



RICHARDSON PRODUCTION COMPANY

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

April 18, 2002

Joan E. Henderson, Trustee
Howard E Henderson Living Trust dtd 09/24/97
5809 N. 24th Place
Phoenix, AZ 86016

Certified Mail 7000 1670 0011 3736 5191
Return Receipt Requested

RE: Case No. 12797, Order No. R-11759
RPC 17-3 Well (Fruitland Coal formation)
S/2 Section 17, Township 29 North, Range 14 West
RPC 17-3 Well (Pictured Cliff formation)
SW/4 Section 17, Township 29 North, Range 14 West
San Juan County, New Mexico

00 APR 22 11 53 AM '02

Dear Mrs. Henderson:

In accordance with paragraph number (6) of Order No. R-11759, enclosed is an Authority for Expenditure outlining the estimated costs to drill the RPC 17-3 well to the Pictured Cliffs formation, with completion in the Pictured Cliffs formation and when downhole commingling is approved completion in the Fruitland Coal formation.

According to paragraph number (6) of Order No. R11759 you have the right to pay the estimated well costs and become a working interest owner in the RPC 17-3 well.

Should you have any questions concerning the enclosure I can be contacted at the letterhead address, by telephone at (303) 830-8000 or by e-mail at rvanblaricom@richardsonoil.com.

Very truly yours,

Rebecca E. Van Blaricom

Rebecca E. Van Blaricom
Land Manager

/revb
Enclosure

RICHARDSON OPERATING COMPANY
AUTHORITY FOR EXPEDITURES

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: 4/18/02
Objective Formation:
Commingled Pictured Cliffs and Fruitland Coal

		Tangible	Intangible	Total	Fruitland Coal	Pictured Cliffs
I.	Drilling Costs (Included Run Casing)					
	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		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	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
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
	Treater, Separator - - - - -	6,000			3,000	3,000
	Flowline- - - - -	4,000			2,000	2,000
	Tank & Fittings- - - - -	5,000			2,500	2,500
	Gravel- - - - -	3,000			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- - - - -		2,000		1,000	1,000
	Flowback - - - - -		2,000		1,000	1,000
	Fence Location- - - - -	5,000			2,500	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- - - - -			67,601	31,295	36,306
	Grand Total Well Costs			222,618	108,543	114,076

		Share of costs:	
FRUITLAND COAL (FC)	Date:	Approved BY:	
	0.7520% Howard E Henderson Living Trust dtd 09/24/97		\$816.19
	99.2480% Richardson Operating Company et als		\$107,726.31
	18-Apr-02	Total FC Costs	\$108,542.50
PICTURED CLIFFS (PC)			\$2,339.44
	2.0508% Howard E Henderson Living Trust dtd 09/24/97		\$111,736.06
	97.9492% Richardson Operating Company et als		\$114,075.50
	18-Apr-02	Total PC Costs	\$114,075.50
Total Costs of Commingled PC/FC Well:			
Howard Henderson			\$3,155.63
Richardson Operating Company et als			\$219,462.37
			\$222,618.00