

ROPCO 15-2 GW PC
SE/4-Section 15-T29N-R13W
San Juan County, New Mexico

ROPCO OIL AND GAS LEASES

Tract 2

Lessor: William L. McGee, also known as Bill McGee, and Beulah V. McGee, husband and wife
Lessee: Rodney P. Calvin
Dated: November 20, 1959
Recorded: Book 445, Page 54
Lands: Township 29 North, Range 13 West, NMPM
Insofar as said lands are located in the E/2 of Section 15:
E/2SW/4SE/4 Section 15, T29N-R13W; AND: BEGINNING at a point which is East 660 feet and North 0°24' West 1957 feet from the SW/C of the SE/4 of Section 15-T29N-R13W, NMPM; Thence South 89°56' East 659.4 feet; Thence South 0°24' East 652.3 feet; Thence North 89°56' West 659.4 feet; Thence North 0°24' West 652.3 feet to the point of beginning; AND: Lot Twenty One (21) of the Pengilly Subdivision of the Town of Farmington, New Mexico, according to the plat thereof on file in the office of the County Clerk of San Juan County, New Mexico

Tract 3

Lessor: McGee, Inc., a New Mexico corporation
Lessee: Rodney P. Calvin
Dated: November 20, 1959
Recorded: Book 445, Page 55
Lands: Township 29 North, Range 13 West, NMPM
Insofar as said lands are located in the E/2 of Section 15:
East Half of the Southwest Quarter of the Southeast Quarter (E/2SW/4SE/4), EXCEPT HOWEVER, the following described tracts:
BEGINNING at a point 120 feet East of the SW/C of the E/2SW/4SE/4 of Section 15-T29N-R13W; Thence East 540 feet; Thence North 328 feet; Thence West 315 feet; Thence North 102 feet; Thence West 225 feet; Thence South 430 feet to the point of beginning, containing 4.51 acres, more or less.
BEGINNING at the SW/C of the E/2SW/4SE/4 of Section 15-T29N-R13W; Thence North 430 feet; Thence East 120 feet; Thence South 430 feet; Thence West 120 feet to the point of beginning

Tract 5

Lessor: S. L. Sanders and Velma Sanders (husband and wife)
Lessee: Weldon C. Julander and Rodney P. Calvin
Dated: October 10, 1959
Recorded: Book 438, Page 189
Lands: Township 29 North, Range 13 West, NMPM
Insofar as said lands are located in the E/2 of Section 15:
The SE/4SE/4 of Section 15, T29N-R13W, NMPM Excepting therefrom the SW/4SE/4SE/4;

ALSO: Commencing at a point on the West side of the SW/4SW/4 of Section 14 in T29N-R13W, NMPM, which said point is 181 feet South from the Northwest corner of said subdivision, THENCE running South along the Section line to the Southwest corner of the SW/4SW/4 of said Section, THENCE East to the Southeast corner of the SW/4SW/4 of said Section, THENCE North along the East line of the SW/4SW/4 of said Section to the Northeast corner of said subdivision; THENCE North along the subdivision line 277 feet, more or less, to the point where the subdivision line intersects the center line of the Echo Ditch; THENCE South 75 degrees West 696 feet; THENCE South 40 degrees West 126 feet, along the center line of the Echo Ditch to a point where the said Echo Ditch crosses the subdivision line on the North side of the SW/4SW/4 of said Section 14, which point is 567 feet East of the West line of last described subdivision, THENCE South 59 degrees 52 minutes West along the center line of said Echo Ditch 245 feet; THENCE North 8 degrees West 114 feet to subdivision line; THENCE West on subdivision line 69 feet; THENCE South 56 degrees 09 minutes West, 325 feet to the point of beginning.

Tract 6

Lessor: Mrs. John J. Dempsey (also known as Gladys E. Dempsey)

Lessee: Rodney P. Calvin and Weldon C. Julander

Dated: April 27, 1960

Recorded: Book 450, Page 216

Lands: Township 29 North, Range 13 West, NMPM

Insofar as said lands are located in the E/2 of Section 15:

The SE/4SE/4 of Section 15, T29N, R13W, NMPM, EXCEPTING THEREFROM the SW/4SE/4SE/4;

ALSO: Commencing at a point on the West side of the SW/4SW/4 of Section 14, T29N-R13W, NMPM, which said point is 181 feet South from the Northwest corner of said subdivision, THENCE running South along the Section line to the Southwest corner of the SW/4SW/4 of said Section, THENCE East to the Southeast corner of the SW/4SW/4 of said Section, THENCE North along the East line of the SW/4SW/4 of said Section to the Northeast corner of said subdivision, THENCE North along the subdivision line 277 feet, more or less, to the point where the subdivision line intersects the center line of the Echo Ditch, THENCE South 75 degrees West 696 feet; THENCE South 40 degrees West 126 feet, along the center line of the Echo Ditch to a point where the said Echo Ditch crosses the subdivision line on the North side of the SW/4SW/4 of said Section 14, which point is 567 feet East of the West line of last described subdivision, THENCE South 59 degrees 52 minutes West along the center line of said Echo Ditch 245 feet; THENCE North 8 degrees West 114 feet to the subdivision line, THENCE West on subdivision line 69 feet; THENCE South 56 degrees 09 minutes West, 325 feet to the point of beginning.

Tract 12

Lessor: Bob Ledbetter, et ux, et al

Lessee: J. P. Leyendecker, Jr., a married man

Dated: February 8, 1961

Recorded: Book 480, Page 46

Lands: Township 29 North, Range 13 West, NMPM

Section 15: E/2

Tract 13

Lessor: Mamie Whitenack, (a single woman who has never married)

Lessee: Weldon C. Julander & Rodney P. Calvin

Dated: April 4, 1960

Recorded: Book 450, Page 215

Lands: Township 29 North, Range 13 West, NMPM

Insofar as said lands are located in the E/2 of Section 15:

Beginning at the Northeast corner of the Southeast quarter (SE/4) of Section 15, T29N-R13W, NMPM, San Juan County, New Mexico, THENCE West 330 feet, THENCE South 660 feet, THENCE East 330 feet, THENCE North 660 feet to point of beginning

Tract 14

Lessor: Lawrence A. Ray and Joyce L. Ray, husband and wife

Lessee: J. P. Leyendecker, Jr.

Dated: February 14, 1961

Recorded: Book 476, Page 89

Lands: Township 29 North, Range 13 West, NMPM

Insofar as said lands are located in the E/2 of Section 15:

All of the Northeast Quarter of the Northwest Quarter of the Southeast Quarter (NE/4NW/4SE/4) of Section 15, T29N-R13W, NMPM, except a tract as follows: BEGINNING at the Northeast corner of the NE/4NW/4SE/4 Sec. 15, T29N, R13W, THENCE South 69.7 feet; THENCE South 70 01' West 42.7 feet; THENCE South 63 38' West 571.9 feet; THENCE South 66 44' West 116.9 feet; THENCE North to the Northwest corner; THENCE East 660 feet to the point of beginning.

Also except: A parcel of land containing .336 acres described as follows: BEGINNING at the intersecting point of the South Right-of-Way fence line of the Hydro Plant Road and the East line of the NW/4SE/4 of Sec. 15, T29N-R13W, NMPM, San Juan County, New Mexico, which bears South 70 feet more or less from the Northeast corner of said NW/4SE/4 of Sec. 15-T29N, R13W; THENCE South 64° 31' West 143.9 feet along said

South Right-of-Way fence of Hydro Plant Road to a point on the East Right-of-Way line of the New Mexico State Highway No. 17; THENCE South 38° 38' East 208.8 feet along said Highway Right-of-Way line to a point on the said East line of the NW/4SE/4 Sec. 15, T29N-R13W; THENCE North along the East line of the NW/4SE/4 of Sec. 15, to the point of beginning.

Tract 15

Lessor: Thurland H. Reay and Vaughn Reay (husband and wife)
Lessee: Weldon C. Julander
Dated: November 12, 1959
Recorded: Book 438, Page 190
Lands: Township 29 North, Range 13 West, NMPM
Insofar as said lands are located in the E/2 of Section 15:
The Northeast quarter of the Southeast quarter (NE/4SE/4) of Section 15, T29N-R13W, NMPM, San Juan County, New Mexico, ALSO a tract commencing at the Northeast corner of the Northeast quarter of the Northwest quarter of the Southeast quarter (NE/4NW/4SE/4) of Section 15, T29N-R13W, NMPM, THENCE West 40 rods; THENCE South 40 rods; THENCE East 40 rods; THENCE North 40 rods to the place of beginning.

Tract 16

Lessor: Wesley Quinn and Jeanne E. Quinn (husband and wife)
Lessee: John J. Redfern, Jr.
Dated: February 2, 1962
Recorded: Book 507, Page 163
Lands: Township 29 North, Range 13 West, NMPM
The SE/4SE/4 of Section 15, T29N-R13W, NMPM, Excepting therefrom the SW/4SE/4SE/4

ALSO: Commencing at a point on the West side of the SW/4SW/4 of Section 14 in T29N-R13W, NMPM, which said point is 181 feet South from the Northwest corner of said subdivision, THENCE running South along the Section line to the Southwest corner of the SW/4SW/4 of said Section, THENCE East to the Southeast corner of the SW/4SW/4 of said Section, THENCE North along the East line of the SW/4SW/4 of said Section to the Northeast corner of said subdivision; THENCE North along the subdivision line 277 feet, more or less, to the point where the subdivision line intersects the center line of the Echo Ditch; THENCE South 75 degrees West 696 feet; THENCE South 40 degrees West 126 feet, along the center line of the Echo Ditch to a point where the said Echo Ditch crosses the subdivision line on the North side of the SW/4SW/4 of said Section 14, which point is 567 feet East of the West line of last described subdivision, THENCE South 59 degrees 52 minutes West along the center line of said Echo Ditch 245 feet; THENCE North 8 degrees West 114 feet to subdivision line; THENCE West on subdivision line 69 feet; THENCE South 56 degrees 09 minutes West, 325 feet to the point of beginning.

Tract 24

Lessor: John Hunt, et ux
Lessee: John J. Redfern, Jr.
Dated: April 3, 1962
Recorded: Book 517, Page 174
Lands: Township 29 North, Range 13 West, NMPM
A part of the E/2 of Section 15, T29N-R13W, NMPM, and described as follows: Lot No. 4, Block No. 1, Peninsula Apartments Subdivision.

Tract 39

Lessor: Elizabeth Fatousa Harris
Lessee: John J. Redfern, Jr.
Dated: March 30, 1962
Recorded: Book 517, Page 173
Lands: Township 29 North, Range 13 West, NMPM
A part of the E/2 of Section 15, Township 29 North, Range 13 West, San Juan County, New Mexico, to-wit: Lot 1, Block 1, Peninsula Apartments Subdivision

Tract 40

Lessor: Oliver W. Harris, et ux
Lessee: John J. Redfern, Jr.
Dated: March 30, 1962
Recorded: Book 517, Page 166
Lands: Township 29 North, Range 13 West, NMPM
A part of the E/2 of Section 15, Township 29 North, Range 13 West, NMPM, and described as follows: Lots 1, 2, 3, 4, 5 and 6, Block 1, Peninsula Apartments Subdivision

Tract 53

Lessor: Tres Rios Habitat for Humanity, Inc.
Lessee: Richardson Production Company
Dated: March 15, 1996
Recorded: Not available
Lands: Township 29 North, Range 13 West, NMPM
Section 15: Pengilley Subdivision, Lot 5 and Lot 6
San Juan County, New Mexico

Tract 56

Lessor: City of Farmington
Lessee: Richardson Production Company
Dated: March 20, 1996
Recorded: Not available
Lands: Township 29 North, Range 13 West, NMPM
Section 15: Those certain tracts of land located within the E/2 of Section 15, being all the mineral interest owned by Lessor in said lands
San Juan County, New Mexico

Tract 57

Lessor: J. C. Patterson, dealing in his sole and separate property
Lessee: Richardson Production Company
Dated: March 7, 1996
Recorded: Not available
Lands: Township 29 North, Range 13 West, NMPM
Section 15: That part of the SW/4SW/4NE/4 beginning at a point which is North 89 degrees 57 minutes East 170 feet from the Southwest corner of the NE/4 of Section 15; thence North 89 degrees 57 minutes East 250 feet to the West line of Waggoner Avenue; thence North 0 degrees 01 minute East 123.5 feet; thence South 89 degrees 57 minutes West 250 feet; thence South 0 degrees 01 minute West 123.5 feet, more or less, to the point of beginning, and all that part of the NW/4NW/4SE/4 which lies North and West of the center of the Animas River.
San Juan County, New Mexico

Tract 58

Lessor: Central Latin American District Council of the Assemblies of God Inc.
Lessee: Richardson Production Company
Dated: March 29, 1996
Recorded: Not available
Lands: Township 29 North, Range 13 West, NMPM
Section 15: Pengilley Subdivision, Lots 8, 9, 10, 11 and 12, and the South 31 feet of Lot 13; and Peninsula Apartments Subdivision, Block 3, Lot 1
San Juan County, New Mexico

Tract 59

Lessor: Mike Garcia and Florence Nickerson Garcia, husband and wife
Lessee: Richardson Production Company
Dated: March 26, 1996
Recorded: Not available
Lands: Township 29 North, Range 13 West, NMPM
Section 15: Pengilley Subdivision, N/2 of Lot 1
San Juan County, New Mexico

Tract 60

Lessor: Stephen F. Saiz and Patricia Leyba-Saiz
Lessee: Richardson Production Company
Dated: March 26, 1996
Recorded: Not available
Lands: Township 29 North, Range 13 West, NMPM
Section 15: Pengilley Subdivision, S/2 of Lot 1
San Juan County, New Mexico

NON-LEASED INTERESTS

Tract 66: Owner: Clarence Everett Hodgson Estate

A tract of land beginning at a point where the West line of the SW/4SE/4 of Section 15, Township 29 North, Range 13 West, NMPM, intersects the North line of public highway at or near the Southwest corner thereof; thence East 12 rods; thence North 33-1/3 rods; thence West 12 rods; thence South 33-1/3 rods to the point of beginning, including the West 31.6 feet of Lots 3 and 4 of Block 2 of the Peninsula Apartments Subdivision; LESS AND EXCEPT Tracts 67, 68, 69, 70 and 71 (hereinafter described)

Tract 67: Owner: Lois P. Hodgson

A part of the SW/4SE/4 of Section 15, Township 29 North, Range 13 West, NMPM, described as follows:

Beginning at a point 310 feet North of the Southwest corner of the SE/4 of said Section 15, which point is 260 feet North of where the North line of State Highway No. 17 intersects the West line of said SE/4; thence North 70 feet; thence East 120 feet; thence South 70 feet; thence West 120 feet to the point of beginning.

Peninsula Apartments Subdivision, Block 5, Lot 3

Tract 68: Owner: F. Dickens and E. Dickens, husband & wife, JT 1/3
T. Roe and G. Roe, husband & wife, JT 1/3
B. Tyler, single person 1/3

That part of the SW/4SE/4 of Section 15, Township 29 North, Range 13 West, NMPM, described as follows: Beginning at a point 240 feet North of the Southwest corner of the SE/4 of said Section 15, which point is 190 feet North of where the North line of State Highway No. 17 intersects the West line of said SE/4; thence North 70 feet; thence East 120 feet; thence South 70 feet; thence West 120 feet to the point of beginning

Tract 69: Owner: Roy M. Pitchford

Peninsula Apartments Subdivision, Block 5, Lot 1 and Lot 2

Tract 70: Owner: Don Hodgson

That part of the SW/4SE/4 of Section 15, Township 29 North, Range 13 West, NMPM, described as follows:

Beginning at a point 155 feet North of the Southwest corner of the SE/4 of said Section 15, which point is 105 feet North of where the North line of State Highway No. 17 intersects the West line of said SE/4; thence North 85 feet; thence East 120 feet; thence South 37.1 feet; thence South 49° West 73 feet; thence West 64.9 feet, more or less to the point of beginning.

Tract 71: Owner: Steve Hodgson and Richard Hodgson

That part of the SW/4SE/4 of Section 15, Township 29 North, Range 13 West, NMPM,
described as follows:

Beginning at a point 50 feet North and 148 feet East of the Southwest corner of the SE/4 of said
Section 15; thence North 80 feet; thence West 50 feet; thence South 80 feet, more or less to the
point of beginning.

Tract 73: Owner: Fred Shorty and Rosita Shorty

Peninsula Apartments Subdivision, Block 3, Lot 2

Tract 75: Owner: Ida L. Casaus

Peninsula Apartments Subdivision, Block 3, Lot 3

CONOCO UNCOMMITTED LEASED INTERESTS

Tract 48

Lessor: Louis E. Keenan and Madeline S. Keenan, his wife

Lessee: James R. Stephens

Dated: September 28, 1960

Recorded: Book 500, Page 176

Lands: Township 29 North, Range 13 West, NMPM

Section 15: SW/4SE/4SE/4

San Juan County, New Mexico

Tract 49

Lessor: Board of Education, School District No. 5, of the City of Farmington, New Mexico

Lessee: James R. Stephens and Howard E. Henderson

Dated: June 15, 1961

Recorded: Book 503, Page 60

Lands: Township 29 North, Range 13 West, NMPM

Section 15: That part of the W/2W/2SE/4 described as follows: Beginning at a point
which is North 0 degrees 28 minutes West 961.7 feet from the Southwest
corner of the SW/4SE/4 of said Section 15; Thence North 0 degrees 28
minutes West 880.8 feet; Thence South 66 degrees 19 minutes East 566.3
feet; Thence South 0 degrees 42 minutes West 656.3 feet; Thence West
503.5 feet to the point of beginning.

San Juan County, New Mexico



William W. Franklin
Senior Land Advisor
Midland Division
Exploration Production
North America

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, Texas 79705-4500
BUS. (915) 686-5405
FAX (915) 686-5596

January 26, 1996

Ms. Cathleen Colby
Richardson Operating Company
1700 Lincoln, Suite 1700
Denver, Colorado 80203

Re: **E½ Section 15-T29N-R13W**
San Juan County, New Mexico

Dear Cathleen:

Conoco Inc. has closely reviewed your proposal of November 15, 1996, requesting Conoco to farmout or sell its interest in the Fruitland Coal and Pictured Cliffs formations underlying the above described acreage.

Please be advised that Conoco respectfully declines your request and, instead, invites you to propose an AFE and operating agreement for the first well you plan to drill in this tract. We have no objection in principle to using an AAPL Form 610-1989 Operating Agreement with the preferential right to purchase provision stricken, a 100/300 percent non-consent penalty, \$20,000 single expenditure limitation and \$450 producing and \$3,500 drilling overhead rates. We believe the agreement should also contain provisions allowing and administering the commingling of production from zones with different ownership.

We look forward to receiving your AFE and operating agreement proposals in the near future.

Respectfully,

William W. Franklin

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 11570 Exhibit No.
Submitted By:
Richardson Oil Company
Hearing Date: July 11, 1996

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RICHARDSON OPERATING COMPANY

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

April 24, 1996

Mr. William W. Franklin
Conoco Inc.
10 Desta Drive, Suite 100W
Midland, Texas 79705-4500

Re: E/2-Section 15-T29N-R13W
San Juan County, New Mexico

Dear Bill:

Enclosed are AFE's and Operating Agreements, in duplicate, for the following wells:

ROPCO 15-1 GW (A) PC, (B) FC

ROPCO 15-2 GW PC

If these meet with your approval, please sign and return one copy of each. The extra copies are for your records.

Should you have any questions, do not hesitate to call.

Sincerely,

RICHARDSON OPERATING COMPANY

Cathleen Colby

Cathleen Colby
Land Manager

**RICHARDSON OPERATING COMPANY
AUTHORITY FOR EXPEDITURES**

Well Name: ROPCO 15-2 GW PC SECTION 15 SE/4
Location: T29N R13W
Proposed Depth: 1500'

Date: 4/19/96
Objective Formation: Pictured Cliffs

	Tangible	Intangible	Total	Actual
I. Drilling Costs (Included Run Casing)				
Survey and Permits		1,500		
Title Opinion & Land Costs		10,000		
Damages		1,500		
* Drilling (incl. water and mud) 1500' @ 12.00/ft.		18,000		
BOP Rental		750		
Dirt Work		3,000		
Pit Lining		1,500		
Surface Casing 200' @ 6.00/ft.	1,200			
Casing Head	750			
Cement Surface		1,500		
Power Tongs		1,000		
Casing 1500' @ 5.00/ft.	7,500			
Trucking		2,000		
Logs		4,000		
Engineering		2,500		
Cement Longstring		4,000		
Total Cost to Run Casing	9,450	51,250	60,700	
5.9375% Farmington, NM Tax			3,604	
10% Contingency			6,430	
Grand Total to Run Casing			70,734	
II. Completion Costs				
Rig Anchors		600		
Logs		3,500		
Perf		2,000		
Wellhead & Fittings	5,000			
Tubing 1500' @ 1.50/ft.	2,250			
Stimulation		24,000		
Tool Rental		2,000		
Trucking		3,000		
Battery Installation		4,000		
Restore Location		1,500		
Engineering		6,500		
Treater	5,000			
Flowline	5,000			
Tank & Fittings	5,000			
Gravel		2,000		
Workover Rig		7,500		
Completion Fluids		1,000		
El Paso Hookup		13,000		
Division Order		10,000		
Frac Tank Rental		1,000		
Flowback		2,000		
Fence Location	2,000			
Total Completion Costs	24,250	83,600	107,850	
5.9375% Farmington, NM Tax			6,404	
10% Contingency			11,425	
Drilling Costs			70,734	
Grand Total Well Costs			196,413	

11.7831% CONOCO INC. DATE _____
88.2169% RICHARDSON OPERATING CO ET AL DATE _____

APPROVED _____ WI Share of Costs \$23,144
APPROVED _____ \$173,270
Total \$196,413

AUTHORITY FOR EXPEDITURES

Well Name: ROPCO 15-1 (A) PC, (B) FC SECTION 15 PC NE/4, FC E/2

Location: T29N R13W

Date: 4/19/96

Proposed Depth: 1400' Fruitland Coal
1500' Pictured Cliffs

Objective Formation: Commingled Pictured Cliffs
and Fruitland Coal

	Tangible	Intangible	Total	Fruitland Coal	Pictured Cliffs
I. Drilling Costs (Included Run Casing)					
Survey and Permits -----		1,500		750	750
Title Opinion & Land Costs-----		10,000		5,000	5,000
Damages-----		1,500		750	750
Drilling (incl. water and mud) 1500' @ 12.00/ft.---		18,000		8,400	9,600
BOP Rental-----		750		375	375
Dirt Work-----		3,000		1,500	1,500
Pit Lining-----		1,500		750	750
Surface Casing 200' @ 6.00/ft.-----	1,200			600	600
Casing Head-----	750			375	375
Cement Surface-----		1,500		750	750
Power Tongs-----		1,000		500	500
Casing 1500' @ 5.00/ft.-----	7,500			3,500	4,000
Trucking-----		2,000		1,000	1,000
Logs-----		4,000		2,000	2,000
Engineering-----		2,500		1,250	1,250
Cement Longstring-----		4,000		1,867	2,133
Total Cost to Run Casing-----	9,450	51,250	60,700	29,367	31,333
5.9375% Farmington, NM Tax			3,604	1,744	1,860
10% Contingency-----			6,430	3,111	3,319
Grand Total to Run Casing-----			70,734	34,222	36,513
II. Completion Costs					
Rig Anchors-----		600		300	300
Logs-----		3,500		1,750	1,750
Perf-----		4,000		2,000	2,000
Wellhead & Fittings-----	5,000			2,500	2,500
Tubing 1500' @ 1.50/ft.-----	2,250			1,050	1,200
Stimulation-----		48,000		24,000	24,000
Tool Rental-----		2,000		1,000	1,000
Trucking-----		3,000		1,500	1,500
Battery Installation-----		4,000		2,000	2,000
Restore Location-----		1,500		750	750
Engineering-----		6,500		3,250	3,250
Treater-----	5,000			2,500	2,500
Flowline-----	5,000			2,500	2,500
Tank & Fittings-----	5,000			2,500	2,500
Gravel-----		2,000		1,000	1,000
Workover Rig-----		15,000		7,500	7,500
Completion Fluids-----		2,000		1,000	1,000
El Paso Hookup-----		13,000		6,500	6,500
Division Order-----		10,000		5,000	5,000
Frac Tank Rental-----		1,000		500	500
Flowback-----		2,000		1,000	1,000
Fence Location-----	2,000			1,000	1,000
Total Completion Costs-----	24,250	118,100	142,350	71,100	71,250
5.9375% Farmington, NM Tax			8,452	4,222	4,230
10% Contingency-----			15,080	7,532	7,548
Drilling Costs-----			70,734	34,222	36,513
Grand Total Well Costs			236,617	117,075	119,541

WI Share of Costs

FRUITLAND COAL

5.8916% CONOCO INC.

DATE _____

APPROVED _____

\$6,898

94.1084% RICHARDSON OPERATING CO. ET AL

DATE _____

APPROVED _____

\$110,178

PICTURED CLIFFS

100% RICHARDSON OPERATING CO. ET AL

DATE _____

APPROVED _____

\$119,541

Total

\$236,617

William W. Franklin
Senior Land Advisor
Midland Division
Exploration Production
North America

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, Texas 79705-4500
BUS. (915) 686-5405
FAX (915) 686-5596

February 20, 1996

Ms. Cathleen Colby
Richardson Operating Company
1700 Lincoln, Suite 1700
Denver, Colorado 80203

Re: **E $\frac{1}{2}$ Section 15-T29N-R13W**
San Juan County, New Mexico

Dear Cathleen:

Enclosed as requested is a cost allocation procedure previously used by Amoco Production Company and Conoco Inc. to handle the administration of a well when ownership was not common between the commingled zones. The language basically amends a portion of Article III of a typical AAPL 1982 JOA form and could be used to amend Article III, or, this procedure could be incorporated into the Agreement as Article XV (other provisions).

Further, our field personnel in Farmington are reviewing the proposed location of the well to determine what problems, if any, exist in drilling a well there. We will probably request Richardson to absorb any liability and follow some sort of safety and environmental protocol.

In addition, our real estate personnel in Ponca City have located the chain of title on the surface tract claimed by Conoco and sent it to me yesterday. I should be getting this to you early next week.

I look forward to working with you on the operating agreement and a successful venture overall.

Respectfully,



William W. Franklin

Enclosure