

Exhibit 3.A-1



RICHARDSON PRODUCTION C

1700 Lincoln, Suite 1700
Denver, Colorado 80203 (303) 830-8300
Fax (303) 830-8009

September 28, 2000

Dr. William A. Hall
416 N. Behrend
Farmington, NM 87401

Certified Mail 7000 0520 0023 4373 2882

Re: Fruitland Coal and Pictured Cliffs Well Proposal
ROPCO #9-1 Well
E/2-Section 9-T29N-R14W
San Juan County, New Mexico

Dear Dr. Hall:

Richardson Production Company proposes to drill a downhole commingled Fruitland Coal and Pictured Cliffs well on the captioned lands. A recent check of the county records indicates that you own a 30.00 net acre unleased mineral interest within the spacing unit. The ROPCO #9-1 well will be located in the NE/4NE/4 of Section 9-T29N-R14W. The spacing unit for the Fruitland Coal formation will be E/2 of Section 9, and the spacing unit for the Pictured Cliffs formation will be the NE/4 of Section 9.

Enclosed for your review is an AFE itemizing the estimated costs for the well. In the event you wish to participate in this drilling and completion attempt, please return an executed copy of the AFE to the undersigned by October 20, 2000. Upon receipt of your executed AFE, or by prior written request, we will forward an AAPL Form 610 Joint Operating Agreement for your review and execution, providing for, among other things, a 300%/100% nonconsent penalty and \$5000 drilling/\$500 producing overhead rates.

In the event you do not wish to participate, Richardson respectfully requests you elect one of the following options as to your interest:

Article Number (Copy from service label)
7000 0520 0023 4373 2882
S Form 3811, July 1999 Domestic Return Receipt 102595-00 M-0952

Dr. William A. Hall
416 N. Behrend
Farmington, NM 87401

SENDER: COMPLETE THIS SECTION
1 Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
2 Print your name and address on the reverse so that we can return the card to you.
3 Attach this card to the back of the mailpiece, or on the front if space permits.
Article Addressed to:

COMPLETE THIS SECTION ON DELIVERY	
A. Received by (Please Print Clearly)	B. Date of Delivery
C. Signature <i>William A. Hall</i>	Agent
D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below	
3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Registered <input type="checkbox"/> Insured Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> C.O.D. <input type="checkbox"/> Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	

1. Enter into an oil and gas lease that provides for a three year primary term with bonus consideration based on \$30.00 per net acre and a 12.5% royalty in the event of production
2. Sell all of your mineral interest for \$70.00 per net acre

Your response is respectfully requested by October 20, 2000.

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

RICHARDSON PRODUCTION COMPANY



Cathleen Colby
Land Manager

On this _____ day of _____, 2000, I hereby elect the following:

_____ Participate in proposed drilling and completion attempt, executed AFE is returned herewith.

_____ Enter into Oil and Gas Lease for \$30.00 per net mineral acre, with lease to provide for a three year primary term and 12.5% royalty in the event of production.

_____ Sell mineral rights for \$70.00 per net mineral acre.

By: _____

Printed Name: _____

Well Name: ROPCO #9-1 SECTION 9 PC NE/4 FC E/2
 Location: T29N R14W
 Proposed Depth: 900' Fruitland Coal
 1200' Pictured Cliffs

Date: 09/28/2000
 Objective Formation: Commingled Pictured Cliffs
 and Fruitland Coal

I. Drilling Costs (Included Run Casing)

	Tangible	Intangible	Total	Fruitland Coal	Pictured Cliffs
Survey and Permits		3,000		1,500	1,500
Title Opinion		3,000		1,500	1,500
* Drilling (incl. water and mud) 1200' @ 15.00/ft.		18,000		6,750	11,250
BOP Rental		750		375	375
Dirt Work		4,000		2,000	2,000
Pit Lining		2,800		1,400	1,400
Surface Casing 200' @ 7.18/ft.	1,436			718	718
Casing Head	1,500			750	750
Cement Surface		2,300		1,150	1,150
Power Tongs		1,000		500	500
Casing 1200' @ 5.50/ft.	6,600			2,475	4,125
Trucking		3,000		1,500	1,500
Logs		3,750		1,875	1,875
Engineering		5,000		2,500	2,500
Cement Longstring		4,000		1,500	2,500
Total Cost to Run Casing	9,536	50,600	60,136	26,493	33,643
5.9375% Farmington, NM Tax			3,571	1,573	1,998
10% Contingency			6,371	2,807	3,564
Grand Total to Run Casing			70,077	30,873	39,205

II. Completion Costs

Rig Anchors		750		375	375
Logs		3,000		1,500	1,500
Perf		3,500		1,750	1,750
Wellhead & Fittings	4,000			2,000	2,000
Tubing 1200' @ 2.50/ft.	3,000			1,125	1,875
Stimulation		42,000		21,000	21,000
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		3,500		1,750	1,750
Engineering		5,800		2,900	2,900
Treater, Separator	5,300			2,650	2,650
Flowline	4,000			2,000	2,000
Tank & Fittings	1,500			2,250	2,250
Gravel		3,000		1,500	1,500
Workover Rig		10,000		5,000	5,000
Completion Fluids		2,000		1,000	1,000
Pipeline Hookup		13,000		6,500	6,500
Division Order Opinion		1,500		750	750
Frac Tank Rental		2,500		1,250	1,250
Flowback		2,000		1,000	1,000
Fence Location	3,300			1,650	1,650
Total Completion Costs	24,100	103,850	127,950	63,600	64,350
5.9375% Farmington, NM Tax			7,597	3,776	3,821
10% Contingency			13,555	6,738	6,817
Drilling Costs			70,077	30,873	39,205
Grand Total Well Costs			219,179	104,986	114,192

FRUITLAND COAL

90.625% RICHARDSON OPERATING CO ET AL
 9.375% DR WILLIAM A HALL

DATE _____
 DATE _____

APPROVED _____
 APPROVED _____

FO TOTAL

\$95144
 \$9842
 \$104986

PICTURED CLIFFS

93.75% RICHARDSON OPERATING CO ET AL
 6.25% DR WILLIAM A HALL

DATE _____
 DATE _____

APPROVED _____
 APPROVED _____

FO TOTAL
 HALL TOTAL

\$107066
 \$7137
 \$114192
 \$16980

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 28th day of September, 2000, by and between

Dr. William A. Hall, a married man dealing in his sole and separate property

Whose post office address is 416 N. Behrend, Farmington, New Mexico 87401 hereinafter called Lessor (whether one or more) and Richardson Production Company whose post office address is 1700 Lincoln, Suite 1700, Denver, CO 80203, hereinafter called Lessee.

WITNESSETH, That the Lessor, for and in consideration of Ten and more (\$10 & more) DOLLARS cash in hand paid, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, has granted, demised, leased and let, and by these presents does grant, demise, lease and let exclusively unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, and operating for and producing therefrom oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pipe lines, and erection of structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of San Juan, State of New Mexico, described as follows, to-wit:

Township 29 North - Range 14 West, N.M.P.M.

Section 9: See Exhibit "A", attached hereto and made a part hereof

and containing 120.00 acres, more or less.

* three (3)

1. It is agreed that this lease shall remain in force for a term of five (5) years from this date and as long thereafter as oil or gas of whatsoever nature or kind is produced from said leased premises or on acreage pooled therewith, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled therewith but Lessee is then engaged in drilling or re-working operations thereon, then this lease shall continue in force as long as operations are being continuously prosecuted on the leased premises or on acreage pooled therewith; and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on said land or on acreage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or re-working operations within ninety (90) days from date of cessation of production or from date of completion of dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil or gas is produced from the leased premises or on acreage pooled therewith.

2. This is a PAID-UP LEASE. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered.

3. In consideration of the premises the said Lessee covenants and agrees

1st. To deliver to the credit of Lessor, free of cost, in the pipe line to which Lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2nd. To pay Lessor one-eighth (1/8) of the gross proceeds each year, payable quarterly, for the gas from each well where gas only is found, while the same is being used off the premises, and if used in the manufacture of gasoline a royalty of one-eighth (1/8), payable monthly at the prevailing market rate for gas.

3rd. To pay Lessor for gas produced from any oil well and used off the premises or in the manufacture of gasoline or any other product a royalty of one-eighth (1/8) of the proceeds, at the mouth of the well, payable monthly at the prevailing market rate.

4. Where gas from a well capable of producing gas is not sold or used, Lessee may pay or tender as royalty to the royalty owners One Dollar per year per net royalty acre retained hereunder, such payment or tender to be made on or before the anniversary date of this lease next ensuing after the expiration of 90 days from the date such well is shut in and thereafter on or before the anniversary date of this lease during the period such well is shut in. If such payment or tender is made, it will be considered that gas is being produced within the meaning of this lease.

5. If said Lessor owns a less interest in the above described land than the entire and undivided fee simple therein, then the royalties (including any shut-in gas royalty) herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

6. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operation thereon, except water from the wells of Lessor.

7. When requested by Lessor, Lessee shall bury Lessee's pipe line below plow depth.

8. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of Lessor.

9. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.

10. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

11. The rights of Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded documents and other information necessary to establish a complete chain of record title from Lessor, than then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.

12. Lessee, at its option is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described herein and as to any one or more of the formations hereunder, to pool or unitize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in the Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or reforming of any unit shall be accomplished by Lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has therefore been completed or upon which operations for drilling have theretofore been commenced. Production, drilling or reworking operations or a well shut in for want of a market anywhere on a unit which includes all or a part of this lease shall be treated as if it were production, drilling or reworking operations or a well shut in for want of a market under this lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on production from the unit so pooled royalties only in the portion of such production allocated to this lease; such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, Lessee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to Lessor, be regarded as having produced from the particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to Lessor shall be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee.

13. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

14. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor and be subrogated to the rights of the holder thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

15. Should any one or more of the parties hereinabove named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor" as used in this lease, shall mean any one or more or all of the parties who execute this lease as Lessor. All the provisions of this lease shall be binding on the heirs, successors and assigns of Lessor and Lessee.

IN WITNESS WHEREOF, this instrument is executed as of the date first above written

EXHIBIT "A"

Lease Description for Oil and Gas Lease dated September 28, 2000, by and between Dr. William A. Hall, a married man dealing in his sole and separate property, Lessor, and Richardson Production Company, Lessee.

Township 29 North, Range 14 West, NMPM

Tract I: Section 9: N/2N/2SW/4NE/4, SE/4NW/4SE/4, S/2SW/4SE/4, S/2N/2SW/4SE/4, E/2N/2N/2SW/4SE/4, S/2N/2SW/4NE/4, S/2SW/4NE/4 and

That part of the W/2NW/4SE/4 of said Section 9 described as follows: Beginning North 00 degrees 15 minutes East 324 feet from the Southwest corner of said W/2NW/4SE/4; Thence North 00 degrees 15 minutes East 996.0 feet; Thence East 658.68 feet; Thence South 00 degrees 15 minutes West 996.0 feet; Thence West 658.68 feet to the point of beginning.
Containing 100.00 acres, more or less

Tract II: Beginning at a point which is 972.0 feet North 0 degrees 15 minutes East from the South 1/4 corner of said Section 9; Thence North 00 degrees 15 minutes East 661.70 feet; Thence East 658.68 feet; Thence South 00 degrees 15 minutes West 661.70 feet; Thence West 658.68 feet to the point of beginning.
Containing 10.00 acres, more or less

Tract III: Beginning North 0 degrees 15 minutes East 1969.70 feet and East 658.68 feet from the South 1/4 corner of said Section 9; Thence North 00 degrees 15 minutes East 660.00 feet; Thence East 660.00 feet; Thence South 00 degrees 15 minutes West 660.00 feet; Thence West 660.00 feet to the point of beginning.
Containing 10.00 acres, more or less

San Juan County, New Mexico

SIGNED FOR IDENTIFICATION:

Dr. William A. Hall



DR. WILLIAM A. HALL, O.D.

416 N. Behrend Ave.
Farmington, NM 87401

Telephone: (505) 325-6350

RECEIVED OCT 19 2000

October 4, 2000

Dear Ms. Colby,

This is in response to your lease proposal concerning my mineral interest in E/2 Sect. 9-T29N-R14W for a proposed Fruitland and pictured cliffs well.

However, your offer is unacceptable as to the royalty interest of 12.5%. I have no zeal for your bonus money and propose instead a flat 25% royalty interest.

I would like nothing better than to see a productive well that would be of benefit to all concerned.

Sincerely,

William A. Hall



RICHARDSON PRODUCTION COMPANY

1700 Lincoln, Suite 1700
Denver, Colorado 80203 (303) 830-8000
Fax (303) 330-8009

October 16, 2000

Dr. William A. Hall
416 N. Behrend Avenue
Farmington, NM 87401

Re: Well Proposals
Section 9-T29N-R14W
San Juan County, New Mexico

Dear Dr. Hall:

We are in receipt of your two letters dated October 4, 2000, pertaining to well proposals made by Richardson as follows:

ROPCO 9-1	E/2 Fruitland Coal	NE/4 Pictured Cliffs
ROPCO 9-2		SE/4 Pictured Cliffs
ROPCO 9-3	W/2 Fruitland Coal	SW/4 Pictured Cliffs

The terms of your counterproposals are declined, however, our offers to you remain open as stated in the well proposals.

There is also an additional option available to you, which is to be pooled into the wells under the rules and regulations of the New Mexico Oil Conservation Division. In the absence of receiving an election from you in a reasonable amount of time, we will commence pooling the uncommitted interests.

Please feel to call if you have any questions or if you need additional information.

Sincerely,

RICHARDSON PRODUCTION COMPANY

Cathleen Colby
Land Manager

Exhibit 3 A-2



RICHARDSON PRODUCTION COMPANY

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

September 28, 2000

Mr. and Mrs. Sherman Singleton
2001 East Main
Farmington, NM 87401

Certified Mail 7000 0520 0023 4373 2905

Re: Fruitland Coal and Pictured Cliffs Well Proposal
ROPCO #9-1 Well
E.2-Section 9-T29N-R14W
San Juan County, New Mexico

Dear Mr. and Mrs. Singleton:

Richardson Production Company proposes to drill a downhole commingled Fruitland Coal and Pictured Cliffs well on the captioned lands. A recent check of the county records indicates that you own a 2.50 net acre unleased mineral interest within the spacing unit. The ROPCO #9-1 well will be located in the NE/4NE/4 of Section 9-T29N-R14W. The spacing unit for the Fruitland Coal formation will be E/2 of Section 9, and the spacing unit for the Pictured Cliffs formation will be the NE/4 of Section 9.

Enclosed for your review is an AFE itemizing the estimated costs for the well. In the event you wish to participate in this drilling and completion attempt, please return an executed copy of the AFE to the undersigned by October 20, 2000. Upon receipt of your executed AFE, or by prior written request, we will forward an AAPL Form 610 Joint Operating Agreement for your review and execution, providing for, among other things, a 300%:100% nonconsent penalty and \$5000 drilling/\$500 producing overhead rates.

In the event you do not wish to participate, Richardson respectfully requests you elect one of the following options as to your interest:

**U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)**

Postage \$ _____
Certified Fee _____
Return Receipt Fee (Endorsement Required) _____
Restricted Delivery Fee (Endorsement Required) _____
Total Postage & Fees \$ _____

Postmark Here: **SEP 28 2000**

Recipient: **Mr. and Mrs. Sherman Singleton**
Address: **2001 East Main**
City, State: **Farmington, NM 87401**

7000 0520 0023 4373 2905

Mr. and Mrs. Sherman Singleton
September 28, 2000
Page 2

1. Enter into an oil and gas lease that provides for a three year primary term with bonus consideration based on \$30.00 per net acre and a 12.5% royalty in the event of production
2. Sell all of your mineral interest for \$70.00 per net acre

Your response is respectfully requested by October 20, 2000.

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

RICHARDSON PRODUCTION COMPANY



Cathleen Colby
Land Manager

On this _____ day of _____, 2000, we hereby elect the following:

- _____ Participate in proposed drilling and completion attempt, executed AFE is returned herewith.
- _____ Enter into Oil and Gas Lease for \$30.00 per net mineral acre, with lease to provide for a three year primary term and 12.5% royalty in the event of production.
- _____ Sell mineral rights for \$70.00 per net mineral acre.

By: _____

By: _____

Printed Name: _____

Printed Name: _____

AUTHORITY FOR EXPEDITURES

Well Name: ROPCO #9-1 SECTION 9 PO NE 4 FO E 12
 Location: T29N R14W
 Proposed Depth: 900' Fruitland Coal
 1200' Pictured Cliffs

Date: 09/28/2000
 Objective Formation: Commingled Fruitland 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		3,000		1,500	1,500
* Drilling (incl. water and mud) 1200' @ 15.00/ft.		18,000		6,750	11,250
SOP Rental		750		375	375
Dirt Work		4,000		2,000	2,000
Pit Lining		2,600		1,400	1,400
Surface Casing 200' @ 7.18/ft.	1,436			718	718
Casing Head	1,500			750	750
Cement Surface		2,300		1,150	1,150
Power Tongs		1,000		500	500
Casing 1200' @ 5.50/ft.	6,600			2,475	4,125
Trucking		3,000		1,500	1,500
Logs		3,750		1,875	1,875
Engineering		5,000		2,500	2,500
Cement Longstring		4,000		1,500	2,500
Total Cost to Run Casing	9,536	50,600	60,136	26,493	33,643
5.9375% Farmington, NM Tax			3,571	1,673	1,998
10% Contingency			6,371	2,807	3,564
Grand Total to Run Casing			70,077	30,973	39,205
II. Completion Costs					
Rig Anchors		750		375	375
Logs		3,000		1,500	1,500
Perforating		3,500		1,750	1,750
Wellhead & Fittings	2,000			2,000	2,000
Tubing 1200' @ 2.50/ft.	3,000			1,125	1,875
Stimulation		42,000		21,000	21,000
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		3,500		1,750	1,750
Engineering		5,800		2,900	2,900
Treater, Separator	5,300			2,650	2,650
Flowline	4,000			2,000	2,000
Tank & Fittings	4,500			2,250	2,250
Gravel		3,000		1,500	1,500
Workover Rig		10,000		5,000	5,000
Completion Fluids		2,000		1,000	1,000
Pipeline Hookup		13,000		6,500	6,500
Division Order Opinion		1,500		750	750
Frac Tank Rental		2,500		1,250	1,250
Flowback		2,000		1,000	1,000
Fence Location	3,300			1,650	1,650
Total Completion Costs	24,100	103,850	127,950	63,600	64,350
5.9375% Farmington, NM Tax			7,597	3,776	3,821
10% Contingency			13,556	6,738	6,817
Drilling Costs			70,077	30,973	39,205
Grand Total Well Costs			219,183	107,980	114,192

FRUITLAND COAL

99.01875% RICHARDSON OPERATING CO ET AL	DATE _____	APPROVED _____	\$104166
0.98125% SHERMAN & HELEN SINGLETON, LT	DATE _____	APPROVED _____	\$820
		FO TOTAL	\$104986

PICTURED CLIFFS

100.0000% RICHARDSON OPERATING CO ET AL	DATE _____	APPROVED _____	\$114192
		PO TOTAL	\$114192
		SINGLETON TOTAL	\$820

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 28th day of September, 2000, by and betweenSherman Singleton and Helen Singleton, husband and wife, as joint tenantsWhose post office address is 2001 East Main, Farmington, New Mexico 87401 hereinafter called Lessor (whether one or more) and Richardson Production Company whose post office address is 1700 Lincoln, Suite 1700, Denver, CO 80203, hereinafter called Lessee.

WITNESSETH, That the Lessor, for and in consideration of Ten and more (\$10 & more) DOLLARS cash in hand paid, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, has granted, demised, leased and let, and by these presents does grant, demise, lease and let exclusively unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, and operating for and producing therefrom oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pipe lines, and erection of structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of San Juan, State of New Mexico, described as follows, to-wit:

Township 29 North - Range 14 West, N.M.P.M.

Section 9: Beginning North 0 degrees 15 minutes East 1969.70 feet and East 658.68 feet from the South 1/4 corner of said Section 9; Thence North 00 degrees 15 minutes East 660.00 feet; Thence East 660.00 feet; Thence South 00 degrees 15 minutes West 660.00 feet; Thence West 660.00 feet to the point of beginning.

and containing 10.00 acres, more or less.

* three (3)

1. It is agreed that this lease shall remain in force for a term of five (5) years from this date and as long thereafter as oil or gas of whatsoever nature or kind is produced from said leased premises or on acreage pooled therewith, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled therewith but Lessee is then engaged in drilling or re-working operations thereon, then this lease shall continue in force as long as operations are being continuously prosecuted on the leased premises or on acreage pooled therewith, and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on said land or on acreage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or re-working operations within ninety (90) days from date of cessation of production or from date of completion of dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil or gas is produced from the leased premises or on acreage pooled therewith.

2. This is a PAID-UP LEASE. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered.

3. In consideration of the premises the said Lessee covenants and agrees:

1st. To deliver to the credit of Lessor, free of cost, in the pipe line to which Lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2nd. To pay Lessor one-eighth (1/8) of the gross proceeds each year, payable quarterly, for the gas from each well where gas only is found, while the same is being used off the premises, and if used in the manufacture of gasoline a royalty of one-eighth (1/8), payable monthly at the prevailing market rate for gas.

3rd. To pay Lessor for gas produced from any oil well and used off the premises or in the manufacture of gasoline or any other product a royalty of one-eighth (1/8) of the proceeds, at the mouth of the well, payable monthly at the prevailing market rate.

4. Where gas from a well capable of producing gas is not sold or used, Lessee may pay or tender as royalty to the royalty owners One Dollar per year per net royalty acre retained hereunder, such payment or tender to be made on or before the anniversary date of this lease next ensuing after the expiration of 90 days from the date such well is shut in and thereafter on or before the anniversary date of this lease during the period such well is shut in. If such payment or tender is made, it will be considered that gas is being produced within the meaning of this lease.

5. If said Lessor owns a less interest in the above described land than the entire and undivided fee simple therein, then the royalties (including any shut-in gas royalty) herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

6. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operation thereon, except water from the wells of Lessor.

7. When requested by Lessor, Lessee shall bury Lessee's pipe line below plow depth.

8. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of Lessor.

9. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.

10. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

11. The rights of Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded documents and other information necessary to establish a complete chain of record title from Lessor, than then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.

12. Lessee, at its option is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described herein and as to any one or more of the formations hereunder, to pool or unitize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in the Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or reforming of any unit shall be accomplished by Lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has therefore been completed or upon which operations for drilling have theretofore been commenced. Production, drilling or reworking operations or a well shut in for want of a market anywhere on a unit which includes all or a part of this lease shall be treated as if it were production, drilling or reworking operations or a well shut in for want of a market under this lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on production from the unit so pooled royalties only in the portion of such production allocated to this lease; such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, Lessee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to Lessor, be regarded as having produced from the particular tract of land to which it is allocated and not to any other tract of land, and the royalty payments to be made hereunder to Lessor shall be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee.

13. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

14. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor and be subrogated to the rights of the holder thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

15. Should any one or more of the parties hereinabove named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor" as used in this lease, shall mean any one or more of all of the parties who execute this lease as Lessor. All the provisions of this lease shall be binding on the heirs, successors and assigns of Lessor and Lessee.

IN WITNESS WHEREOF, this instrument is executed as of the date first above written.

Sherman SingletonSS #Helen SingletonSS#

All signatures must be notarized on the back side of the lease form

Exhibit 3B-1



RICHARDSON PRODUCTION

1700 Lincoln, Suite 170
Denver, Colorado 80203 (303)
Fax (303) 830-8009

September 29, 2000

Dr. William A. Hall
416 N. Behrend
Farmington, NM 87401

Certified Mail 7000 0520 0023 4373 2967

Re: Pictured Cliffs Well Proposal
ROPCO #9-2 Well
SE/4-Section 9-T29N-R14W
San Juan County, New Mexico

Dear Dr. Hall:

Richardson Production Company proposes to drill a Pictured Cliffs well on the captioned lands. A recent check of the county records indicates that you own a 20.00 net acre unleased mineral interest within the spacing unit. The ROPCO #9-2 well will be located in the SE/4SE/4 of Section 9-T29N-R14W. The spacing unit for the Pictured Cliffs formation will be the SE/4 of Section 9.

Enclosed for your review is an AFE itemizing the estimated costs for the well. In the event you wish to participate in this drilling and completion attempt, please return an executed copy of the AFE to the undersigned by October 20, 2000. Upon receipt of your executed AFE, or by prior written request, we will forward an AAPL Form 610 Joint Operating Agreement for your review and execution, providing for, among other things, a 300%/100% nonconsent penalty and \$5000 drilling/\$500 producing overhead rates.

In the event you do not wish to participate, Richardson respectfully requests you elect one of the following options as to your interest:

SENDER: COMPLETE THIS SECTION

1. Article Addressed to: Dr. William A. Hall
416 N. Behrend
Farmington, NM 87401

2. Article Number (Copy from service label) **7000 0520 0023 4373 2967**
PS Form 3811, July 1999 Domestic Return Receipt 102595-00-M-0952

3. Service Type
 Certified Mail
 Registered
 Insured Mail
 Express Mail
 Return Receipt for Merchandise
 C.O.D.
 Restricted Delivery? (Extra Fee) Yes

4. Restricted Delivery? (Extra Fee) Yes

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) **M. Spivack** B. Date of Delivery

C. Signature **M. Spivack** Agent Addressee

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

Dr. William A. Hall
September 29, 2000
Page 2

1. Enter into an oil and gas lease that provides for a three year primary term with bonus consideration based on \$30.00 per net acre and a 12.5% royalty in the event of production
2. Sell all of your mineral interest for \$70.00 per net acre

Your response is respectfully requested by October 20, 2000.

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

RICHARDSON PRODUCTION COMPANY

Cathleen Colby

Cathleen Colby
Land Manager

On this _____ day of _____, 2000, I hereby elect the following:

_____ Participate in proposed drilling and completion attempt. executed AFE is returned herewith.

_____ Enter into Oil and Gas Lease for \$30.00 per net mineral acre. with lease to provide for a three year primary term and 12.5% royalty in the event of production.

_____ Sell mineral rights for \$70.00 per net mineral acre.

By: _____

Printed Name: _____

**RICHARDSON OPERATING COMPANY
AUTHORITY FOR EXPEDITURES**

Well Name: ROPCO 9-2 SECTION 9-SE-4
Location: T29N R14W, San Juan County, NM
Proposed Depth: 1200'

Date: 09/29/2000
Objective Formation: Pictured Cliffs

I. Drilling Costs (Included Run Casing)

Survey and Permits
Title Opinion
Drilling (incl. water and mud) 1200' @ 15.00/ft.
BOP Rental
Dirt Work
Pit Lining
Surface Casing 200' @ 7.18/ft.
Casing Head
Cement Surface
Power Tongs
Casing 1200' @ 5.50/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	Actual
		3,000		
		1,500		
		18,000		
		750		
		4,000		
		2,800		
	1,436			
	1,500			
		2,300		
		1,000		
	6,500			
		3,000		
		3,500		
		3,000		
		4,000		
	9,536	46,850	56,386	
			3,348	
			5,973	
			65,707	

II. Completion Costs

Rig Anchors
Logs
Perforation
Wellhead & Fittings
Tubing 1200' @ 2.50/ft.
Stimulation
Tool Rental
Trucking
Battery Installation
Restore Location
Engineering
Treater, Separator
Flowline
Tank & Fittings
Gravel
Workover Rig
Completion Fluids
Division Order Opinion
Pipeline Hookup
Frac Tank Rental
Flowback
Fence Location
Total Completion Costs
5.9375% Farmington, NM Tax
10% Contingency
Drilling Costs
Grand Total Well Costs

		750		
		2,500		
		2,000		
	4,000			
	3,000			
		22,000		
		2,300		
		3,000		
		6,000		
		3,500		
		3,250		
	5,300			
	4,000			
	4,500			
	3,000			
		5,000		
		1,000		
		1,000		
		13,000		
		1,250		
		1,000		
	3,300			
	27,100	67,550	94,650	
			5,620	
			10,027	
			65,707	
			176,004	

PICTURED CLIFFS

37.5000% RICHARDSON OPERATING COMPANY	DATE _____	APPROVED _____	\$154,004
12.5000% DR WILLIAM A HALL	DATE _____	APPROVED _____	\$22,001
			<u>\$176,004</u>

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 29th day of September, 2000, by and betweenDr. William A. Hall, a married man dealing in his sole and separate propertyWhose post office address is 416 N. Behrend, Farmington, New Mexico 87401 hereinafter called Lessor (whether one or more) and Richardson Production Company whose post office address is 1700 Lincoln, Suite 1700, Denver, CO 80203 hereinafter called Lessee

WITNESSETH, That the Lessor, for and in consideration of Ten and more (\$10 & more) DOLLARS cash in hand paid, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, has granted, demised, leased and let, and by these presents does grant, demise, lease and let exclusively unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, and operating for and producing therefrom oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pipe lines, and erection of structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of San Juan, State of New Mexico, described as follows, to-wit:

Township 29 North - Range 14 West, N.M.P.M.Section 9: See Exhibit "A", attached hereto and made a part hereofand containing 80.00 acres, more or less

* three (3)

1. It is agreed that this lease shall remain in force for a term of five (5) years from this date and as long thereafter as oil or gas of whatsoever nature or kind is produced from said leased premises or on acreage pooled therewith, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled therewith but Lessee is then engaged in drilling or re-working operations thereon, then this lease shall continue in force as long as operations are being continuously prosecuted on the leased premises or on acreage pooled therewith; and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on said land or on acreage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or re-working operations within ninety (90) days from date of cessation of production or from date of completion of dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil or gas is produced from the leased premises or on acreage pooled therewith.

2. This is a PAID-UP LEASE. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered.

3. In consideration of the premises the said Lessee covenants and agrees

1st To deliver to the credit of Lessor, free of cost, in the pipe line to which Lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2nd To pay Lessor one-eighth (1/8) of the gross proceeds each year, payable quarterly, for the gas from each well where gas only is found, while the same is being used off the premises, and if used in the manufacture of gasoline a royalty of one-eighth (1/8), payable monthly at the prevailing market rate for gas.

3rd. To pay Lessor for gas produced from any oil well and used off the premises or in the manufacture of gasoline or any other product a royalty of one-eighth (1/8) of the proceeds, at the mouth of the well, payable monthly at the prevailing market rate.

4. Where gas from a well capable of producing gas is not sold or used, Lessee may pay or tender as royalty to the royalty owners One Dollar per year per net royalty acre retained hereunder, such payment or tender to be made on or before the anniversary date of this lease next ensuing after the expiration of 90 days from the date such well is shut in and thereafter on or before the anniversary date of this lease during the period such well is shut in. If such payment or tender is made, it will be considered that gas is being produced within the meaning of this lease.

5. If said Lessor owns a less interest in the above described land than the entire and undivided fee simple therein, then the royalties (including any shut-in gas royalty) herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

6. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operation thereon, except water from the wells of Lessor.

7. When requested by Lessor, Lessee shall bury Lessee's pipe line below plow depth.

8. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of Lessor.

9. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.

10. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

11. The rights of Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded documents and other information necessary to establish a complete chain of record title from Lessor, than then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.

12. Lessee, at its option is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described herein and as to any one or more of the formations hereunder, to pool or unitize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in the Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or reforming of any unit shall be accomplished by Lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has therefore been completed or upon which operations for drilling have theretofore been commenced. Production, drilling or reworking operations on a well shut in for want of a market anywhere on a unit which includes all or a part of this lease shall be treated as if it were production, drilling or reworking operations or a well shut in for want of a market under this lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on production from the unit so pooled royalties only in the portion of such production allocated to this lease, such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, Lessee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to Lessor, be regarded as having produced from the particular tract of land to which it is allocated and not to any other tract of land, and the royalty payments to be made hereunder to Lessor shall be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee.

13. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

14. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor and be subrogated to the rights of the holder thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

15. Should any one or more of the parties hereinabove named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor" as used in this lease, shall mean any one or more or all of the parties who execute this lease as Lessor. All the provisions of this lease shall be binding on the heirs, successors and assigns of Lessor and Lessee.

IN WITNESS WHEREOF, this instrument is executed as of the date last above written

Dr. William A. HallSS #

EXHIBIT "A"

Lease Description for Oil and Gas Lease dated September 29, 2000, by and between Dr. William A. Hall, a married man dealing in his sole and separate property, Lessor, and Richardson Production Company, Lessee.

Tract I: Township 29 North, Range 14 West, NMPM
Section 9: SE/4NW/4SE/4, S/2SW/4SE/4, S/2N/2SW/4SE/4,
E/2N/2N/2SW/4SE/4, and

That part of the W/2NW/4SE/4 of said Section 9 described as follows: Beginning North 00 degrees 15 minutes East 324 feet from the Southwest corner of said W/2NW/4SE/4; Thence North 00 degrees 15 minutes East 996.0 feet; Thence East 658.68 feet; Thence South 00 degrees 15 minutes West 996.0 feet; Thence West 658.68 feet to the point of beginning.
Containing 60.00 acres, more or less

Tract II: Beginning at a point which is 972.0 feet North 0 degrees 15 minutes East from the South 1/4 corner of said Section 9; Thence North 00 degrees 15 minutes East 661.70 feet; Thence East 658.68 feet; Thence South 00 degrees 15 minutes West 661.70 feet; Thence West 658.68 feet to the point of beginning.
Containing 10.00 acres, more or less

Tract III: Beginning North 0 degrees 15 minutes East 1969.70 feet and East 658.68 feet from the South 1/4 corner of said Section 9; Thence North 00 degrees 15 minutes East 660.00 feet; Thence East 660.00 feet; Thence South 00 degrees 15 minutes West 660.00 feet; Thence West 660.00 feet to the point of beginning.
Containing 10.00 acres, more or less

San Juan County, New Mexico

SIGNED FOR IDENTIFICATION:

Dr. William A. Hall



DR. WILLIAM A. HALL, O.D.

416 N. Behrend Ave.
Farmington, NM 87401
Telephone: (505) 325-6350

RECEIVED OCT 19 2000

October 4, 2000

Dear Ms. Colby,

This is in response to your lease proposal concerning my mineral interest in E/2 Sect. 9-T29N-R14W for a proposed Fruitland and pictured cliffs well.

However, your offer is unacceptable as to the royalty interest of 12.5%. I have no zeal for your bonus money and propose instead a flat 25% royalty interest.

I would like nothing better than to see a productive well that would be of benefit to all concerned.

Sincerely,

William A. Hall



RICHARDSON PRODUCTION COMPANY

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

October 16, 2000

Dr. William A. Hall
416 N. Behrend Avenue
Farmington, NM 87401

Re: Well Proposals
Section 9-T29N-R14W
San Juan County, New Mexico

Dear Dr. Hall:

We are in receipt of your two letters dated October 4, 2000, pertaining to well proposals made by Richardson as follows:

ROPCO 9-1	E/2 Fruitland Coal	NE/4 Pictured Cliffs
ROPCO 9-2		SE/4 Pictured Cliffs
ROPCO 9-3	W/2 Fruitland Coal	SW/4 Pictured Cliffs

The terms of your counterproposals are declined, however, our offers to you remain open as stated in the well proposals.

There is also an additional option available to you, which is to be pooled into the wells under the rules and regulations of the New Mexico Oil Conservation Division. In the absence of receiving an election from you in a reasonable amount of time, we will commence pooling the uncommitted interests.

Please feel to call if you have any questions or if you need additional information.

Sincerely,

RICHARDSON PRODUCTION COMPANY

Cathleen Colby
Land Manager

Exhibit 3 B-2



RICHARDSON PRODUCTION CO

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

September 29, 2000

Mr. and Mrs. Sherman Singleton
2001 East Main
Farmington, NM 87401

Certified Mail 7000 0520 0023 4373 2950

Re: Pictured Cliffs Well Proposal
ROPCO #9-2 Well
SE 1/4 Section 9-T29N-R14W
San Juan County, New Mexico

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 		<p>A. Received by (Please Print Clearly) <u>Sherman Singleton</u> B. Date of Delivery <u>10-5-00</u></p> <p>C. Signature <u>[Signature]</u> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If YES, enter delivery address below:</p>	
<p>1. Article Addressed to:</p> <p>Mr. and Mrs. Sherman Singleton 2001 East Main Farmington, NM 87401</p>		<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>	
		<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes <input type="checkbox"/> No</p>	

2. Article Number (Copy from service label) **7000 0520 0023 4373 2950**

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M

Dear Mr. and Mrs. Singleton:

Richardson Production Company proposes to drill a Pictured Cliffs well on the captioned lands. A recent check of the county records indicates that you own a 2.50 net acre unleased mineral interest within the spacing unit. The ROPCO #9-1 well will be located in the SE 1/4 of Section 9-T29N-R14W. The spacing unit for the Pictured Cliffs formation will be the SE 1/4 of Section 9.

Enclosed for your review is an AFE itemizing the estimated costs for the well. In the event you wish to participate in this drilling and completion attempt, please return an executed copy of the AFE to the undersigned by October 20, 2000. Upon receipt of your executed AFE, or by prior written request, we will forward an AAPL Form 610 Joint Operating Agreement for your review and execution, providing for, among other things, a 300%/100% nonconsent penalty and \$5000 drilling/\$500 producing overhead rates.

In the event you do not wish to participate, Richardson respectfully requests you elect one of the following options as to your interest:

Mr. and Mrs. Sherman Singleton
September 29, 2000
Page 2

1. Enter into an oil and gas lease that provides for a three year primary term with bonus consideration based on \$30.00 per net acre and a 12.5% royalty in the event of production
2. Sell all of your mineral interest for \$70.00 per net acre

Your response is respectfully requested by October 20, 2000.

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

RICHARDSON PRODUCTION COMPANY



Cathleen Coiby
Land Manager

On this _____ day of _____, 2000, we hereby elect the following:

_____ Participate in proposed drilling and completion attempt, executed AFE is returned herewith.

_____ Enter into Oil and Gas Lease for \$30.00 per net mineral acre, with lease to provide for a three year primary term and 12.5% royalty in the event of production.

_____ Sell mineral rights for \$70.00 per net mineral acre.

By: _____

By: _____

Printed Name: _____

Printed Name: _____

**RICHARDSON OPERATING COMPANY
AUTHORITY FOR EXPEDITURES**

Well Name: RCPCO 9-2 SECTION 9-SE. 4
Location: T29N R14W, San Juan County, NM
Proposed Depth: 1200'

Date: 09/29/2000
Objective Formation: Pictured Cliffs

I. Drilling Costs (Included Run Casing)

	Tangible	Intangible	Total	Actual
Survey and Permits			3,000	
Title Opinion			1,500	
Drilling (incl. water and mud) 1200' @ 15.00/ft.			18,000	
BCP Rental			750	
Dirt Work			4,000	
Pit Lining			2,300	
Surface Casing 200' @ 7.18/ft.	1,436			
Casing Head	1,500			
Cement Surface			3,300	
Power Tongs			1,000	
Casing 1200' @ 5.50/ft.	6,600			
Trucking			3,000	
Logs			3,500	
Engineering			3,000	
Cement Longstring			4,000	
Total Cost to Run Casing	9,536		46,850	56,386
5.9375% Farmington, NM Tax				3,348
10% Contingency				5,973
Grand Total to Run Casing				65,707

II. Completion Costs

Rig Anchors			750	
Logs			2,500	
Perforation			2,000	
Wellhead & Fittings	4,000			
Tubing 1200' @ 2.50/ft.	3,000			
Stimulation			22,000	
Tool Rental			2,300	
Trucking			3,000	
Battery Installation			6,000	
Restore Location			3,500	
Engineering			3,250	
Treater, Separator	5,300			
Flowline	4,000			
Tank & Fittings	4,500			
Gravel	3,000			
Workover Rig			5,000	
Completion Fluids			1,000	
Division Order Opinion			1,000	
Pipeline Hookup			13,000	
Frac Tank Rental			1,250	
Flowback			1,000	
Fence Location	3,300			
Total Completion Costs	27,100		67,550	94,650
5.9375% Farmington, NM Tax				5,620
10% Contingency				10,027
Drilling Costs				65,707
Grand Total Well Costs				176,004

PICTURED CLIFFS

38.4375% RICHARDSON OPERATING COMPANY	DATE _____	APPROVED _____	\$173,254
1.5625% SHERMAN & HELEN SINGLETON, L.P.	DATE _____	APPROVED _____	\$2,750
			<u>\$176,004</u>

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 29th day of September, 2000, by and between

Sherman Singleton and Helen Singleton, husband and wife, as joint tenants

Whose post office address is 2001 East Main, Farmington, New Mexico 87401 hereinafter called Lessor (whether one or more) and Richardson Production Company whose post office address is 1700 Lincoln, Suite 1700, Denver, CO 80203, hereinafter called Lessee

WITNESSETH, That the Lessor, for and in consideration of Ten and more (\$10 & more) DOLLARS cash in hand paid, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, has granted, demised, leased and let, and by these presents does grant, demise, lease and let exclusively unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, and operating for and producing therefrom oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pipe lines, and erection of structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of San Juan, State of New Mexico, described as follows, to-wit:

Township 29 North - Range 14 West, N.M.P.M.

Section 9: Beginning North 0 degrees 15 minutes East 1969.70 feet and East 658.68 feet from the South 1/4 corner of said Section 9; Thence North 00 degrees 15 minutes East 660.00 feet; Thence East 660.00 feet; Thence South 00 degrees 15 minutes West 660.00 feet; Thence West 660.00 feet to the point of beginning.

and containing 10.00 acres, more or less

* three (3)

1 It is agreed that this lease shall remain in force for a term of five (5) years from this date and as long thereafter as oil or gas of whatsoever nature or kind is produced from said leased premises or on acreage pooled therewith, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled therewith but Lessee is then engaged in drilling or re-working operations thereon, then this lease shall continue in force as long as operations are being continuously prosecuted on the leased premises or on acreage pooled therewith, and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on said land or on acreage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or re-working operations within ninety (90) days from date of cessation of production or from date of completion of dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil or gas is produced from the leased premises or on acreage pooled therewith.

2. This is a PAID-UP LEASE. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered.

3 In consideration of the premises the said Lessee covenants and agrees:

1st To deliver to the credit of Lessor, free of cost, in the pipe line to which Lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2nd To pay Lessor one-eighth (1/8) of the gross proceeds each year, payable quarterly, for the gas from each well where gas only is found, while the same is being used off the premises, and if used in the manufacture of gasoline a royalty of one-eighth (1/8), payable monthly at the prevailing market rate for gas.

3rd To pay Lessor for gas produced from any oil well and used off the premises or in the manufacture of gasoline or any other product a royalty of one-eighth (1/8) of the proceeds, at the mouth of the well, payable monthly at the prevailing market rate.

4. Where gas from a well capable of producing gas is not sold or used, Lessee may pay or tender as royalty to the royalty owners One Dollar per year per net royalty acre retained hereunder, such payment or tender to be made on or before the anniversary date of this lease next ensuing after the expiration of 90 days from the date such well is shut in and thereafter on or before the anniversary date of this lease during the period such well is shut in. If such payment or tender is made, it will be considered that gas is being produced within the meaning of this lease.

5 If said Lessor owns a less interest in the above described land than the entire and undivided fee simple therein, then the royalties (including any shut-in gas royalty) hereon provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

6 Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operation thereon, except water from the wells of Lessor.

7 When requested by Lessor, Lessee shall bury Lessee's pipe line below plow depth.

8 No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of Lessor.

9 Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.

10 Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

11 The rights of Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded documents and other information necessary to establish a complete chain of record title from Lessor, than then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.

12 Lessee, at its option is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described herein and as to any one or more of the formations hereunder, to pool or unitize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in the Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or reforming of any unit shall be accomplished by Lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has therefore been completed or upon which operations for drilling have theretofore been commenced. Production, drilling or reworking operations or a well shut in for want of a market anywhere on a unit which includes all or a part of this lease shall be treated as if it were production, drilling or reworking operations or a well shut in for want of a market under this lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on production from the unit so pooled royalties only in the portion of such production allocated to this lease, such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, Lessee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to Lessor, be regarded as having produced from the particular tract of land to which it is allocated and not to any other tract of land, and the royalty payments to be made hereunder to Lessor shall be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee.

13 All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

14 Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor and be subrogated to the rights of the holder thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

15 Should any one or more of the parties hereinabove named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor" as used in this lease, shall mean any one or more or all of the parties who execute this lease as Lessor. All the provisions of this lease shall be binding on the heirs, successors and assigns of Lessor and Lessee.

IN WITNESS WHEREOF, this instrument is executed as of the date first above written

Sherman Singleton

SS #

Helen Singleton

SSH

All signatures must be notarized on the back side of the lease form

Exhibit 3.C



RICHARDSON PRODUCTION CC

1700 Lincoln, Suite 1700
Denver, Colorado 80203 (303) 830-8
Fax (303) 830-8009

October 3, 2000

Dr. William A. Hall
416 N. Behrend
Farmington, NM 87401

Certified Mail 7000 0520 0023 4373 2998

Re: Fruitland Coal and Pictured Cliffs Well Proposal
ROPCO #9-3 Well
W 2-Section 9-T29N-R14W
San Juan County, New Mexico

Dear Dr. Hall:

Richardson Production Company proposes to drill a downhole commingled Fruitland Coal and Pictured Cliffs well on the captioned lands. A recent check of the county records indicates that you own a 10.00 net acre unleased mineral interest within the spacing unit. The ROPCO #9-3 well will be located in the NE/4SW/4 of Section 9-T29N-R14W. The spacing unit for the Fruitland Coal formation will be W/2 of Section 9, and the spacing unit for the Pictured Cliffs formation will be the SW/4 of Section 9.

Enclosed for your review is an AFE itemizing the estimated costs for the well. In the event you wish to participate in this drilling and completion attempt, please return an executed copy of the AFE to the undersigned by October 24, 2000. Upon receipt of your executed AFE, or by prior written request, we will forward an AAPL Form 610 Joint Operating Agreement for your review and execution, providing for, among other things, a 300%/100% nonconsent penalty and \$5000 drilling/\$500 producing overhead rates.

In the event you do not wish to participate, Richardson respectfully requests you elect one of the following options as to your interest:

Article Number (Copy from service label) 7000 0520 0023 4373 2998
S Form 3811, July 1999 Domestic Return Receipt 102595-00-M-0952

RE
RE
DA

SENDER: COMPLETE THIS SECTION
Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.
Article Addressed to:

Dr. William A. Hall
416 N. Behrend
Farmington, NM 87401

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly)

M. Shulock

B. Date of Delivery

C. Signature

M. Shulock

Agent
 Addressee

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type

- Certified Mail
- Registered
- Insured Mail
- Express Mail
- Return Receipt for Merchandise
- C.O.D.

4. Restricted Delivery? (Extra Fee)

Yes

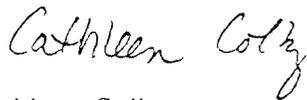
Dr. William A. Hall
October 3, 2000
Page 2

1. Enter into an oil and gas lease that provides for a three year primary term with bonus consideration based on \$30.00 per net acre and a 12.5% royalty in the event of production
2. Sell all of your mineral interest for \$70.00 per net acre

Your response is respectfully requested by October 24, 2000.

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

RICHARDSON PRODUCTION COMPANY



Cathleen Colby
Land Manager

On this _____ day of _____, 2000, I hereby elect the following:

_____ Participate in proposed drilling and completion attempt. executed AFE is returned herewith.

_____ Enter into Oil and Gas Lease for \$30.00 per net mineral acre. with lease to provide for a three year primary term and 12.5% royalty in the event of production.

_____ Sell mineral rights for \$70.00 per net mineral acre.

By: _____

Printed Name: _____

AUTHORITY FOR EXPEDITURES

REVISED 10/3/00

Well Name: ROPCO #9-3 SECTION 9 PO SW/4, PO W/2
 Location: T29N R14W
 Proposed Depth: 900' Fruitland Coal
 1200' Pictured Cliffs

Date: 10/03/2000
 Objective Formation: Commingled Pictured Cliffs
 and Fruitland Coal

I. Drilling Costs (Included Run Casing)

	Tangible	Intangible	Total	Fruitland Coal	Pictured Cliffs
Survey and Permits		3,000		1,500	1,500
Title Opinion		3,000		1,500	1,500
* Drilling (incl. water and mud) 1200' @ 15.00/ft.		18,000		6,750	11,250
BOP Rental		750		375	375
Dirt Work		4,000		2,000	2,000
Pit Lining		2,800		1,400	1,400
Surface Casing 200' @ 7.18/ft.	1,436			718	718
Casing Head	1,500			750	750
Cement Surface		2,300		1,150	1,150
Power Tongs		1,000		500	500
Casing 1200' @ 5.50/ft.	6,600			2,475	4,125
Trucking		3,000		1,500	1,500
Logs		3,750		1,875	1,875
Engineering		5,000		2,500	2,500
Cement Longstring		4,000		1,500	2,500
Total Cost to Run Casing	9,536	50,600	60,136	26,493	33,643
5.9375% Farmington, NM Tax			3,571	1,573	1,998
10% Contingency			6,371	2,807	3,564
Grand Total to Run Casing			70,077	30,873	39,205

II. Completion Costs

Rig Anchors		750		375	375
Logs		3,000		1,500	1,500
Perf		3,500		1,750	1,750
Wellhead & Fittings	4,000			2,000	2,000
Tubing 1200' @ 2.50/ft.	3,000			1,125	1,875
Stimulation		12,000		21,000	21,000
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		3,500		1,750	1,750
Engineering		5,800		2,900	2,900
Treater, Separator	5,300			2,650	2,650
Flowline	4,000			2,000	2,000
Tank & Fittings	4,500			2,250	2,250
Gravel		3,000		1,500	1,500
Workover Rig		10,000		5,000	5,000
Completion Fluids		2,000		1,000	1,000
Pipeline Hookup		13,000		6,500	6,500
Division Order Opinion		1,500		750	750
Frac Tank Rental		2,500		1,250	1,250
Flowback		2,000		1,000	1,000
Fence Location	3,300			1,650	1,650
Total Completion Costs	24,100	103,850	127,950	63,600	64,350
5.9375% Farmington, NM Tax			7,597	3,776	3,821
10% Contingency			13,555	6,738	6,817
Drilling Costs			70,077	30,873	39,205
Grand Total Well Costs			219,172	104,986	117,192

FRUITLAND COAL
 56.375% RICHARDSON OPERATING CO ET AL DATE _____ APPROVED _____ \$101706
 3.125% DR. WILLIAM A. HALL DATE _____ APPROVED _____ 33231
 PO TOTAL \$104936

PICTURED CLIFFS
 93.75% RICHARDSON OPERATING CO ET AL DATE _____ APPROVED _____ \$107055
 5.25% DR. WILLIAM A. HALL DATE _____ APPROVED _____ 57137
 PO TOTAL \$114192
 HALL TOTAL \$10418

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 3rd day of October, 2000, by and between

Dr. William A. Hall, dealing in his sole and separate property

Whose post office address is 416 N. Behrend, Farmington, New Mexico 87401 hereinafter called Lessor (whether one or more) and Richardson Production Company whose post office address is 1700 Lincoln, Suite 1700, Denver, CO 80203 hereinafter called Lessee

WITNESSETH, That the Lessor, for and in consideration of Ten and more (\$10 & more) DOLLARS cash in hand paid, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, has granted, demised, leased and let, and by these presents does grant, demise, lease and let exclusively unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, and operating for and producing therefrom oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pipe lines, and erection of structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of San Juan, State of New Mexico, described as follows, to-wit:

Township 29 North - Range 14 West, N.M.P.M.

Section 9: SE/4SW/4

and containing 40.00 acres, more or less

* three (3)

1. It is agreed that this lease shall remain in force for a term of five (5) years from this date and as long thereafter as oil or gas of whatsoever nature or kind is produced from said leased premises or on acreage pooled therewith, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled therewith but Lessee is then engaged in drilling or re-working operations thereon, then this lease shall continue in force as long as operations are being continuously prosecuted on the leased premises or on acreage pooled therewith, and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on said land or on acreage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or re-working operations within ninety (90) days from date of cessation of production or from date of completion of dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil or gas is produced from the leased premises or on acreage pooled therewith.

2. This is a PAID-UP LEASE. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered.

3. In consideration of the premises the said Lessee covenants and agrees

1st. To deliver to the credit of Lessor, free of cost, in the pipe line to which Lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2nd. To pay Lessor one-eighth (1/8) of the gross proceeds each year, payable quarterly, for the gas from each well where gas only is found, while the same is being used off the premises, and if used in the manufacture of gasoline a royalty of one-eighth (1/8), payable monthly at the prevailing market rate for gas.

3rd. To pay Lessor for gas produced from any oil well and used off the premises or in the manufacture of gasoline or any other product a royalty of one-eighth (1/8) of the proceeds, at the mouth of the well, payable monthly at the prevailing market rate.

4. Where gas from a well capable of producing gas is not sold or used, Lessee may pay or tender as royalty to the royalty owners One Dollar per year per net royalty acre retained hereunder, such payment or tender to be made on or before the anniversary date of this lease next ensuing after the expiration of 90 days from the date such well is shut in and thereafter on or before the anniversary date of this lease during the period such well is shut in. If such payment or tender is made, it will be considered that gas is being produced within the meaning of this lease.

5. If said Lessor owns a less interest in the above described land than the entire and undivided fee simple therein, then the royalties (including any shut-in gas royalty) herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

6. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operation thereon, except water from the wells of Lessor.

7. When requested by Lessor, Lessee shall bury Lessee's pipe line below plow depth.

8. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of Lessor.

9. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.

10. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

11. The rights of Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded documents and other information necessary to establish a complete chain of record title from Lessor, than then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.

12. Lessee, at its option is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described herein and as to any one or more of the formations hereunder, to pool or unitize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in the Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed by Lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has therefore been completed or upon which operations for drilling have theretofore been commenced. Production, drilling or reworking operations on a well shut in for want of a market anywhere on a unit which includes all or a part of this lease shall be treated as if it were production, drilling or reworking operations on a well shut in for want of a market under this lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on production from the unit so pooled royalties only in the portion of such production allocated to this lease; such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, Lessee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to Lessor, be regarded as having produced from the particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to Lessor shall be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee.

13. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

14. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor and be subrogated to the rights of the holder thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

15. Should any one or more of the parties hereinabove named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor" as used in this lease, shall mean any one or more or all of the parties who execute this lease as Lessor. All the provisions of this lease shall be binding on the heirs, successors and assigns of Lessor and Lessee.

IN WITNESS WHEREOF, this instrument is executed as of the date last above written.

Dr. William A. Hall

SS #



DR. WILLIAM A. HALL, O.D.

416 N. Behrend Ave.

Farmington, NM 87401

Telephone: (505) 325-6350

RECEIVED OCT 09 2000

October 4, 2000

Dear Ms. Frazier,

This letter is in reference to your lease proposal concerning my mineral interest in W/2 Sect. 9-T29N-R14W for a proposed Fruitland and pictured cliffs well.

However, your offer is unacceptable as to the royalty interest of 12.5%. I have no zeal for your bonus money and propose instead a flat 25% royalty interest.

I would like nothing better than to see a productive well that would be of benefit to all concerned.

Sincerely,

William A. Hall



RICHARDSON PRODUCTION COMPANY

1700 Lincoln, Suite 1700
Denver, Colorado 80202 (303) 830-8000
Fax (303) 830-8009

October 16, 2000

Dr. William A. Hall
416 N. Behrend Avenue
Farmington, NM 87401

Re: Well Proposals
Section 9-T29N-R14W
San Juan County, New Mexico

Dear Dr. Hall:

We are in receipt of your two letters dated October 4, 2000, pertaining to well proposals made by Richardson as follows:

ROPCO 9-1	E/2 Fruitland Coal	NE/4 Pictured Cliffs
ROPCO 9-2		SE/4 Pictured Cliffs
ROPCO 9-3	W/2 Fruitland Coal	SW/4 Pictured Cliffs

The terms of your counterproposals are declined, however, our offers to you remain open as stated in the well proposals.

There is also an additional option available to you, which is to be pooled into the wells under the rules and regulations of the New Mexico Oil Conservation Division. In the absence of receiving an election from you in a reasonable amount of time, we will commence pooling the uncommitted interests.

Please feel to call if you have any questions or if you need additional information.

Sincerely,

RICHARDSON PRODUCTION COMPANY

Cathleen Colby
Land Manager