

## RICHARDSON PRODUCTION COMPANY

1700 Lincoln, Sulte 1700 Denver, Colorado 80203 (303) 830-8000 Fax (303) 830-8009

March 15, 2002

Ronald Elkins 1539 East Elmwood Circle Mesa, AZ 85203

> Certified Mail 7000 1670 0011 3736 5276 Return Receipt Requested

RE: Pictured Cliffs Well Proposal F-RPC 21-2 NW/4 Section 21, Township 29 North, Range 13 West San Juan County, New Mexico

Dear Mr. Elkins:

Richardson Production Company ("Richardson") proposes to drill a Pictured Cliffs well on the captioned lands. A recent check of the county records indicates that you own a net acre unleased mineral interest within the spacing unit. The well will be located in the NW/4 of Section 21, Township 29 North, Range 13 West. The spacing unit for the Pictured Cliffs formation will be the NW/4 of Section 21.

Enclosed for your review is an Authority for Expenditure ("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 April 2, 2002, Upon receipt of you 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. Should you elect to participate Richardson wants you to be aware not only are you participating in the drilling and completing of the well, but also the operating costs of the well, including all plugging liabilities when the well is abandoned.

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

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Fruitland Coal and Pictured Cliffs Well Proposal Mr. Ronald Elkinsp Page 2

1. Enter into an oil and gas lease that provides for a five year primary term with bonus consideration based on \$50.00 per net acre and a 12.5% royalty in the event of production. An Oil and Gas

March 15, 2002

Lease is enclosed for your execution should you choose this option. 2. Sell all of your mineral interest for \$100.00 per net mineral acre.

Your response is respectfully requested by .

Should you have any questions, please contact me at either the letterhead address, by telephone at (303)

Very truly yours,

Read and & Durkinger,

Rebecca E. Van Blaricom Land Manager

On this	- day of
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Mike,

Kitty Wood, Permits West, requested I facsimile the package I sent via Certified Mail on Monday, March 18, 2002 regarding the drilling by Richardson Production Company of the F-RPC 21-2 located in the NW/4 Section 21-T29N-R13W as a Pictured Cliffs formation completion and the F-RPC 21-3 located in the SW/4 Section 21-T29N-R13W as a commingled Pictured Cliffs – Fruitland Coal formation completion.

If you have any questions I can be contacted at (303) 830-8000 or by e-mail at <u>rvanblaricom@richardsonoil.com</u>.

RICHARDSON PRODUCTION COMPANY

Rebecca E. Van Blaricom

Land Manager

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