



2-20-96

RICHARDSON OPERATING COMPANY

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

January 19, 1996 *resent 2-12-96*
w/map

1 current
AB Lane Electric Motor Service
(303) 327-9442

Ms. Fern Knight Lane
P.O. Box 822
Farmington, NM 87499-0822

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

talked to about 4 times
no response

Dear Ms. Lane:

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
Surface to base of Pictured Cliffs formation
Containing 0.2926 acres, more or less

Richardson Production Company offers to take an oil and gas lease that provides for a three year primary term with bonus consideration based on \$50.00 per net acre for your 0.2926 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
Land Manager

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

Fern Knight Lane

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

February 12, 1996

Ms. Fern Knight Lane
P.O. Box 822
Farmington, NM 87499-0822

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San Juan County, New Mexico

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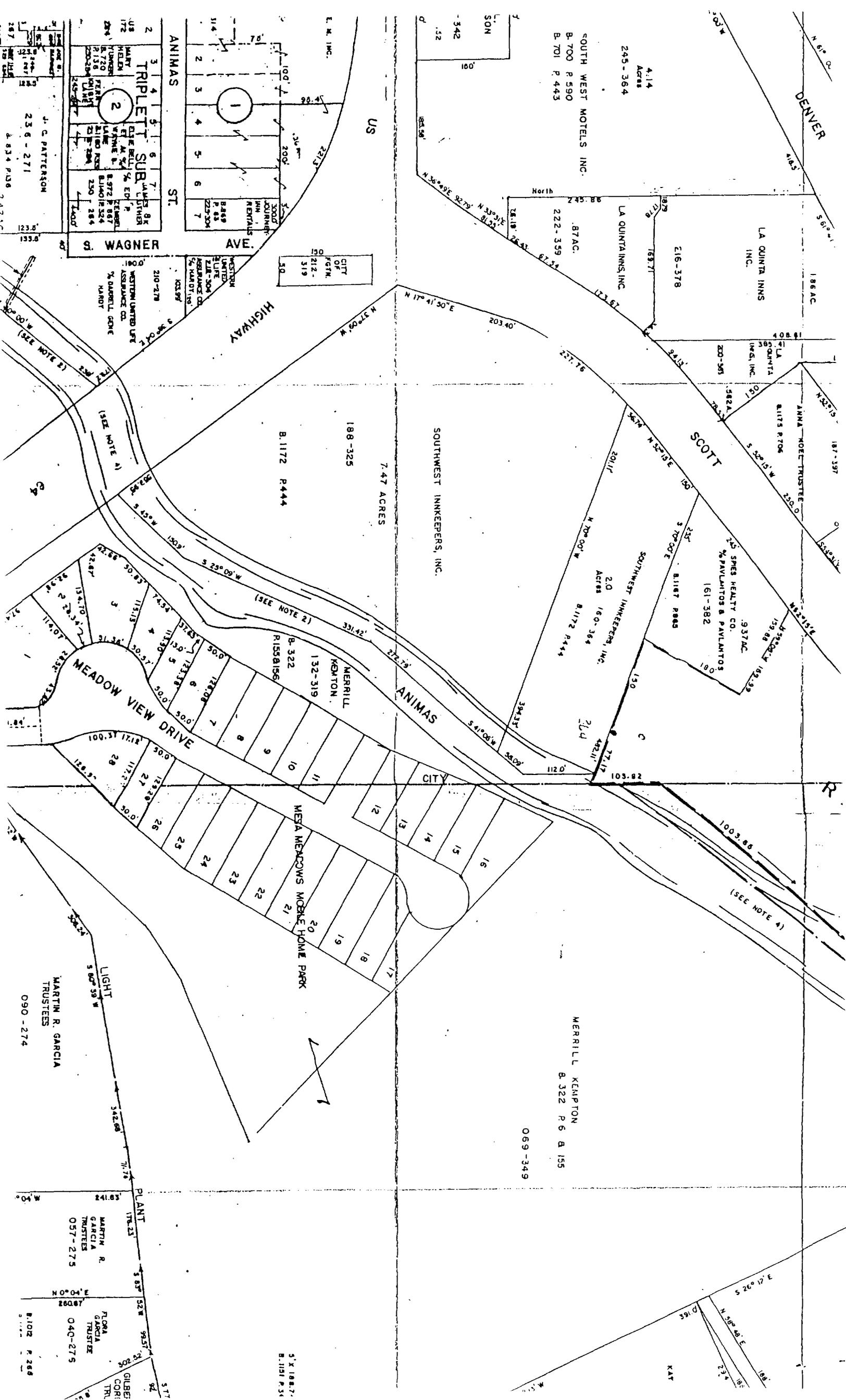
RICHARDSON PRODUCTION COMPANY

Cathleen Colby
Land Manager

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

Fern Knight Lane

Ms Lane,
Enclosed is the map that you asked for.
There would not be a well drilled on
your property. You would be pooled with
other leases and share in the royalty.
Thank you, Cathy Colby



DENVER

4.14 Acres
245-364
SOUTH WEST MOTELS INC.
B-700 P 590
B-701 P 443

LA QUINTA INNS INC.

LA QUINTA INNS, INC.
222-359
.87 AC.

ANIMAS ST.

WAGNER AVE.

TRIPLET SUB
LOT 1
LOT 2
LOT 3
LOT 4
LOT 5
LOT 6
LOT 7

US
E. M. INC.
J. C. PATTERSON
236-271
4.834 P.108 7.427 AC.

CITY OF FT. MONTGOMERY
E. 212-319

SOUTHWEST INNKEEPERS, INC.

SCOTT

188-325
7.47 ACRES
B. 1172 P. 444

2.5 SPES HEALTHY CO.
% PAVLANTOS & PAVLANTOS
161-382
191
137AC

SOUTHWEST INNKEEPERS, INC.
2.0 Acres
160-364
B. 1172 P. 444

MEADOW VIEW DRIVE

ANIMAS CITY

MESA MEADOWS MOBILE HOME PARK

MARTIN R. GARCIA TRUSTEES
090-274

MERRILL KEMPTON
B. 322 P. 6 & 155
069-349

MARTIN R. GARCIA TRUSTEES
057-275

FLORA GARCIA TRUSTEE
040-275

B. 101 P. 34



RICHARDSON OPERATING COMPANY

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

February 27, 1996

Mrs. Fern Knight Lane
P.O. Box 822
Farmington, NM 87499-0822

Certified Mail P 296 557 447

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 Mrs. Lane:

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 February 27, 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 March 19, 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 insofar as it covers from the surface of the earth to the base of the Pictured Cliffs formation. Your Dakota rights would not be affected by any of the following elections:

Mrs. Fern Knight Lane
February 27, 1996
Page 2

1. Enter into 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 and a 15% royalty in the case of production, surface to base of Pictured Cliffs formation
2. Sell all of your mineral interest for \$200.00 per net acre, surface to base of Pictured Cliffs 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%, surface to base of Pictured Cliffs formation.

Your response is respectfully requested by 5 PM MST, March 19, 1996.

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

RICHARDSON OPERATING COMPANY

Cathleen Colby

Cathleen Colby
Land Manager

P 296 557 447



Receipt for Certified Mail

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

Sent to	
Mrs. Fern Knight Lane	
Street and No.	
P.O. Box 822	
P.O., State and ZIP Code	
Farmington, NM 87499	
Postage	\$.55
Certified Fee	1.10
Special 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	\$ 2.75
Postmark or Date	

PS Form 3800, June 1991

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- 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 Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

3. Article Addressed to:

Mrs. Fern Knight Lane
P.O. Box 822
Farmington, NM 87499-0822

5. Signature (Addressee)
FERN LANE

6. Signature (Agent)
Fern Lane

PS Form 3811, December 1991 * USA.P.O.: 1992-307-530

4a. Article Number
P 296 557 447

4b. Service Type
 Registered
 Certified
 Express Mail
 Registered Mail
 Registered Mail (Merchandise)

7. Date of Delivery
NOV 19 1991

8. Addressee's Address and fee is paid
NOV 19 1991

1. Addressee's Address fee)

2. Restricted Delivery
Consult postmaster for fee.

PS Form 3811, December 1991 * USA.P.O.: 1992-307-530

Thank you for using Return Receipt Service.

**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: 2/27/96
 Proposed Depth: 1400' Fruitland Coal Objective Formation: Commingled Pictured Cliffs
 1500' Pictured Cliffs and Fruitland Coal

I. Drilling Costs (Included Run Casing)

Survey and Permits -----
 Title Opinion & Land Costs-----
 Damages-----
 • Drilling (Incl. water and mud) 1500' @ 12.00/ft.---
 BOP Rental-----
 Dirt Work-----
 Pit Lining-----
 Surface Casing 200' @ 6.00/ft.-----
 Casing Head-----
 Cement Surface-----
 Power Tongs-----
 Casing 1500' @ 5.00/ft.-----
 Trucking-----
 Logs-----
 Engineering-----
 Cement Longstring-----
 Total Cost to Run Casing-----
 5.9375% Farmington, NM Tax
 10% Contingency-----
 Grand Total to Run Casing-----

	Tangible	Intangible	Total	Fruitland Coal	Pictured Cliffs
		1,500		750	750
		7,500		3,750	3,750
		1,500		750	750
		18,000		8,400	9,600
		750		375	375
		3,000		1,500	1,500
		1,500		750	750
	1,200			600	600
	750			375	375
		1,500		750	750
		1,000		500	500
	7,500			3,500	4,000
		2,000		1,000	1,000
		4,000		2,000	2,000
		2,500		1,250	1,250
		4,000		1,867	2,133
	9,450	48,750	58,200	28,117	30,083
			3,456	1,669	1,786
			6,166	2,979	3,187
			67,821	32,765	35,056

II. Completion Costs

Rig Anchors-----
 Logs-----
 Perf-----
 Wellhead & Fittings-----
 Tubing 1500' @ 1.50/ft.-----
 Stimulation-----
 Tool Rental-----
 Trucking-----
 Battery Installation-----
 Restore Location-----
 Engineering-----
 Treator-----
 Flowline-----
 Tank & Fittings-----
 Gravel-----
 Workover Rig-----
 Completion Fluids-----
 El Paso Hookup-----
 Division Order-----
 Frac Tank Rental-----
 Flowback-----
 Fence Location-----
 Total Completion Costs-----
 5.9375% Farmington, NM Tax
 10% Contingency-----
 Drilling Costs-----
 Grand Total Well Costs

		600		300	300
		3,500		1,750	1,750
		4,000		2,000	2,000
	5,000			2,500	2,500
	2,250			1,050	1,200
		48,000		24,000	24,000
		2,000		1,000	1,000
		3,000		1,500	1,500
		4,000		2,000	2,000
		1,500		750	750
		6,500		3,250	3,250
	5,000			2,500	2,500
	5,000			2,500	2,500
	5,000			2,500	2,500
		2,000		1,000	1,000
		15,000		7,500	7,500
		2,000		1,000	1,000
		13,000		6,500	6,500
		2,500		1,250	1,250
		1,000		500	500
		2,000		1,000	1,000
	2,000			1,000	1,000
	24,250	110,600	134,850	67,350	67,500
			8,007	3,999	4,008
			14,286	7,135	7,151
			67,821	32,765	35,056
			224,964	111,249	113,715

WI Share of Costs

FRUITLAND COAL

0.0914% FERN KNIGHT LANE	DATE _____	APPROVED _____	\$102
99.9086% RICHARDSON OPERATING CO. ET AL	DATE _____	APPROVED _____	\$111,147

PICTURED CLIFFS

0.1829% FERN KNIGHT LANE	DATE _____	APPROVED _____	\$208
99.8171% RICHARDSON OPERATING CO. ET AL	DATE _____	APPROVED _____	\$113,507