

RICHARDSON OPERATING COMPANY

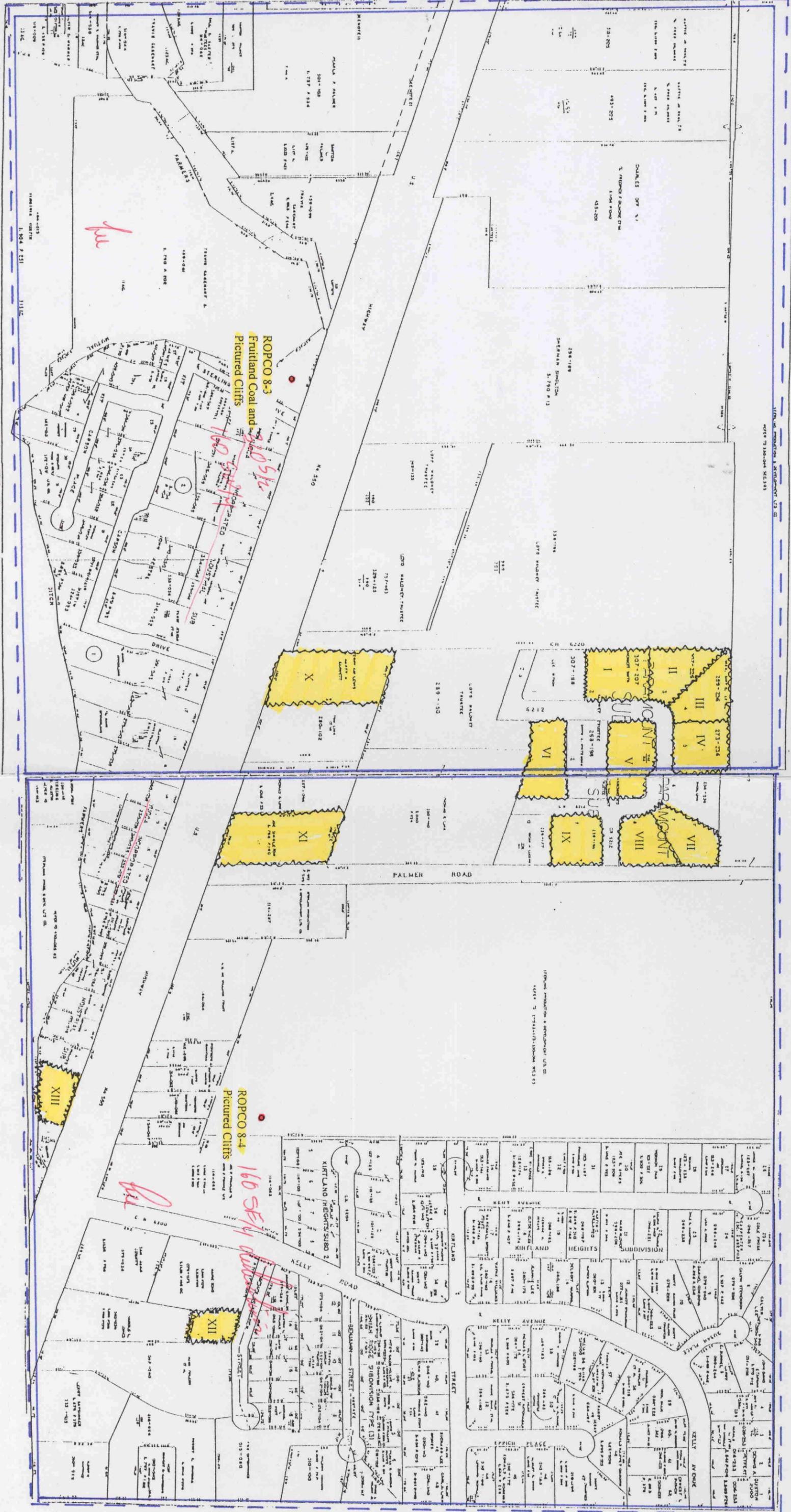
Township 29 North, Range 14 West, NMPM

Section 9: S/2

San Juan County, New Mexico

8

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case Nos. 12643/12644 Cons. Exhibit No. 1
Submitted by:
Richardson Production Company
Hearing Date: April 19, 2001



ROPCO #8-3 Well
 936' FSL and 1276' FWL
 Section 8-T29N-R14W
 San Juan County, NM

Exhibit 2

Fruitland Coal formation
 Spacing Unit - S/2 Section 8

Uncommitted Interests:

Tract	Type Minerals	Net Acres	Gross Acres	Percent of Spacing Unit	Mineral Owner
I	Fee	0.38250	320	0.11953%	Herbert and Evelyn Smith
II	Fee	0.37950	320	0.11859%	Fred Rebele
III	Fee	0.37500	320	0.11719%	Gary C. Soza and Viola I. Blanton
IV	Fee	0.37500	320	0.11719%	Conseco Finance Servicing Corp.
V	Fee	0.43600	320	0.13625%	Ronald J. Johnson and Leona R. Begay
VI	Fee	0.43600	320	0.13625%	Julia Clah
VII	Fee	0.37550	320	0.11734%	William and Rosinda Crosby (Jr.)
VIII	Fee	0.37500	320	0.11719%	Callie P. Renfro
IX	Fee	0.38750	320	0.12109%	Myron E. Shorty and Vangie Randall
X	Fee	0.91850	320	0.28703%	CLR, LLC
XI	Fee	0.90000	320	0.28125%	Joe G. and Patricia B. Singleton
XII	Fee	0.22500	320	0.07031%	Jessie C. and Archie Lee Crowe
XIII	Fee	<u>0.91825</u>	320	<u>0.28695%</u>	Yucca Incorporated
Total		6.48375		2.02617%	

Leased to Richardson Production Company 97.97383%

BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Case Nos. 12643/12644 Cons. Exhibit No. 2
 Submitted by:
Richardson Production Company
 Hearing Date: April 19, 2001

ROPCO #8-3 Well
 936' FSL and 1276' FWL
 Section 8-T29N-R14W
 San Juan County, NM

Exhibit 2

Pictured Cliffs formation
 Spacing Unit - SW/4 Section 8

Uncommitted Interests:

Tract	Type Minerals	Net Acres	Gross Acres	Percent of Spacing Unit	Mineral Owner
I	Fee	0.38250	160	0.23906%	Herbert and Evelyn Smith
II	Fee	0.37950	160	0.23719%	Fred Rebele
III	Fee	0.37500	160	0.23438%	Gary C. Soza and Viola I. Blanton
IV	Fee	0.37500	160	0.23438%	Conseco Finance Servicing Corp.
V	Fee	0.29100	160	0.18188%	Ronald J. Johnson and Leona R. Begay
VI	Fee	0.29100	160	0.18188%	Julia Clah
X	Fee	<u>0.91850</u>	160	<u>0.57406%</u>	CLR, LLC
Total		3.01250		1.88281%	
Leased to Richardson Production Company				98.11719%	

ROPCO #8-4 Well
 1607' FSL and 1451' FEL
 Section 8-T29N-R14W
 San Juan County, NM

Exhibit 2

Pictured Cliffs formation
 Spacing Unit - SE/4 Section 8

Uncommitted Interests:

Tract	Type Minerals	Net Acres	Gross Acres	Percent of Spacing Unit	Mineral Owner
V	Fee	0.14500	160	0.09063%	Ronald J. Johnson and Leona R. Begay
VI	Fee	0.14500	160	0.09063%	Julia Clah
VII	Fee	0.37550	160	0.23469%	William and Rosinda Crosby (Jr)
VIII	Fee	0.37500	160	0.23438%	Callie P. Renfro
IX	Fee	0.38750	160	0.24219%	Myron E. Shorty and Vangie Randall
XI	Fee	0.90000	160	0.56250%	Joe G. and Patricia B. Singleton
XII	Fee	0.22500	160	0.14063%	Jessie C. and Archie Lee Crowe
XIII	Fee	<u>0.91825</u>	160	<u>0.57391%</u>	Yucca Incorporated
Total		3.47125		2.16953%	

Leased to Richardson Production Company 97.83047%

April 9, 2001

Efforts to obtain voluntary joinder:

Tract I

Herbert and Evelyn Smith

Mail unclaimed. Tried to contact by phone. Checked both names in MSN white pages (internet) and Farmington phone book. No listings.

Tract II

Fred Rebele

Mail unclaimed. Tried to contact by phone. Checked in MSN white pages (internet) and Farmington phone book. No listing.

Tract III

Gary C. Soza and Viola I. Blanton

They received our offer. Mr. Soza spoke with an attorney and decided that because interest is so small, he would prefer to be force pooled.

Tract IV

Conseco Finance Servicing Corp.

Mail claimed, but no response. Property repossessed by finance company. I left several detailed messages on their voice mail, but did not get a call back.

Tract V

Ronald J. Johnson and Leona R. Begay

Mail unclaimed. Tried to contact by phone. Checked both names in MSN white pages (internet) and Farmington phone book. No listings.

Tract VI

Julia Clah

Mail unclaimed. Tried to contact by phone. Checked in MSN white pages (internet) and Farmington phone book. No listing.

Tract VII

William and Rosinda Crosby (Jr.)

They received our offer. I spoke with Mrs. Crosby and explained our plans in great detail. She was going to check with her husband who works on rigs in Wyoming. No further response. I have since left several messages on their voice mail.

Tract VIII

Callie P. Renfro

Mail unclaimed. Located phone number, but no answer on several attempts. No voice mail. I spoke with a realtor who knows her and explained the situation. Realtor said she would pass along the information and ask Mrs. Renfro to call me. There has been no response to date.

Tract IX

Myron E. Shorty and Vangie Randall

Mail claimed, but no response. Tried to contact by phone. Checked both names in MSN white pages (internet) and Farmington phone book. No listings.

Tract X

CLR, LLC

New owner bought video store 1-16-01. Sent offer 1-22-01. I talked with owner and neighbor (BP Amoco employee) in great detail. Due to small size of interest, owner prefers to be force pooled.

Tract XI

Joe G. and Patricia B. Singleton

Received offer. I spoke with Mrs. Singleton in great detail. Called back several times, but no response.

Tract XII

Jessie C. and Archie Lee Crowe

Severed mineral interest, therefore, no address listed with County Assessor. Tried to contact by phone. Checked both names in MSN white pages (internet) and Farmington phone book. No listings.

Tract XIII

Yucca Incorporated

Severed mineral interest, therefore, no address listed with County Assessor. New Mexico Secretary of State shows forfeited corporate status 10-8-57. Phone number for registered agent disconnected. No corporate phone number found in internet search.

**RICHARDSON OPERATING COMPANY
AUTHORITY FOR EXPEDITURES**

Well Name: ROPCO #8-3 SECTION 8 PC SW/4, FC S/2
 Location: T29N R14W
 Proposed Depth: 850' Fruitland Coal
 1000' Pictured Cliffs

Date: 01/11/2001
 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) 1000' @ 15.00/ft.		15,000		6,375	8,625
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 1000' @ 5.50/ft.	5,500			2,338	3,163
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		1,700	2,300
Total Cost to Run Casing	8,436	47,600	56,036	26,181	29,856
5.9375% Farmington, NM Tax			3,327	1,554	1,773
10% Contingency			5,936	2,773	3,163
Grand Total to Run Casing			65,299	30,508	34,791

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 1000' @ 2.50/ft.	2,500			1,063	1,438
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	23,600	103,850	127,450	63,538	63,913
5.9375% Farmington, NM Tax			7,567	3,773	3,795
10% Contingency			13,502	6,731	6,771
Drilling Costs			65,299	30,508	34,791
Grand Total Well Costs			213,819	104,550	109,269

BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Case Nos. 12643/12644 Cons. Exhibit No. 4
 Submitted by:
 Richardson Production Company
 Hearing Date: April 19, 2001

**RICHARDSON OPERATING COMPANY
AUTHORITY FOR EXPEDITURES**

Well Name: ROPCO 8-4 SECTION 8-SE/4
Location: T29N R14W, San Juan County, NM
Proposed Depth: 1200'

Date: 01/15/2001
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		
	6,600			
		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.....
Perf.....
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	

A.A.P.L. FORM 610 - 1989
MODEL FORM OPERATING AGREEMENT

AMERICAN ASSOCIATION OF PETROLEUM
LANDMEN

OPERATING AGREEMENT

DATED

May 14 , 1998 ,

OPERATOR Richardson Operating Company

CONTRACT AREA Township 30 North, Range 14 West, NMM

Section 21: W/2

Surface to base of Pictured Cliffs formation

COUNTY OR PARISH OF San Juan , STATE OF New Mexico

COPYRIGHT 1989 -- ALL RIGHTS RESERVED
AMERICAN ASSOCIATION OF PETROLEUM
LANDMEN, 4100 FOSSIL CREEK BLVD.
FORT WORTH, TEXAS, 76137, APPROVED FORM.
A.A.P.L. NO. 610 - 1989

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case Nos. 12643/12644 Cons. Exhibit No. 5
Submitted by:
Richardson Production Company
Hearing Date: April 19, 2001

EXHIBIT " C "

Attached to and made a part of Attached to and made a part of that certain Operating Agreement dated May 14, 1998, between Richardson Operating Company, as Operator, and Amoco Production Company, et al, as Non-Operators.

ACCOUNTING PROCEDURE
JOINT OPERATIONS

I. GENERAL PROVISIONS

1. Definitions

"Joint Property" shall mean the real and personal property subject to the agreement to which this Accounting Procedure is attached.

"Joint Operations" shall mean all operations necessary or proper for the development, operation, protection and maintenance of the Joint Property.

"Joint Account" shall mean the account showing the charges paid and credits received in the conduct of the Joint Operations and which are to be shared by the Parties.

"Operator" shall mean the party designated to conduct the Joint Operations.

"Non-Operators" shall mean the Parties to this agreement other than the Operator.

"Parties" shall mean Operator and Non-Operators.

"First Level Supervisors" shall mean those employees whose primary function in Joint Operations is the direct supervision of other employees and/or contract labor directly employed on the Joint Property in a field operating capacity.

"Technical Employees" shall mean those employees having special and specific engineering, geological or other professional skills, and whose primary function in Joint Operations is the handling of specific operating conditions and problems for the benefit of the Joint Property.

"Personal Expenses" shall mean travel and other reasonable reimbursable expenses of Operator's employees.

"Material" shall mean personal property, equipment or supplies acquired or held for use on the Joint Property.

"Controllable Material" shall mean Material which at the time is so classified in the Material Classification Manual most recently recommended by the Council of Petroleum Accountants Societies.

2. Statement and Billings

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of the Joint Account for the preceding month. Such bills will be accompanied by statements which identify the authority for expenditures or facility, and all charges and credits summarized by appropriate classifications of investment and expense except that items of Controllable Material and unusual charges and credits shall be separately identified and fully described in detail.

3. Advances and Payments by Non-Operators

A. Unless otherwise provided for in the agreement, the Operator may require the Non-Operators to advance the share of estimated cash outlay for the succeeding month's operation within fifteen (15) days after receipt of the billing or by the first day of the month for which the advance is required, whichever is later. Operator shall adjust each monthly billing to reflect advances received from the Non-Operators.

B. Each Non-Operator shall pay its proportion of all bills within fifteen (15) days after receipt. If payment is not made within such time, the unpaid balance shall bear interest monthly at the prime rate in effect at Norwest Bank Denver on the first day of the month in which delinquency occurs plus 4% or the maximum contract rate permitted by the applicable usury laws in the state in which the Joint Property is located, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts.

4. Adjustments

Payment of any such bills shall not prejudice the right of any Non-Operator to protest or question the correctness thereof; provided, however, all bills and statements rendered to Non-Operators by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year unless within the said twenty-four (24) month period a Non-Operator takes written exception thereto and makes claim against Operator for adjustment. No adjustment favorable to Operator shall be made unless it is made within the same prescribed period. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of Controllable

III. OVERHEAD

Overhead - Drilling and Producing Operations

i. As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge drilling and producing operations on either:

- (X) Fixed Rate Basis, Paragraph 1A, or
- () Percentage Basis, Paragraph 1B

Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 3A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.

ii. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property:

- () shall be covered by the overhead rates, or
- (X) shall not be covered by the overhead rates.

iii. The salaries, wages and Personal Expenses of Technical Employees and/or costs of professional consultant services and contract services of technical personnel either temporarily or permanently assigned to and directly employed in the operation of the Joint Property:

- () shall be covered by the overhead rates, or
- (X) shall not be covered by the overhead rates.

A. Overhead - Fixed Rate Basis

(1) Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate \$ 5,000.00
(Prorated for less than a full month)

Producing Well Rate \$ 500.00

(2) Application of Overhead - Fixed Rate Basis shall be as follows:

(a) Drilling Well Rate

- (1) Charges for drilling wells shall begin on the date the well is spudded and terminate on the date the drilling rig, completion rig, or other units used in completion of the well is released, whichever is later, except that no charge shall be made during suspension of drilling or completion operations for fifteen (15) or more consecutive calendar days.
- (2) Charges for wells undergoing any type of workover or recompletion for a period of five (5) consecutive work days or more shall be made at the drilling well rate. Such charges shall be applied for the period from date workover operations, with rig or other units used in workover, commence through date of rig or other unit release, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive calendar days.

(b) Producing Well Rates

- (1) An active well either produced or injected into for any portion of the month shall be considered as a one well charge for the entire month.
- (2) Each active completion in a multi-completed well in which production is not commingled down hole shall be considered as a one-well charge providing each completion is considered a separate well by the governing regulatory authority.
- (3) An inactive gas well shut in because of overproduction or failure of purchaser to take the production shall be considered as a one-well charge providing the gas well is directly connected to a permanent sale outlet.
- (4) A one-well charge shall be made for the month in which plugging and abandonment operations are completed on any well. This one-well charge shall be made whether or not the well has produced except when drilling well rate applies.
- (5) All other inactive wells (including but not limited to inactive wells covered by unit allowable, lease allowable, transferred allowable, etc.) shall not qualify for an overhead charge.

(3) The well rates shall be adjusted as of the first day of April each year following the effective date of the agreement to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last calendar year compared to the calendar year preceding as shown by the Index of average weekly earnings of Crude Petroleum and Gas Production Workers as published by the United States Department of Labor, Bureau of Labor Statistics, or the equivalent Canadian Index as published by Statistics Canada, as applicable. The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.

B.—Overhead—Percentage Basis

(1)—Operator shall charge the Joint Account at the following rates:

A.A.P.L. FORM 610 - 1989

MODEL FORM OPERATING AGREEMENT

OPERATING AGREEMENT

DATED

August 26, 1998,

OPERATOR Richardson Operating Company

CONTRACT AREA Township 30 North, Range 14 West, NMPM

Section 16: A11

Section 2: N/2

Township 29 North, Range 14 West, NMPM

Section 16: N/2

COUNTY OR PARISH OF San Juan, STATE OF New Mexico

EXHIBIT " c "

attached to and made a part of Attached to and made a part of that certain Operating Agreement
dated _____ between Richardson Operating Company, as Operator, and Evko
Development Co., et al. as Non-Operators.

ACCOUNTING PROCEDURE
JOINT OPERATIONS

I. GENERAL PROVISIONS

Definitions

- "Joint Property" shall mean the real and personal property subject to the agreement to which this Accounting Procedure is attached.
- "Joint Operations" shall mean all operations necessary or proper for the development, operation, protection and maintenance of the Joint Property.
- "Joint Account" shall mean the account showing the charges paid and credits received in the conduct of the Joint Operations and which are to be shared by the Parties.
- "Operator" shall mean the party designated to conduct the Joint Operations.
- "Non-Operators" shall mean the Parties to this agreement other than the Operator.
- "Parties" shall mean Operator and Non-Operators.
- "Flat Level Supervisors" shall mean those employees whose primary function in Joint Operations is the direct supervision of other employees and/or contract labor directly employed on the Joint Property in a field operating capacity.
- "Technical Employees" shall mean those employees having special and specific engineering, geological or other professional skills, and whose primary function in Joint Operations is the handling of specific operating conditions and problems for the benefit of the Joint Property.
- "Personal Expenses" shall mean travel and other reasonable reimbursable expenses of Operator's employees.
- "Material" shall mean personal property, equipment or supplies acquired or held for use on the Joint Property.
- "Controllable Material" shall mean Material which at the time is so classified by the Material Classification Manual most recently recommended by the Council of Petroleum Accountants Societies.

2. Statement and Billing

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of the Joint Account for the preceding month. Such bills will be accompanied by statements which identify the authority for expenditure, lease or facility, and all charges and credits summarized by appropriate classification of investment and expense except that items of Controllable Material and unusual charges and credits shall be separately identified and fully described in detail.

3. Advances and Payments by Non-Operators

- A. Unless otherwise provided for in the agreement, the Operator may require the Non-Operators to advance their share of estimated cash outlay for the succeeding month's operation within fifteen (15) days after receipt of the bill or by the first day of the month for which the advance is required, whichever is later. Operator shall adjust its monthly billing to reflect advances received from the Non-Operators.
- B. Each Non-Operator shall pay its proportion of all bills within fifteen (15) days after receipt. If payment is not made within such time, the unpaid balance shall bear interest monthly at the prime rate in effect at Norwest Bank Denver on the first day of the month in which delinquency occurs plus 1% or the maximum contract rate permitted by the applicable money laws in the state in which the Joint Property is located, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts.

4. Adjustments

Payment of any such bills shall not prejudice the right of any Non-Operator to protest or question the correctness thereof provided, however, all bills and statements rendered to Non-Operators by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year unless within the said twenty-four (24) month period a Non-Operator takes written exception thereto and makes the Operator for adjustment. No adjustment favorable to Operator shall be made unless it is made within the same prescribed period. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of Controllable Material as provided for in Section V.

III. OVERHEAD

Overhead - Drilling and Producing Operations

As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge drilling and producing operations on either:

- Fixed Rate Basis, Paragraph 1A, or
 Percentage Basis, Paragraph 1B

Unless otherwise agreed to by the Parties, such charge shall be to that of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 3A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, title accounting or matters before or involving governmental agencies shall be considered as included in the overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.

- ii. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property:

- shall be covered by the overhead rates, or
 shall not be covered by the overhead rates.

- iii. The salaries, wages and Personal Expenses of Technical Employees and/or costs of professional consultant services and contract services of technical personnel either temporarily or permanently assigned to and directly employed in the operation of the Joint Property:

- shall be covered by the overhead rates, or
 shall not be covered by the overhead rates.

A. Overhead - Fixed Rate Basis

- (1) Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate \$ 5,000.00 _____
(Prorated for less than a full month)

Producing Well Rate \$ 500.00 _____

- (2) Application of Overhead - Fixed Rate Basis shall be as follows:

(a) Drilling Well Rate

- (1) Charges for drilling wells shall begin on the date the well is spudded and terminate on the date the drilling rig, completion rig, or other units used in completion of the well is released, whichever is later, except that no charge shall be made during suspension of drilling or completion operations for fifteen (15) or more consecutive calendar days.
- (2) Charges for wells undergoing any type of workover or recompletion for a period of five (5) consecutive work days or more shall be made at the drilling well rate. Such charges shall be applied for the period from date workover operations, with rig or other units used in workover, commence through date of rig or other unit release, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive calendar days.

(b) Producing Well Rates

- (1) An active well either produced or injected into for any portion of the month shall be considered as a one well charge for the entire month.
- (2) Each active completion in a multi completed well in which production is not commingled down hole shall be considered as a one-well charge providing each completion is considered a separate well by the governing regulatory authority.
- (3) An inactive gas well shut in because of overproduction or failure of purchaser to take the production shall be considered as a one-well charge providing the gas well is directly connected to a permanent surface outlet.
- (4) A one-well charge shall be made for the month in which plugging and abandonment operations are completed on any well. This one well charge shall be made whether or not the well has produced except well drilling well rate applies.
- (5) All other inactive wells (including but not limited to inactive wells covered by unit allowable, lease allowable, transferred allowable, etc.) shall not qualify for an overhead charge.

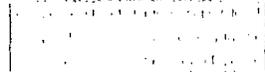
- (3) The well rates shall be adjusted as of the first day of April each year following the effective date of the agreement to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Production Workers for the last calendar year compared to the calendar year preceding as shown by the index of average weekly earnings of Crude Petroleum and Gas Production Workers as published by the United States Department of Labor, Bureau of Labor Statistics, or the equivalent Canadian Index as published by Stat Canada, as applicable. The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.

B. Overhead - Percentage Basis

- (1) Operator shall charge the Joint Account at the following rates:

A.A.P.L. FORM 610 - 1989

MODEL FORM OPERATING AGREEMENT



OPERATING AGREEMENT

DATED

December 15 1998 ,

OPERATOR Richardson Operating Company

CONTRACT AREA Township 30 North, Range 14 West, NMPM

Section 16: W/2

Surface to base of Pictured Cliffs formation

COUNTY OR PARISH OF San Juan , STATE OF New Mexico

EXHIBIT " C "

attached to and made a part of Attached to and made a part of that certain Operating Agreement
dated Dec. 15, 1998, between Richardson Operating Company, as Operator, and Amoco
Production Company, et al, as Non-Operators.

ACCOUNTING PROCEDURE
JOINT OPERATIONS

I. GENERAL PROVISIONS

Definitions

- "Joint Property" shall mean the real and personal property subject to the agreement to which this Accounting Procedure is attached.
- "Joint Operations" shall mean all operations necessary or proper for the development, operation, protection and maintenance of the Joint Property.
- "Joint Account" shall mean the account showing the charges paid and credits received in the conduct of the Joint Operations and which are to be shared by the Parties.
- "Operator" shall mean the party designated to conduct the Joint Operations.
- "Non-Operators" shall mean the Parties to this agreement other than the Operator.
- "Parties" shall mean Operator and Non-Operators.
- "First Level Supervisors" shall mean those employees whose primary function in Joint Operations is the direct supervision of other employees and/or contract labor directly employed on the Joint Property in a field operating capacity.
- "Technical Employees" shall mean those employees having special and specific engineering, geological or other professional skills, and whose primary function in Joint Operations is the handling of specific operating conditions and problems for the benefit of the Joint Property.
- "Personal Expenses" shall mean travel and other reasonable reimbursable expenses of Operator's employees.
- "Material" shall mean personal property, equipment or supplies acquired or held for use on the Joint Property.
- "Controllable Material" shall mean Material which at the time is so classified in the Material Classification Manual most recently recommended by the Council of Petroleum Accountants Societies.

Statement and Billings

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of the Joint Account for the preceding month. Such bills will be accompanied by statements which identify the authority for expenditure lease or facility, and all charges and credits summarized by appropriate classifications of investment and expense except that items of Controllable Material and unusual charges and credits shall be separately identified and fully described in detail.

Advances and Payments by Non-Operators

- A. Unless otherwise provided for in the agreement, the Operator may require the Non-Operators to advance their share of estimated cash outlay for the succeeding month's operation within fifteen (15) days after receipt of the billing or by the first day of the month for which the advance is required, whichever is later. Operator shall adjust each monthly billing to reflect advances received from the Non-Operators.
- B. Each Non-Operator shall pay its proportion of all bills within fifteen (15) days after receipt. If payment is not made within such time, the unpaid balance shall bear interest monthly at the prime rate in effect at Norwest
Bank Denver on the first day of the month in which delinquency occurs plus 1% or the maximum contract rate permitted by the applicable usury laws in the state in which the Joint Property is located, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts.

Adjustments

Payment of any such bills shall not prejudice the right of any Non-Operator to protest or question the correctness thereof provided, however, all bills and statements rendered to Non-Operators by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year unless within the said twenty-four (24) month period a Non-Operator takes written exception thereto and makes claim on Operator for adjustment. No adjustment favorable to Operator shall be made unless it is made within the same prescriptive period. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of Controllable Material as provided for in Section V.

III. OVERHEAD

Overhead - Drilling and Producing Operations

i. As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge drilling and producing operations on either:

- (X) Fixed Rate Basis, Paragraph IA, or
- () Percentage Basis, Paragraph III

Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 3A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.

ii. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property:

- () shall be covered by the overhead rates, or
- (X) shall not be covered by the overhead rates.

iii. The salaries, wages and Personal Expenses of Technical Employees and/or costs of professional consultant services and contract services of technical personnel either temporarily or permanently assigned to and directly employed in the operation of the Joint Property:

- () shall be covered by the overhead rates, or
- (X) shall not be covered by the overhead rates.

A. Overhead - Fixed Rate Basis

(1) Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate \$ 5,000.00
(Prorated for less than a full month)

Producing Well Rate \$ 500.00

(2) Application of Overhead - Fixed Rate Basis shall be as follows:

(a) Drilling Well Rate

- (1) Charges for drilling wells shall begin on the date the well is spudded and terminate on the date the drilling rig, completion rig, or other units used in completion of the well is released, whichever is later, except that no charge shall be made during suspension of drilling or completion operations for fifteen (15) or more consecutive calendar days.
- (2) Charges for wells undergoing any type of workover or recompletion for a period of five (5) consecutive work days or more shall be made at the drilling well rate. Such charges shall be applied for the period from date workover operations, with rig or other units used in workover, commence through date of rig or other unit release, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive calendar days.

(b) Producing Well Rates

- (1) An active well either produced or injected into for any portion of the month shall be considered as a one well charge for the entire month.
- (2) Each active completion in a multi-completed well in which production is not commingled down hole shall be considered as a one-well charge providing each completion is considered a separate well by the governing regulatory authority.
- (3) An inactive gas well shut in because of overproduction or failure of purchaser to take the production shall be considered as a one-well charge providing the gas well is directly connected to a permanent sales outlet.
- (4) A one-well charge shall be made for the month in which plugging and abandonment operations are completed on any well. This one-well charge shall be made whether or not the well has produced except when drilling well rate applies.
- (5) All other inactive wells (including but not limited to inactive wells covered by unit allowable, lease allowable, transferred allowable, etc.) shall not qualify for an overhead charge.

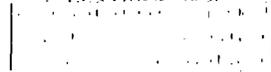
(3) The well rates shall be adjusted as of the first day of April each year following the effective date of the agreement to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last calendar year compared to the calendar year preceding as shown by the Index of Average Weekly Earnings of Crude Petroleum and Gas Production Workers as published by the United States Department of Labor, Bureau of Labor Statistics, or the equivalent Canadian Index as published by Statistics Canada, as applicable. The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.

B. Overhead - Percentage Basis

Operator shall charge the Joint Account at the following rates:

A.A.P.L. FORM 610 - 1989

MODEL FORM OPERATING AGREEMENT



OPERATING AGREEMENT

DATED
June 1, 2000

OPERATOR RICHARDSON OPERATING COMPANY

CONTRACT AREA TOWNSHIP 30 NORTH - RANGE 14 WEST, NMPM

Section 21: NW/4

Surface to base of the Pictured Cliffs Formation

COUNTY OR PARISH OF San Juan, STATE OF New Mexico

EXHIBIT " C "

Attached to and made a part of _____ certain Operating Agreement Dated June 1, 2000,

_____ between Richardson Operating Company, as Operator, and Amoco
_____ Production Company, et al, as Non-Operators _____

ACCOUNTING PROCEDURE JOINT OPERATIONS

I. GENERAL PROVISIONS

1. Definitions

"Joint Property" shall mean the real and personal property subject to the agreement to which this Accounting Procedure is attached.

"Joint Operations" shall mean all operations necessary or proper for the development, operation, protection and maintenance of the Joint Property.

"Joint Account" shall mean the account showing the charges paid and credits received in the conduct of the Joint Operations and which are to be shared by the Parties.

"Operator" shall mean the party designated to conduct the Joint Operations.

"Non-Operators" shall mean the Parties to this agreement other than the Operator.

"Parties" shall mean Operator and Non-Operators.

"First Level Supervisors" shall mean those employees whose primary function in Joint Operations is the direct supervision of other employees and/or contract labor directly employed on the Joint Property in a field operating capacity.

"Technical Employees" shall mean those employees having special and specific engineering, geological or other professional skills, and whose primary function in Joint Operations is the handling of specific operating conditions and problems for the benefit of the Joint Property.

"Personal Expenses" shall mean travel and other reasonable reimbursable expenses of Operator's employees.

"Material" shall mean personal property, equipment or supplies acquired or held for use on the Joint Property.

"Controllable Material" shall mean Material which at the time is so classified in the Material Classification Manual as most recently recommended by the Council of Petroleum Accountants Societies.

2. Statement and Billings

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of the Joint Account for the preceding month. Such bills will be accompanied by statements which identify the authority for expenditure, lease or facility, and all charges and credits summarized by appropriate classifications of investment and expense except that items of Controllable Material and unusual charges and credits shall be separately identified and fully described in detail.

3. Advances and Payments by Non-Operators

A. Unless otherwise provided for in the agreement, the Operator may require the Non Operators to advance their share of estimated cash outlay for the succeeding month's operation within fifteen (15) days after receipt of the billing or by the first day of the month for which the advance is required, whichever is later. Operator shall adjust each monthly billing to reflect advances received from the Non-Operators.

B. Each Non-Operator shall pay its proportion of all bills within fifteen (15) days after receipt. If payment is not made within such time, the unpaid balance shall bear interest monthly at the prime rate in effect at Wells Fargo Bank _____ on the first day of the month in which delinquency occurs plus 1% or the maximum contract rate permitted by the applicable usury laws in the state in which the Joint Property is located, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts.

4. Adjustments

Payment of any such bills shall not prejudice the right of any Non Operator to protest or question the correctness thereof; provided, however, all bills and statements rendered to Non Operators by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty four (24) months following the end of any such calendar year, unless within the said twenty four (24) month period a Non Operator takes written exception thereto and makes claim on Operator for adjustment. No adjustment favorable to Operator shall be made unless it is made within the same prescribed period. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of Controllable Material as provided for in Section V.

III. OVERHEAD

1. Overhead - Drilling and Producing Operations

- i. As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge drilling and producing operations on either:

Fixed Rate Basis, Paragraph 1A, or
 Percentage Basis, Paragraph 1B

Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 3A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.

- ii. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property:

shall be covered by the overhead rates, or
 shall not be covered by the overhead rates.

- iii. The salaries, wages and Personal Expenses of Technical Employees and/or costs of professional consultant services and contract services of technical personnel either temporarily or permanently assigned to and directly employed in the operation of the Joint Property:

shall be covered by the overhead rates, or
 shall not be covered by the overhead rates.

A. Overhead - Fixed Rate Basis

- (1) Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate \$ 5,000.00
 (Prorated for less than a full month)

Producing Well Rate \$ 500.00

- (2) Application of Overhead - Fixed Rate Basis shall be as follows:

(a) Drilling Well Rate

- (1) Charges for drilling wells shall begin on the date the well is spudded and terminate on the date the drilling rig, completion rig, or other units used in completion of the well is released, whichever is later, except that no charge shall be made during suspension of drilling or completion operations for fifteen (15) or more consecutive calendar days.
- (2) Charges for wells undergoing any type of workover or recompletion for a period of five (5) consecutive work days or more shall be made at the drilling well rate. Such charges shall be applied for the period from date workover operations, with rig or other units used in workover, commence through date of rig or other unit release, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive calendar days.

(b) Producing Well Rates

- (1) An active well either produced or injected into for any portion of the month shall be considered as a one-well charge for the entire month.
- (2) Each active completion in a multi-completed well in which production is not commingled down hole shall be considered as a one well charge providing each completion is considered a separate well by the governing regulatory authority.
- (3) An inactive gas well shut in because of overproduction or failure of purchaser to take the production shall be considered as a one-well charge providing the gas well is directly connected to a permanent sales outlet.
- (4) A one-well charge shall be made for the month in which plugging and abandonment operations are completed on any well. This one well charge shall be made whether or not the well has produced except when drilling well rate applies.
- (5) All other inactive wells (including but not limited to inactive wells covered by unit allowable, lease allowable, transferred allowable, etc.) shall not qualify for an overhead charge.

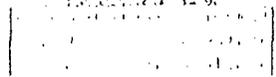
- (3) The well rates shall be adjusted as of the first day of April each year following the effective date of the agreement to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last calendar year compared to the calendar year preceding as shown by the index of average weekly earnings of Crude Petroleum and Gas Production Workers as published by the United States Department of Labor, Bureau of Labor Statistics, or the equivalent Canadian index as published by Statistics Canada, as applicable. The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.

~~B. Overhead - Percentage Basis~~

- ~~(1) Operator shall charge the Joint Account at the following rates:~~

A.A.P.L. FORM 610 - 1989

MODEL FORM OPERATING AGREEMENT



OPERATING AGREEMENT

DATED

June 1, 2000

OPERATOR RICHARDSON OPERATING COMPANY

CONTRACT AREA TOWNSHIP 30 NORTH - RANGE 14 WEST, NMPM

Section 21: SE/4

Surface to base of the Pictured Cliffs Formation

COUNTY OR PARISH OF San Juan, STATE OF New Mexico

EXHIBIT " C "

Attached to and made a part of _____ certain Operating Agreement Dated June 1, 2000,

_____ between Richardson Operating Company, as Operator, and Amoco
Production Company, et al, as Non-Operators _____

ACCOUNTING PROCEDURE
JOINT OPERATIONS

I. GENERAL PROVISIONS

1. Definitions

"Joint Property" shall mean the real and personal property subject to the agreement to which this Accounting Procedure is attached.

"Joint Operations" shall mean all operations necessary or proper for the development, operation, protection and maintenance of the Joint Property.

"Joint Account" shall mean the account showing the charges paid and credits received in the conduct of the Joint Operations and which are to be shared by the Parties.

"Operator" shall mean the party designated to conduct the Joint Operations.

"Non-Operators" shall mean the Parties to this agreement other than the Operator.

"Parties" shall mean Operator and Non-Operators.

"First Level Supervisors" shall mean those employees whose primary function in Joint Operations is the direct supervision of other employees and/or contract labor directly employed on the Joint Property in a field operating capacity.

"Technical Employees" shall mean those employees having special and specific engineering, geological or other professional skills, and whose primary function in Joint Operations is the handling of specific operating conditions and problems for the benefit of the Joint Property.

"Personal Expenses" shall mean travel and other reasonable reimbursable expenses of Operator's employees.

"Material" shall mean personal property, equipment or supplies acquired or held for use on the Joint Property.

"Controllable Material" shall mean Material which at the time is so classified in the Material Classification Manual as most recently recommended by the Council of Petroleum Accountants Societies.

2. Statement and Billings

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of the Joint Account for the preceding month. Such bills will be accompanied by statements which identify the authority for expenditure, lease or facility, and all charges and credits summarized by appropriate classifications of investment and expense except that items of Controllable Material and unusual charges and credits shall be separately identified and fully described in detail.

3. Advances and Payments by Non-Operators

A. Unless otherwise provided for in the agreement, the Operator may require the Non-Operators to advance their share of estimated cash outlay for the succeeding month's operation within fifteen (15) days after receipt of the billing or by the first day of the month for which the advance is required, whichever is later. Operator shall adjust each monthly billing to reflect advances received from the Non-Operators.

B. Each Non-Operator shall pay its proportion of all bills within fifteen (15) days after receipt. If payment is not made within such time, the unpaid balance shall bear interest monthly at the prime rate in effect at Wells Fargo Bank _____ on the first day of the month in which delinquency occurs plus 1% of the maximum contract rate permitted by the applicable usury laws in the state in which the Joint Property is located, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts.

4. Adjustments

Payment of any such bills shall not prejudice the right of any Non Operator to protest or question the correctness thereof; provided, however, all bills and statements rendered to Non Operators by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year, unless within the said twenty-four (24) month period a Non Operator takes written exception thereto and makes claim on Operator for adjustment. No adjustment favorable to Operator shall be made unless it is made within the same prescribed period. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of Controllable Material as provided for in Section V.

III. OVERHEAD

I. Overhead - Drilling and Producing Operations

- i. As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge drilling and producing operations on either:

Fixed Rate Basis, Paragraph 1A, or
 Percentage Basis, Paragraph 1B

Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 3A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.

- ii. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property:

shall be covered by the overhead rates, or
 shall not be covered by the overhead rates.

- iii. The salaries, wages and Personal Expenses of Technical Employees and/or costs of professional consultant services and contract services of technical personnel either temporarily or permanently assigned to and directly employed in the operation of the Joint Property:

shall be covered by the overhead rates, or
 shall not be covered by the overhead rates.

A. Overhead - Fixed Rate Basis

- (1) Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate \$ 5,000.00
 (Prorated for less than a full month)

Producing Well Rate \$ 500.00

- (2) Application of Overhead - Fixed Rate Basis shall be as follows:

(a) Drilling Well Rate

- (1) Charges for drilling wells shall begin on the date the well is spudded and terminate on the date the drilling rig, completion rig, or other units used in completion of the well is released, whichever is later, except that no charge shall be made during suspension of drilling or completion operations for fifteen (15) or more consecutive calendar days.
- (2) Charges for wells undergoing any type of workover or recompletion for a period of five (5) consecutive work days or more shall be made at the drilling well rate. Such charges shall be applied for the period from date workover operations, with rig or other units used in workover, commence through date of rig or other unit release, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive calendar days.

(b) Producing Well Rates

- (1) An active well either produced or injected into for any portion of the month shall be considered as a one-well charge for the entire month.
- (2) Each active completion in a multi completed well in which production is not commingled down hole shall be considered as a one-well charge providing each completion is considered a separate well by the governing regulatory authority.
- (3) An inactive gas well shut in because of overproduction or failure of purchaser to take the production shall be considered as a one-well charge providing the gas well is directly connected to a permanent sales outlet.
- (4) A one-well charge shall be made for the month in which plugging and abandonment operations are completed on any well. This one-well charge shall be made whether or not the well has produced except when drilling well rate applies.
- (5) All other inactive wells (including but not limited to inactive wells covered by unit allowable, lease allowable, transferred allowable, etc.) shall not qualify for an overhead charge.
- (3) The well rates shall be adjusted as of the first day of April each year following the effective date of the agreement to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last calendar year compared to the calendar year preceding as shown by the index of average weekly earnings of Crude Petroleum and Gas Production Workers as published by the United States Department of Labor, Bureau of Labor Statistics, or the equivalent Canadian index as published by Statistics Canada, as applicable. The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.

~~B. Overhead - Percentage Basis~~

- ~~(1) Operator shall charge the Joint Account at the following rates:~~

EXHIBIT A
APPLICATION OF RICHARDSON PRODUCTION COMPANY
FOR COMPULSORY POOLING
SECTION 8, TOWNSHIP 29 NORTH, RANGE 14 WEST
SAN JUAN COUNTY, NEW MEXICO

NOTICE LIST

Herbert and Evelyn Smith
2011 Troy King Road #175
Farmington, New Mexico 87401

Julia Clah
Post Office Box 762
Shiprock, New Mexico 87420

Callie P. Renfro
#2 County Road 6212
Kirtland, New Mexico 87417

Conseco Finance Servicing Corp.
111 Lomas Boulevard NW, Suite 500
Albuquerque, New Mexico 87102

Joe G. and Patricia B. Singleton
Post Office Box 1665
Kirtland, New Mexico 87417

William and Rosinda Crosby, Jr.
Post Office Box 686
Waterflow, New Mexico 87421

Yucca Incorporated
No Address

Jessie C. Crowe
No Address

Fred Rebele
#3 County Road 6212
Kirtland, New Mexico 87417

Ronald J. Johnson and Leona R. Begay
Post Office Box 3517
Shiprock, New Mexico 87420

Gary C. Soza and Viola I. Blanton
#12 County Road 6212
Kirtland, New Mexico 87417

Myron E. Shorty and Vangie Randall
#1 County Road 6212
Kirtland, New Mexico 87417

CLR, LLC
Attention: Doug Leming
Post Office Box 1564
Kirtland, New Mexico 87417

HOLLAND & HART LLP
AND
CAMPBELL & CARR
ATTORNEYS AT LAW

DENVER • ASPEN
BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
BILLINGS • BOISE
CHEYENNE • JACKSON HOLE
SALT LAKE CITY • SANTA FE
WASHINGTON, D.C.

SUITE 1
110 NORTH GUADALUPE
SANTA FE, NEW MEXICO 87501-6525
MAILING ADDRESS
P.O. BOX 2208
SANTA FE, NEW MEXICO 87504-2208

TELEPHONE (505) 988-4421
FACSIMILE (505) 983-6043
www.hollandhart.com

March 29, 2001

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

To All Interest Owners:

Re: Application of Richardson Production Company for compulsory pooling, San Juan County, New Mexico.
ROPCO Well No. 8-3

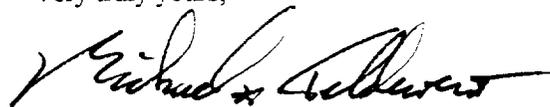
Dear Interest Owner:

This letter is to advise you that Richardson Production Company has filed the enclosed application with the New Mexico Oil Conservation Division seeking the compulsory pooling of certain spacing and proration units in the S/2 of Section 8, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico. Said units will be dedicated to its proposed ROPCO Well No. 8-3.

This application has been set for hearing before a Division Examiner on April 19, 2001. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Prehearing Statement three days in advance of a scheduled hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,



Michael H. Feldewert
ATTORNEY FOR RICHARDSON
PRODUCTION COMPANY

Enclosure

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

WFC 623



Postage	\$	
Certified Fee		1.90
Return Receipt Fee (Endorsement Required)		1.50
Restricted Delivery Fee (Endorsement Required)		

Recip
 Julia Clah
 Post Office Box 762
 Shiprock, New Mexico 87420

Returned
 Not delivered

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

WFC 623



Postage	\$	
Certified Fee		1.90
Return Receipt Fee (Endorsement Required)		1.50
Restricted Delivery Fee (Endorsement Required)		

Recip
 CLR, LLC
 Attention: Doug Leming
 Post Office Box 1564
 Kirtland, New Mexico 87417

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.

1. Article Addressed to:
 CLR, LLC
 Attention: Doug Leming
 Post Office Box 1564
 Kirtland, New Mexico 87417

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) _____ B. Date of Delivery 3/31/01
 C. Signature _____ Agent Addressee
 D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below: _____

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

2. Article Number (Copy from service label)
 7000 0600 0024 3129 7840

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

WFC 623



Postage	\$	
Certified Fee		1.90
Return Receipt Fee (Endorsement Required)		1.50
Restricted Delivery Fee (Endorsement Required)		

Recip
 Conseco Finance Servicing Corp.
 111 Lomas Boulevard NW
 Suite 500
 Albuquerque, New Mexico 87102

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.

1. Article Addressed to:
 Conseco Finance Servicing Corp.
 111 Lomas Boulevard NW
 Suite 500
 Albuquerque, New Mexico 87102

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) X A. Hanney B. Date of Delivery 3-30-01
 C. Signature X X AH Agent Addressee
 D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below: _____

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

2. Article Number (Copy from service label)
 7000 0600 0024 3129 7618

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**

(Domestic Mail Only; No Insurance Coverage Provided)

WFC 623

Postage	\$	
Certified Fee		1.90
Return Receipt Fee (Endorsement Required)		1.50
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	



Recip
Street: William and Rosinda Crosby, Jr.
Post Office Box 686
City: Waterflow, New Mexico 87421

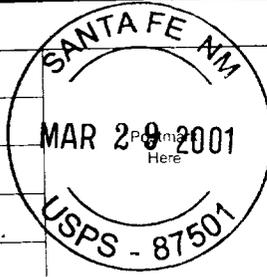
PS Form Instructions

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**

(Domestic Mail Only; No Insurance Coverage Provided)

WFC 623

Postage	\$	
Certified Fee		1.90
Return Receipt Fee (Endorsement Required)		1.50
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	



Recip
Street: Ronald J. Johnson and
Leona R. Begay
Post Office Box 3517
City: Shiprock, New Mexico 87420

PS Form Instructions

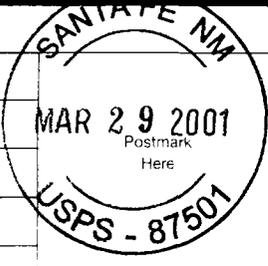
Returned
Undelivered

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**

(Domestic Mail Only; No Insurance Coverage Provided)

WFC 623

Postage	\$	
Certified Fee		1.90
Return Receipt Fee (Endorsement Required)		1.50
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	



Re
Street: Fred Rebele
#3 County Road 6212
City: Kirtland, New Mexico 87417

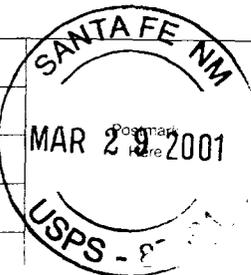
PS Form Instructions

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**

(Domestic Mail Only; No Insurance Coverage Provided)

WFC 623

Postage \$
Certified Fee 1.90
Return Receipt Fee (Endorsement Required) 1.50
Restricted Delivery Fee (Endorsement Required)
Total Postage & Fees \$



Returned
Not delivered

Recipient:
Street: Callie P. Renfro
#2 County Road 6212
City, State: Kirtland, New Mexico 87417

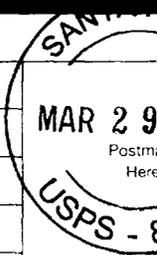
PS Form Instructions

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**

(Domestic Mail Only; No Insurance Coverage Provided)

WFC 623

Postage \$
Certified Fee 1.90
Return Receipt Fee (Endorsement Required) 1.50
Restricted Delivery Fee (Endorsement Required)



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.

1. Article Addressed to:

Myron E. Shorty and
Vangie Randall
#1 County Road 6212
Kirtland, New Mexico 87417

2. Article Number (Copy from service label)

7000 0600 0024 3129 7557

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-17

COMPLETE THIS SECTION ON DELIVERY

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

Myron Shorty

C. Signature Agent

Address

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

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

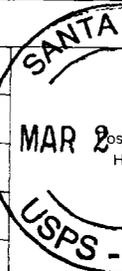
4. Restricted Delivery? (Extra Fee) Yes

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**

(Domestic Mail Only; No Insurance Coverage Provided)

WFC 623

Postage \$
Certified Fee 1.90
Return Receipt Fee (Endorsement Required) 1.50
Restricted Delivery Fee (Endorsement Required)



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.

1. Article Addressed to:

Joe G. and Patricia B. Singleton
Post Office Box 1665
Kirtland, New Mexico 87417

2. Article Number (Copy from service label)

7000 0600 0024 3129 7601

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-17B

COMPLETE THIS SECTION ON DELIVERY

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

Patricia Singleton

C. Signature Agent

Addressee

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

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

Joe G. and Patricia B. Singleton
Post Office Box 1665
Kirtland, New Mexico 87417

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**

(Domestic Mail Only; No Insurance Coverage Provided)

WFC 623

Postage	\$	
Certified Fee		1.90
Return Receipt Fee (Endorsement Required)		1.50
Restricted Delivery Fee (Endorsement Required)		
Total		



Recip:
 Street: Herbert and Evelyn Smith
 2011 Troy King Road #175
 City: Farmington, New Mexico 87401

PS Form

Instructions

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**

(Domestic Mail Only; No Insurance Coverage Provided)

WFC 623

Postage	\$	
Certified Fee		1.90
Return Receipt Fee (Endorsement Required)		1.50
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees		



Recip:
 Street: Gary C. Soza and Viola I. Blanton
 #12 County Road 6212
 City: Kirtland, New Mexico 87417

PS Form

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.

1. Article Addressed to:

Gary C. Soza and Viola I. Blanton
 #12 County Road 6212
 Kirtland, New Mexico 87417

2. Article Number (Copy from service label)

7000 0600 0024 3129 7564

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery
 Gary C. Soza 3/31/01
 C. Signature Agent
 X *Gary C. Soza* Addressee
 D. Is delivery address different from item #1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

EXHIBIT A

**APPLICATION OF RICHARDSON PRODUCTION COMPANY
FOR COMPULSORY POOLING
SECTION 8, TOWNSHIP 29 NORTH, RANGE 14 WEST
SAN JUAN COUNTY, NEW MEXICO**

NOTICE LIST

Julia Clah
Post Office Box 762
Shiprock, New Mexico 87420

Callie P. Renfro
#2 County Road 6212
Kirtland, New Mexico 87417

Joe G. and Patricia B. Singleton
Post Office Box 1665
Kirtland, New Mexico 87417

Yucca Incorporated
No Address

Jessie C. Crowe
No Address

Ronald J. Johnson and Leona R. Begay
Post Office Box 3517
Shiprock, New Mexico 87420

Myron E. Shorty and Vangie Randall
#1 County Road 6212
Kirtland, New Mexico 87417

William and Rosinda Crosby, Jr.
Post Office Box 686
Waterflow, New Mexico 87421

HOLLAND & HART ^{LLP}
AND
CAMPBELL & CARR
ATTORNEYS AT LAW

DENVER • ASPEN
BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
BILLINGS • BOISE
CHEYENNE • JACKSON HOLE
SALT LAKE CITY • SANTA FE
WASHINGTON, D.C.

SUITE 1
110 NORTH GUADALUPE
SANTA FE, NEW MEXICO 87501-6525
MAILING ADDRESS
P.O. BOX 2208
SANTA FE, NEW MEXICO 87504-2208

TELEPHONE (505) 988-4421
FACSIMILE (505) 983-6043
www.hollandhart.com

March 29, 2001

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

To All Interest Owners:

Re: Application of Richardson Production Company for compulsory pooling, San Juan County, New Mexico.
ROPCO Well No. 8-4

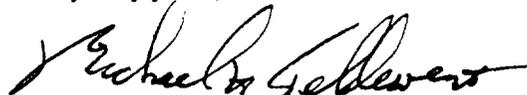
Dear Interest Owner:

This letter is to advise you that Richardson Production Company has filed the enclosed application with the New Mexico Oil Conservation Division seeking the compulsory pooling of SE/4 of Section 8, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico. Said unit will be dedicated to its proposed ROPCO Well No. 8-4.

This application has been set for hearing before a Division Examiner on April 19, 2001. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Prehearing Statement three days in advance of a scheduled hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,



Michael H. Feldewert
ATTORNEY FOR RICHARDSON
PRODUCTION COMPANY

Enclosure

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

WFC 628

Postage	\$	
Certified Fee		1.90
Return Receipt Fee (Endorsement Required)		1.50
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	

Postmark Here: SANTA FE NM MAR 29 2001 USPS - 87501

Recip: Julia Clah
 Street: Post Office Box 762
 City: Shiprock, New Mexico 87420

PS Form Instructions

Returned
 Not delivered

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

WFC 628

Postage	\$	
Certified Fee		1.90
Return Receipt Fee (Endorsement Required)		1.50
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	

Postmark Here: SANTA FE NM MAR 29 2001 USPS - 87501

Recip: William and Rosinda Crosby, Jr.
 Street: Post Office Box 686
 City: Waterflow, New Mexico 87421

PS Form Instructions

COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete Restricted Delivery if desired. Write your name and address on the reverse so we can return the card to you. Attach this card to the back of the mailpiece, front if space permits.

Addressed to:
 and Patricia Singleton
 Post Office Box 1665
 Shiprock, New Mexico 87417

Number (Copy from service label)
 0 0600 0024 3129 7502

PS Form 3811, July 1999

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) Patricia Singleton
 B. Date of Delivery
 C. Signature: Patricia Singleton
 Agent
 Address
 D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

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

WFC 628

Postage	\$	
Certified Fee		1.90
Return Receipt Fee (Endorsement Required)		1.50
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	

Postmark Here: SANTA FE NM MAR 29 2001 USPS - 87501

Recip: Ronald J. Johnson and
 Leona R. Begay
 Post Office Box 3517
 Shiprock, New Mexico 87420

PS Form Instructions

Returned
 Not delivered

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

WFC 628

Postage \$
 Certified Fee 1.90
 Return Receipt Fee (Endorsement Required) 1.50
 Restricted Delivery Fee (Endorsement Required)
 Total Postage & Fees



Returned
 Not delivered

Reci Callie P. Renfro
 #2 County Road 6212
 Kirtland, New Mexico 87417

PS Form Instructions

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

WFC 628

Postage \$
 Certified Fee 1.90
 Return Receipt Fee (Endorsement Required) 1.50
 Restricted Delivery Fee (Endorsement Required)
 Total Postage & Fees



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.

1. Article Addressed to:

Myron E. Shorty and
 Vangie Randall
 #1 County Road 6212
 Kirtland, New Mexico 87417

COMPLETE THIS SECTION ON DELIVERY

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

C. Signature

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

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Copy from service label)

7000 0600 0024 3129 7526

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-178

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

WFC 628

Postage \$
 Certified Fee 1.90
 Return Receipt Fee (Endorsement Required) 1.50
 Restricted Delivery Fee (Endorsement Required)
 Total Postage & Fees



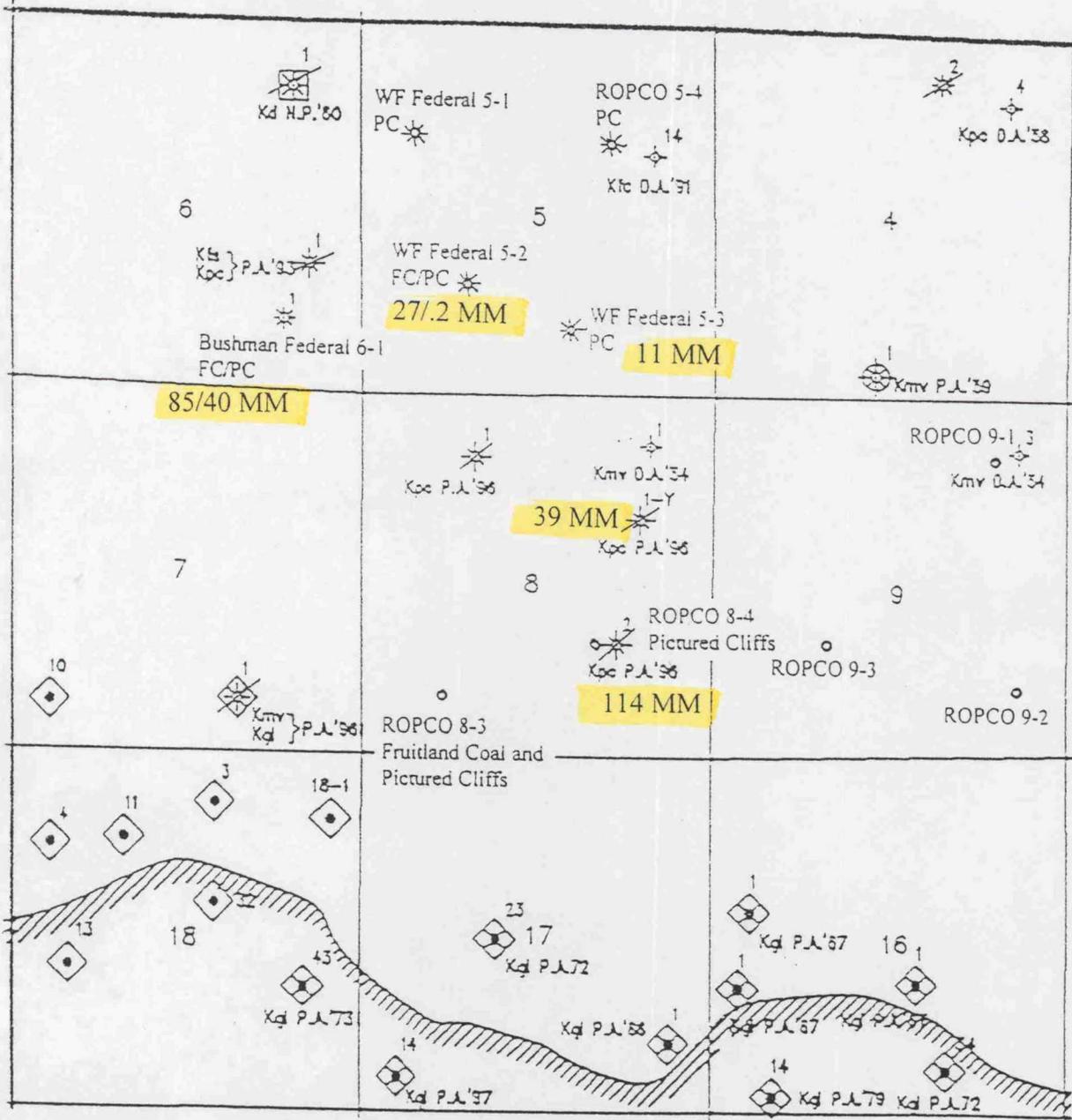
Reci Joe G. and Patricia Singleton
 Post Office Box 1665
 Kirtland, New Mexico 87417

PS Form Instructions

RICHARDSON OPERATING COMPANY

Township 29 North, Range 14 West, NMPM
San Juan County, New Mexico

CUMULATIVE PRODUCTION



Cumulative Production - Pictured Cliffs formation

Section 5	#5-2	0.2 MM
	#5-3	11 MM
Section 6	#6-1	40 MM
Section 8	#1-Y	39 MM
	#2	114 MM

Cumulative Production - Fruitland Coal formation

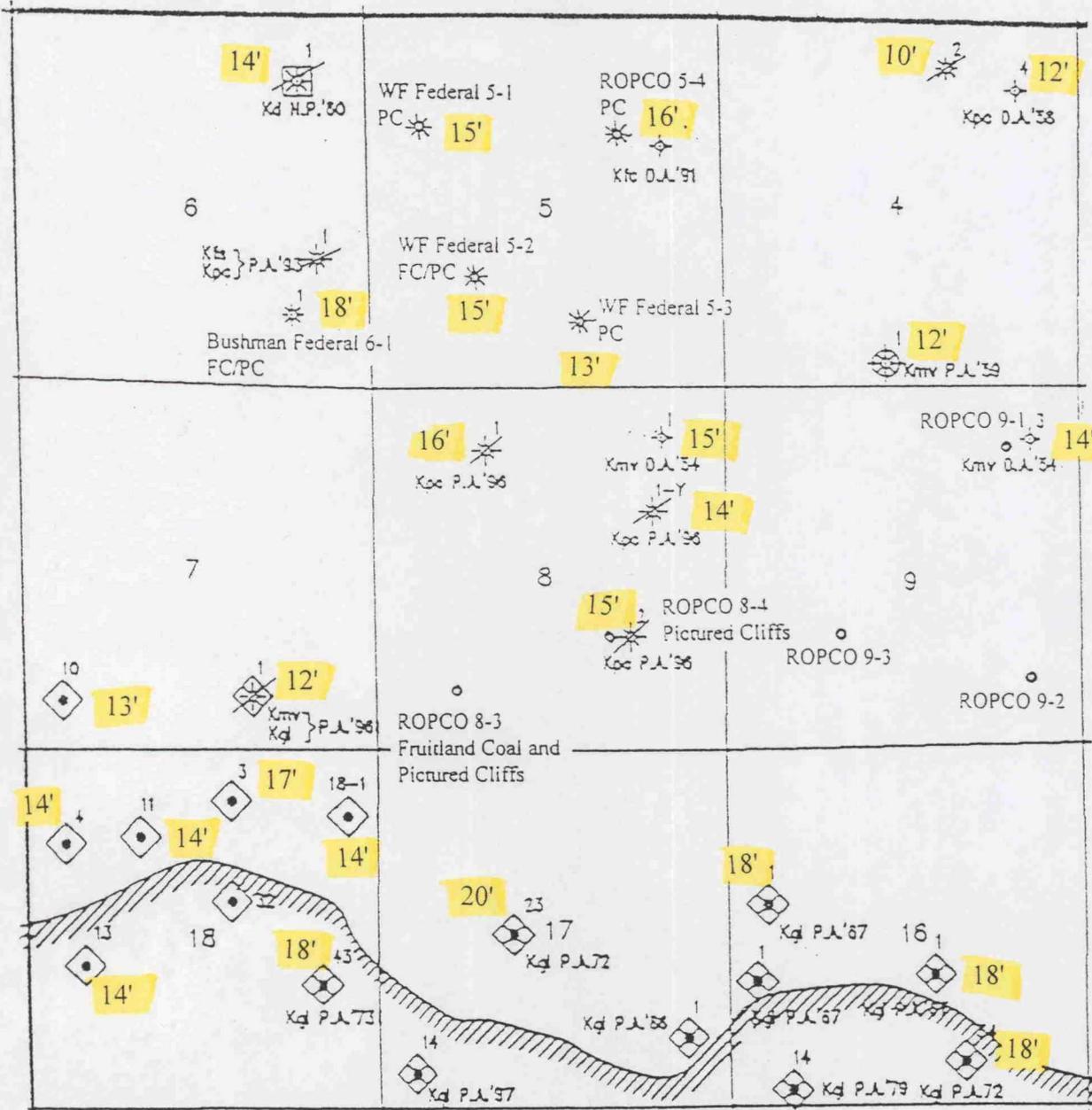
Section 5	#5-2	27 MM
Section 6	#6-1	85 MM

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case Nos. 12643/12644 Cons. Exhibit No. 8
Submitted by:
Richardson Production Company
Hearing Date: **April 19, 2001**

RICHARDSON OPERATING COMPANY

Township 29 North, Range 14 West, NMPM
San Juan County, New Mexico

BASAL COAL THICKNESS



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case Nos. 12643/12644 Cons. Exhibit No. 9
Submitted by:
Richardson Production Company
Hearing Date: April 19, 2001

Exhibit 11

RICHARDSON PRODUCTION COMPANY
 ESTIMATED REMAINING RESERVES AND FUTURE NET INCOME
 CONSTANT PRICES AND COSTS - TYPE WELL ECONOMICS -- ROG-12/00-LEASE

YEAR	WELL CNT	----GROSS PRODUCTION----		-----NET PRODUCTION-----		----PRICE----		-----SALES INCOME-----		
		BBL OIL	MCF GAS	BBL OIL	MCF GAS	OIL	GAS	OIL \$	GAS \$	TOTAL \$
2001	1	0	21,682	0	18,972	0.00	3.000	0	56,916	56,916
2002	1	0	34,258	0	29,976	0.00	3.000	0	89,927	89,927
2003	1	0	54,128	0	47,362	0.00	3.000	0	142,085	142,085
2004	1	0	60,452	0	52,896	0.00	3.000	0	158,687	158,687
2005	1	0	48,362	0	42,317	0.00	3.000	0	126,950	126,950
2006	1	0	38,689	0	33,853	0.00	3.000	0	101,560	101,560
2007	1	0	30,952	0	27,083	0.00	3.000	0	81,248	81,248
2008	1	0	24,761	0	21,666	0.00	3.000	0	64,998	64,998
2009	1	0	19,809	0	17,333	0.00	3.000	0	51,999	51,999
2010	1	0	15,847	0	13,866	0.00	3.000	0	41,599	41,599
2011	1	0	12,678	0	11,093	0.00	3.000	0	33,279	33,279
2012	1	0	934	0	817	0.00	3.000	0	2,452	2,452
2013	0	0	0	0	0	0.00	0.000	0	0	0
2014	0	0	0	0	0	0.00	0.000	0	0	0
2015	0	0	0	0	0	0.00	0.000	0	0	0
2016	0	0	0	0	0	0.00	0.000	0	0	0
TQT		0	362,553	0	317,234	0.00	3.000	0	951,701	951,701

YEAR	-----EXPENSES-----				NET OPER INCOME	OTHER COSTS	-----NET CASH FLOW-----			
	TAXES	MKTG	OPER	TOTAL			ANNUAL	CUMULATIVE	10.00 PCNT DISCOUNTED	
2001	5,236	7,589	65,951	78,776	-21,860	219,000 C	-240,860	-240,860	-238,266	-238,266
2002	8,273	11,990	56,361	76,624	13,303	0	13,303	-227,557	11,215	-227,051
2003	13,072	18,945	48,688	80,705	61,380	0	61,380	-166,177	47,840	-179,211
2004	14,599	21,158	42,551	78,308	80,379	0	80,379	-85,798	57,496	-121,714
2005	11,679	16,927	37,641	66,247	60,703	0	60,703	-25,095	39,480	-82,235
2006	9,344	13,541	33,712	56,597	44,963	0	44,963	19,868	26,589	-55,646
2007	7,475	10,833	30,570	48,878	32,370	0	32,370	52,238	17,407	-38,239
2008	5,980	8,666	28,056	42,702	22,296	0	22,296	74,534	10,904	-27,335
2009	4,784	6,933	26,045	37,762	14,237	0	14,237	88,771	6,335	-21,000
2010	3,827	5,547	24,436	33,809	7,789	0	7,789	96,560	3,157	-17,843
2011	3,062	4,437	23,149	30,648	2,632	0	2,632	99,192	977	-16,866
2012	226	327	1,879	2,432	20	0	20	99,212	7	-16,859
2013	0	0	0	0	0	0	0	99,212	0	-16,859
2014	0	0	0	0	0	0	0	99,212	0	-16,859
2015	0	0	0	0	0	0	0	99,212	0	-16,859
2016	0	0	0	0	0	0	0	99,212	0	-16,859
TQT	87,556	126,893	419,038	633,488	318,212	219,000	99,212	99,212	-16,859	-16,859

PCNT DSCNT	\$ VALUE	BBL OIL	MCF GAS
0.00	99,212	0	362,553
5.00	32,376	0	0
10.00	-16,859	0	0
12.00	-32,912	0	362,553
15.00	-53,915	0	317,234
18.00	-71,829	0.000	1.000
20.00	-82,331	0.000	1.000
25.00	-104,481	INTERESTS	
30.00	-121,995	YR MO	OILINT GASINT WORKINT TANGINT INTANGINT
35.00	-136,019	1 1	0.875000 0.875000 1.000000 1.000000 1.000000
40.00	-147,373		

EFFECTIVE DATE: JANUARY 1, 2001
 LEASE ID: 80
 LEASE NAME: FC/PC TYPE WELL
 WELL NAME:
 STATE: NEW MEXICO
 COUNTY: SAN JUAN
 FIELD:
 OPERATOR: RICHARDSON
 RES CAT: POSSIBLE UNDEVELOPED NONPRODUCING
 ECON LIMIT: 1201
 RESERVOIR: FRUITLAND COAL/PC

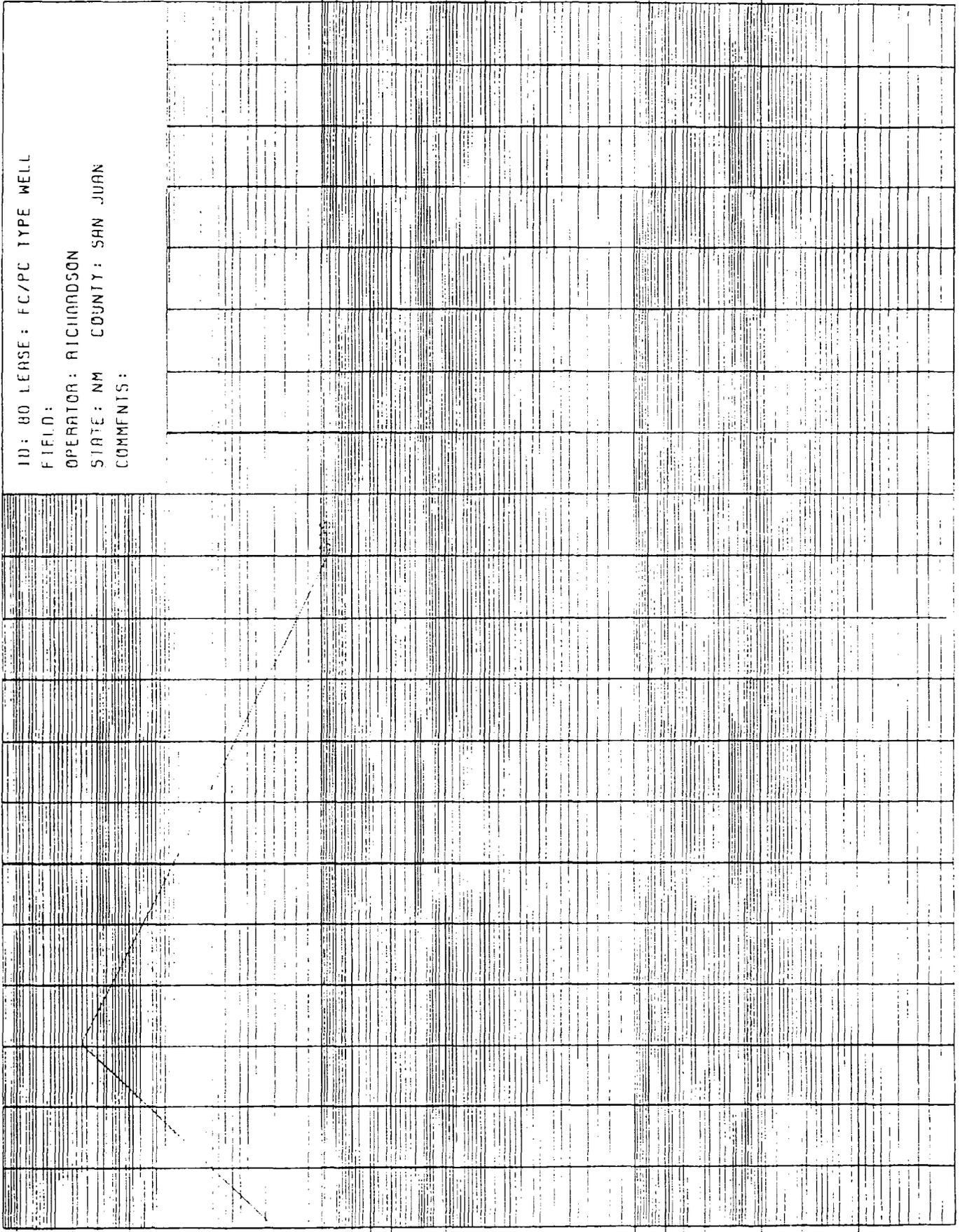
ROR: 8.29 IROI: 0.45
 PAYOUT: 5.58 EROI: 1.45

BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Case Nos. 12643/12644 Cons. Ex. No. 11

Submitted by:
 Richardson Production Company
 Hearing Date: April 19, 2001

ILLEGIBLE

ID: 80 LEASE: FC/PC TYPE WELL
 FIELD:
 OPERATOR: RICHARDSON
 STATE: NM COUNTY: SAN JUAN
 COMMENTS:



2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020

1000

100

1000 (MCF)

100 (BBL)

Exhibit 12

RICHARDSON PRODUCTION COMPANY
ESTIMATED REMAINING RESERVES AND FUTURE NET INCOME
CONSTANT PRICES AND COSTS - TYPE WELL ECONOMICS -- ROG-12/00-LEASE

YEAR	WELL CNT	----GROSS PRODUCTION----		-----NET PRODUCTION-----		----PRICE----		-----SALES INCOME-----		
		BBL OIL	MCF GAS	BBL OIL	MCF GAS	OIL	GAS	OIL \$	GAS \$	TOTAL \$
2001	1	0	41,534	0	36,342	0.00	3.000	0	109,026	109,026
2002	1	0	35,304	0	30,891	0.00	3.000	0	92,672	92,672
2003	1	0	30,008	0	26,257	0.00	3.000	0	78,771	78,771
2004	1	0	25,507	0	22,318	0.00	3.000	0	66,955	66,955
2005	1	0	21,681	0	18,971	0.00	3.000	0	56,912	56,912
2006	1	0	18,429	0	16,125	0.00	3.000	0	48,375	48,375
2007	1	0	15,664	0	13,706	0.00	3.000	0	41,119	41,119
2008	1	0	13,315	0	11,650	0.00	3.000	0	34,951	34,951
2009	1	0	11,318	0	9,903	0.00	3.000	0	29,708	29,708
2010	0	0	0	0	0	0.00	0.000	0	0	0
2011	0	0	0	0	0	0.00	0.000	0	0	0
2012	0	0	0	0	0	0.00	0.000	0	0	0
2013	0	0	0	0	0	0.00	0.000	0	0	0
2014	0	0	0	0	0	0.00	0.000	0	0	0
2015	0	0	0	0	0	0.00	0.000	0	0	0
2016	0	0	0	0	0	0.00	0.000	0	0	0
TOT		0	212,758	0	186,163	0.00	3.000	0	558,490	558,490

YEAR	-----EXPENSES-----				NET OPER INCOME	OTHER COSTS	-----NET CASH FLOW-----			
	TAXES	MKTG	OPER	TOTAL			ANNUAL	CUMULATIVE	10.00 PCNT DISCOUNTED	
2001	10,030	14,537	39,311	63,879	45,147	176,000 C	-130,853	-130,853	-131,649	-131,649
2002	8,526	12,356	35,049	55,931	36,741	0	36,741	-94,112	31,785	-99,863
2003	7,247	10,503	31,639	49,389	29,382	0	29,382	-64,730	23,112	-76,751
2004	6,160	8,927	28,911	43,999	22,957	0	22,957	-41,773	16,420	-60,331
2005	5,236	7,588	26,729	39,553	17,359	0	17,359	-24,415	11,291	-49,041
2006	4,451	6,450	24,983	35,884	12,491	0	12,491	-11,923	7,390	-41,651
2007	3,783	5,483	23,587	32,852	8,267	0	8,267	-3,656	4,450	-37,201
2008	3,216	4,660	22,469	30,345	4,606	0	4,606	950	2,259	-34,942
2009	2,733	3,961	21,575	28,270	1,439	0	1,439	2,389	648	-34,295
2010	0	0	0	0	0	0	0	2,389	0	-34,295
2011	0	0	0	0	0	0	0	2,389	0	-34,295
2012	0	0	0	0	0	0	0	2,389	0	-34,295
2013	0	0	0	0	0	0	0	2,389	0	-34,295
2014	0	0	0	0	0	0	0	2,389	0	-34,295
2015	0	0	0	0	0	0	0	2,389	0	-34,295
2016	0	0	0	0	0	0	0	2,389	0	-34,295
TOT	51,381	74,465	254,255	380,102	178,389	176,000	2,389	2,389	-34,295	-34,295

PCNT DSCNT	\$ VALUE		BBL OIL	MCF GAS	
0.00	2,389		0	212,758	
5.00	-18,199	ULTIMATE GROSS	0	0	
10.00	-34,295	CUM PROD GROSS	0	0	EFFECTIVE DATE: JANUARY 1, 2001
12.00	-39,762	FUTURE RES GROSS	0	212,758	LEASE ID: 81
15.00	-47,114	FUTURE RES NET	0	186,163	LEASE NAME: PC TYPE WELL
18.00	-53,593	GROSS WELL COUNT	0.000	1.000	WELL NAME:
20.00	-57,494	NET WELL COUNT	0.000	1.000	STATE: NEW MEXICO
25.00	-66,020	INTERESTS			COUNTY: SAN JUAN
30.00	-73,113	YR MO OILINT GASINT WORKINT TANGINT INTANGINT			FIELD:
35.00	-79,084	1 1 0.875000 0.875000 1.000000 1.000000 1.000000			OPERATOR: RICHARDSON
40.00	-84,159				RES CAT: POSSIBLE UNDEVELOPED NONPRODUCING

ROR: 0.58 IROI: 0.01
 PAYOUT: 7.75 EROI: 1.01
 BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Case Nos. 12643/12644 Cons. Ex. No. 12
 Submitted by:
 Richardson Production Company
 Hearing Date: April 19, 2001

1/18/01
2

RICHARDSON OPERATING



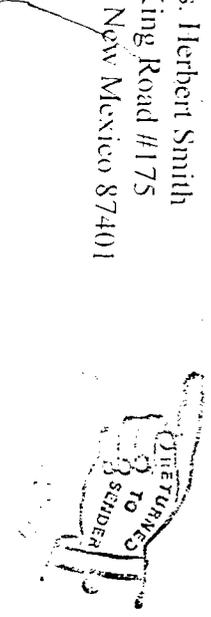
1700 Lincoln, Suite 170
Denver, Colorado 8020



7000 0520 0023 4373 3056

CERTIFIED MAIL

Mr. and Mrs. Herbert Smith
2011 Troy King Road #175
Farmington, New Mexico 87401





RICHARDSON PRODUCTION COMPANY

1700 Lincoln, Suite 1700
Denver, Colorado 80203 (303) 330-3000
Fax (303) 330-3009

January 11, 2001

*not on MSD white page,
internet*

Mr. and Mrs. Herbert Smith
2011 Troy King Road #175
Farmington, New Mexico 87401

not in Farmington phone book

Certified Mail 7000 0520 0023 4373 3056

Re: Fruitland Coal and Pictured Cliffs Well Proposal
ROPCO #8-3 Well
S/2-Section 8-T29N-R14W
San Juan County, New Mexico

Dear Mr. and Mrs. Smith:

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 0.3825 net acre unleased mineral interest within the spacing unit. The ROPCO #8-3 well will be located in the SW/4 of Section 8, Township 29 North, Range 14 West. The spacing unit for the Fruitland Coal will be the S/2, and the spacing unit for the Pictured Cliffs formation will be the SW/4.

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 January 26, 2001. 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. Herbert Smith
January 11, 2001
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 January 26, 2001.

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

RICHARDSON PRODUCTION COMPANY



Cathleen Colby
Land Manager

On this _____ day of _____, 2001, 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: _____

Printed Name: _____

AUTHORITY FOR EXPEDITURES

Well Name: ROPCO #8-3 SECTION 8 PC SW/4, FC S/2
 Location: T29N R14W
 Proposed Depth: 850' Fruitland Coal
 1000' Pictured Cliffs

Date: 01/11/2001
 Objective Formation: Commingled Pictured Cliffs
 and Fruitland Coal

I. Drilling Costs (Included Run Casing)

Survey and Permits
 Title Opinion
 * Drilling (incl. water and mud) 1000' @ 15.00/ft.
 BOP Rental
 Dirt Work
 Pit Lining
 Surface Casing 200' @ 7.18/ft.
 Casing Head
 Cement Surface
 Power Tongs
 Casing 1000' @ 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	Fruitland Coal	Pictured Cliffs
		3,000		1,500	1,500
		3,000		1,500	1,500
		15,000		6,375	8,625
		750		375	375
		4,000		2,000	2,000
		2,800		1,400	1,400
	1,436			718	718
	1,500			750	750
		2,300		1,150	1,150
		1,000		500	500
	5,500			2,338	3,163
		3,000		1,500	1,500
		3,750		1,875	1,875
		5,000		2,500	2,500
		4,000		1,700	2,300
	3,436	47,600	56,036	26,181	29,856
			3,327	1,554	1,773
			5,936	2,773	3,163
			65,299	30,508	34,791

II. Completion Costs

Rig Anchors
 Logs
 Perf.
 Wellhead & Fittings
 Tubing 1000' @ 2.50/ft.
 Stimulation
 Tool Rental
 Trucking
 Battery Installation
 Restore Location
 Engineering
 Treator, Separator
 Flowline
 Tank & Fittings
 Gravel
 Workover Rig
 Completion Fluids
 Pipeline Hookup
 Division Order Opinion
 Frac Tank Rental
 Flowback
 Fence Location
 Total Completion Costs
 5.9375% Farmington, NM Tax
 10% Contingency
 Drilling Costs
 Grand Total Well Costs

		750		375	375
		3,000		1,500	1,500
		3,500		1,750	1,750
	1,000			2,000	2,000
	2,500			1,063	1,438
		42,000		21,000	21,000
		2,300		1,150	1,150
		3,000		1,500	1,500
		6,000		3,000	3,000
		3,500		1,750	1,750
		5,800		2,900	2,900
	5,300			2,650	2,650
	4,000			2,000	2,000
	4,500			2,250	2,250
		3,000		1,500	1,500
		10,000		5,000	5,000
		2,000		1,000	1,000
		13,000		6,500	6,500
		1,500		750	750
		2,500		1,250	1,250
		2,000		1,000	1,000
	3,300			1,650	1,650
	23,500	103,850	127,450	63,538	63,913
			7,667	3,773	3,795
			13,502	6,731	6,771
			65,299	30,508	34,791
			213,819	104,550	109,269

FRUITLAND COAL

99.53047%	RICHARDSON OPERATING CO ET AL	DATE _____	APPROVED _____	\$104425
0.11953%	HERBERT SMITH	DATE _____	APPROVED _____	\$125
	EVELYN SMITH	DATE _____	APPROVED _____	
			FC TOTAL	\$104550

PICTURED CLIFFS

99.76094%	RICHARDSON OPERATING CO ET AL	DATE _____	APPROVED _____	\$109008
0.23906%	HERBERT SMITH	DATE _____	APPROVED _____	\$261
	EVELYN SMITH	DATE _____	APPROVED _____	
			PC TOTAL	\$109269
			HERBERT & EVELYN SMITH TOTAL	5386

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 11th day of January, 2001, by and between

Herbert Smith and Evelyn Smith, husband and wife, as joint tenants

Whose post office address 2011 Troy King Road #175, 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 8: Lot Two (2) of the PARAMOUNT SUBDIVISION, San Juan County, New Mexico, as shown on the Plat of said Subdivision filed for record November 7, 1996 in Map File P-77, Book 1229, Page 59

No well shall be drilled on the leased premises without first obtaining Lessors' written consent.

and containing 0.765 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.

Herbert Smith

Evelyn Smith

SS#

SS#

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



RICHARDSON PRODUCTION COMPANY

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

January 11, 2001

*Not on white paper
non search*

Mr. Fred Rebele
#3 County Road 6212
Kirtland, New Mexico 87417

not on white paper look

Certified Mail 7000 0520 0023 4373 3063

Re: Fruitland Coal and Pictured Cliffs Well Proposal
ROPCO #8-3 Well
S/2-Section 8-T29N-R14W
San Juan County, New Mexico

Dear Mr. Rebele:

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 0.3795 net acre unleased mineral interest within the spacing unit. The ROPCO #8-3 well will be located in the SW/4 of Section 8, Township 29 North, Range 14 West. The spacing unit for the Fruitland Coal will be the S/2, and the spacing unit for the Pictured Cliffs formation will be the SW/4.

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 January 26, 2001. 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. Fred Rebele
January 11, 2001
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 January 26, 2001.

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

RICHARDSON PRODUCTION COMPANY



Cathleen Colby
Land Manager

On this _____ day of _____, 2001, 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: _____

Printed Name: _____

AUTHORITY FOR EXPEDITURES

Well Name: ROPCO #8-3 SECTION 8 PC SW/4, FC S/2
 Location: T29N R14W
 Proposed Depth: 850' Fruitland Coal
 1000' Pictured Cliffs

Date: 01/11/2001
 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) 1000' @ 15.00/ft.		15,000		6,375	8,625
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 1000' @ 5.50/ft.	5,500			2,338	3,163
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		1,700	2,300
Total Cost to Run Casing	3,436	47,600	56,036	26,181	29,855
5.9375% Farmington, NM Tax			3,327	1,554	1,773
10% Contingency			5,936	2,773	3,163
Grand Total to Run Casing			65,299	30,508	34,791

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 1000' @ 2.50/ft.	2,500			1,063	1,438
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	23,500	103,850	127,450	63,538	63,913
5.9375% Farmington, NM Tax			7,567	3,773	3,795
10% Contingency			13,502	6,731	6,771
Drilling Costs			65,299	30,508	34,791
Grand Total Well Costs			213,819	104,550	109,259

FRUITLAND COAL

99.88141% RICHARDSON OPERATING CO ET AL	DATE _____	APPROVED _____	\$104426
0.11859% FRED REBELE	DATE _____	APPROVED _____	\$124
		FC TOTAL	\$104550

PICTURED CLIFFS

99.76281% RICHARDSON OPERATING CO ET AL	DATE _____	APPROVED _____	\$109010
0.23719% FRED REBELE	DATE _____	APPROVED _____	\$259
		PC TOTAL	\$109269

FRED REBELE TOTAL \$383

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 11th day of January, 2001, by and between

Fred Rebele, a married man, dealing in his sole and separate property

Whose post office address is #3 County Road 6212, Kirtland, New Mexico 87417 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 8: Lot Three (3) of the PARAMOUNT SUBDIVISION, San Juan County, New Mexico, as shown on the Plat of said Subdivision filed for record November 7, 1996 in Map File P-77, Book 1229, Page 59

No well shall be drilled on the leased premises without first obtaining Lessors' written consent.

and containing 0.7590 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 an 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 month 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 hereunder 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

Fred Rebele

SS#

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

7000 0520 0023 4373 3070

Postage \$	SHIPPED JAN 1 2 2004 Postmark Here
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total	

Rec Mr. Gary C. Soza and
 Stre Ms. Viola I. Blanton
 City #12 County Road 6212
 Kirtland, New Mexico 87417

PS Form 3800, February 2000 See Reverse for Instructions

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.

1. Article Addressed to:

 Mr. Gary C. Soza and
 Ms. Viola I. Blanton
 #12 County Road 6212
 Kirtland, New Mexico 87417

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) Gary Soza	B. Date of Delivery 1-19-01
C. Signature X Gary Soza	
<input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	

3. Service Type

<input checked="" type="checkbox"/> Certified Mail	<input type="checkbox"/> Express Mail
<input type="checkbox"/> Registered	<input type="checkbox"/> Return Receipt for Merchandise
<input type="checkbox"/> Insured Mail	<input type="checkbox"/> C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Copy from service label)
 7000 0520 0023 4373 3070

2-7-01

Answered his questions

He had talked with an attorney (Rick Tully)

decided to be pooled into well

because of small size of interest

RICHARDSON PRODUCTION COMPANY

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

January 11, 2001

(505) 598-0735

Mr. Gary C. Soza and Ms. Viola I. Blanton
#12 County Road 6212
Kirtland, New Mexico 87417

Certified Mail 7000 0520 0023 4373 3070

Re: Fruitland Coal and Pictured Cliffs Well Proposal
ROPCO #8-3 Well
S/2-Section 8-T29N-R14W
San Juan County, New Mexico

Dear Mr. Soza and Ms. Blanton:

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 0.375 net acre unleased mineral interest within the spacing unit. The ROPCO #8-3 well will be located in the SW/4 of Section 8, Township 29 North, Range 14 West. The spacing unit for the Fruitland Coal will be the S/2, and the spacing unit for the Pictured Cliffs formation will be the SW/4.

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 January 26, 2001. 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. Soza and Ms. Blanton
January 11, 2001
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 January 26, 2001.

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

RICHARDSON PRODUCTION COMPANY



Cathleen Colby
Land Manager

On this _____ day of _____, 2001, 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: _____

Printed Name: _____

**RICHARDSON OPERATING COMPANY
AUTHORITY FOR EXPEDITURES**

Well Name: ROPCO #8.3 SECTION 8 PC SW/4, FC S/2
 Location: T29N R14W
 Proposed Depth: 850' Fruitland Coal
 1000' Pictured Cliffs

Date: 01/11/2001
 Objective Formation: Commingled Pictured Cliffs
 and Fruitland Coal

I. Drilling Costs (Included Run Casing)

Survey and Permits
 Title Opinion
 * Drilling (incl. water and mud) 1000' @ 15.00/ft.
 BOP Rental
 Dirt Work
 Pit Lining
 Surface Casing 200' @ 7.18/ft.
 Casing Head
 Cement Surface
 Power Tongs
 Casing 1000' @ 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	Fruitland Coal	Pictured Cliffs
	3,000		1,500	1,500
	3,000		1,500	1,500
	15,000		6,375	8,625
	750		375	375
	4,000		2,000	2,000
	2,800		1,400	1,400
1,436			718	718
1,500			750	750
	2,300		1,150	1,150
	1,000		500	500
5,500			2,338	3,163
	3,000		1,500	1,500
	3,750		1,875	1,875
	5,000		2,500	2,500
	4,000		1,700	2,300
8,436	47,600	56,036	26,181	29,856
		3,327	1,554	1,773
		5,936	2,773	3,163
		65,299	30,508	34,791

II. Completion Costs

Rig Anchors
 Logs
 Perf
 Wellhead & Fittings
 Tubing 1000' @ 2.50/ft.
 Stimulation
 Tool Rental
 Trucking
 Battery Installation
 Restore Location
 Engineering
 Treator, Separator
 Flowline
 Tank & Fittings
 Gravel
 Workover Rig
 Completion Fluids
 Pipeline Hookup
 Division Order Opinion
 Frac Tank Rental
 Flowback
 Fence Location
 Total Completion Costs
 5.9375% Farmington, NM Tax
 10% Contingency
 Drilling Costs
 Grand Total Well Costs

	750		375	375
	3,000		1,500	1,500
	3,500		1,750	1,750
4,000			2,000	2,000
2,500			1,063	1,438
	42,000		21,000	21,000
	2,300		1,150	1,150
	3,000		1,500	1,500
	6,000		3,000	3,000
	3,500		1,750	1,750
	5,800		2,900	2,900
5,300			2,650	2,650
4,000			2,000	2,000
4,500			2,250	2,250
	3,000		1,500	1,500
	10,000		5,000	5,000
	2,000		1,000	1,000
	13,000		6,500	6,500
	1,500		750	750
	2,500		1,250	1,250
	2,000		1,000	1,000
3,300			1,650	1,650
23,600	103,850	127,450	63,538	63,913
		7,567	3,773	3,795
		13,502	6,731	6,771
		65,299	30,508	34,791
		213,819	104,550	109,269

PICTURED CLIFFS

99.76563% RICHARDSON OPERATING CO ET AL	DATE _____	APPROVED _____	\$104304
0.23438% GARY C. SOZA	DATE _____	APPROVED _____	\$245
VIOLA I. BLANTON	DATE _____	APPROVED _____	
		PC TOTAL	\$104550

FRUITLAND COAL

99.88281% RICHARDSON OPERATING CO ET AL	DATE _____	APPROVED _____	\$109141
0.11719% GARY C. SOZA	DATE _____	APPROVED _____	\$128
VIOLA I. BLANTON	DATE _____	APPROVED _____	
		FC TOTAL	\$109269
		GARY SOZA & VIOLA BLANTON TOTAL	\$373

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 11th day of January, 2001, by and between

Gary C. Soza, an unmarried man, and Viola I. Blanton, a single woman, as joint tenants

Whose post office address is #12 County Road 6212, Kirtland, New Mexico 87417 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 8: Lot Four (4) of the PARAMOUNT SUBDIVISION, San Juan County, New Mexico, as shown on the Plat of said Subdivision filed for record November 7, 1996 in Map File P-77, Book 1229, Page 59

No well shall be drilled on the leased premises without first obtaining Lessor's written consent.

and containing 0.75 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

Gary C. Soza

Viola I. Blanton

SSH

SSH

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.

1. Article Addressed to:

Conseco Finance Servicing Corp.
111 Lomas Boulevard, N.W.
Suite 500
Albuquerque, New Mexico 87102

2. Article Number (Copy from service label)

7000 0520 0023 4373 3087

PS Form 3811, July 1999

COMPLETE THIS SECTION ON DELIVERY

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

A. Harvey 1-16-01

C. Signature Agent Addressee

X *A. Harvey* Yes No

D. Is delivery address different from item 1? Yes No

3. Service Type

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

4. Restricted Delivery? (Extra Fee) Yes

Domestic Return Receipt

102595-00-M-0952



RICHARDSON PRODUCTION COMPANY

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

January 11, 2001

555) 242-1300

Consēco Finance Servicing Corp.
111 Lomas Boulevard, N.W., Suite 500
Albuquerque, New Mexico 87102

Certified Mail 7000 0520 0023 4373 3087

Re: Fruitland Coal and Pictured Cliffs Well Proposal
ROPCO #8-3 Well
S/2-Section 8-T29N-R14W
San Juan County, New Mexico

Gentlemen:

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 0.375 net acre unleased mineral interest within the spacing unit. The ROPCO #8-3 well will be located in the SW/4 of Section 8, Township 29 North, Range 14 West. The spacing unit for the Fruitland Coal will be the S/2, and the spacing unit for the Pictured Cliffs formation will be the SW/4.

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 January 26, 2001. 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:

John Mc Larsen
X 205

5205
2-2-01 after noon

Chris Bennett

Conseco Finance Servicing Corp.

January 11, 2001

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 January 26, 2001.

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

RICHARDSON PRODUCTION COMPANY



Cathleen Colby
Land Manager

On this _____ day of _____, 2001, 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: _____

Printed Name: _____

AUTHORITY FOR EXPEDITURES

Well Name: ROPCO #8-3 SECTION 3 PO SW 1/4, FC S/2
 Location: T29N R14W
 Proposed Depth: 350' Fruitland Coal
 1000' Pictured Cliffs

Date: 01/11/2001
 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) 1000' @ 15.00/ft.		15,000		6,375	8,625
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 1000' @ 5.50/ft.	5,500			2,338	3,163
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		1,700	2,300
Total Cost to Run Casing	8,436	47,500	56,036	26,191	29,856
5.9375% Farmington, NM Tax			3,327	1,564	1,773
10% Contingency			5,936	2,773	3,163
Grand Total to Run Casing			65,299	30,508	34,791

II. Completion Costs

Rig Anchors		750		375	375
Logs		3,000		1,500	1,500
Perf.		3,500		1,750	1,750
Wellhead & Fittings	1,000			2,000	2,000
Tubing 1000' @ 2.50/ft.	2,500			1,063	1,438
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	23,600	103,850	127,450	63,538	63,913
5.9375% Farmington, NM Tax			7,567	3,773	3,795
10% Contingency			13,502	6,731	6,771
Drilling Costs			65,299	30,508	34,791
Grand Total Well Costs			213,819	104,550	109,269

FRUITLAND COAL

99.88281% RICHARDSON OPERATING CO ET AL	DATE _____	APPROVED _____	\$104427
0.11719% CONSECO FINANCE SERVICING CORP	DATE _____	APPROVED _____	\$123
		FC TOTAL	\$104550

PICTURED CLIFFS

99.76563% RICHARDSON OPERATING CO ET AL	DATE _____	APPROVED _____	\$109013
0.23438% CONSECO FINANCE SERVICING CORP	DATE _____	APPROVED _____	\$256
		PC TOTAL	\$109269

CONSECO FINANCE SERVICING TOTAL \$379

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 11th day of January, 2001, by and between
Conseco Finance Servicing Corp.

Whose post office address is 111 Lomas Boulevard, N.W., Suite 500, Albuquerque, New Mexico 87102 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 8: Lot Five (5) of the PARAMOUNT SUBDIVISION, San Juan County, New Mexico, as shown on the Plat of said Subdivision filed for record November 7, 1996 in Map File P-77, Book 1229, Page 59

No well shall be drilled on the leased premises without first obtaining Lessors' written consent.

and containing .75 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 first above written

ATTEST:

CONSECO FINANCE SERVICING CORP.

Secretary

President

Tax I.D. No.:

CERTIFIED MAIL

RICHARDSON OPERATING

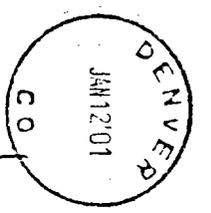
1700 Lincoln, Suite 1700
Denver, Colorado 80203



0005 15H1 6167

Mr. Ronald J. Johnson and
Ms. Leona R. Begay
P.O. Box 3517
Shiprock, New Mexico 87420

Do not re-mail in this envelope



U.S. POSTAGE
02.95
HMETER 538610

JAN 17

JAN 22

FEB 01

CERTIFIED MAIL

RICHARDSON PRODUCTION

1700 Lincoln, Suite 1700
Denver, Colorado 80203



7000 0520 0023 4373 2387

Mr. Ronald J. Johnson and
Ms. Leona R. Begay
P.O. Box 3517
Shiprock, New Mexico 87420

Do not re-mail in this envelope



U.S. POSTAGE
04.16
HMETER 538610

JAN 29

FEB 01



RICHARDSON PRODUCTION COMPANY

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

January 11, 2001

Mr. Ronald J. Johnson and Ms. Leona R. Begay
P.O. Box 3517
Shiprock, New Mexico 87420-3517

not on msn white pages
not in Farmington phone bk

directory assistance:
R. Johnson non published

Certified Mail 7099 3220 0005 1561 6167

Re: Fruitland Coal and Pictured Cliffs Well Proposal
ROPCO #8-3 Well
S/2-Section 8-T29N-R14W
San Juan County, New Mexico

Dear Mr. Johnson and Ms. Begay:

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 0.436 net acre unleased mineral interest within the spacing unit. The ROPCO #8-3 well will be located in the SW/4 of Section 8, Township 29 North, Range 14 West. The spacing unit for the Fruitland Coal will be the S/2, and the spacing unit for the Pictured Cliffs formation will be the SW/4.

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 January 26, 2001. 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. Johnson and Ms. Begay
January 11, 2001
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 January 26, 2001.

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

RICHARDSON PRODUCTION COMPANY



Cathleen Colby
Land Manager

On this _____ day of _____, 2001, 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: _____

Printed Name: _____

RICHARDSON OPERATING CO ET AL
 AUTHORITY FOR EXPEDITURES

Well Name: ROPCO #8-3 SECTION 8 PC SW/4, FC S/2
 Location: T29N R14W
 Proposed Depth: 350' Fruitland Coal
 1000' Pictured Cliffs

Date: 01/11/2001
 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) 1000' @ 15.00/ft.		15,000		6,375	8,625
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 1000' @ 5.50/ft.	5,500			2,338	3,163
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		1,700	2,300
Total Cost to Run Casing	8,436	47,600	56,036	26,181	29,856
5.9375% Farmington, NM Tax			3,327	1,654	1,773
10% Contingency			5,936	2,773	3,163
Grand Total to Run Casing			65,299	30,508	34,791

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 1000' @ 2.50/ft.	2,500			1,063	1,438
Stimulation		42,000		21,000	21,000
Tool Rental		2,300		1,150	1,150
Trucking		3,000		1,500	1,500
Battery Installation		5,000		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
Flowpack		2,000		1,000	1,000
Fence Location	3,300			1,650	1,650
Total Completion Costs	23,600	103,850	127,450	63,538	63,913
5.9375% Farmington, NM Tax			7,567	3,773	3,795
10% Contingency			13,502	6,731	6,771
Drilling Costs			65,299	30,508	34,791
Grand Total Well Costs			213,819	104,550	109,269

FRUITLAND COAL

99.86375% RICHARDSON OPERATING CO ET AL	DATE _____	APPROVED _____	\$104407
0.13625% RONALD J. JOHNSON	DATE _____	APPROVED _____	\$142
LEONA R. BEGAY	DATE _____	APPROVED _____	
FC TOTAL			\$104550

PICTURED CLIFFS

99.81813% RICHARDSON OPERATING CO ET AL	DATE _____	APPROVED _____	\$109070
0.18188% RONALD J. JOHNSON	DATE _____	APPROVED _____	\$199
LEONA R. BEGAY	DATE _____	APPROVED _____	
PC TOTAL			\$109269
RONALD JOHNSON & LEONA BEGAY TOTAL			\$341

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 11th day of January, 2001, by and between

Ronald J. Johnson, an unmarried man, and Leona R. Begay, an unmarried woman, as joint tenants

Whose post office address is P.O. Box 3517, Shiprock, New Mexico 87420-3517 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 8: Lot Thirteen (13) of the PARAMOUNT SUBDIVISION, San Juan County, New Mexico, as shown on the Plat of said Subdivision filed for record November 7, 1996 in Map File P-77, Book 1229, Page 59

No well shall be drilled on the leased premises without first obtaining Lessors' written consent.

and containing 0.872 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 buy 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.

Ronald J. Johnson

Leona R. Begay

SS#

SS#



RICHARDSON PRODUCTION COMPANY

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

January 15, 2001



Mr. Ronald J. Johnson and Ms. Leona R. Begay
P.O. Box 3517
Shiprock, New Mexico 87420-3517

Certified Mail 7000 0520 0023 4373 2387

Re: Pictured Cliffs Well Proposal
ROPCO #8-4 Well
SE/4-Section 8-T29N-R14W
San Juan County, New Mexico

Dear Mr. Johnson and Ms. Begay:

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 0.145 net acre unleased mineral interest within the spacing unit. The ROPCO #8-4 well will be located in the SE/4 of Section 8, Township 29 North, Range 14 West. The spacing unit for the Pictured Cliffs formation will be the SE/4.

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 January 29, 2001. 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. Johnson and Ms. Begay
January 15, 2001
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 January 29, 2001.

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

RICHARDSON PRODUCTION COMPANY

Cathleen Colby

Cathleen Colby
Land Manager

On this _____ day of _____, 2001 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: ROPCO 8-4 SECTION 8-SE/4
Location: T29N R14W, San Juan County, NM
Proposed Depth: 1200'

Date: 01/15/2001
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		
	6,600			
		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
Perf
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

99.9094% RICHARDSON OPERATING COMPANY DATE _____
0.0906% RONALD J. JOHNSON DATE _____
LEONA R. BEGAY DATE _____

APPROVED _____
APPROVED _____
APPROVED _____

\$175,845
\$160
\$176,004

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 11th day of January, 2001, by and between

Ronald J. Johnson, an unmarried man, and Leona R. Begay, an unmarried woman, as joint tenants

Whose post office address is P.O. Box 3517, Shiprock, New Mexico 87420-3517 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 8: Lot Thirteen (13) of the PARAMOUNT SUBDIVISION, San Juan County, New Mexico, as shown on the Plat of said Subdivision filed for record November 7, 1996 in Map File P-77, Book 1229, Page 59

No well shall be drilled on the leased premises without first obtaining Lessors' written consent.

and containing 0.872 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.

Ronald J. Johnson

Leona R. Begay

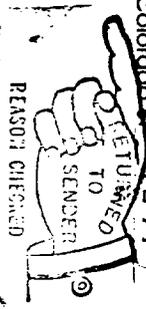
SS#

SS#

CERTIFIED MAIL

RICHARDSON OPERATII

1700 Lincoln, Suite 1
Denver, Colorado 80203
7000 0520 0023 4373 2363

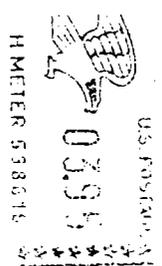


REASON: CLEARED
Unclaimed Refused
Attempted but return
Insufficient address
No such office in state
Do not re-mail in this envelope

Ms. Julia Clah
P.O. Box 762
Shiprock, New Mexico 87420

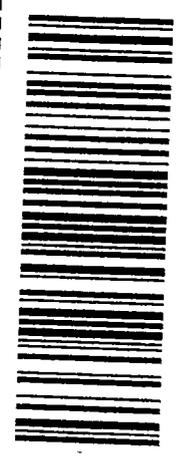


POSTAGE DUE *[Signature]*



CERTIFIED MAIL

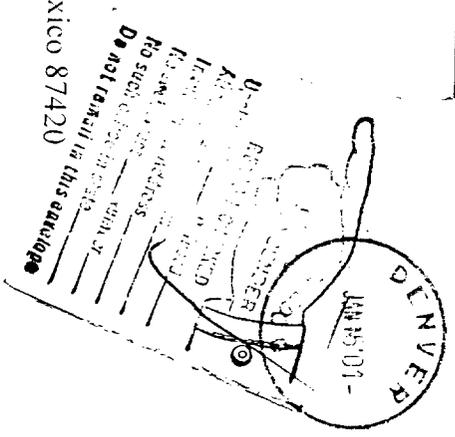
87420X0762



RICHARDSON PRODUCTION
1700 Lincoln, Suite 1700
Denver, Colorado 80203

7000 0520 0023 4373 2363

Ms. Julia Clah
P.O. Box 762
Shiprock, New Mexico 87420



JAN 17

JAN 24
FEB 01

87420-0762





RICHARDSON PRODUCTION COMPANY

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

January 11, 2001

Ms. Julia Clah
P.O. Box 762
Shiprock, New Mexico 87420

not on msn white pages
not in Farmington phone books
directory assistance:
non-published #

Certified Mail 7099 3220 0005 1561 6143

Re: Fruitland Coal and Pictured Cliffs Well Proposal
ROPCO #8-3 Well
S/2-Section 8-T29N-R14W
San Juan County, New Mexico

Dear Ms. Clah:

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 0.436 net acre unleased mineral interest within the spacing unit. The ROPCO #8-3 well will be located in the SW/4 of Section 8, Township 29 North, Range 14 West. The spacing unit for the Fruitland Coal will be the S/2, and the spacing unit for the Pictured Cliffs formation will be the SW/4.

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 January 26, 2001. 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:

Ms. Julia Clah
January 11, 2001
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 January 26, 2001.

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

RICHARDSON PRODUCTION COMPANY



Cathleen Colby
Land Manager

On this _____ day of _____, 2001, 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: _____

Printed Name: _____

AUTHORITY FOR EXPEDITURES

Well Name: ROPCO #8-3 SECTION 8 PC SW/4, FC S/2
 Location: T29N R14W
 Proposed Depth: 850' Fruitland Coal
 1000' Pictured Cliffs

Date: 01/11/2001
 Objective Formation: Commingled Pictured Cliffs
 and Fruitland Coal

I. Drilling Costs (Included Run Casing)

Survey and Permits
 Title Opinion
 * Drilling (incl. water and mud) 1000' @ 15.00/ft.
 BOP Rental
 Dirt Work
 Pit Lining
 Surface Casing 200' @ 7.18/ft.
 Casing Head
 Cement Surface
 Power Tongs
 Casing 1000' @ 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	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) 1000' @ 15.00/ft.		15,000		6,375	8,625
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 1000' @ 5.50/ft.	5,500			2,338	3,163
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		1,700	2,300
Total Cost to Run Casing	8,436	47,600	56,036	25,181	29,856
5.9375% Farmington, NM Tax			3,327	1,554	1,773
10% Contingency			5,936	2,773	3,163
Grand Total to Run Casing			65,299	30,508	34,791

II. Completion Costs

Rig Anchors
 Logs
 Perf
 Wellhead & Fittings
 Tubing 1000' @ 2.50/ft.
 Stimulation
 Tool Rental
 Trucking
 Battery Installation
 Restore Location
 Engineering
 Treator, Separator
 Flowline
 Tank & Fittings
 Gravel
 Workover Rig
 Completion Fluids
 Pipeline Hookup
 Division Order Opinion
 Frac Tank Rental
 Flowback
 Fence Location
 Total Completion Costs
 5.9375% Farmington, NM Tax
 10% Contingency
 Drilling Costs
 Grand Total Well 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 1000' @ 2.50/ft.	2,500			1,063	1,438
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
Treator, 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	23,600	103,850	127,450	63,538	63,913
5.9375% Farmington, NM Tax			7,567	3,773	3,795
10% Contingency			13,502	6,731	6,771
Drilling Costs			65,299	30,508	34,791
Grand Total Well Costs			213,819	104,550	109,269

FRUITLAND COAL

99.86375% RICHARDSON OPERATING CO ET AL
 0.13625% JULIA CLAH

DATE _____
 DATE _____

APPROVED _____
 APPROVED _____

FC TOTAL

\$104407
 \$142
 \$104550

PICTURED CLIFFS

99.81813% RICHARDSON OPERATING CO ET AL
 0.18188% JULIA CLAH

DATE _____
 DATE _____

APPROVED _____
 APPROVED _____

PC TOTAL

\$109070
 \$199
 \$109269

JULIA CLAH TOTAL

\$341

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 11th day of January, 2001, by and between
Julia Clah, an unmarried woman

Whose post office address P.O. Box 762, Shiprock, NM 87420 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 8: Lot Eleven (11) of the PARAMOUNT SUBDIVISION, San Juan County, New Mexico, as shown on the Plat of said Subdivision filed for record November 7, 1996 in Map File P-77, Book 1229, Page 59

No well shall be drilled on the leased premises without first obtaining Lessor's written consent.

and containing 0.872 acres, more or less.

* thuce (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.

Julia Clah

SS#



RICHARDSON PRODUCTION COMPANY

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

January 15, 2001



Ms. Julia Clah
P.O. Box 762
Shiprock, New Mexico 87420

Certified Mail 7000 0520 0023 4373 2363

Re: Pictured Cliffs Well Proposal
ROPCO #8-4 Well
SE/4-Section 8-T29N-R14W
San Juan County, New Mexico

Dear Ms. Clah:

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 0.145 net acre unleased mineral interest within the spacing unit. The ROPCO #8-4 well will be located in the SE/4 of Section 8, Township 29 North, Range 14 West. The spacing unit for the Pictured Cliffs formation will be the SE/4.

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 January 29, 2001. 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:

Ms. Julia Clah
January 15, 2001
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 January 29, 2001.

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

RICHARDSON PRODUCTION COMPANY



Cathleen Colby
Land Manager

On this _____ day of _____, 2001 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: _____

Printed Name: _____

**RICHARDSON OPERATING COMPANY
AUTHORITY FOR EXPEDITURES**

Well Name: ROPCO 8-4 SECTION 8-SE/4
Location: T29N R14W, San Juan County, NM
Proposed Depth: 1200'

Date: 01/15/2001
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
Survey and Permits		3,000		
Title Opinion		1,500		
Drilling (incl. water and mud) 1200' @ 15.00/ft.		18,000		
BOP Rental		750		
Dirt Work		4,000		
Pit Lining		2,800		
Surface Casing 200' @ 7.18/ft.	1,436			
Casing Head	1,500			
Cement Surface		2,300		
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
Logs
Perf
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

Rig Anchors		750		
Logs		2,500		
Perf		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

99.9094% RICHARDSON OPERATING COMPANY DATE _____
0.0906% JULIA CLAH DATE _____

APPROVED _____
APPROVED _____

\$175,845
\$160
\$176,004

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 11th day of January, 2001, by and between
Julia Clah, an unmarried woman

Whose post office address P.O. Box 762, Shiprock, NM 87420 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 8: Lot Eleven (11) of the PARAMOUNT SUBDIVISION, San Juan County, New Mexico, as shown on the Plat of said Subdivision filed for record November 7, 1996 in Map File P-77, Book 1229, Page 59

No well shall be drilled on the leased premises without first obtaining Lessor's written consent.

and containing 0.872 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.

Julia Clah

SSH

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

Article Sent To:

8465 1951 5000 0220 3220 6602 7099

Postage	\$
Certified Fee	SHIPPED
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total	

JAN 12 2001
Postmark
Here

Name: Mr. and Mrs. William Crosby, Jr.
P.O. Box 686
Street: Waterflow, New Mexico 87421
City, St:

PS Form 3800, July 1999

See Reverse for Instructions

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.

1. Article Addressed to:

Mr. and Mrs. William Crosby, Jr.
P.O. Box 686
Waterflow, New Mexico 87421

2. Article Number (Copy from service label)

7099 3220 0005 1561 5948

PS Form 3811, July 1999

COMPLETE THIS SECTION ON DELIVERY

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

Rosinda Crosby 1-24-01

C. Signature

X Rosinda Crosby

- Agent
- Addressee

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

3. Service Type

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

4. Restricted Delivery? (Extra Fee) Yes

Domestic Return Receipt

102595-00-M-0952

- Curtis -

IMPORTANT MESSAGE

FOR CC

DATE 1-24 TIME 3:45 A.M. P.M.

M William Rosinda

OF Crosby

PHONE 505-368-4585
AREA CODE NUMBER EXTENSION

FAX
 MOBILE no longer
AREA CODE NUMBER TIME TO CALL

TELEPHONED	<input checked="" type="checkbox"/>	PLEASE CALL	<input checked="" type="checkbox"/>
CAME TO SEE YOU	<input type="checkbox"/>	WILL CALL AGAIN	<input type="checkbox"/>
WANTS TO SEE YOU	<input type="checkbox"/>	RUSH	<input type="checkbox"/>
RETURNED YOUR CALL	<input type="checkbox"/>	WILL FAX TO YOU	<input type="checkbox"/>

MESSAGE Re Certified ltr - see me before you

Call - KB

SIGNED Call back offer 10 AM



2-8-00 2000-000000

RICHARDSON PRODUCTION COMPANY

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

January 11, 2001

Mr. and Mrs. William Crosby, Jr.
P.O. Box 686
Waterflow, New Mexico 87421

1005 0000000000

Certified Mail 7099 3220 0005 1561 5948

Re: Fruitland Coal and Pictured Cliffs Well Proposal
ROPCO #8-3 Well
S. 2-Section 8-T29N-R14W
San Juan County, New Mexico

Dear Mr. and Mrs. Crosby:

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 0.3755 net acre unleased mineral interest within the spacing unit. The ROPCO #8-3 well will be located in the SW/4 of Section 8, Township 29 North, Range 14 West. The spacing unit for the Fruitland Coal will be the S/2, and the spacing unit for the Pictured Cliffs formation will be the SW/4.

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 January 26, 2001. 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. William Crosby, Jr.
January 11, 2001
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 January 26, 2001.

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

RICHARDSON PRODUCTION COMPANY



Cathleen Colby
Land Manager

On this _____ day of _____, 2001 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: _____

Printed Name: _____

RICHARDSON OPERATING COMPANY
 AUTHORITY FOR EXPEDITURES

Well Name: ROPCO #8-3 SECTION 8 PO SW/4, FO S/2
 Location: T29N R14W
 Proposed Depth: 350' Fruitland Coal
 1000' Pictured Cliffs

Date: 01/11, 2001
 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) 1000' @ 15.00/ft.		15,000		6,375	8,625
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 1000' @ 5.50/ft.	5,500			2,338	3,163
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		1,700	2,300
Total Cost to Run Casing	8,436	47,600	56,036	26,181	29,856
5.9375% Farmington, NM Tax			3,327	1,554	1,773
10% Contingency			5,936	2,773	3,163
Grand Total to Run Casing			65,299	30,508	34,791

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 1000' @ 2.50/ft.	2,500			1,063	1,438
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	6,300			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	23,600	103,850	127,450	63,538	63,913
5.9375% Farmington, NM Tax			7,567	3,773	3,795
10% Contingency			13,502	6,731	6,771
Drilling Costs			65,299	30,508	34,791
Grand Total Well Costs			213,819	104,550	109,269

FRUITLAND COAL

99.98256% RICHARDSON OPERATING CO ET AL DATE _____ APPROVED _____ \$104427
 0.11734% WILLIAM CROSBY, JR. DATE _____ APPROVED _____ \$123
 ROSINDA CROSBY DATE _____ APPROVED _____
 FC TOTAL \$104550

PICTURED CLIFFS

100% RICHARDSON OPERATING CO ET AL DATE _____ APPROVED _____ \$109269
 0.00000% WILLIAM CROSBY, JR. DATE _____ APPROVED _____ \$
 ROSINDA CROSBY DATE _____ APPROVED _____
 PC TOTAL \$109269
 WILLIAM & ROSINDA CROSBY TOTAL \$123

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 11th day of January, 2001, by and between

William Crosby, Jr. and Rosinda Crosby, husband and wife, as joint tenants

Whose post office address is P.O. Box 686, Waterflow, New Mexico 87421 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 8: Lot Seven (7) of the PARAMOUNT SUBDIVISION, San Juan County, New Mexico, as shown on the Plat of said Subdivision filed for record November 7, 1996 in Map File P-77, Book 1229, Page 59

No well shall be drilled on the leased premises without first obtaining Lessor's written consent.

and containing 0.751 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 first above written

William Crosby, Jr.

Rosinda Crosby

SS#

SS#

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

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

Article Sent To:

Postage	\$	SHIPPED JAN 15 2001 Postmark Here
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	

Name: Mr. and Mrs. William Crosby, Jr.
 Street: P.O. Box 686
 City, S: Waterflow, New Mexico 87421

PS Form 3811, July 1999 Instructions

0209 799T 5000 022E 660L
 7099 3220 0005 1561 6020

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.

1. Article Addressed to:

Mr. and Mrs. William Crosby, Jr.
 P.O. Box 686
 Waterflow, New Mexico 87421

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) Rosinda Crosby B. Date of Delivery 1-24-01

C. Signature Rosinda Crosby Agent Addressee

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

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Copy from service label)
7099 3220 0005 1561 6020



RICHARDSON PRODUCTION COMPANY

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

January 15, 2001



Mr. and Mrs. William Crosby, Jr.
P.O. Box 686
Waterflow, New Mexico 87421

Certified Mail 7099 3220 0005 1561 6020

Re: Pictured Cliffs Well Proposal
ROPCO #8-4 Well
SE/4-Section 8-T29N-R14W
San Juan County, New Mexico

Dear Mr. and Mrs. Crosby:

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 0.3755 net acre unleased mineral interest within the spacing unit. The ROPCO #8-4 well will be located in the SE/4 of Section 8, Township 29 North, Range 14 West. The spacing unit for the Pictured Cliffs formation will be the SE/4.

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 January 29, 2001. 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. William Crosby
January 15, 2001
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 January 29, 2001.

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

RICHARDSON PRODUCTION COMPANY



Cathleen Colby
Land Manager

On this _____ day of _____, 2001 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: ROPCO 8-4 SECTION 8-SE/4
Location: T29N R14W, San Juan County, NM
Proposed Depth: 1200'

Date: 01/15/2001
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		
	6,600			
		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
Perf.
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

89 7653% RICHARDSON OPERATING COMPANY DATE _____
0 2347% WILLIAM CROSSBY, JR. DATE _____
ROSINDA CROSSBY DATE _____

APPROVED _____
APPROVED _____
APPROVED _____

\$175,591
\$413

\$176,004

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 11th day of January, 2001, by and between

William Crosby, Jr. and Rosinda Crosby, husband and wife, as joint tenants

Whose post office address is P.O. Box 686, Waterflow, New Mexico 87421 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 8: Lot Seven (7) of the PARAMOUNT SUBDIVISION, San Juan County, New Mexico, as shown on the Plat of said Subdivision filed for record November 7, 1996 in Map File P-77, Book 1229, Page 59

No well shall be drilled on the leased premises without first obtaining Lessor's written consent.

and containing 0.751 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, 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.

William Crosby, Jr.

Rosinda Crosby

SS#

SS#

CERTIFIED MAIL



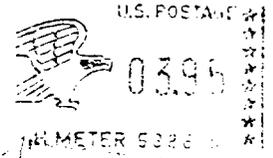
RDSON OPERATING

1700 Lincoln, Suite 170
Denver, Colorado 80202



7099 3220 0005 1561 5955

Mr. and Mrs. Lowell E. Renfro
#2 County Road 6212
Kirtland, New Mexico 87417



- Not Deliverable As Addressed
- Unable To Forward
- Insufficient Address
- Moved, Left No Address
- Unclaimed Refused
- Attempted - Not Known
- No Such Street Vacant
- No Such Number
- No Mail Receptacle
- Box Closed - No Order
- Forwarding Order Expired

CERTIFIED MAIL



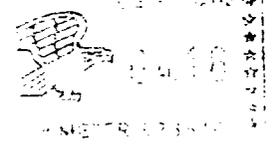
RDSON PRODUCTION C

1700 Lincoln, Suite 1700
Denver, Colorado 80203



7000 0520 0023 4373 2349

dec'd
Mr. and Mrs. Lowell E. Renfro
#2 County Road 6212
Kirtland, New Mexico 87417



- Not Deliverable As Addressed
- Unable To Forward
- Insufficient Address
- Moved, Left No Address
- Unclaimed Refused
- Attempted - Not Known
- No Such Street Vacant
- No Such Number
- No Mail Receptacle
- Box Closed - No Order
- Forwarding Order Expired



RICHARDSON PRODUCTION COMPANY

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

January 11, 2001

Mr. and Mrs. Lowell E. Renfro
#2 County Road 6212
Kirtland, New Mexico 87417

Certified Mail 7099 3220 0005 1561 5955

Re: Fruitland Coal and Pictured Cliffs Well Proposal
ROPCO #8-3 Well
S/2-Section 8-T29N-R14W
San Juan County, New Mexico

Dear Mr. and Mrs. Renfro:

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 0.375 net acre unleased mineral interest within the spacing unit. The ROPCO #8-3 well will be located in the SW/4 of Section 8, Township 29 North, Range 14 West. The spacing unit for the Fruitland Coal will be the S/2, and the spacing unit for the Pictured Cliffs formation will be the SW/4.

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 January 26, 2001. 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. Lowell E. Renfro

January 11, 2001

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 January 26, 2001.

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

RICHARDSON PRODUCTION COMPANY



Cathleen Colby
Land Manager

On this _____ day of _____, 2001 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: _____

Printed Name: _____

AUTHORITY FOR EXPEDITURES

Well Name: ROPCO #8-3 SECTION 8 PC SW/4, FC S/2
 Location: T29N R14W
 Proposed Depth: 350' Fruitland Coal
 1000' Pictured Cliffs

Date: 01/11/2001
 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) 1000' @ 15.00/ft.		15,000		6,375	8,625
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 1000' @ 5.50/ft.	5,500			2,338	3,163
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		1,700	2,300
Total Cost to Run Casing	8,436	47,600	56,036	26,181	29,856
5.9375% Farmington, NM Tax			3,327	1,554	1,773
10% Contingency			5,936	2,773	3,163
Grand Total to Run Casing			65,299	30,508	34,791

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 1000' @ 2.50/ft.	2,500			1,063	1,433
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	23,600	103,850	127,450	63,538	63,913
5.9375% Farmington, NM Tax			7,567	3,773	3,795
10% Contingency			13,502	6,731	6,771
Drilling Costs			65,299	30,508	34,791
Grand Total Well Costs			213,819	104,550	109,269

FRUITLAND COAL

39.38281% RICHARDSON OPERATING CO ET AL	DATE _____	APPROVED _____	\$104,427
0.11719% LOWELL E. RENFRO	DATE _____	APPROVED _____	\$123
CALLIE P. RENFRO	DATE _____	APPROVED _____	
		FC TOTAL	\$104,550

PICTURED CLIFFS

1.00% RICHARDSON OPERATING CO ET AL	DATE _____	APPROVED _____	\$109,269
0.00000% LOWELL E. RENFRO	DATE _____	APPROVED _____	\$
CALLIE P. RENFRO	DATE _____	APPROVED _____	
		PC TOTAL	\$109,269
		LOWELL RENFRO & CALLIE RENFRO TOTAL	\$123

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 11th day of January 2001 by and between

Lowell E. Renfro and Callie P. Renfro, a married couple, joint tenants

Whose post office address is #2 County Road 6212, Kirtland, New Mexico 87417 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 8: Lot Eight (8) of the PARAMOUNT SUBDIVISION, San Juan County, New Mexico, as shown on the Plat of said Subdivision filed for record November 7, 1996 in Map File P-77, Book 1229, Page 59

No well shall be drilled on the leased premises without first obtaining Lessors' written consent.

and containing 0.750 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 returned to exclude such non-producing formations. The forming or returning 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 of all 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.

Lowell E. Renfro

Callie P. Renfro

SS#

SS#



RICHARDSON PRODUCTION COMPANY

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

January 15, 2001



Mr. and Mrs. Lowell E. Renfro
#2 County Road 6212
Kirtland, New Mexico 87417

Certified Mail 7000 0520 0023 4373 2349

Re: Pictured Cliffs Well Proposal
ROPCO #8-4 Well
SE/4-Section 8-T29N-R14W
San Juan County, New Mexico

Dear Mr. and Mrs. Renfro:

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 0.375 net acre unleased mineral interest within the spacing unit. The ROPCO #8-4 well will be located in the SE/4 of Section 8, Township 29 North, Range 14 West. The spacing unit for the Pictured Cliffs formation will be the SE/4.

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 January 29, 2001. 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. Lowell E. Renfro
January 15, 2001
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 January 29, 2001.

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

RICHARDSON PRODUCTION COMPANY



Cathleen Colby
Land Manager

On this _____ day of _____, 2001 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: ROPCO 8-4 SECTION 8-SE/4
Location: T29N R14W, San Juan County, NM
Proposed Depth: 1200'

Date: 01/15/2001
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		
	6,600			
		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
Perf.
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			
	1,500			
	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

99.7666% RICHARDSON OPERATING COMPANY DATE _____
0.2344% LOWELL E. PENFRO DATE _____
CALLIE P. PENFRO DATE _____

APPROVED _____
APPROVED _____
APPROVED _____

\$175,592
\$413
\$176,004

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 11th day of January, 2001, by and between Lowell E. Renfro and Callie P. Renfro, a married couple, joint tenants

Whose post office address #2 County Road 6212, Kirtland, New Mexico 87417 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 8: Lot Eight (8) of the PARAMOUNT SUBDIVISION, San Juan County, New Mexico, as shown on the Plat of said Subdivision filed for record November 7, 1996 in Map File P-77, Book 1229, Page 59

No well shall be drilled on the leased premises without first obtaining Lessors' written consent.

and containing 0.750 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 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 first above written.

Lowell E. Renfro

Callie P. Renfro

SS#

SS#

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

Article Sent To:

Postage	\$	SHIPPED JAN 19 2001 Postmark Here
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	

7099 3220 0005 1561 5962

Name (P) Mr. Myron E. Shorty and
 Street, # Ms. Vangie Randall
 #1 County Road 6212
 City, Sta Kirtland, New Mexico 87417

PS Form

actions

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.

1. Article Addressed to:

Mr. Myron E. Shorty and
 Ms. Vangie Randall
 #1 County Road 6212
 Kirtland, New Mexico 87417

2. Article Number (Copy from service label)
 7099 3220 0005 1561 5962

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery
 1/19/01

C. Signature
 *Vangie Shorty Agent
 Addressee

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

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes



RICHARDSON PRODUCTION COMPANY

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

January 11, 2001

Mr. Myron E. Shorty and Ms. Vangie Randall
#1 County Road 6212
Kirtland, New Mexico 87417

Certified Mail 7099 3220 0005 1561 5962

Re: Fruitland Coal and Pictured Cliffs Well Proposal
ROPCO #8-3 Well
S/2-Section 8-T29N-R14W
San Juan County, New Mexico

Dear Mr. Shorty and Ms. Randall:

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 0.3875 net acre unleased mineral interest within the spacing unit. The ROPCO #8-3 well will be located in the SW/4 of Section 8, Township 29 North, Range 14 West. The spacing unit for the Fruitland Coal will be the S/2, and the spacing unit for the Pictured Cliffs formation will be the SW/4.

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 January 26, 2001. 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. Myron Shorty and Ms. Vangie Randall

January 11, 2001

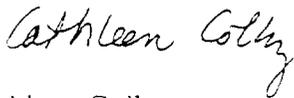
Page 2

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 January 26, 2001.

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

RICHARDSON PRODUCTION COMPANY



Cathleen Colby
Land Manager

On this _____ day of _____, 2001 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: _____

Printed Name: _____

AUTHORITY FOR EXPEDITURES

Well Name: ROPCO #8-3 SECTION 8 PO SW 1/4, FC S/2
 Location: T29N R14W
 Proposed Depth: 350' Fruitland Coal
 1000' Pictured Cliffs

Date: 01/11/2001
 Objective Formation: Commingled Pictured Cliffs
 and Fruitland Coal

I. Drilling Costs (Included Run Casing)

Survey and Permits
 Title Opinion
 * Drilling (incl. water and mud) 1000' @ 15.00/ft.
 BOP Rental
 Dirt Work
 Pit Lining
 Surface Casing 200' @ 7.18/ft.
 Casing Head
 Cement Surface
 Power Tongs
 Casing 1000' @ 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	Fruitland Coal	Pictured Cliffs
		3,000		1,500	1,500
		3,000		1,500	1,500
		15,000		6,375	8,625
		750		375	375
		4,000		2,000	2,000
		2,800		1,400	1,400
	1,436			718	718
	1,500			750	750
		2,300		1,150	1,150
		1,000		500	500
	5,500			2,338	3,163
		3,000		1,500	1,500
		3,750		1,875	1,875
		5,000		2,500	2,500
		4,000		1,700	2,300
	3,436	47,500	56,036	26,181	29,856
			3,327	1,554	1,773
			5,936	2,773	3,163
			65,299	30,508	34,791

II. Completion Costs

Rig Anchors
 Logs
 Perf.
 Wellhead & Fittings
 Tubing 1000' @ 2.50/ft.
 Stimulation
 Tool Rental
 Trucking
 Battery installation
 Restore Location
 Engineering
 Treator, Separator
 Flowline
 Tank & Fittings
 Gravel
 Workover Rig
 Completion Fluids
 Pipeline Hookup
 Division Order Opinion
 Frac Tank Rental
 Flowback
 Fence Location
 Total Completion Costs
 5.9375% Farmington, NM Tax
 10% Contingency
 Drilling Costs
 Grand Total Well Costs

		750		375	375
		3,000		1,500	1,500
		3,500		1,750	1,750
	4,000			2,000	2,000
	2,500			1,063	1,438
		42,000		21,000	21,000
		2,300		1,150	1,150
		3,000		1,500	1,500
		6,000		3,000	3,000
		3,500		1,750	1,750
		5,300		2,900	2,900
	5,300			2,650	2,650
	4,000			2,000	2,000
	4,500			2,250	2,250
		3,000		1,500	1,500
		10,000		5,000	5,000
		2,000		1,000	1,000
		13,000		6,500	6,500
		1,500		750	750
		2,500		1,250	1,250
		2,000		1,000	1,000
	3,300			1,650	1,650
	23,600	103,850	127,450	63,538	63,913
			7,567	3,773	3,795
			13,502	6,731	6,771
			65,299	30,508	34,791
			213,819	104,550	109,269

FRUITLAND COAL

99.87391% RICHARDSON OPERATING CO ET AL	DATE _____	APPROVED _____	\$104423
0.12109% MYRON E. SHORTY	DATE _____	APPROVED _____	5127
VANGIE RANDALL	DATE _____	APPROVED _____	
		FC TOTAL	\$104550

PICTURED CLIFFS

100% RICHARDSON OPERATING CO ET AL	DATE _____	APPROVED _____	\$109269
0.00000% MYRON E. SHORTY	DATE _____	APPROVED _____	5
VANGIE RANDALL	DATE _____	APPROVED _____	
		PC TOTAL	\$109269
		MYRON SHORTY & VANGIE RANDALL TOTAL	\$127

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 11th day of January, 2001, by and between

Myron E. Shorty, an unmarried man, and Vangie Randall, an unmarried woman, joint tenants

Whose post office address is #1 County Road 6212, Kirtland, NM 87417 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 8: Lot Nine (9) of the PARAMOUNT SUBDIVISION, San Juan County, New Mexico, as shown on the Plat of said Subdivision filed for record November 7, 1996 in Map File P-77, Book 1229, Page 59

No well shall be drilled on the leased premises without first obtaining Lessors' written consent.

and containing .775 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

Myron E. Shorty

Vangie Randall

SS#

SS#

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

7000 0520 0023 4373 2356

Postage	\$	Postmark FILE SHIPPED JAN 1
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	
Re	Mr. Myron E. Shorty and	
Str	Ms. Vangie Randall	
Cit	#1 County Road 6212	
PS	Kirtland, New Mexico 87417	

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.

1. Article Addressed to:

Mr. Myron E. Shorty and
Ms. Vangie Randall
#1 County Road 6212
Kirtland, New Mexico 87417

2. Article Number (Copy from service label)

7000 0520 0023 4373 2356

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery
1/19/01

C. Signature
 Agent
 Addressee

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

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes



RICHARDSON PRODUCTION COMPANY

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

January 15, 2001



Mr. Myron E. Shorty and Ms. Vangie Randall
#1 County Road 6212
Kirtland, New Mexico 87417

Certified Mail 7000 0520 0023 4373 2356

Re: Pictured Cliffs Well Proposal
ROPCO #8-4 Well
SE/4-Section 8-T29N-R14W
San Juan County, New Mexico

Dear Mr. Shorty and Ms. Randall:

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 0.3875 net acre unleased mineral interest within the spacing unit. The ROPCO #8-4 well will be located in the SE/4 of Section 8, Township 29 North, Range 14 West. The spacing unit for the Pictured Cliffs formation will be the SE/4.

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 January 29, 2001. 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. Shorty and Ms. Randall
January 15, 2001
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 January 29, 2001.

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

RICHARDSON PRODUCTION COMPANY



Cathleen Colby
Land Manager

On this _____ day of _____, 2001 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: ROPCO 8-4 SECTION 8-SE/4
Location: T29N R14W, San Juan County, NM
Proposed Depth: 1200'

Date: 01/15/2001
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		
	6,600			
		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.....
Perf.....
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

99.7578% RICHARDSON OPERATING COMPANY DATE _____
0.2422% MYRON E. SHORTY DATE _____
VANGIE RANDALL DATE _____

APPROVED _____
APPROVED _____
APPROVED _____

\$175,578
\$426
\$176,004

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 11th day of January, 2001, by and between

Myron E. Shorty, an unmarried man, and Vangie Randall, an unmarried woman, joint tenants

Whose post office address is #1 County Road 6212, Kirtland, NM 87417 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 8: Lot Nine (9) of the PARAMOUNT SUBDIVISION, San Juan County, New Mexico, as shown on the Plat of said Subdivision filed for record November 7, 1996 in Map File P-77, Book 1229, Page 59

No well shall be drilled on the leased premises without first obtaining Lessors' written consent.

and containing .775 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

Myron E. Shorty

Vangie Randall

SS#

SS#

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

7000 0520 0023 4373 2431

Postage	\$	SHIPPED JAN 02 2001 Postmark Here
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	
Recipient	CLR LLC Attn: Mr. Doug Leming P.O. Box 1564 Kirtland, New Mexico 87417	

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.

1. Article Addressed to:

CLR, LLC
 Attn: Mr. Doug Leming
 P.O. Box 1564
 Kirtland, New Mexico 87417

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly)	B. Date of Delivery
Debbie Barnett	1/25/01
C. Signature	
X/ Debbie Barnett <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee	
D. Is delivery address different from item 1?	
If YES, enter delivery address below: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

3. Service Type

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

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Copy from service label)
 7000 0520 0023 4373 2431



RICHARDSON PRODUCTION COMPANY

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

January 22, 2001

CLR, LLC
Attn: Mr. Doug Leming
P.O. Box 1564
Kirtland, New Mexico 87417

Certified Mail 7000 0520 0023 4373 2431

Re: Fruitland Coal and Pictured Cliffs Well Proposal
ROPCO #8-3 Well
S/2-Section 8-T29N-R14W
San Juan County, New Mexico

Dear Mr. Leming:

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 0.9185 net acre unleased mineral interest within the spacing unit. The ROPCO #8-3 well will be located in the SW/4 of Section 8, Township 29 North, Range 14 West. The spacing unit for the Fruitland Coal will be the S/2, and the spacing unit for the Pictured Cliffs formation will be the SW/4.

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 February 5, 2001. 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:

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 February 5, 2001.

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

RICHARDSON PRODUCTION COMPANY



Cathleen Colby
Land Manager

On this _____ day of _____, 2001, 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: _____

Printed Name: _____

AUTHORITY FOR EXPEDITURES

Well Name: ROPCO #8-3 SECTION 8 PC SW/4, FC S/2
 Location: T29N R14W
 Proposed Depth: 850' Fruitland Coal
 1000' Pictured Cliffs

Date: 01/22/2001
 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) 1000' @ 15.00/ft.		15,000		6,375	8,625
BOP Rental		750		375	375
Dirt Work		4,000		2,000	2,000
Pit Lining		2,300		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 1000' @ 5.50/ft.	5,500			2,338	3,163
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		1,700	2,300
Total Cost to Run Casing	3,436	47,600	56,036	26,181	29,856
5.9375% Farmington, NM Tax			3,327	1,554	1,773
10% Contingency			5,936	2,773	3,163
Grand Total to Run Casing			65,299	30,508	34,791

II. Completion Costs

Rig Anchors		750		375	375
Logs		3,000		1,500	1,500
Perf.		3,500		1,750	1,750
Weilhead & Fittings	4,000			2,000	2,000
Tubing 1000' @ 2.50/ft.	2,500			1,063	1,438
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	23,600	103,850	127,450	63,538	63,913
5.9375% Farmington, NM Tax			7,567	3,773	3,795
10% Contingency			13,502	6,731	6,771
Drilling Costs			65,299	30,508	34,791
Grand Total Well Costs			213,819	104,550	109,269

FRUITLAND COAL

99.71297% RICHARDSON OPERATING CO ET AL	DATE _____	APPROVED _____	\$104,249
0.28703% CLR LLC	DATE _____	APPROVED _____	5300
			FC TOTAL \$104,550

PICTURED CLIFFS

99.42594% RICHARDSON OPERATING CO ET AL	DATE _____	APPROVED _____	\$108,642
0.57406% CLR LLC	DATE _____	APPROVED _____	5627
			PC TOTAL \$109,269
			CLR LLC TOTAL \$927

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 22nd day of January, 2001, by and between
CLR, LLC

Whose post office address is P.O. Box 1564, Kirtland, NM 87417 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, an 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 8: See Exhibit "A", attached hereto and made a part hereof.

No well shall be drilled on the leased premises without first obtaining Lessors' written consent.

and containing 1.8370 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.

CLR, LLC

BY: _____

Tax ID # _____

Exhibit "A"

Lease Description for Oil and Gas Lease between CLR, LLC, Lessor, to Richardson Production Company, Lessee, dated January 22, 2001.

The following tract of land situated in Section 8, in Township 29 North of Range 14 West, NMPM, described as follows:

BEGINNING at a point on the North Right-of-Way line of U.S. Highway 550, 411.4 feet South 89 degrees 21 minutes West and 2611.74 feet North 71 degrees 28 minutes West of the Southeast corner of Section 8, Township 29 North, Range 14 West, NMPM;
THENCE North 71 degrees 28 minutes West 200 feet;
THENCE North 0 degrees 17 minutes East 400 feet;
THENCE South 71 degrees 28 minutes East 200 feet;
THENCE South 0 degrees 17 minutes West 400 feet to the point of beginning.

Containing 1.8370 acres, more or less
San Juan County, New Mexico

SIGNED FOR IDENTIFICATION

CLR, LLC

By: _____

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

7000 0520 0023 4373 2400

Postage	\$	SHIPPED FEB 08 2001 Postmark Here
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Mr. and Mrs. Joe G. Singleton P.O. Box 1665 Kirtland, New Mexico 87417		(mailer) _____ _____ _____

PS Form 3800, February 2000 See Reverse for Instructions

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.

1. Article Addressed to:

Mr. and Mrs. Joe G. Singleton
 P.O. Box 1665
 Kirtland, New Mexico 87417

2. Article Number (Copy from service label)

7000 0520 0023 4373 2400

PS Form 3811, July 1999

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly)	B. Date of Delivery
PATRICIA SINGLETON	2-14-01
C. Signature	
X Patricia Singleton <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee	
D. Is delivery address different from item 1? <input type="checkbox"/> Yes	
If YES, enter delivery address below: <input type="checkbox"/> No	

3. Service Type

- | | |
|--|---|
| <input checked="" type="checkbox"/> Certified Mail | <input type="checkbox"/> Express Mail |
| <input type="checkbox"/> Registered | <input type="checkbox"/> Return Receipt for Merchandise |
| <input type="checkbox"/> Insured Mail | <input type="checkbox"/> C.O.D. |

4. Restricted Delivery? (Extra Fee)

Yes

Domestic Return Receipt

102595-00-M-0952



RICHARDSON PRODUCTION COMPANY

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

February 8, 2001

Mr. and Mrs. Joe G. Singleton
P.O. Box 1665
Kirtland, New Mexico 87417

Certified Mail 7000 0520 0023 4373 2400

Re: Fruitland Coal and Pictured Cliffs Well Proposal
ROPCO #8-3 Well
S-2-Section 8-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 0.90 net acre unleased mineral interest within the spacing unit. The ROPCO #8-3 well will be located in the SW1/4 of Section 8, Township 29 North, Range 14 West. The spacing unit for the Fruitland Coal will be the S-2, and the spacing unit for the Pictured Cliffs formation will be the SW1/4.

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 February 22, 2001. 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. Joe G. Singleton
February 8, 2001
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 February 22, 2001.

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

RICHARDSON PRODUCTION COMPANY

Cathleen Colby
Land Manager

On this _____ day of _____, 2001 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: ROPCO #8-3 SECTION 8 PC SW/4, FC S/2
 Location: T29N R14W
 Proposed Depth: 350' Fruitland Coal
 1000' Pictured Cliffs

Date: 01/11/2001
 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) 1000' @ 15.00/ft.		15,000		6,375	8,625
BCP Rental		750		375	375
Dirt Work		4,000		2,000	2,000
Pit Lining		2,300		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 1000' @ 5.50/ft.	5,500			2,338	3,163
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		1,700	2,300
Total Cost to Run Casing	8,436	47,600	56,036	26,131	29,856
5.9375% Farmington, NM Tax			3,327	1,554	1,773
10% Contingency			5,686	2,773	3,163
Grand Total to Run Casing			65,099	30,508	34,791

II. Completion Costs

Rig Anchors		750		375	375
Logs		3,000		1,500	1,500
Part		3,500		1,750	1,750
Wellhead & Fittings	4,000			2,000	2,000
Tubing 1000' @ 2.50/ft	2,500			1,063	1,438
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	23,600	103,350	127,450	63,538	63,913
5.9375% Farmington, NM Tax			7,567	3,773	3,795
10% Contingency			13,502	6,731	6,771
Drilling Costs			65,099	30,508	34,791
Grand Total Well Costs			213,619	104,580	109,269

FRUITLAND COAL

99.12375% RICHARDSON OPERATING CO ET AL	DATE _____	APPROVED _____	\$104255
0.00000% JOE G. SINGLETON	DATE _____	APPROVED _____	\$294
PATRICIA B. SINGLETON	DATE _____	APPROVED _____	
FC TOTAL			\$104550

PICTURED CLIFFS

99.12375% RICHARDSON OPERATING CO ET AL	DATE _____	APPROVED _____	\$109269
0.00000% JOE G. SINGLETON	DATE _____	APPROVED _____	\$
PATRICIA B. SINGLETON	DATE _____	APPROVED _____	
PC TOTAL			\$109269
JOE & PATRICIA SINGLETON TOTAL			\$294

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 11th day of January, 2001, by and between

Joe G. Singleton and Patricia B. Singleton, husband and wife

Whose post office address P.O. Box 328, Farmington, New Mexico 87499 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 8: See Exhibit "A", attached hereto and made a part hereof

No well shall be drilled on the leased premises without first obtaining Lessors' written consent,

and containing 1.80 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 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 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

Joe G. Singleton

Patricia B. Singleton

SS#

SS#

*** This instrument must be witnessed on the back side of the lease form

Exhibit "A"

Lease Description for Oil and Gas Lease between Joe G. Singleton and Patricia B. Singleton, husband and wife, Lessor, to Richardson Production Company, Lessee, dated January 11, 2001.

A tract of land in the Southwest Quarter of the Southeast Quarter (SW/4SE/4) of Section Eight (8), Township 29 North, Range 14 West, NMPM, described as follows:

BEGINNING at a point on the North right of way line of U.S. Highway No. 550 from which the Southeast corner of said Section bears South 71 degrees 31 minutes 00 seconds East 2011.74 feet along said right of way line and North 89 degrees 18 minutes 00 seconds East 409.36 feet, more or less;

THENCE North 71 degrees 31 minutes 00 seconds West 200.00 feet along said North right-of-way line;

THENCE North 00 degrees 14 minutes 00 seconds East 400.00 feet;

THENCE South 71 degrees 31 minutes 00 seconds East 200.00 feet;

THENCE South 00 degrees 14 minutes 00 seconds West 400.00 feet to the point of beginning.

Containing 1.80 acres, more or less
San Juan County, New Mexico

SIGNED FOR IDENTIFICATION

Patricia B. Singleton

Joe G. Singleton



RICHARDSON PRODUCTION COMPANY

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

January 11, 2001

Mr. and Mrs. Joe G. Singleton
~~P.O. Box 328~~
~~Farmington, New Mexico 87499~~

Certified Mail 7099 3220 0005 1561 6211

Re: Fruitland Coal and Pictured Cliffs Well Proposal
ROPCO #8-3 Well
S.2-Section 8-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 0.90 net acre unleased mineral interest within the spacing unit. The ROPCO #8-3 well will be located in the SW/4 of Section 8, Township 29 North, Range 14 West. The spacing unit for the Fruitland Coal will be the S.2, and the spacing unit for the Pictured Cliffs formation will be the SW/4.

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 January 26, 2001. 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. Joe G. Singleton

January 11, 2001

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 January 26, 2001.

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

RICHARDSON PRODUCTION COMPANY



Cathleen Colby
Land Manager

On this _____ day of _____, 2001 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: _____

Printed Name: _____



RICHARDSON PRODUCTION COMPANY

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

3-7-01
no ans.

February 8, 2001

(505) 573-6100

Mr. and Mrs. Joe G. Singleton
P.O. Box 1665
Kirtland, New Mexico 87417

Certified Mail 7000 0520 0023 4373 2400

Re: Pictured Cliffs Well Proposal
ROPCO #8-4 Well
SE 4-Section 8-T29N-R14W
San Juan County, New Mexico

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 0.90 net acre unleased mineral interest within the spacing unit. The ROPCO #8-4 well will be located in the SE 4 of Section 8, Township 29 North, Range 14 West. The spacing unit for the Pictured Cliffs formation will be the SE 4.

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 February 22, 2001. 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. Joe G. Singleton
February 8, 2001
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 February 22, 2001.

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

RICHARDSON PRODUCTION COMPANY



Cathleen Colby
Land Manager

On this _____ day of _____, 2001 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: ROPCO 3-4 SECTION 8-SE 4
Location: T29N R14W, San Juan County, NM
Proposed Depth: 1200'

Date: 01.15.2001
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		
	BOP Rental		750		
	Dirt Work		4,000		
	Pit Lining		2,800		
	Surface Casing 200' @ 7.18/ft.	1,436			
	Casing Head	1,500			
	Cement Surface		2,300		
	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		
	Perms		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		5,000		
	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

59.4375% RICHARDSON OPERATING COMPANY	DATE _____	APPROVED _____	\$175,014
0.5525% JOE B SINGLETON	DATE _____	APPROVED _____	\$990
PATRICIA B SINGLETON	DATE _____	APPROVED _____	\$176,004

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 11th day of January 2001, by and between

Joe G. Singleton and Patricia B. Singleton, husband and wife

Whose post office address P.O. Box 328, Farmington, New Mexico 87499 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 8: See Exhibit "A", attached hereto and made a part hereof

No well shall be drilled on the leased premises without first obtaining Lessors' written consent.

and containing 1.80 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 annually 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

Joe G. Singleton

Patricia B. Singleton

Exhibit "A"

Lease Description for Oil and Gas Lease between Joe G. Singleton and Patricia B. Singleton, husband and wife, Lessor, to Richardson Production Company, Lessee, dated January 11, 2001.

A tract of land in the Southwest Quarter of the Southeast Quarter (SW/4SE/4) of Section Eight (8), Township 29 North, Range 14 West, N14M, described as follows:

BEGINNING at a point on the North right of way line of U.S. Highway No. 550 from which the Southeast corner of said Section bears South 71 degrees 31 minutes 00 seconds East 2011.74 feet along said right of way line and North 89 degrees 18 minutes 00 seconds East 409.36 feet, more or less;

THENCE North 71 degrees 31 minutes 00 seconds West 200.00 feet along said North right of way line;

THENCE North 00 degrees 14 minutes 00 seconds East 400.00 feet;

THENCE South 71 degrees 31 minutes 00 seconds East 200.00 feet;

THENCE South 00 degrees 14 minutes 00 seconds West 400.00 feet to the point of beginning.

Containing 1.80 acres, more or less
San Juan County, New Mexico

SIGNED FOR IDENTIFICATION

Patricia B. Singleton

Joe G. Singleton



RICHARDSON PRODUCTION COMPANY

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

January 15, 2001



Mr. and Mrs. Joe G. Singleton
~~P.O. Box 328~~
Farmington, New Mexico 87499

Certified Mail 7099 3220 0005 1561 5979

Re: Pictured Cliffs Well Proposal
ROPCO #8-4 Well
SE/4-Section 8-T29N-R14W
San Juan County, New Mexico

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 0.90 net acre unleased mineral interest within the spacing unit. The ROPCO #8-4 well will be located in the SE 4 of Section 8, Township 29 North, Range 14 West. The spacing unit for the Pictured Cliffs formation will be the SE/4.

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 January 29, 2001. 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. Joe G. Singleton
January 15, 2001
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 January 29, 2001.

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

RICHARDSON PRODUCTION COMPANY



Cathleen Coiby
Land Manager

On this _____ day of _____, 2001 we hereby elect the following:

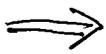
_____ Participate in proposed drilling and completion attempt, executed AFE is returned herewith.

_____ 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.

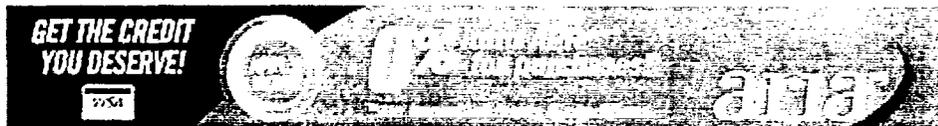
By: _____ By: _____

Printed Name: _____ Printed Name: _____

9. Lowell E. Renfro and Callie P. Renfro,
a married couple, j/t
#2 County Road 6212
Kirtland, NM 87417
(description in WD 1223-896)
10. Myron E. Shorty, an unmarried man and Vangie
Randall, an unmarried woman, j/t
#1 County Road 6212
Kirtland, NM 87417
(description in WD 1236-211)
11. Oscar M. Lucero, a single man and Sharon L.
Smith, a single woman, j/t
P.O. Box 1412
Fruitland, NM 87416
(description in WD 1238-344)
12. Yucca Incorporated, a New Mexico corporation
Lots 2 & 3 in Block 1 of the YUCCA INCORPORATED
INDUSTRIAL SUBDIVISION, as shown on the Plat of
said Subdivision filed for record January 27, 1958.
13. Virginia Gustin, a single person
Box 533
Kirtland, NM 87417
Lots 19 & 20 in Block 1 of the YUCCA
INCORPORATED INDUSTRIAL SUBDIVISION, as
shown on the Plat of said Subdivision filed for record
January 27, 1958.
14. Virginia R. Piercey
P.O. Box 895
Kirtland, NM 87417
Lots 21 and 29 in Block 1 of the YUCCA
INCORPORATED INDUSTRIAL SUBDIVISION, as
shown on the Plat of said Subdivision filed for record
January 27, 1958.
15.  Jessie C. Crowe and Mrs. Archie Lee Crowe, his wife
(No address--got at 387-91 and conveyed out at
484-270 SRO)--Jeremy C. Duncan tract in SESE
(description in WD 805-473)
16. Hugh J. Toledo, an unremarried widower and
Tamara Lynn Toledo, a single woman, as j/t
P.O. Box 1416
Fruitland, NM 87416
(description in WD 1231-150)

- 17. Sheryl Lynn
#8 County Road 6212
Kirtland, NM 87417
Paramount Subdivision - Lot 6

[MSN Home](#) [Hotmail](#) [Web Search](#) [Shopping](#) [Money](#) [People & Chat](#)



White Pages Search Results



[White Pages Home](#) [Reverse Number Lookup](#) [Email Search](#) [Find Yellow Pages](#)

['Add To Outlook' Help](#)

Sorry, no matches were found.

- ▶ [Add your listing](#) to the White Pages
- ▶ [Search for public records on US SEARCH.com](#)
- ▶ [Find old High School friends](#)

[Order Services](#)



Search

[Criminal Record](#)
[Credit Report](#)

- Horoscopes:**
[What's your sign?](#)
[Find High School Friends!](#)
[Find Love & Romance!](#)

[Order Services](#)

- eShopping**
[Health](#)
[Classifieds](#)
[Movie Listings](#)
[International](#)
[Fun Stuff](#)
[Government](#)

Refine Your Search:

Last Name

First Name/Initial

Bunder J.C. Crowe

City

State/Province (required for US and Canada)

Including Surrounding Region (U.S. Only)

Country (required)

Find

Note: To search a country not listed above, see our list of [World Directories](#).

data by **AACOM**



add some speed to your search

All results. No mess.



Find everything faster with InfoSpace Yellow Pages.

Find your perfect job with InfoSpace Classifieds.

Find someone special with InfoSpace Personals.

Protected by One or More of the Following Patents: U.S. Patent No. 6,016,504. Other Patents Pending.

[White Pages Home](#) [Reverse Number Lookup](#) [Email Search](#) [Yellow Pages](#)



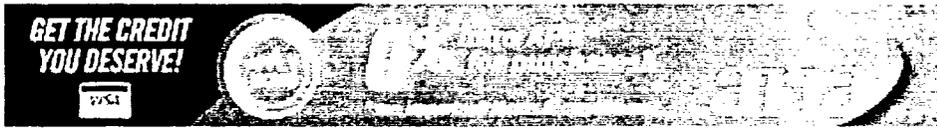
Other Links:

[MSN Explorer](#)
[Chat](#)

Special Features:

[eShop: great stores, great deals](#)
[Are your friends online?](#)

[MSN Home](#) [Hotmail](#) [Web Search](#) [Shopping](#) [Money](#) [People & Chat](#)



White Pages Search Results

by space

[White Pages Home](#) [Reverse Number Lookup](#) [Email Search](#) [Yellow Pages](#)

'Add To Outlook' Help

Sorry, no matches were found.

- ▶ [Add your listing](#) to the White Pages
- ▶ [Search for public records on US SEARCH.com](#)
- ▶ [Find old High School friends](#)

Refine Your Search

Last Name

First Name/Initial

City

State/Province (required for US and Canada)

Including Surrounding Region (U.S. Only)

Country (required)

Note: To search a country not listed above, see our list of [World Directories](#).

Bunder A.L. Crowe

Our Sponsors



[Criminal Record](#)
[Credit Report](#)

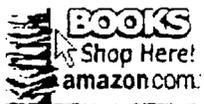
Horoscopes:

- [What's your sign?](#)
- [Find High School Friends!](#)
- [Find Love & Romance!](#)

More Searches:

- [eShopping](#)
- [Health](#)
- [Classifieds](#)
- [Movie Listings](#)
- [International](#)
- [Fun Stuff](#)
- [Government](#)

data by



add some speed to your search

All results. No mess.



Find everything faster with InfoSpace Yellow Pages

Find your perfect job with InfoSpace Classifieds

Find someone special with InfoSpace Personals

Protected by One or More of the Following Patents: U.S. Patent No. 6,016,504. Other Patents Pending.

[White Pages Home](#) [Reverse Number Lookup](#) [Email Search](#) [Yellow Pages](#)

Other Links:

[MSN Explorer](#)
[Chat](#)

Special Features:

[eShop: great stores, great deals](#)
[Are your friends online?](#)



NMPRC Corporation Information Inquiry

New Search

Public Regulation Commission

10/5/2000

YUCCA INCORPORATED

SCC Number: 0368977

Tax & Revenue Number:

Incorporation Date: **OCTOBER08, 1957, in NEW MEXICO**

Corporation Type: **DOMESTIC PROFIT**

Corporation Status: **FORFEITED**

Good Standing:

Purpose:

CORPORATION DATES

Taxable Year End Date:

Filing Date: //

Expiration Date: 10/08/2057

SUPPLEMENTAL POST MARK DATES

Supplemental:

Name Change:

Purpose Change:

MAILING ADDRESS

423 E MAIN FARMINGTON , NEW MEXICO 87401

PRINCIPAL ADDRESS

PRINCIPAL ADDRESS (Outside New Mexico)

REGISTERED AGENT

ROBERT L. LEIGHTON

313 W MAIN FARMINGTON NEW MEXICO 87401

Designation date: 10/08/57

Agent Post Mark Date:

Resignation date:

COOP LICENSE INFORMATION

Number:

Type:

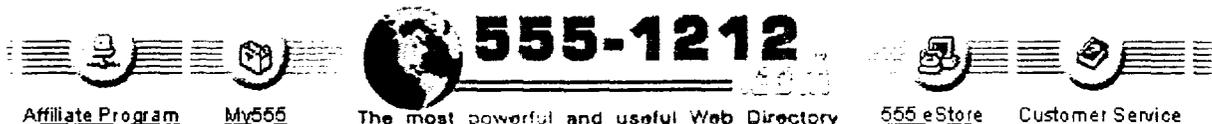
Expiration Year:

INCORPORATORS

DIRECTORS

Date Election of Directors:

~~M Leighton (505) 325-2542 disconnected~~



• Homeemployed.com - Computer, Internet People wanted to work online
 Earn \$125 - \$175 an hour. Work from Your Home. Receive full Training.
 To get started, Download your Free E-Book, now. [Download Click here](#)

Yellow Pages

- [Business by Name](#)
- [Business by Category](#)
- [Companies Online](#)
- [Toll-Free Numbers](#)

AREA CODE SEARCH

 Go

[Power Search](#) - [Help](#)

Home

Area & Country Codes

White Pages

Yellow Pages

Reverse Lookup

Web Site Finder

555@Hand™
Wireless Tools

555@Work™
Corporate Products

AT&T
Communications Center

555 eStore

Register



Listings

[[previous](#)]

Results 21-30 of 33

[[next](#)]

All Listings

Yucca Moving And Storage
 720 Organ
 LAS CRUCES, NM

505-524-3667

About
[Map & More](#)

Yucca Package Liquors & Office
 HOBBS, NM

505-397-3285

About
[Map & More](#)

Yucca Plaza
 216 Paseo Del Pueblo Norte
 TAOS, NM

505-758-9019

About
[Map & More](#)

Yucca R V & Self Storage
 2260 Highway 304
 BELEN, NM

505-861-0382

About
[Map & More](#)

Yucca Realty
 1101 N Riverside Dr
 ESPANOLA, NM

505-753-7159

About
[Map & More](#)

Yucca Realty
 ESPANOLA, NM

505-753-7159

About
[Map & More](#)

Yucca Roofing Co
 Rt 2 Box 305-41
 SANTA FE, NM

505-471-1928

About
[Map & More](#)

Yucca School
 310 Dale Scott Ave
 ALAMOGORDO, NM

505-439-3442

About
[Map & More](#)

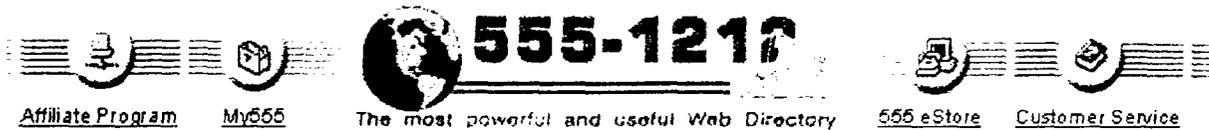
Yucca Telecommunications Systems Inc
 201 W 2nd St
 PORTALES, NM

505-356-6462

About
[Map & More](#)

Yucca Trailer Sales

505-397-1817



• Homeemployed.com - Computer, Internet People wanted to work online. Earn \$125 - \$175 an hour. Work from Your Home. Receive full Training. To get started, Download your Free E-Book, now. [Download Click here](#)

Yellow Pages

[Business by Name](#)
[Business by Category](#)
[Companies Online](#)
[Toll-Free Numbers](#)

AREA CODE SEARCH

[Go](#)

[Power Search](#) - [Help](#)

Home

Area & Country Codes

White Pages

Yellow Pages

Reverse Lookup

Web Site Finder

[555@Hand™](#)
[Wireless Tools](#)

[555@Work™](#)
[Corporate Products](#)

[AT&T](#)
[Communications Center](#)

[555 eStore](#)

Register



Listings

[\[previous \]](#)

Results 11-20 of 33

[\[next \]](#)

All Listings

Yucca Diesel Service Inc
4813 Williams St SE
ALBUQUERQUE, NM

505-877-0932

[About](#)
[Map & More](#)

Yucca Electric
5004 1 2 Isleta Blvd SW
ALBUQUERQUE, NM

505-877-0666

[About](#)
[Map & More](#)

Yucca Elementary School
901 N 13th St
ARTESIA, NM

505-746-3711

[About](#)
[Map & More](#)

Yucca Flats
711 Tierra Del Sol
CARLSBAD, NM

505-885-3251

[About](#)
[Map & More](#)

Yucca Floral
417 N 1st St
CLAYTON, NM

505-374-9132

[About](#)
[Map & More](#)

Yucca Junior High School
1500 Sycamore St
CLOVIS, NM

505-769-4420

[About](#)
[Map & More](#)

Yucca Lodge Chemical Dependency Treatment Facility 505-537-3465
149 Calle Del - Cielo
FT BYRD, NM

[About](#)
[Map & More](#)

Yucca Lounge
1401 E Broadway St
HOBBS, NM

505-393-5511

[About](#)
[Map & More](#)

Yucca Mobile Village
1114 S 4th St
ARTESIA, NM

505-746-4476

[About](#)
[Map & More](#)

Yucca Motel

505-487-2272