

wants to sell for \$5,000 for .7574 ac
= \$6,601.53/ac



RICHARDSON OPERATING COMPANY

wants \$4,000 for .7574 ac
surf - b. PC - sell to us
= \$5,281.22/ac

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

50/
/

May 13, 1996 offered to lease for \$200/ac
or buy for \$400/ac

Mr. Darrell Gene Hardy
c/o Mr. Richard Parmley, Jr.
232 N. Schwartz
Farmington, NM 87401

Certified Mail P 296 557 461

Re: West Gallegos Prospect
ROPCO 15-1 GW (A) PC, (B) FC Well
NE/4-Section 15-T29N-R13W
San Juan County, New Mexico

Dear Mr. Hardy:

Richardson Operating Company proposes the drilling of a well to a depth sufficient to adequately test the Pictured Cliffs and Fruitland Coal formations, anticipated total depth being 1,500 feet. The well will be located in the SE/4NE/4 of Section 15, either at a standard or exception location. The NE/4 of Section 15, Township 29 North, Range 13 West, NMPM will be dedicated as the proration unit for the Pictured Cliffs formation of the well. The E/2 of said Section 15 will be dedicated as the proration unit for the Fruitland Coal formation.

Our AFE dated May 13, 1996 is enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling, testing and completion, either as a producing well or plugging and abandonment in the event of a dry hole, please return an executed copy of the AFE to the undersigned by May 28, 1996.

Upon receipt of your executed AFE, or by prior written request, we will forward our Joint Operating Agreement for your review and execution.

In the event you do not wish to participate, Richardson respectfully requests you elect one of the following options as to your interest, less and except the Dakota formation. Your Dakota rights would not be affected by any of the following elections:

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

Mr. Darrell Gene Hardy
c/o Richard Parmley, Jr.
May 13, 1996
Page 2

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 15% royalty in the case of production, less and except the Dakota formation
2. Sell all of your mineral interest for \$200.00 per net acre, less and except the Dakota formation.
3. Enter into a farmout agreement covering your interest, giving Richardson 180 days in which to drill a well, reserving a proportionate nonconvertible overriding royalty interest equal to the difference between existing burdens and 15%, less and except the Dakota formation.

Your response is respectfully requested by 5 PM MST, May 28, 1996.

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

RICHARDSON OPERATING COMPANY



Cathleen Colby
Land Manager

**RICHARDSON OPERATING COMPANY
AUTHORITY FOR EXPEDITURES**

Well Name: ROPCO 15-1 (A) PC, (B) FC SECTION 15 PC NE/4, FC E/2
 Location: T29N R13W Date: 5/13/96
 Proposed Depth: 1400' Fruitland Coal Objective Formation: Commingled Pictured Cliffs
 1500' 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

0.2367% DARRELL GENE HARDY	DATE _____	APPROVED _____	\$277
99.7633% RICHARDSON OPERATING CO. ET AL	DATE _____	APPROVED _____	\$116,798

PICTURED CLIFFS

0.4734% DARRELL GENE HARDY	DATE _____	APPROVED _____	\$566
99.5266% RICHARDSON OPERATING CO. ET AL	DATE _____	APPROVED _____	\$118,975
		Total	\$236,617

SENDER
 Complete items 1 and/or 2 for additional services.
 Complete items 3 and 4a, 5, 6.
 Print your name and address on the reverse of this form so that we can return this card to you.
 Attach this form to the front of the mailpiece, or on the back if space does not permit.
 Write Return Receipt Requestor on the mailpiece below the article number. The Return Receipt will show to whom the article was delivered and the date delivered.

1. Addressee's Address
 2. Restricted Delivery
 Consult postmaster for fees.

3. Article Addressed to:
 Mr. Darrell Gene Hardy
 c/o Mr. Richard Parmley, Jr.
 232 N. Schwartz
 Farmington, Nm 87401

4a. Article Number:
 F 296 557 461

4b. Service Type:
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

5. Signature (Addressee):
 [Signature]

6. Signature (Agent):
 Richard Parmley

7. Date of Delivery:
 5/15/96

8. Addressee's Address (Only if requested and fee is paid):

PS Form 3811, December 1991, U.S. POSTAL SERVICE 1992-307-530

DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

P 296 557 461



Receipt for Certified Mail
 No Insurance Coverage Provided
 Do not use for International Mail
 (See Reverse)

Sent to Mr. Darrell Gene Hardy c/o Mr. Richard Parmley, Jr.	
Street and No. 232 N. Schwartz	
P.O., State and ZIP Code Farmington, Nm 87401	
Postage	\$.32
Certified Fee	1.10
Social Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.10
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$ 2.52
Postmark or Date	
SHIPPED 5/15/96	

PS Form 3800, June 1991



RICHARDSON OPERATING COMPANY

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

5-7-96

Jill sent letter to legal dept.

April 19, 1996

Western United Life Assurance Company
Attn: Jill Stone
W. 929 Sprague
Spokane, WA 99204

Susan Sawyer
sent to her to attorney's
Western gives permission
for them to do what they
want - sent yesterday -
5-6-96

(509) 838-3384

Richard Parmlley, Jr.
232 N. Schwartz
Farmington, Nm
87499

Re: Account 88-054
Request for Oil and Gas Lease
E/2-Section 15-T29N-R13W
San Juan County, New Mexico

(505) 327-0496

Dear Ms. Stone:

A recent check of the county records indicates Western United Life Assurance Company is holding title in trust pursuant to Real Estate Contract with Darrell Gene Hardy under the following tract of land, and the mineral rights are not currently subject to an oil and gas lease:

left mess

5-10-96

5-13-96

Township 29 North, Range 13 West, NMPM

Section 15: A tract of land beginning at a point which is North 323.5 feet and East 460 feet from the Southwest corner of the NE/4 of Section 15, Township 29 North, Range 13 West, NMPM; thence North 150 feet; thence East 120 feet; thence South 150 feet; thence West 120 feet to the point of beginning

Beginning at a point which is 283.5 feet North and 460 feet East of the Southwest corner of the NE/4 of Section 15, Township 29 North, Range 13 West, NMPM; thence North 89° 57' East 60 feet; thence South 0° 9' West 150 feet; thence South 89° 57' West 60 feet; thence North 0° 9' East 150 feet to the point of beginning
San Juan County, New Mexico
Less and except the Dakota formation
Containing 0.7574 acres, more or less

Richardson Production Company offers to take a no occupancy oil and gas lease that provides for a three year primary term with bonus consideration based on \$50.00 per net acre for the 0.7574 net mineral acres. The lease would also provide for a 15% royalty in the case of production. Attached is a copy of our proposed oil and gas lease form.

Western United Life Assurance Company
April 19, 1996
Page 2

If you accept the above terms and conditions, please so indicate by signing below and returning one copy of this letter to me at your earliest convenience.

Thank you for your consideration in this matter. If you have any questions, do not hesitate to call me at (303) 830-8000.

Sincerely,

RICHARDSON PRODUCTION COMPANY

Cathleen Colby
Cathleen Colby
Land Manager

AGREED TO and ACCEPTED this _____ day of _____, 1996.

WESTERN UNITED LIFE ASSURANCE COMPANY

By: _____

Title: _____



RICHARDSON OPERATING COMPANY

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

3-20-96
no phone # in book
or directory assist

March 11, 1996

Mr. Derald N. Hawkes, Trustee
Under Trust Agreement Dtd 10-24-78
801 E. Broadway
Farmington, NM 87401

under RE contract to
Darrell Gene Hardy

However: owner specifically retains
ownership

Re: Request for Oil and Gas Lease
E/2-Section 15-T29N-R13W
San Juan County, New Mexico

Dear Mr. Hawkes:

A recent check of the county records indicates you own mineral rights in the following described lands that are not currently subject to an oil and gas lease:

Township 29 North, Range 13 West, NMPM
Section 15: Certain tracts of land within the E/2
Less and except the Dakota formation
Containing 0.7574 acres, more or less

Richardson Production Company offers to take a no occupancy oil and gas lease that provides for a three year primary term with bonus consideration based on \$50.00 per net acre for your 0.7574 net mineral acres. The lease would also provide for a 15% royalty in the case of production. Attached is a copy of our proposed oil and gas lease form.

If you accept the above terms and conditions, please so indicate by signing below and returning one copy of this letter to me at your earliest convenience.

Thank you for your consideration in this matter. If you have any questions, do not hesitate to call me collect at (303) 830-8000.

Sincerely,

RICHARDSON PRODUCTION COMPANY

Cathleen Colby
Cathleen Colby
Land Manager

AGREED TO and ACCEPTED this _____ day of _____, 1996.

Derald N. Hawkes, Trustee Under
Trust Agreement Dtd 10-24-78