coal Well Proposal

RPC #17-3 Well

SW/4-Section 17-T29N-R13W San Juan County, New Mexico

Dear Mineral Owner:

Richardson Production Company proposes to drill a downhole commingled Pictured Cliffs & Fruitland Coal well on the captioned lands. A recent check of the county records indicates that you own a 6.5 net acre unleased mineral interest within the spacing unit. The RPC #17-3 well will be located in the SW/4 of Section 17. The Pictured Cliffs spacing unit covers the SW/4 and the Fruitland Coal spacing unit covers the S/2 of Section 17. Your lands may or may not be covered under both spacing units.

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In the event you do not wish to participate, Richardson respectfully requests you elect one of the following options as to your interest:

- Enter into an oil and gas lease that provides for a three year primary term with bonus consideration based on \$50.00 per net acre and a 12.5% royalty in the event of production (lease form included for your review).
- 2. Sell all of your mineral interest for \$100.00 per net acre

Please execute and return the 2nd page of this letter offer indicating your intentions with regard to Richardson's above options. A self-addressed envelope is provided for for your convenience. Your response is respectfully requested by December 28, 2001. Should you have any questions please contact the undersigned at (303) 830-8000.

Sincerely,

RE: RPC #17-3 PC/FC Well Proposal SW/4 Section 17-T29N-R13W

San Juan County, NM

Description of your unleased lands:

Section 17: E. 30/a of the SESW; W2SWSE, W. 2/a NWSE

Containing 52.0 gross and 6.5 net acres

| On this | day of | , 2001, we/I hereby elect the following: |
|---------|--|--|
| Q | Participate in proposed drilling herewith. | g and completion attempt, executed AFE is returned |
| O | | for \$50.00 per net mineral acre, with lease to provide for a 2.5% royalty in the event of production. |
| O. | Sell mineral rights for \$100.00 | per net mineral acre. |
| Howarr | I E Handarron | |

Well Name: RPC 17-3 (PC) & (FC) well

Location: T29N R13W Section 17 SW/4

Spacing: Pictured Cliffs SW/4; Fruitland CL S/2

Proposed Depth: 960' Fruitland CL; 1150' Pictured Cliffs

Date:

12/5/2001

Objective Formation:

Commingled Pictured Cliffs and Fruitland Coal

| I. | Drilling Costs (Included Run Casing) | Tangible | Intangible | Total | Fruitland Coal | Pictured Cliffs |
|-----|---|----------|----------------|---------|----------------|-----------------|
| | Survey and Permits | | 3,000 | | 1,500 | 1,500 |
| | Title Opinion & Land | į | 3,000 | - | 1,500 | 1,500 |
| | Damages | | 2,000 | 1 | 1,000 | 1,000 |
| | * Drilling (incl. water & mud) 1200' @ 15.00/ft | | 17,250 |) | 7,200 | 10,050 |
| | BOP Rental | | 750 | | 375 | 375 |
| | Dirt Work | ļ | 4,000 | | 2,000 | 2,000 |
| | Pit Lining | | 2,800 | | 1,400 | 1,400 |
| | Surface Casing 200' @ 7.65/ft | 1,530 | į. | J | 765 | 765 |
| | Casing Head | 1,500 | | | 750 | 750 |
| | Cement Surface | | 2,300 | ĺ | 1,150 | 1,150 |
| | Power Tongs | | 1,000 | ļ | 500 | 500 |
| | Casing 1200' @ 5.00/ft | 6,325 | | | 2,640 | 3,685 |
| | Trucking | | 3,000 | | 1,500 | 1,500 |
| | Logs | | 4,000 | | 2,000 | 2,000 |
| | Engineering | | 5,000 | | 2,500 | 2,500 |
| | Cement Longstring | | 4,000 | | 1,670 | 2,330 |
| | Total Cost to Run Casing | 9,355 | 52,100 | 61,455 | 28,450 | 33,005 |
| | 10% Contingency | | | 6,146 | 2,845 | 3,301 |
| | Grand Total to Run Casing | | Г | 67,601 | 31,295 | 36,306 |
| II. | Completion Costs | | | | · ' | |
| | Rig Anchors | | 750 | | 375 | 375 |
| | Logs | | 3,000 | | 1,500 | 1,500 |
| | Perf | | 4,000 | | 2,000 | 2,000 |
| | Wellhead & Fittings | 4,000 | | | 2,000 | 2,000 |
| | Tubing 1200' @ 2.10/ft | 2,875 | | | 1,200 | 1,675 |
| | Stimulation | | 50,000 | | 25,000 | 25,000 |
| | Tool Rental | | 2,300 | | 1,150 | 1,150 |
| | Trucking | | 3,000 | | 1,500 | 1,500 |
| | Battery Installation | | 6,000 | | 3,000 | 3,000 |
| | Restore Location | | 4,000 | | 2,000 | 2,000 |
| | Engineering | | 5,000 | | 2,500 | 2,500 |
| | Treator, Separator | 6,000 | | | 3,000 | 3,000 |
| | Flowline | 4,000 | 1 | | 2,000 | 2,000 |
| | Tank & Fittings | 5,000 | 1 | | 2,500 | 2,500 |
| | Gravel | 3,000 | 1 | | 1,500 | 1,500 |
| | Workover Rig | • | 12,000 | | 6,000 | 6,000 |
| | Completion Fluids | | 2,000 | | 1,000 | 1,000 |
| | Pipeline Hookup | | 13,000 | | 6,500 | 6,500 |
| | Division Order Opinion | | 2,000 | | 1,000 | 1,000 |
| | Frac Tank Rental | ļ | 2,000 | | 1,000 | 1,000 |
| | Flowback | | 2,000 | | 1,000 | 1 |
| | Fence Location | 5,000 | | | 2,500 | |
| | Total Completion Costs | 29,875 | 111,050 | 140,925 | 70,225 | 70,700 |
| | 10% Contingency | | | 14,093 | 7,023 | 7,070 |
| | Drilling Costs | | L | 67,601 | 31,295 | 36,306 |
| | Grand Total Well Costs | | Ţ ^m | 222,618 | 108,543 | 114,076 |

| FRUITI | AND | COAL | (FC) | |
|--------|-----|------|------|--|
| | | | · ~, | |

0.7520% Howard Henderson

99.2480% Richardson Operating Company et als

PICTURED CLIFFS (PC)

2.0508% Howard Henderson

97.9492% Richardson Operating Company et als

| Dale: | , |
|----------|---|
| 5-Dec-01 | |
| 8-D8C-01 | • |
| | |

5-Dec-01

| Approved BY: | |
|----------------|--------------|
| | \$816.19 |
| | \$107,726.3 |
| Total FC Costs | \$108,542.50 |
| | \$2,339.44 |
| | \$111,736.00 |
| Total PC Costs | \$114 075 50 |

Total Costs of Commingled PC/FC Well:

Howard Henderson

Richardson Operating Company et als

| \$3,155.63 |
|--------------|
| \$219,462.37 |
| \$222,618,00 |

Share of costs: