

DISTRICT COURT, MONTEZUMA COUNTY, COLORADO

Case No. 89 CV 32

ORDER FOR APPOINTMENT OF RECEIVER

THE CITIZENS STATE BANK OF CORTEZ, a Colorado Banking Corporation,
Plaintiff,

vs.

JAMES P. WOOSLEY, Individually and d/b/a THE WOOSLEY OIL COMPANY,
and EVELYN I. WOOSLEY, individually,

Defendants.

Upon hearing of the Motion for Appointment of Receiver the Court FINDS:

1. This Court has jurisdiction.
2. The allegations set forth in the Motion are true.

IT IS THEREFORE ORDERED:

1. Peter F. Sadowski is appointed Receiver of the following property:

- a. Navajo Tribal Oil and Gas Mining Lease Contracts #14-20-603-585 and #14-20-603-5012 relating to land in San Juan County, New Mexico, more fully described in Exhibit A attached hereto.
- b. Oil and Gas Leases which relate to land in McKinley County, New Mexico, more fully described in Exhibit B attached hereto.

2. Upon filing and approval by this Court of surety bond of \$25,000.00, and taking oath herein, said Receiver is directed and empowered to take possession of and to collect the income of said property and to apply the income:

First to the payment of the costs and expenses of Receivership.

Case 11515
American Employers
Exhibit 1

Second, the payment of prior encumbrances, taxes, insurance premiums and the necessary costs and expenses of maintenance and repairs of said property.

Third, the balance, if any, as may be directed by this Court.

IT IS FURTHER ORDERED that said Receiver is authorized to retain APA Development, Inc. as the operating agent for said Receiver;

IT IS FURTHER ORDERED that said Receiver is authorized to retain the accounting firm of Hutchison, Hugins & Fredrick, P.C. as his accountant.

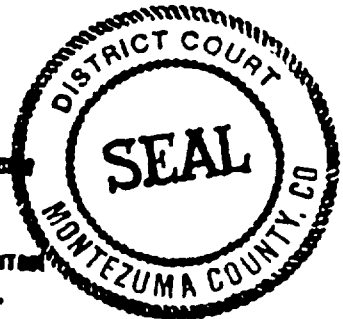
IT IS FURTHER ORDERED that said Receiver is authorized to borrow funds for the initial operation of the Receivership, not to exceed the sum of \$30,000.00, without the prior approval of the Court, and that all of said funds so borrowed shall have a first priority as to repayment from the receipts of the Receivership.

DATED this 8th day of February, 1989.

BY THE COURT:

AG GRACE B. MENLO

District Judge



District Court, County of Montezuma
State of Colorado

22nd Judicial District

Certified to be a full, true and correct
copy of original in my custody.

Date 2/8/89

Clerk JANET CADGNEY CLERK

Handwritten signature of Janet Cadgney

EXHIBIT "A"

SAN JUAN COUNTY, NEW MEXICO

No. 14-20-603-585. An undivided 100% interest in and to all of the operating rights and working interest created by Navajo Tribal Oil and Gas Mining Lease Contract No. 14-20-603-585, dated March 12, 1954, approved June 15, 1954, and recorded in Book 254 at page 125, from Sam Ahkeah, Chairman, Navajo Tribal Council, for and on behalf of the Navajo Tribe of Indians, to Texas Pacific Coal and Oil Company ("TP") and Murphy Corporation ("Murphy"), insofar only as said lease covers from the surface of the earth down to a depth of 50 feet below the top of the Sanastee Formation under the following described land:

Township 32 North, Range 17 West, N.M.P.M.

Section 7: All (Fractional),
Section 8: All (Fractional),
Section 17: All,
Section 18: All,
Section 19: All,
Section 20: All;

subject only to the following:

(a) An overriding royalty interest of an undivided 6.25% of all oil, gas, and other hydrocarbons produced, saved and sold from the above described depths under the provisions of said lease;

(b) Farmout Agreement dated April 1, 1963, as amended by letter agreement dated April 16, 1963, between TP and Murphy;

(c) Operating Agreement and Assignment of Working and Operating Rights dated July 8, 1963, between TP and Murphy; and

(d) Operating Agreement and Assignment of Working and Operating Rights dated April 10, 1970, effective April 1, 1970, between Murphy and Debtor.

OPERATING INTEREST 100.000%
NET REVENUE INTEREST 80.625%

No. 14-20-603-5012. An undivided 100% interest in and to all of the operating rights and working interest created by Navajo Tribal Oil and Gas Mining Lease Contract No. 14-20-603-5012 dated February 3, 1959, insofar only as said lease covers from the surface of the earth down to a depth of 100 feet below the top of the Sanastee Formation under the following described land:

Township 32 North, Range 17 West, N.M.P.M.

- Section 21: All,
- Section 22: All,
- Section 27: All,
- Section 28: All;

subject only to the following:

(a) A lessor's royalty interest of an undivided 1/6, and an overriding royalty interest of an undivided 1/8, of all oil, gas and other hydrocarbons produced, saved and sold from the above described depths under the provisions of said lease;

(b) Farmout Agreement dated November 1, 1962, as amended by an instrument dated November 19, 1962, among Murphy, TP and Curtis J. Little ("Little");

(c) Operating Agreement and Assignment of Working and Operating Rights dated March 13, 1963, among Murphy, TP, Little, et al.;

(d) Assignment of Operating Agreement and Assignment of Working and Operating Rights dated June 15, 1964, from Little, et al., to Canyon Production Company, Inc.; and

(e) Assignment of Operating Agreement and Assignment of Working Interest and Operating Rights dated as of September 1, 1971, from Las Palmas Oil & Gas Co., Inc. to Debtor and Robert L. Wright.

OPERATING INTEREST	100.000%
NET REVENUE INTEREST	70.8333%

EXHIBIT "B"

McKinley County, New Mexico

All of Debtor's interest in and to all of the operating rights and working interests created by those certain oil and gas mining leases described as follows:

Federal Oil and Gas Lease No. NM 17184, issued by the United States of America, covering the following described land:

Township 19 North, Range 5 West, N.M.P.M.
All of Section 11, and the NW $\frac{1}{4}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$, and SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 12;

State Oil and Gas Lease No. CFEE OD-NM-6891-AF, issued by the State of New Mexico, covering the following described land:

Township 19 North, Range 6 West, N.M.P.M.
The SE $\frac{1}{4}$ of Section 8, and all of Section 17;

Santa Fe Oil and Gas Lease, covering the following described land:

Township 19 North, Range 6 West, N.M.P.M.
The S $\frac{1}{2}$ of Section 9;

WTR Federal Oil and Gas Lease, issued by the United States of America, covering the following described land:

Township 19 North, Range 6 West, N.M.P.M.
The W/2 E/2, W/2 of Section 10;

Santa Fe Oil and Gas Lease No. SF999, covering the following described land:

Township 19 North, Range 6 West, N.M.P.M.
All of Section 15;

State Oil and Gas Lease No. LC6571, issued by the State of New Mexico, covering the following described land:

Township 19 North, Range 6 West, N.M.P.M.
The E/2 SW/4, W/2 SE/4, SE/4 SE/4 of Section 16;

State Oil and Gas Lease No. L5115, issued by the State of New Mexico, covering the following described land:

Township 19 North, Range 6 West, N.M.P.M.
The W/2 SW/4, NE/4 SE/4, N/2 of Section 16.