

**RICHARDSON PRODUCTIVE**

1700 Lincoln, Suite 17  
Denver, Colorado 80203 (303)  
Fax (303) 830-8009

December 20, 2001

(602) 95

Mrs. Howard E. Henderson  
5809 N. 24<sup>th</sup> Place  
Phoenix, AZ 86016

RE: Pictured Cliffs & Fruitland Coal Well Proposal  
RPC #17-3 Well  
SW/4 Section 17, Township 29 North, Range 13 West  
Pictured Cliffs Proposal  
RPC #17-4  
SE/4 Section 17, Township 29 North, Range 13 West  
San Juan County, New Mexico

Dear Mrs. Henderson:

Please accept Richardson Production Company's sincerest  
During our telephone conversation yesterday we discussed the  
Company ("ROC") will need in order to enter into an Oil and Gas Lease outlined in the two (2) letters  
dated December 5, 2001 to Howard E. Henderson from Sheila Frazier with Richardson Production  
Company.

You indicated you had a "Life Estate" to the properties and the properties would revert to Howard E.  
Henderson's son upon your death. ROC will need the following:

- Copy of Death Certificate of Howard E. Henderson
- Copy of Last Will and Testament of Howard E. Henderson
- Copy of Letters Testamentary, if the Estate has not been closed

If the Estate has not been closed, ROC will need to enter into an Oil and Gas Lease with the Estate and the  
signing party will be the Executor of the Estate.

Should you have any questions concerning the outlined information, you can be contacted by telephone at  
(303) 830-8000, by e-mail at [rebecca@richardsonoil.com](mailto:rebecca@richardsonoil.com) or at the referenced address.

Very truly yours,

*Rebecca E. Van Blaricom*  
Rebecca E. Van Blaricom  
Administrative Landman

File Number (Copy from service label)  
20 167010006 18579 R 1748  
Domestic Return Receipt  
102395-00-14-0032

Howard Henderson  
5809 N 24th Place  
Phoenix AZ 86016

**COMPLETE THIS SECTION**  
Items 1, 2, and 3. Also complete  
noted Delivery is desired.  
name and address on the reverse  
return the card to you.  
sent to the back of the mailpiece,  
if it space permits.

<b>COMPLETE THIS SECTION ON DELIVERY</b>	
A. Received by (Please Print Clearly)	B. Date of Delivery
C. Signature <i>Howard Henderson</i>	DEC 15 2001
D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Addressed to <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee
If YES, enter delivery address below: <input type="checkbox"/> Yes <input checked="" 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) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

December 5, 2001

Howard E. Henderson  
5809 N. 24th Place  
Phoenix, AZ 86016

**Certified Mail 7000 1670 0006 8579 2718**

Re: Pictured Cliffs & Fruitland Coal Well Proposal  
RPC #17-3 Well  
SW/4-Section 17-T29N-R13W  
San Juan County, New Mexico

Dear Mineral Owner:

Richardson Production Company proposes to drill a downhole commingled Pictured Cliffs & Fruitland Coal well on the captioned lands. A recent check of the county records indicates that you own a 6.5 net acre unleased mineral interest within the spacing unit. The RPC #17-3 well will be located in the SW/4 of Section 17. The Pictured Cliffs spacing unit covers the SW/4 and the Fruitland Coal spacing unit covers the S/2 of Section 17. Your lands may or may not be covered under both spacing units.

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 December 28, 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% non-consent 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 \$50.00 per net acre and a 12.5% royalty in the event of production (lease form included for your review).
2. Sell all of your mineral interest for \$100.00 per net acre

Please execute and return the 2<sup>nd</sup> page of this letter offer indicating your intentions with regard to Richardson's above options. A self-addressed envelope is provided for your convenience. Your response is respectfully requested by December 28, 2001. Should you have any questions please contact the undersigned at (303) 830-8000.

Sincerely,

Sheila A. Frazier, CPL

RE: **RPC #17-3 PC/FC Well Proposal**  
**SW/4 Section 17-T29N-R13W**  
**San Juan County, NM**

*Description of your unleased lands:*

Section 17: E. 30/a of the SESW; W2SWSE, W. 2/a NWSE

Containing 52.0 gross and 6.5 net acres

On this \_\_\_\_\_ day of \_\_\_\_\_, 2001, we/I hereby elect the following:

- Participate in proposed drilling and completion attempt, executed AFE is returned herewith.
- Enter into Oil and Gas Lease for \$50.00 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 \$100.00 per net mineral acre.

\_\_\_\_\_  
Howard E. Henderson

**RICHARDSON OPERATING COMPANY**

**AUTHORITY FOR EXPEDITURES**

**Well Name:** RPC 17-3 (PC) & (FC) well  
**Location:** T29N R13W Section 17 SW/4  
**Spacing:** Pictured Cliffs SW/4; Fruitland CL S/2  
**Proposed Depth:** 960' Fruitland CL; 1150' Pictured Cliffs

**Date:** 12/5/2001

**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 & Land - - - - -		3,000		1,500	1,500
Damages - - - - -		2,000		1,000	1,000
* Drilling (incl. water & mud) 1200' @ 15.00/ft. -		17,250		7,200	10,050
BOP Rental - - - - -		750		375	375
Dirt Work - - - - -		4,000		2,000	2,000
Pit Lining - - - - -		2,800		1,400	1,400
Surface Casing 200' @ 7.65/ft. - - - - -	1,530			765	765
Casing Head - - - - -	1,500			750	750
Cement Surface - - - - -		2,300		1,150	1,150
Power Tongs - - - - -		1,000		500	500
Casing 1200' @ 5.00/ft. - - - - -	6,325			2,640	3,685
Trucking - - - - -		3,000		1,500	1,500
Logs - - - - -		4,000		2,000	2,000
Engineering - - - - -		5,000		2,500	2,500
Cement Longstring - - - - -		4,000		1,670	2,330
<b>Total Cost to Run Casing - - - - -</b>	<b>9,355</b>	<b>52,100</b>	<b>61,455</b>	<b>28,450</b>	<b>33,005</b>
10% Contingency - - - - -			6,146	2,845	3,301
<b>Grand Total to Run Casing</b>			<b>67,601</b>	<b>31,295</b>	<b>36,306</b>
II. Completion Costs					
Rig Anchors - - - - -		750		375	375
Logs - - - - -		3,000		1,500	1,500
Perf - - - - -		4,000		2,000	2,000
Wellhead & Fittings - - - - -	4,000			2,000	2,000
Tubing 1200' @ 2.10/ft. - - - - -	2,875			1,200	1,675
Stimulation - - - - -		50,000		25,000	25,000
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 - - - - -		4,000		2,000	2,000
Engineering - - - - -		5,000		2,500	2,500
Treater, Separator - - - - -	6,000			3,000	3,000
Flowline - - - - -	4,000			2,000	2,000
Tank & Fittings - - - - -	5,000			2,500	2,500
Gravel - - - - -	3,000			1,500	1,500
Workover Rig - - - - -		12,000		6,000	6,000
Completion Fluids - - - - -		2,000		1,000	1,000
Pipeline Hookup - - - - -		13,000		6,500	6,500
Division Order Opinion - - - - -		2,000		1,000	1,000
Frac Tank Rental - - - - -		2,000		1,000	1,000
Flowback - - - - -		2,000		1,000	1,000
Fence Location - - - - -	5,000			2,500	2,500
<b>Total Completion Costs - - - - -</b>	<b>29,875</b>	<b>111,050</b>	<b>140,925</b>	<b>70,225</b>	<b>70,700</b>
10% Contingency - - - - -			14,093	7,023	7,070
<b>Drilling Costs - - - - -</b>			<b>67,601</b>	<b>31,295</b>	<b>36,306</b>
<b>Grand Total Well Costs</b>			<b>222,618</b>	<b>108,543</b>	<b>114,076</b>

**FRUITLAND COAL (FC)**

0.7520% Howard Henderson  
 99.2480% Richardson Operating Company et als

Date:  
5-Dec-01

Approved BY:

	\$816.19
	\$107,726.31
<b>Total FC Costs</b>	<b>\$108,542.50</b>

**PICTURED CLIFFS (PC)**

2.0508% Howard Henderson  
 97.9492% Richardson Operating Company et als

Date:  
5-Dec-01

	\$2,339.44
	\$111,736.06
<b>Total PC Costs</b>	<b>\$114,075.50</b>

*Total Costs of Commingled PC/FC Well:*

Howard Henderson	\$3,155.63
Richardson Operating Company et als	\$219,462.37
	<b>\$222,618.00</b>

**Share of costs:**

December 5, 2001

Julia Cremean Satterley  
P O Box 448  
Wadsworth, IL 60083

**Certified Mail 7000 1670 0006 8579 2787**

Re: Pictured Cliffs & Fruitland Coal Well Proposal  
RPC #17-3 Well  
SW/4-Section 17-T29N-R13W  
San Juan County, New Mexico

Dear Mineral Owner:

Richardson Production Company proposes to drill a downhole commingled Pictured Cliffs & Fruitland Coal well on the captioned lands. A recent check of the county records indicates that you own a 1.0833 net acre unleased mineral interest within the spacing unit. The RPC #17-3 well will be located in the SW/4 of Section 17. The Pictured Cliffs spacing unit covers the SW/4 and the Fruitland Coal spacing unit covers the S/2 of Section 17. Your lands may or may not be covered under both spacing units.

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 December 28, 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% non-consent 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 \$50.00 per net acre and a 12.5% royalty in the event of production (lease form included for your review).
2. Sell all of your mineral interest for \$100.00 per net acre

Please execute and return the 2<sup>nd</sup> page of this letter offer indicating your intentions with regard to Richardson's above options. A self-addressed envelope is provided for your convenience. Your response is respectfully requested by December 28, 2001. Should you have any questions please contact the undersigned at (303) 830-8000.

Sincerely,

Sheila A. Frazier, CPL

RE: **RPC #17-3 PC/FC Well Proposal**  
**SW/4 Section 17-T29N-R13W**  
**San Juan County, NM**

*Description of your unleased lands:*

**Section 17: E. 30/a of the SESW; W/2SWSE, W. 2/a of NWSE**

**Containing 52.0 gross and 1.0833 net acres**

On this \_\_\_\_\_ day of \_\_\_\_\_, 2001, **we/I** hereby elect the following:

- Participate in proposed drilling and completion attempt, executed AFE is returned herewith.
- Enter into Oil and Gas Lease for \$50.00 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 \$100.00 per net mineral acre.

\_\_\_\_\_  
Julia Creamean Satterley

**RICHARDSON OPERATING COMPANY**

**AUTHORITY FOR EXPEDITURES**

**Well Name:** RPC 17-3 (PC) & (FC) well  
**Location:** T29N R13W Section 17 SW/4  
**Spacing:** Pictured Cliffs SW/4; Fruitland CL S/2  
**Proposed Depth:** 960' Fruitland CL; 1150' Pictured Cliffs

**Date:** 12/5/2001  
**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 & Land - - - - -		3,000		1,500	1,500
Damages - - - - -		2,000		1,000	1,000
* Drilling (incl. water & mud) 1200' @ 15.00/ft. -		17,250		7,200	10,050
BOP Rental - - - - -		750		375	375
Dirt Work - - - - -		4,000		2,000	2,000
Pit Lining - - - - -		2,800		1,400	1,400
Surface Casing 200' @ 7.65/ft. - - - - -	1,530			765	765
Casing Head - - - - -	1,500			750	750
Cement Surface - - - - -		2,300		1,150	1,150
Power Tongs - - - - -		1,000		500	500
Casing 1200' @ 5.00/ft. - - - - -	6,325			2,640	3,685
Trucking - - - - -		3,000		1,500	1,500
Logs - - - - -		4,000		2,000	2,000
Engineering - - - - -		5,000		2,500	2,500
Cement Longstring - - - - -		4,000		1,670	2,330
<b>Total Cost to Run Casing - - - - -</b>	<b>9,355</b>	<b>52,100</b>	<b>61,455</b>	<b>28,450</b>	<b>33,005</b>
10% Contingency - - - - -			6,146	2,845	3,301
<b>Grand Total to Run Casing</b>			<b>67,601</b>	<b>31,295</b>	<b>36,306</b>
<b>II. Completion Costs</b>					
Rig Anchors - - - - -		750		375	375
Logs - - - - -		3,000		1,500	1,500
Perf - - - - -		4,000		2,000	2,000
Wellhead & Fittings - - - - -	4,000			2,000	2,000
Tubing 1200' @ 2.10/ft. - - - - -	2,875			1,200	1,675
Stimulation - - - - -		50,000		25,000	25,000
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 - - - - -		4,000		2,000	2,000
Engineering - - - - -		5,000		2,500	2,500
Treater, Separator - - - - -	6,000			3,000	3,000
Flowline - - - - -	4,000			2,000	2,000
Tank & Fittings - - - - -	5,000			2,500	2,500
Gravel - - - - -	3,000			1,500	1,500
Workover Rig - - - - -		12,000		6,000	6,000
Completion Fluids - - - - -		2,000		1,000	1,000
Pipeline Hookup - - - - -		13,000		6,500	6,500
Division Order Opinion - - - - -		2,000		1,000	1,000
Frac Tank Rental - - - - -		2,000		1,000	1,000
Flowback - - - - -		2,000		1,000	1,000
Fence Location - - - - -	5,000			2,500	2,500
<b>Total Completion Costs - - - - -</b>	<b>29,875</b>	<b>111,050</b>	<b>140,925</b>	<b>70,225</b>	<b>70,700</b>
10% Contingency - - - - -			14,093	7,023	7,070
<b>Drilling Costs - - - - -</b>			<b>67,601</b>	<b>31,295</b>	<b>36,306</b>
<b>Grand Total Well Costs</b>			<b>222,618</b>	<b>108,543</b>	<b>114,076</b>

**FRUITLAND COAL (FC)**  
 0.2506% Julia Cremean Slatterly  
 99.7494% Richardson Operating Company et als

**PICTURED CLIFFS (PC)**  
 0.6835% Julia Cremean Slatterly  
 99.3165% Richardson Operating Company et als

Date:	Approved BY:	Share of costs:
<u>5-Dec-01</u>		\$272.02
		\$108,270.48
	<b>Total FC Costs</b>	<b>\$108,542.50</b>
		\$779.69
<u>5-Dec-01</u>		\$113,295.81
	<b>Total PC Costs</b>	<b>\$114,075.50</b>

*Total Costs of Commingled PC/FC Well:*  
 Julia Cremean Slatterly \$1,051.71  
 Richardson Operating Company et als \$221,566.29  
**\$222,618.00**

December 5, 2001

William H. Hall  
416 N. Behrend  
Farmington, NM 87401

Certified Mail 7000 1670 0006 8579 2817

Re: Pictured Cliffs & Fruitland Coal Well Proposal  
RPC #17-3 Well  
SW/4-Section 17-T29N-R13W  
San Juan County, New Mexico

Dear Mineral Owner:

Richardson Production Company proposes to drill a down Fruitland Coal well on the captioned lands. A recent check you own a 5.0 net acre unleased mineral interest within that will be located in the SW/4 of Section 17. The Pictured Cliffs and the Fruitland Coal spacing unit covers the S/2 of Section 17. The spacing unit covers the S/2 of Section 17. The spacing unit covers the S/2 of Section 17. The spacing unit covers the S/2 of Section 17.

Enclosed for your review is an AFE itemizing the estimate we wish to participate in this drilling and completion attempt, and an AFE to the undersigned by December 28, 2001. Upon receiving your written request, we will forward an AAPL Form 610 Joint Consent and execution, providing for, among other things, a 300% drilling/\$5000 producing overhead rates.

In the event you do not wish to participate, Richardson reserves the following options as to your interest:

1. Enter into an oil and gas lease that provides bonus consideration based on \$50.00 per acre in the event of production (lease form included for your review)
2. Sell all of your mineral interest for \$100.00 per acre

Please execute and return the 2<sup>nd</sup> page of this letter offer indicating your intentions with regard to Richardson's above options. A self-addressed envelope is provided for your convenience. Your response is respectfully requested by December 28, 2001. Should you have any questions please contact the undersigned at (303) 830-8000.

Sincerely,

Sheila A. Frazier, CPL

**SENDER: COMPLETE THIS SECTION**

1. Article Addressed to:  
Wm A. Hall  
416 N. Behrend  
Farmington NM 87401

2. Article Number (Copy from service label)  
7000 1670 0006 8579 2817

PS Form 3811, July 1999 Domestic Return Receipt 102595-00-M-0952

**COMPLETE THIS SECTION ON DELIVERY**

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

C. Signature  
X *Sheila Frazier*  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

December 5, 2001

William H. Hall  
416 N. Behrend  
Farmington, NM 87401

**Certified Mail 7000 1670 0006 8579 2817**

Re: Pictured Cliffs & Fruitland Coal Well Proposal  
RPC #17-3 Well  
SW/4-Section 17-T29N-R13W  
San Juan County, New Mexico

Dear Mineral Owner:

Richardson Production Company proposes to drill a downhole commingled Pictured Cliffs & Fruitland Coal well on the captioned lands. A recent check of the county records indicates that you own a 5.0 net acre unleased mineral interest within the spacing unit. The RPC #17-3 well will be located in the SW/4 of Section 17. The Pictured Cliffs spacing unit covers the SW/4 and the Fruitland Coal spacing unit covers the S/2 of Section 17. Your lands may or may not be covered under both spacing units.

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Sincerely,

Sheila A. Frazier, CPL

William H. Hall  
December 5, 2001

Page 2

**RE: RPC #17-3 PC/FC Well Proposal  
SW/4 Section 17-T29N-R13W  
San Juan County, NM**

*Description of your unleased lands:*

Section 17: SE/4

Containing 40 gross and 5.0 net acres

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 \$50.00 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 \$100.00 per net mineral acre.

\_\_\_\_\_  
William A. Hall

**RICHARDSON OPERATING COMPANY  
AUTHORITY FOR EXPEDITURES**

**Well Name:** RPC 17-3 (PC) & (FC) well  
**Location:** T29N R13W Section 17 SW/4  
**Spacing:** Pictured Cliffs SW/4; Fruitland CL S/2  
**Proposed Depth:** 960' Fruitland CL; 1150' Pictured Cliffs

**Date:** 12/5/2001  
**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 & Land - - - - -		3,000		1,500	1,500
Damages - - - - -		2,000		1,000	1,000
* Drilling (incl. water & mud) 1200' @ 15.00/ft. -		17,250		7,200	10,050
BOP Rental - - - - -		750		375	375
Dirt Work - - - - -		4,000		2,000	2,000
Pit Lining - - - - -		2,800		1,400	1,400
Surface Casing 200' @ 7.65/ft. - - - - -	1,530			765	765
Casing Head - - - - -	1,500			750	750
Cement Surface - - - - -		2,300		1,150	1,150
Power Tongs - - - - -		1,000		500	500
Casing 1200' @ 5.00/ft. - - - - -	6,325			2,640	3,685
Trucking - - - - -		3,000		1,500	1,500
Logs - - - - -		4,000		2,000	2,000
Engineering - - - - -		5,000		2,500	2,500
Cement Longstring - - - - -		4,000		1,670	2,330
<b>Total Cost to Run Casing - - - - -</b>	<b>9,355</b>	<b>52,100</b>	<b>61,455</b>	<b>28,450</b>	<b>33,005</b>
10% Contingency - - - - -			6,146	2,845	3,301
<b>Grand Total to Run Casing</b>			<b>67,601</b>	<b>31,295</b>	<b>36,306</b>
<b>II. Completion Costs</b>					
Rig Anchors - - - - -		750		375	375
Logs - - - - -		3,000		1,500	1,500
Perf - - - - -		4,000		2,000	2,000
Wellhead & Fittings - - - - -	4,000			2,000	2,000
Tubing 1200' @ 2.10/ft. - - - - -	2,875			1,200	1,675
Stimulation - - - - -		50,000		25,000	25,000
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 - - - - -		4,000		2,000	2,000
Engineering - - - - -		5,000		2,500	2,500
Treater, Separator - - - - -	6,000			3,000	3,000
Flowline - - - - -	4,000			2,000	2,000
Tank & Fittings - - - - -	5,000			2,500	2,500
Gravel - - - - -	3,000			1,500	1,500
Workover Rig - - - - -		12,000		6,000	6,000
Completion Fluids - - - - -		2,000		1,000	1,000
Pipeline Hookup - - - - -		13,000		6,500	6,500
Division Order Opinion - - - - -		2,000		1,000	1,000
Frac Tank Rental - - - - -		2,000		1,000	1,000
Flowback - - - - -		2,000		1,000	1,000
Fence Location - - - - -	5,000			2,500	2,500
<b>Total Completion Costs - - - - -</b>	<b>29,875</b>	<b>111,050</b>	<b>140,925</b>	<b>70,225</b>	<b>70,700</b>
10% Contingency - - - - -			14,093	7,023	7,070
<b>Drilling Costs - - - - -</b>			<b>67,601</b>	<b>31,295</b>	<b>36,306</b>
<b>Grand Total Well Costs</b>			<b>222,618</b>	<b>108,543</b>	<b>114,076</b>

**FRUITLAND COAL (FC)**  
 1.3672% William Hall  
 98.6328% Richardson Operating Company et als

**PICTURED CLIFFS (PC)**  
 0.0000% William Hall  
 100.0000% Richardson Operating Company et als

Date:	Approved BY:	Share of costs:
<u>5-Dec-01</u>		\$1,483.98
		\$107,058.52
	<b>Total FC Costs</b>	<b>\$108,542.50</b>
		\$0.00
<u>5-Dec-01</u>		\$114,075.50
	<b>Total PC Costs</b>	<b>\$114,075.50</b>

<b>Total Costs of Commingled PC/FC Well:</b>	
William Hall	\$1,483.98
Richardson Operating Company et als	\$221,134.02
	<b>\$222,618.00</b>

December 5, 2001

First National Bank of Iowa City, Iowa  
 Trustee w/t/a dated Aug 6, 1966  
 P O Box 1880  
 Iowa City, IA 52244

Certified Mail 7000 1670 0006 8579 2800

Re: Pictured Cliffs & Fruitland Coal Well Proposal  
 RPC #17-3 Well  
 SW/4-Section 17-T29N-R13W  
 San Juan County, New Mexico

Dear Mineral Owner:

Richardson Production Company proposes to drill a downl  
 Fruitland Coal well on the captioned lands. A recent chec  
 you own a 5.0 net acre unleased mineral interest within th  
 will be located in the SW/4 of Section 17. The Pictured C  
 and the Fruitland Coal spacing unit covers the S/2 of Sect  
 be covered under both spacing units.

Enclosed for your review is an AFE itemizing the estimate  
 wish to participate in this drilling and completion attempt, p  
 AFE to the undersigned by December 28, 2001. Upon rec  
 written request, we will forward an AAPL Form 610 Joint C  
 and execution, providing for, among other things, a 300%/  
 \$5000 drilling/\$500 producing overhead rates.

In the event you do not wish to participate, Richardson res  
 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 \$50.00 per net acre and a 12.5% royalty in the event of production (lease form included for your review).
2. Sell all of your mineral interest for \$100.00 per net acre

Please execute and return the 2<sup>nd</sup> page of this letter offer indicating your intentions with regard to Richardson's above options. A self-addressed envelope is provided for for your convenience. Your response is respectfully requested by December 28, 2001. Should you have any questions please contact the undersigned at (303) 830-8000.

Sincerely,

Sheila A. Frazier, CPL

PS Form 3811, July 1999 Domestic Return Receipt 10295-00-M-0952

2. Article Number (Copy from service label)  
 7000 1670 0006 8579 2800

1. Article Addressed to:  
 PO Box 1880  
 Iowa City Ia 52244

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

4. Restricted Delivery? (Extra Fee)     Yes

A. Received by (Please Print Clearly)    B. Date of Delivery  
 [Signature]    DEC 10 2001

C. Signature     Agent  
 [Signature]

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

COMPLETE THIS SECTION ON DELIVERY

COMPLETE THIS SECTION THIS SECTION

December 5, 2001

First National Bank of Iowa City, Iowa  
Trustee u/a dated Aug 6, 1966  
P O Box 1880  
Iowa City, IA 52244

**Certified Mail 7000 1670 0006 8579 2800**

Re: Pictured Cliffs & Fruitland Coal Well Proposal  
RPC #17-3 Well  
SW/4-Section 17-T29N-R13W  
San Juan County, New Mexico

Dear Mineral Owner:

Richardson Production Company proposes to drill a downhole commingled Pictured Cliffs & Fruitland Coal well on the captioned lands. A recent check of the county records indicates that you own a 5.0 net acre unleased mineral interest within the spacing unit. The RPC #17-3 well will be located in the SW/4 of Section 17. The Pictured Cliffs spacing unit covers the SW/4 and the Fruitland Coal spacing unit covers the S/2 of Section 17. Your lands may or may not be covered under both spacing units.

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 December 28, 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% non-consent 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 \$50.00 per net acre and a 12.5% royalty in the event of production (lease form included for your review).
2. Sell all of your mineral interest for \$100.00 per net acre

Please execute and return the 2<sup>nd</sup> page of this letter offer indicating your intentions with regard to Richardson's above options. A self-addressed envelope is provided for for your convenience. Your response is respectfully requested by December 28, 2001. Should you have any questions please contact the undersigned at (303) 830-8000.

Sincerely,

Sheila A. Frazier, CPL

**RE: RPC #17-3 PC/FC Well Proposal  
SW/4 Section 17-T29N-R13W  
San Juan County, NM**

*Description of your unleased lands:*

Section 17: SE/4

Containing 40 gross and 5.0 net acres

On this \_\_\_\_\_ day of \_\_\_\_\_, 2001, **we/I** hereby elect the following:

- Participate in proposed drilling and completion attempt, executed AFE is returned herewith.
- Enter into Oil and Gas Lease for \$50.00 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 \$100.00 per net mineral acre.

\_\_\_\_\_  
First National Bank of Iowa City, Iowa, Trustee

\_\_\_\_\_  
Printed Name & Title:

**RICHARDSON OPERATING COMPANY  
AUTHORITY FOR EXPEDITURES**

**Well Name:** RPC 17-3 (PC) & (FC) well  
**Location:** T29N R13W Section 17 SW/4  
**Spacing:** Pictured Cliffs SW/4; Fruitland CL S/2  
**Proposed Depth:** 960' Fruitland CL; 1150' Pictured Cliffs

**Date:** 12/5/2001  
**Objective Formation:**  
 Commingled Pictured Cliffs and Fruitland Coal

	Tangible	Intangible	Total	Fruitland Coal	Pictured Cliffs
<b>I. Drilling Costs (Included Run Casing)</b>					
Survey and Permits - - - - -		3,000		1,500	1,500
Title Opinion & Land - - - - -		3,000		1,500	1,500
Damages - - - - -		2,000		1,000	1,000
* Drilling (incl. water & mud) 1200' @ 15.00/ft. -		17,250		7,200	10,050
BOP Rental - - - - -		750		375	375
Dirt Work - - - - -		4,000		2,000	2,000
Pit Lining - - - - -		2,800		1,400	1,400
Surface Casing 200' @ 7.65/ft. - - - - -	1,530			765	765
Casing Head - - - - -	1,500			750	750
Cement Surface - - - - -		2,300		1,150	1,150
Power Tongs - - - - -		1,000		500	500
Casing 1200' @ 5.00/ft. - - - - -	6,325			2,640	3,685
Trucking - - - - -		3,000		1,500	1,500
Logs - - - - -		4,000		2,000	2,000
Engineering - - - - -		5,000		2,500	2,500
Cement Longstring - - - - -		4,000		1,670	2,330
<b>Total Cost to Run Casing - - - - -</b>	<b>9,355</b>	<b>52,100</b>	<b>61,455</b>	<b>28,450</b>	<b>33,005</b>
10% Contingency - - - - -			6,146	2,845	3,301
<b>Grand Total to Run Casing</b>			<b>67,601</b>	<b>31,295</b>	<b>36,306</b>
<b>II. Completion Costs</b>					
Rig Anchors - - - - -		750		375	375
Logs - - - - -		3,000		1,500	1,500
Perf - - - - -		4,000		2,000	2,000
Wellhead & Fittings - - - - -	4,000			2,000	2,000
Tubing 1200' @ 2.10/ft. - - - - -	2,875			1,200	1,675
Stimulation - - - - -		50,000		25,000	25,000
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 - - - - -		4,000		2,000	2,000
Engineering - - - - -		5,000		2,500	2,500
Treater, Separator - - - - -	6,000			3,000	3,000
Flowline - - - - -	4,000			2,000	2,000
Tank & Filtings - - - - -	5,000			2,500	2,500
Gravel - - - - -	3,000			1,500	1,500
Workover Rig - - - - -		12,000		6,000	6,000
Completion Fluids - - - - -		2,000		1,000	1,000
Pipeline Hookup - - - - -		13,000		6,500	6,500
Division Order Opinion - - - - -		2,000		1,000	1,000
Frac Tank Rental - - - - -		2,000		1,000	1,000
Flowback - - - - -		2,000		1,000	1,000
Fence Location - - - - -	5,000			2,500	2,500
<b>Total Completion Costs - - - - -</b>	<b>29,875</b>	<b>111,050</b>	<b>140,925</b>	<b>70,225</b>	<b>70,700</b>
10% Contingency - - - - -			14,093	7,023	7,070
<b>Drilling Costs - - - - -</b>			<b>67,601</b>	<b>31,295</b>	<b>36,306</b>
<b>Grand Total Well Costs</b>			<b>222,618</b>	<b>108,543</b>	<b>114,076</b>

**FRUITLAND COAL (FC)**  
 1.3672% First National Bank of Iowa City, Trustee  
 98.6328% Richardson Operating Company et als

**PICTURED CLIFFS (PC)**  
 0.0000% First National Bank of Iowa City, Trustee  
 100.0000% Richardson Operating Company et als

Date:	Approved BY:	Share of costs:
<u>5-Dec-01</u>		\$1,483.98
		\$107,058.52
	<b>Total FC Costs</b>	<b>\$108,542.50</b>
		\$0.00
<u>5-Dec-01</u>		\$114,075.50
	<b>Total PC Costs</b>	<b>\$114,075.50</b>

*Total Costs of Commingled PC/FC Well:*  
 First National Bank of Iowa City, Trustee \$1,483.98  
 Richardson Operating Company et als \$221,134.02  
**\$222,618.00**



December 5, 2001

Elizabeth L. Fisk, Trustee  
P O Box 310  
Farmington, NM 87499

**Certified Mail 7000 1670 0006 8579 2794**

Re: Pictured Cliffs & Fruitland Coal Well Proposal  
RPC #17-3 Well  
SW/4-Section 17-T29N-R13W  
San Juan County, New Mexico

Dear Mineral Owner:

Richardson Production Company proposes to drill a downhole commingled Pictured Cliffs & Fruitland Coal well on the captioned lands. A recent check of the county records indicates that you own a **1.5406** net acre unleased mineral interest within the spacing unit. The RPC #17-3 well will be located in the SW/4 of Section 17. The Pictured Cliffs spacing unit covers the SW/4 and the Fruitland Coal spacing unit covers the S/2 of Section 17. Your lands may or may not be covered under both spacing units.

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 December 28, 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% non-consent 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 \$50.00 per net acre and a 12.5% royalty in the event of production (lease form included for your review).
2. Sell all of your mineral interest for \$100.00 per net acre

Please execute and return the 2<sup>nd</sup> page of this letter offer indicating your intentions with regard to Richardson's above options. A self-addressed envelope is provided for your convenience. Your response is respectfully requested by December 28, 2001. Should you have any questions please contact the undersigned at (303) 830-8000.

Sincerely,

Sheila A. Frazier, CPL

**RE: RPC #17-3 PC/FC Well Proposal  
SW/4 Section 17-T29N-R13W  
San Juan County, NM**

*Description of your unleased lands:*

Section 17: 3.61 acre tract in the SESE less tract deeded to State of NM Highway Dept.

Containing 1.5406 net acres

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 \$50.00 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 \$100.00 per net mineral acre.

\_\_\_\_\_  
Elizabeth L. Fisk, Trustee

**RICHARDSON OPERATING COMPANY**  
**AUTHORITY FOR EXPEDITURES**

**Well Name:** RPC 17-3 (PC) & (FC) well  
**Location:** T29N R13W Section 17 SW/4  
**Spacing:** Pictured Cliffs SW/4; Fruitland CL S/2  
**Proposed Depth:** 960' Fruitland CL; 1150' Pictured Cliffs

**Date:** 12/5/2001  
**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 & Land - - - - -		3,000		1,500	1,500
Damages - - - - -		2,000		1,000	1,000
* Drilling (incl. water & mud) 1200' @ 15.00/ft. -		17,250		7,200	10,050
BOP Rental - - - - -		750		375	375
Dirt Work - - - - -		4,000		2,000	2,000
Pit Lining - - - - -		2,800		1,400	1,400
Surface Casing 200' @ 7.65/ft. - - - - -	1,530			765	765
Casing Head - - - - -	1,500			750	750
Cement Surface - - - - -		2,300		1,150	1,150
Power Tongs - - - - -		1,000		500	500
Casing 1200' @ 5.00/ft. - - - - -	6,325			2,640	3,685
Trucking - - - - -		3,000		1,500	1,500
Logs - - - - -		4,000		2,000	2,000
Engineering - - - - -		5,000		2,500	2,500
Cement Longstring - - - - -		4,000		1,670	2,330
Total Cost to Run Casing - - - - -	9,355	52,100	61,455	28,450	33,005
10% Contingency - - - - -			6,146	2,845	3,301
<b>Grand Total to Run Casing</b>			<b>67,601</b>	<b>31,295</b>	<b>36,306</b>
II. Completion Costs					
Rig Anchors - - - - -		750		375	375
Logs - - - - -		3,000		1,500	1,500
Perf - - - - -		4,000		2,000	2,000
Wellhead & Fittings - - - - -	4,000			2,000	2,000
Tubing 1200' @ 2.10/ft. - - - - -	2,875			1,200	1,675
Stimulation - - - - -		50,000		25,000	25,000
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 - - - - -		4,000		2,000	2,000
Engineering - - - - -		5,000		2,500	2,500
Treater, Separator - - - - -	6,000			3,000	3,000
Flowline - - - - -	4,000			2,000	2,000
Tank & Fittings - - - - -	5,000			2,500	2,500
Gravel - - - - -	3,000			1,500	1,500
Workover Rig - - - - -		12,000		6,000	6,000
Completion Fluids - - - - -		2,000		1,000	1,000
Pipeline Hookup - - - - -		13,000		6,500	6,500
Division Order Opinion - - - - -		2,000		1,000	1,000
Frac Tank Rental - - - - -		2,000		1,000	1,000
Flowback - - - - -		2,000		1,000	1,000
Fence Location - - - - -	5,000			2,500	2,500
Total Completion Costs - - - - -	29,875	111,050	140,925	70,225	70,700
10% Contingency - - - - -			14,093	7,023	7,070
Drilling Costs - - - - -			67,601	31,295	36,306
<b>Grand Total Well Costs</b>			<b>222,618</b>	<b>108,543</b>	<b>114,076</b>

**FRUITLAND COAL (FC)**

0.7520% Elizabeth L. Fisk Trustee, uta dated 11/29/88  
99.2480% Richardson Operating Company et als

**Date:**  
5-Dec-01

**Approved BY:**

	\$816.19
	\$107,726.31
<b>Total FC Costs</b>	<b>\$108,542.50</b>

**PICTURED CLIFFS (PC)**

0.0000% Elizabeth L. Fisk Trustee, uta dated 11/29/88  
100.0000% Richardson Operating Company et als

**Date:**  
5-Dec-01

	\$0.00
	\$114,075.50
<b>Total PC Costs</b>	<b>\$114,075.50</b>

**Total Costs of Commingled PC/FC Well:**

Elizabeth L. Fisk Trustee, uta dated 11/29/88	\$816.19
Richardson Operating Company et als	\$221,801.81
	<b>\$222,618.00</b>

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:  
 New Mexico State Hwy Dept  
 PO Box 1149  
 Santa Fe NM 87504

2. Article Number (Copy from service label)  
 7000 1670 0006 8579 2732  
 PS Form 3811, July 1999

December 5, 2001  
 New Mexico State Highway and Transportation Dept  
 P O Box 1149  
 Santa Fe, New Mexico 87504-1149

Certified Mail 7000 1670 0006 8579 2732

Re: Pictured Cliffs & Fruitland Coal Well Proposal  
 RPC #17-3 Well  
 SW/4-Section 17-T29N-R13W  
 San Juan County, New Mexico

Dear Mineral Owner:

Richardson Production Company proposes to drill a down Fruitland Coal well on the captioned lands. A recent check you own a 1.0733 net acre unleased mineral interest with well will be located in the SW/4 of Section 17. The Pictu SW/4 and the Fruitland Coal spacing unit covers the S/2 not be covered under both spacing units.

Enclosed for your review is an AFE itemizing the estimate wish to participate in this drilling and completion attempt, AFE to the undersigned by December 28, 2001. Upon my written request, we will forward an AAPL Form 610 Joint and execution, providing for, among other things, a 300% \$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:

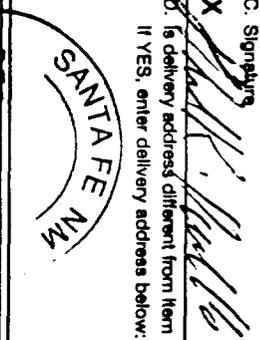
1. Enter into an oil and gas lease that provides for a three year primary term with bonus consideration based on \$50.00 per net acre and a 12.5% royalty in the event of production (lease form included for your review).
2. Sell all of your mineral interest for \$100.00 per net acre

Please execute and return the 2<sup>nd</sup> page of this letter offer indicating your intentions with regard to Richardson's above options. A self-addressed envelope is provided for your convenience. Your response is respectfully requested by December 28, 2001. Should you have any questions please contact the undersigned at (303) 830-8000.

Sincerely,

Sheila A. Frazier, CPL

COMPLETE THIS SECTION ON DELIVERY

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

3. Subtype 2 2001  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Restricted Mail (R.O.D.)  
 4. Restricted Delivery (Extra Fee)  Yes

102595-00-M-0992



December 5, 2001

New Mexico State Highway and Transportaion Dept  
P O Box 1149  
Santa Fe, New Mexico 87504-1149

**Certified Mail 7000 1670 0006 8579 2732**

Re: Pictured Cliffs & Fruitland Coal Well Proposal  
RPC #17-3 Well  
SW/4-Section 17-T29N-R13W  
San Juan County, New Mexico

Dear Mineral Owner:

Richardson Production Company proposes to drill a downhole commingled Pictured Cliffs & Fruitland Coal well on the captioned lands. A recent check of the county records indicates that you own a 1.0733 net acre unleased mineral interest within the spacing unit. The RPC #17-3 well will be located in the SW/4 of Section 17. The Pictured Cliffs spacing unit covers the SW/4 and the Fruitland Coal spacing unit covers the S/2 of Section 17. Your lands may or may not be covered under both spacing units.

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 December 28, 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% non-consent 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 \$50.00 per net acre and a 12.5% royalty in the event of production (lease form included for your review).
2. Sell all of your mineral interest for \$100.00 per net acre

Please execute and return the 2<sup>nd</sup> page of this letter offer indicating your intentions with regard to Richardson's above options. A self-addressed envelope is provided for for your convenience. Your response is respectfully requested by December 28, 2001. Should you have any questions please contact the undersigned at (303) 830-8000.

Sincerely,

Sheila A. Frazier, CPL

RE: **RPC #17-3 PC/FC Well Proposal**  
**SW/4 Section 17-T29N-R13W**  
**San Juan County, NM**

*Description of your unleased lands:*

Section 17: Two (2) tracts in the SE/4 of Section 17

Containing 1.0733 net acres

On this \_\_\_\_\_ day of \_\_\_\_\_, 2001, **we/I** hereby elect the following:

- Participate in proposed drilling and completion attempt, executed AFE is returned herewith.
- Enter into Oil and Gas Lease for \$50.00 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 \$100.00 per net mineral acre.

\_\_\_\_\_  
Printed Name & Title

**RICHARDSON OPERATING COMPANY**

**AUTHORITY FOR EXPEDITURES**

**Well Name:** RPC 17-3 (PC) & (FC) well  
**Location:** T29N R13W Section 17 SW/4  
**Spacing:** Pictured Cliffs SW/4; Fruitland CL S/2  
**Proposed Depth:** 960' Fruitland CL; 1150' Pictured Cliffs

**Date:** 12/5/2001  
**Objective Formation:**  
 Commingled Pictured Cliffs and Fruitland Coal

	Tangible	Intangible	Total	Fruitland Coal	Pictured Cliffs
<b>I. Drilling Costs (Included Run Casing)</b>					
Survey and Permits - - - - -		3,000		1,500	1,500
Title Opinion & Land - - - - -		3,000		1,500	1,500
Damages - - - - -		2,000		1,000	1,000
* Drilling (incl. water & mud) 1200' @ 15.00/ft. -		17,250		7,200	10,050
BOP Rental - - - - -		750		375	375
Dirt Work - - - - -		4,000		2,000	2,000
Pit Lining - - - - -		2,800		1,400	1,400
Surface Casing 200' @ 7.65/ft. - - - - -	1,530			765	765
Casing Head - - - - -	1,500			750	750
Cement Surface - - - - -		2,300		1,150	1,150
Power Tongs - - - - -		1,000		500	500
Casing 1200' @ 5.00/ft. - - - - -	6,325			2,840	3,685
Trucking - - - - -		3,000		1,500	1,500
Logs - - - - -		4,000		2,000	2,000
Engineering - - - - -		5,000		2,500	2,500
Cement Longstring - - - - -		4,000		1,670	2,330
<b>Total Cost to Run Casing - - - - -</b>	<b>9,355</b>	<b>52,100</b>	<b>61,455</b>	<b>28,450</b>	<b>33,005</b>
10% Contingency - - - - -			6,146	2,845	3,301
<b>Grand Total to Run Casing</b>			<b>67,601</b>	<b>31,295</b>	<b>36,306</b>
<b>II. Completion Costs</b>					
Rig Anchors - - - - -		750		375	375
Logs - - - - -		3,000		1,500	1,500
Perf - - - - -		4,000		2,000	2,000
Wellhead & Fittings - - - - -	4,000			2,000	2,000
Tubing 1200' @ 2.10/ft. - - - - -	2,875			1,200	1,675
Stimulation - - - - -		50,000		25,000	25,000
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 - - - - -		4,000		2,000	2,000
Engineering - - - - -		5,000		2,500	2,500
Treater, Separator - - - - -	6,000			3,000	3,000
Flowline - - - - -	4,000			2,000	2,000
Tank & Fittings - - - - -	5,000			2,500	2,500
Gravel - - - - -	3,000			1,500	1,500
Workover Rig - - - - -		12,000		6,000	6,000
Completion Fluids - - - - -		2,000		1,000	1,000
Pipeline Hookup - - - - -		13,000		6,500	6,500
Division Order Opinion - - - - -		2,000		1,000	1,000
Frac Tank Rental - - - - -		2,000		1,000	1,000
Flowback - - - - -		2,000		1,000	1,000
Fence Location - - - - -	5,000			2,500	2,500
<b>Total Completion Costs - - - - -</b>	<b>29,875</b>	<b>111,050</b>	<b>140,925</b>	<b>70,225</b>	<b>70,700</b>
10% Contingency - - - - -			14,093	7,023	7,070
<b>Drilling Costs - - - - -</b>			<b>67,601</b>	<b>31,295</b>	<b>36,306</b>
<b>Grand Total Well Costs</b>			<b>222,618</b>	<b>108,543</b>	<b>114,076</b>

**FRUITLAND COAL (FC)**

0.2935% State Hwy Department of New Mexico  
 99.7065% Richardson Operating Company et als

**PICTURED CLIFFS (PC)**

0.0000% State Hwy Department of New Mexico  
 100.0000% Richardson Operating Company et als

Date:	Approved BY:	Share of costs:
<u>5-Dec-01</u>		\$318.54
		\$108,223.96
	<b>Total FC Costs</b>	<b>\$108,542.50</b>
		\$0.00
<u>5-Dec-01</u>		\$114,075.50
	<b>Total PC Costs</b>	<b>\$114,075.50</b>

*Total Costs of Commingled PC/FC Well:*

State Hwy Department of New Mexico	\$318.54
Richardson Operating Company et als	\$222,299.46
	<b>\$222,618.00</b>

**RICHARDSON PRODUCTIVE**

1700 Lincoln, Suite 17  
Denver, Colorado 80203 (303)  
Fax (303) 830-8009

December 20, 2001

(602) 95

Mrs. Howard E. Henderson  
5809 N. 24<sup>th</sup> Place  
Phoenix, AZ 86016

RE: Pictured Cliffs & Fruitland Coal Well Proposal  
RPC #17-3 Well  
SW/4 Section 17, Township 29 North, Range 13 West  
Pictured Cliffs Proposal  
RPC #17-4  
SE/4 Section 17, Township 29 North, Range 13 West  
San Juan County, New Mexico

Dear Mrs. Henderson:

Please accept Richardson Production Company's sincerest  
During our telephone conversation yesterday we discussed the  
Company ("ROC") will need in order to enter into an Oil and Gas Lease outlined in the two (2) letters  
dated December 5, 2001 to Howard E. Henderson from Sheila Frazier with Richardson Production  
Company.

You indicated you had a "Life Estate" to the properties and the properties would revert to Howard E.  
Henderson's son upon your death. ROC will need the following:

- Copy of Death Certificate of Howard E. Henderson
- Copy of Last Will and Testament of Howard E. Henderson
- Copy of Letters Testamentary, if the Estate has not been closed

If the Estate has not been closed, ROC will need to enter into an Oil and Gas Lease with the Estate and the  
signing party will be the Executor of the Estate.

Should you have any questions concerning the outlined information I can be contacted by telephone at  
(303) 350-8000, by e-mail at [rebecca@rprod.com](mailto:rebecca@rprod.com) or [rebecca@hendon.com](mailto:rebecca@hendon.com) or at the internet address.

Very truly yours,

*Rebecca E. Van Blaricom*  
Rebecca E. Van Blaricom  
Administrative Landman

1700 Lincoln, Suite 17  
Denver, Colorado 80203 (303)  
Fax (303) 830-8009  
irm 3811, July 1999  
Domestic Return Receipt  
102595-00-M-0952

PLEASE PRINT THIS SECTION

PLEASE COMPLETE THIS SECTION ON DELIVERY

Items 1, 2, and 3. Also complete Restricted Delivery is desired. The name and address on the reverse is return the card to you. Attach to the back of the mailpiece, if it space permits.

ad to:

Howard Henderson  
5809 N 24th Place  
Phoenix AZ 86016

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

2. Signature  
 *Howard Henderson*  
 Agent

3. Date of Delivery  
 DEC 1 5 2001

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

December 5, 2001

Howard E. Henderson  
5809 N. 24th Place  
Phoenix, AZ 86016

**Certified Mail 7000 1670 0006 8579 2718**

Re: Pictured Cliffs & Fruitland Coal Well Proposal  
RPC #17-3 Well  
SW/4-Section 17-T29N-R13W  
San Juan County, New Mexico

Dear Mineral Owner:

Richardson Production Company proposes to drill a downhole commingled Pictured Cliffs & Fruitland Coal well on the captioned lands. A recent check of the county records indicates that you own a 6.5 net acre unleased mineral interest within the spacing unit. The RPC #17-3 well will be located in the SW/4 of Section 17. The Pictured Cliffs spacing unit covers the SW/4 and the Fruitland Coal spacing unit covers the S/2 of Section 17. Your lands may or may not be covered under both spacing units.

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 December 28, 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% non-consent 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 \$50.00 per net acre and a 12.5% royalty in the event of production (lease form included for your review).
2. Sell all of your mineral interest for \$100.00 per net acre

Please execute and return the 2<sup>nd</sup> page of this letter offer indicating your intentions with regard to Richardson's above options. A self-addressed envelope is provided for your convenience. Your response is respectfully requested by December 28, 2001. Should you have any questions please contact the undersigned at (303) 830-8000.

Sincerely,

Sheila A. Frazier, CPL

**RE: RPC #17-3 PC/FC Well Proposal  
SW/4 Section 17-T29N-R13W  
San Juan County, NM**

*Description of your unleased lands:*

Section 17: E. 30/a of the SESW; W2SWSE, W. 2/a NWSE

Containing 52.0 gross and 6.5 net acres

On this \_\_\_\_\_ day of \_\_\_\_\_, 2001, **we/I** hereby elect the following:

- Participate in proposed drilling and completion attempt, executed AFE is returned herewith.
- Enter into Oil and Gas Lease for \$50.00 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 \$100.00 per net mineral acre.

\_\_\_\_\_  
Howard E. Henderson

**RICHARDSON OPERATING COMPANY**

**AUTHORITY FOR EXPEDITURES**

**Well Name:** RPC 17-3 (PC) & (FC) well  
**Location:** T29N R13W Section 17 SW/4  
**Spacing:** Pictured Cliffs SW/4; Fruitland CL S/2  
**Proposed Depth:** 960' Fruitland CL; 1150' Pictured Cliffs

**Date:** 12/5/2001  
**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 & Land - - - - -		3,000		1,500	1,500
Damages - - - - -		2,000		1,000	1,000
* Drilling (incl. water & mud) 1200' @ 15.00/ft.-		17,250		7,200	10,050
BOP Rental - - - - -		750		375	375
Dirt Work - - - - -		4,000		2,000	2,000
Pit Lining - - - - -		2,800		1,400	1,400
Surface Casing 200' @ 7.65/ft. - - - - -	1,530			765	765
Casing Head - - - - -	1,500			750	750
Cement Surface - - - - -		2,300		1,150	1,150
Power Tongs - - - - -		1,000		500	500
Casing 1200' @ 5.00/ft. - - - - -	6,325			2,640	3,685
Trucking - - - - -		3,000		1,500	1,500
Logs - - - - -		4,000		2,000	2,000
Engineering - - - - -		5,000		2,500	2,500
Cement Longstring - - - - -		4,000		1,670	2,330
Total Cost to Run Casing - - - - -	9,355	52,100	61,455	28,450	33,005
10% Contingency - - - - -			6,146	2,845	3,301
<b>Grand Total to Run Casing</b>			<b>67,601</b>	<b>31,295</b>	<b>36,306</b>
II. Completion Costs					
Rig Anchors - - - - -		750		375	375
Logs - - - - -		3,000		1,500	1,500
Perf - - - - -		4,000		2,000	2,000
Wellhead & Fittings - - - - -	4,000			2,000	2,000
Tubing 1200' @ 2.10/ft. - - - - -	2,875			1,200	1,675
Stimulation - - - - -		50,000		25,000	25,000
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 - - - - -		4,000		2,000	2,000
Engineering - - - - -		5,000		2,500	2,500
Treater, Separator - - - - -	6,000			3,000	3,000
Flowline - - - - -	4,000			2,000	2,000
Tank & Fittings - - - - -	5,000			2,500	2,500
Gravel - - - - -	3,000			1,500	1,500
Workover Rig - - - - -		12,000		6,000	6,000
Completion Fluids - - - - -		2,000		1,000	1,000
Pipeline Hookup - - - - -		13,000		6,500	6,500
Division Order Opinion - - - - -		2,000		1,000	1,000
Frac Tank Rental - - - - -		2,000		1,000	1,000
Flowback - - - - -		2,000		1,000	1,000
Fence Location - - - - -	5,000			2,500	2,500
Total Completion Costs - - - - -	29,875	111,050	140,925	70,225	70,700
10% Contingency - - - - -			14,093	7,023	7,070
Drilling Costs - - - - -			67,601	31,295	36,306
<b>Grand Total Well Costs</b>			<b>222,618</b>	<b>108,543</b>	<b>114,076</b>

**FRUITLAND COAL (FC)**  
 0.7520% Howard Henderson  
 99.2480% Richardson Operating Company et als

**PICTURED CLIFFS (PC)**  
 2.0508% Howard Henderson  
 97.9492% Richardson Operating Company et als

Date:	Approved BY:	Share of costs:
5-Dec-01		\$816.19
		\$107,726.31
	<b>Total FC Costs</b>	<b>\$108,542.50</b>
		\$2,339.44
5-Dec-01		\$111,736.06
	<b>Total PC Costs</b>	<b>\$114,075.50</b>

*Total Costs of Commingled PC/FC Well:*  
 Howard Henderson \$3,155.63  
 Richardson Operating Company et als \$219,462.37  
**\$222,618.00**