

March 9, 2006

Burlington Resources Oil and Gas, Co.  
Attn: Ben Malone  
3401 E. 30<sup>th</sup> St.  
Farmington, NM 87402

Re: W ½ Sections 1 & E ½ Sections 2  
Twp. 30N, Range 12W  
San Juan County, NM  
Kelly #1 and Red River # 1  
Fruitland Coal ONLY

Ladies and Gentlemen:

Enclosed is a proposal to drill 2 Fruitland coal wells, one the SE ¼ of Section 2 and one in the NW ¼ of Section 1, T30N, and R12W. I have enclosed an A.F.E. and an Operating Agreement for your review. If they meet with your approval, please sign the AFE's one for the Red River # 1 and one for the Kelly #1. Return one signed copy of each to this office.

Also, please sign the signature pages of the Operating Agreement and return one to this office. Please call Bill Mayhew, if you have any questions.

Sincerely,

McKay Oil and Gas, LLC

---

By: William J. Mayhew  
General Manager

WJM:mm  
Enclosures

OIL CONSERVATION DIVISION  
CASE NUMBER  
EXHIBIT NUMBER 3

**March 9, 2006**

**William Robert Speer  
Anne Richardson Speer  
P.O. Box 255 /  
Farmington, New Mexico 87401**

**Re: W ½ Sections 1 & E ½ Sections 2  
Twp. 30N, Range 12W  
San Juan County, NM  
Kelly #1 and Red River # 1  
Fruitland Coal ONLY**

**Ladies and Gentlemen:**

**Enclosed is a proposal to drill 2 Fruitland coal wells, one the SE ¼ of Section 2 and one in the NW ¼ of Section 1, T30N, and R12W. I have enclosed an A.F.E. and an Operating Agreement for your review. If they meet with your approval, please sign the AFE's one for the Red River # 1 and one for the Kelly #1. Return one signed copy of each to this office.**

**Also, please sign the signature pages of the Operating Agreement and return one to this office. Please call Bill Mayhew, if you have any questions.**

**Sincerely,**

**McKay Oil and Gas, LLC**

---

**By: William J. Mayhew  
General Manager**

**WJM:mm  
Enclosures**

**March 9, 2006**

**Bolack Minerals Co.  
3901 Bloomfield Highway  
Farmington, New Mexico 87401**

**Re: W ½ Sections 1 & E ½ Sections 2  
Twp. 30N, Range 12W  
San Juan County, NM  
Kelly #1 and Red River # 1  
Fruitland Coal ONLY**

**Ladies and Gentlemen:**

**Enclosed is a proposal to drill 2 Fruitland coal wells, one the SE ¼ of Section 2 and one in the NW ¼ of Section 1, T30N, and R12W. I have enclosed an A.F.E. and an Operating Agreement for your review. If they meet with your approval, please sign the AFE's one for the Red River # 1 and one for the Kelly #1. Return one signed copy of each to this office.**

**Also, please sign the signature pages of the Operating Agreement and return one to this office. Please call Bill Mayhew, if you have any questions.**

**Sincerely,**

**McKay Oil and Gas, LLC**

---

**By: William J. Mayhew  
General Manager**

**WJM:mm  
Enclosures**

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>Complete items 1, 2, 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>Print your name and address on the reverse so that we can return the card to you.</p> <p>Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>Article Addressed to:</p> <p><i>Edward M. Hartman</i>  <i>2520 Tramway Terrace</i>  <i>Ch. N. E.</i>  <i>Alb. N. M. 87122</i></p>		<p>A. Signature <i>E. Hartman</i> <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>E. Hartman</i> C. Date of Delivery <i>3-10-06</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If YES, enter delivery address below:</p>	
<p>3. Service Type</p> <p><input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes <input type="checkbox"/> No</p>		<p>Article Number (Transfer from service label) <b>7002 3150 0005 6654 8796</b></p>	
PS Form 3811, February 2004		Domestic Return Receipt 102595-02-M-1540	

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>Complete items 1, 2, 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>Print your name and address on the reverse so that we can return the card to you.</p> <p>Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>Article Addressed to:</p> <p><i>William R. Speer - Annie R. Speer</i>  <i>900 Crestview Dr.</i>  <i>Farmington, NM 87401</i></p>		<p>A. Signature <i>W. R. Speer</i> <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>W. R. Speer</i> C. Date of Delivery <i>3-31-06</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If YES, enter delivery address below:</p>	
<p>3. Service Type</p> <p><input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes <input type="checkbox"/> No</p>		<p>Article Number (Transfer from service label) <b>7002 3150 0005 6654 9038</b></p>	
PS Form 3811, February 2004		Domestic Return Receipt 102595-02-M-1540	

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>Complete items 1, 2, 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>Print your name and address on the reverse so that we can return the card to you.</p> <p>Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>Article Addressed to:</p> <p><i>Boback Muradas Co</i>  <i>3901 Bloomfield Highway</i>  <i>Farmington, NM 87402</i></p>		<p>A. Signature <i>Boback Muradas</i> <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>Boback Muradas</i> C. Date of Delivery <i>3-13-07</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If YES, enter delivery address below:</p>	
<p>3. Service Type</p> <p><input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes <input type="checkbox"/> No</p>		<p>Article Number (Transfer from service label) <b>7002 3150 0005 6654 8772</b></p>	
PS Form 3811, February 2004		Domestic Return Receipt 102595-02-M-1540	

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>Complete items 1, 2, 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>Print your name and address on the reverse so that we can return the card to you.</p> <p>Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>Article Addressed to:</p> <p><i>Burlington Resources Co</i>  <i>3401 E. 30th St</i>  <i>Farmington, NM 87402</i></p>		<p>A. Signature <i>Judith Dee</i> <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>Judith Dee</i> C. Date of Delivery <i>3-13-07</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If YES, enter delivery address below:</p>	
<p>3. Service Type</p> <p><input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes <input type="checkbox"/> No</p>		<p>Article Number (Transfer from service label) <b>7002 3150 0005 6654 8765</b></p>	
PS Form 3811, February 2004		Domestic Return Receipt 102595-02-M-1540	