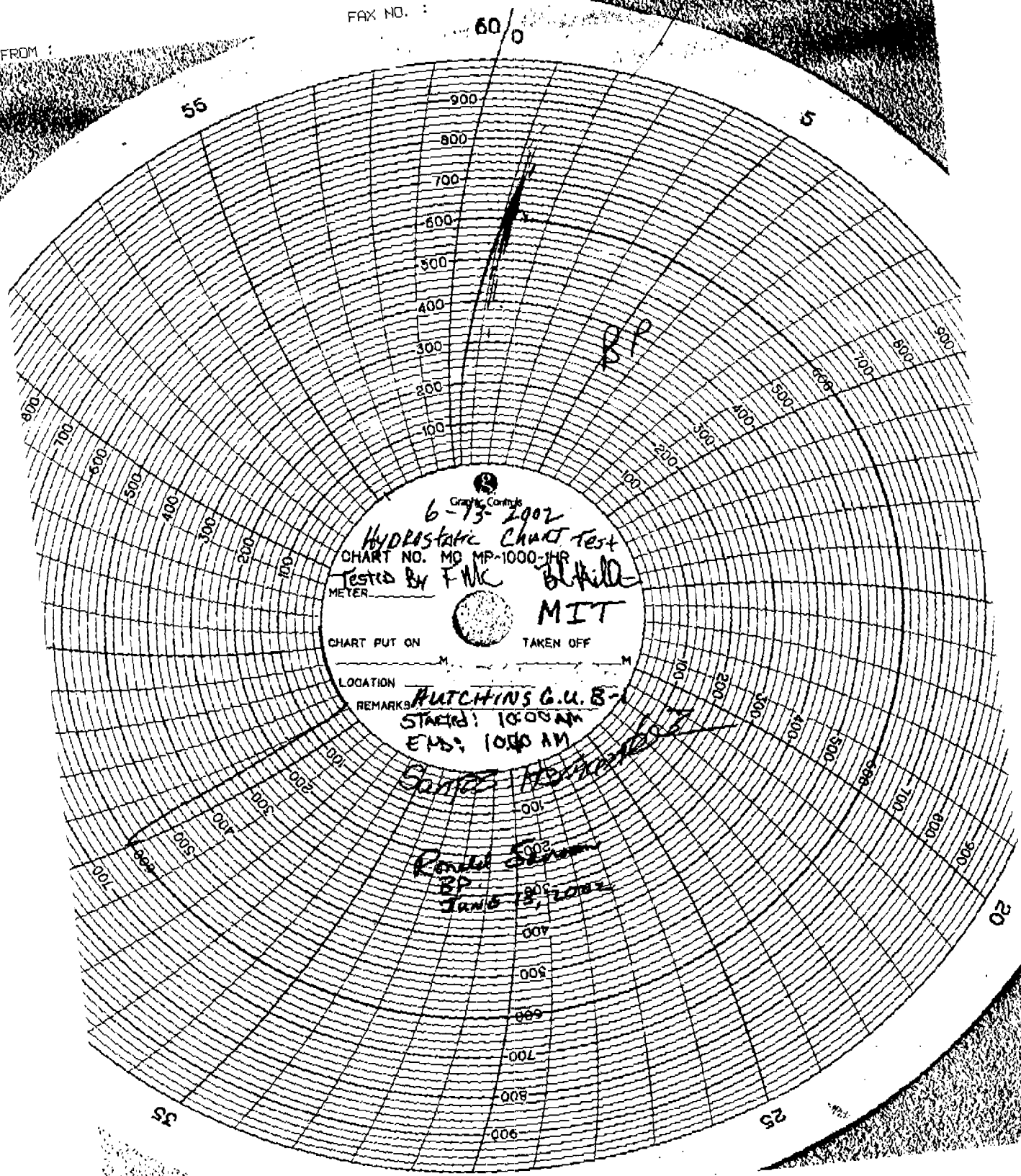


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G-7-31N-10W TA
045-27842

Oil and Gas DAMAGE AGREEMENT - ROPCO 213

This Lease (Lease) made and entered into this 31st day of January, 2002, by and between Bolack Minerals Company ("Owner"), whose address is 3901 Broadway, Hopewell Farmington, NM 87401, and Redwood Operating Company ("Operator") whose address is 1700 Lincoln, Suite 1700 Denver, Colorado 80202.

WITNESSETH:

That the Operator is the holder of the oil and gas leasehold interests in the following described lands on which Operator intends to drill a gas well (SW 1/4 of Section 1, Township 29 North Range 13 West, San Juan County New Mexico (the "Lease Lands")) and

That the AS, Owner is the owner of the surface of the (Drill Site Lands), and

That REAS, Owner and Operator desire to reach an agreement regarding Operator's operations on and surface damages to the Drilling Lands

NOW, THEREFORE, in consideration of the premises, Owner and Operator agree as follows:

1. Owner hereby grants and conveys unto Operator, its agents, successors, employees and assigns the right to enter upon and use the Drill Site Lands for the purpose of drilling, completing, and producing a gas well upon the Lease Lands, together with a right-of-way and easement across the Lease Lands to construct and/or maintain the existing access road, well casing, pipelines, and other such related and incidental facilities as are necessary for Operator's operations on the Drill Site Lands. No new road will be constructed along pipeline, right-of-way. During and after construction the pipeline right-of-way will remain within the existing cut.

2. Owner reserves the right to engage in and grant others the right to engage in all surface uses not inconsistent with the rights of the Operator. Owner reserves the right to grant successive easements across the Drill Site Lands

3. Operator shall pay Owner \$[REDACTED] in advance of actual occupancy for the well to be built and necessary damages for construction of pipelines to be laid on Drill Site Lands. Negligent Damages, if any, will be settled at such time as construction is completed. Negligent Damages are defined as Operator's use of the Drill Site Lands, and Owner's lands surrounding the Drill Site Lands, which is over and above the normal use required to construct, complete and produce a gas well.

4. Upon Owner's request, Operator shall fence all gas producing wells, tank batteries, and other equipment areas. Operator shall keep all areas used by it in good order and free of all litter and debris. All fences upon the Drill Site Lands shall be maintained in a state of repair and shall be beyond below ground depth. All tank batteries, except for cylindrical ones, be protected along ground structures. Operator agrees to keep all areas maintained in good order and repair. If Operator wishes to keep up with improvements, material that material will be removed upon termination of use of such type.

5. Operator shall post and maintain its dry hole and abandoned well in accordance with all applicable laws and regulations. Upon abandoning any facility of Operator, Operator shall remove the site, shall remove all equipment, fixtures, personal property, debris and litter, and shall otherwise restore the site in good and workmanlike manner. Reclamation operations shall be completed within twelve months following termination of use of any site.

6. Notice by either party to the other shall be promptly given (orally or by telephone, if possible) and whether or not oral or telephone notice is given, shall be confirmed in writing by mailing the notice to the address of the other party as set forth above.

7. If Operator defaults in the payment of any sums provided herein, Owner shall notify Operator in writing of that default, and Operator shall have thirty (30) days after receipt of such notice within which to make the payment as to which default is alleged. If Operator does not make the required payment within the specified time, the rights of Operator hereunder shall be suspended until the default has been cured, and Owner shall not be liable for any loss or damage to operator occasioned by the Owner's enforcement of this provision.

8. This Agreement shall be binding upon parties, their respective heirs and assigns.

9. It is understood that anyone securing this Agreement on behalf of the Operator is without authority to make any representations, covenants or agreements not expressed in this Agreement.

OWNER

Tommy Bolack General Partner
[REDACTED]