TABLE OF EXHIBITS

Amended Disclosure Statement & Reorganization Plan
CKG Energy, Inc. & CKG Pipeline, LLC
Submitted by Co-Proponents, Tucumcari Exploration, LLC
and Chapter 11, Trustee, Ronald E. Ingalls

Tucumcari Exploration
Case 14005
OCD Exhibit A

CKG CREDITORS' TRUST

This Trust is made and entered into this _____ day of 2006 by and between Tucumcari Exploration, LLC ("Tucumcari") and Ronald E. Ingalls, Trustee ("Trustee").

I - Definitions:

Unless specifically defined herein, all capitalized terms shall have the same meaning as those found in the Joint Plan of Reorganization filed by Tucumcari Exploration, LLC and Ronald E. Ingalls, Trustee dated November 30, 2005 (the "Plan"), as may be supplemented or amended, filed in the U.S. Bankruptcy Court for the Western District of Texas in Jointly Administered Case No. 04-11551 and confirmed by final order of the Court on the ____ day of _____, 2006.

II - Trust Purpose

2.1 Establishment of Trust: Upon execution of this Trust Agreement, and subject to the terms and conditions hereof and the order of the Bankruptcy Court, Tucumcari hereby establishes the CKG Creditors' Trust for the purpose of effectuating and administering the transactions and requirements of the Plan.

2.2 Funding of Trust: The CKG Creditors' Trust shall be funded from any excess proceeds from the Cash Funds paid by Tucumcari for the purchase of the Debtors' assets as well the Trust Fund Sales Proceeds, as well as any litigation proceeds or other sums provided for in the Plan or Disclosure Statement. The Trustee, at Trustee's election, may set up a single bank account or multiple bank accounts to be used for the CKG Creditors' Trust.

III - Appointment of Trustee Term & Compensation

3.1 Appointment of Trustee. Upon confirmation of the Plan, Ronald E. Ingalls ("Ingalls"), shall be appointed Trustee of the Trust by the Bankruptcy Court. Ingalls has the qualifications set forth in Section 1104(c) of the Bankruptcy Code. Execution of the Trust by Ingalls shall constitute acceptance by him of such appointment and of the duties and responsibilities of the Trustee hereunder and under the Plan.

3.2 Term & Bond: The Trustee shall serve from the Confirmation Date until all the distributions and transactions described in the Plan have been completed. The Trustee shall serve under his Chapter 7 bond unless any party requests the Court to increase the bond which the Court may do after notice and hearing.

3.3 Compensation: The Trustee's compensation shall be the same as that set out in the Bankruptcy Code and Rules for Chapter 7 Trustees. In addition, the Trustee shall be entitled to reimbursement for all out-of-pocket expenses incurred in his capacity as Trustee.

3.4 Resignation, Death or Removal: Should Ingalls refuse to sign and accept the appointment, or subsequently resign or die before the case is closed, a replacement shall be appointed by the Bankruptcy Court. After the case is closed, Tucumcari may appoint a Successor Trustee.

The Trustee may be removed by Order of the Bankruptcy Court until the case is closed. After the case is closed, the Trustee may be removed by the appropriate procedures related to same under the Texas Trust Act and/or other applicable laws of the State of Texas. Upon acceptance of the appointment, the Successor Trustee shall assume the rights and duties ofthe Trustee under this Trust Agreement and Plan.

IV - Powers. Duties and Responsibilities of Trustee:

4.1 Duties of the Trustee. The Trustee's duties shall include: 1) managing receipts of the Trust; 2) making distributions from the Trust to the Beneficiaries; 3) resolving Contested Claims, including bringing objections to claims; 4) pursuing any and all causes of action of the Estates; 5) selecting employees, attorneys and other professional persons to assist Trustee in performing his duties under the Plan; 6) performing such other duties necessary to effect the Plan or order by the Court.

4.2 Trust Fund Account: On the Plan's Effective Date, orwithin a reasonable time thereafter, the Trustee shall establish an interest bearing account or accounts with a banking institution on the list of approved banking institutions maintained by US Trustee ("Approved U.S. Trustee List"). The account(s) shall be styled using the terms "CKG Creditors' Trust Fund Account" ("Trust Fund Account"). All cash held by the Trustee, including payments and proceeds of any lawsuits or causes of action shall be deposited into the Trust Fund Account shall become part of the Trust Fund Account and shall be further reinvested or distributed as applicable.

4.3 Investment of Cash: The Trustee shall invest all or a portion ofthe cash held in the Trust Fund Account in United States Treasury bills, interest bearing certificates of deposit, and/or interest bearing savings accounts of banking institutions on the Approved U.S. Trustee List.

4.4 Earned Interest: All interest earned, from any source whatsoever, by investments of the Trust cash shall become part of the Trust Fund Account and shall be reinvested or distributed as the case may be. Sufficient liquidity shall be maintained in the investments made by Trustee to make the distribution contemplated by the Plan and this Trust Agreement.

4.5 General Powers: The Trustee shall have full power and authority to exercise any and all powers granted to a Trustee under the Bankruptcy Code and the Texas Trust Act. The Bankruptcy Code shall control until the case is closed at which time the Texas Trust Act shall control.

4.6 Contested Claims: As soon as practicable and in accordance with the terms and provisions of the Plan, the Trustee shall evaluate the Claims filed in the two cases, file such Objections as he deems necessary and serve such objections upon each holder of each Claim to which objection is made. Trustee has full authority to litigate the Objections to judgment, withdraw them or settle them.

4.7 Trustee Responsibility to Bankruptcy Court: The Bankruptcy Court retains jurisdiction over the Trust, the Trustee, all litigation matter and those matters indicated in the Plan to resolve disputes, until the case is closed. The Trustee has full and complete authority do and perform al acts, to execute all documents and to disburse all funds without the necessity of Court

approval unless a dispute arises regarding some act of the Trustee.

4.8 Costs of Administration: All costs and expenses of administration incurred by the Trust shall be charged against the amount in the Trust Fund Account and paid by the Trustee without the necessity of Court approval. Pursuant to the terms of the Plan, Trustee may keep an Operating Fund for payment of these expenses, but such fund shall be maintained as a journal entry and the actual money shall remain a part of the Trust Fund Account.

4.9 Maintenance of Books and Records: The Trustee shall keep or cause to be kept books containing a description of all property that from time to time constitute the Trust assets and an accounting of the receipts and disbursements from the Trust Fund Account. The books and records maintained shall be open to inspection by the Beneficiaries only, subject to the authority of the Court, at reasonable times. The Trustee shall otherwise keep the Beneficiaries informed in the matters of the Trust and shall furnish the Beneficiaries annually a statement of receipts and disbursements with respect to the trust and IRS forms as appropriate.

4.10 Distributions to Beneficiaries: Beginning on the Effective Date, to the extent the Trustee has funds which is his sole discretion are sufficient to make a distribution to Beneficiaries, Trustee shall distribute so much of the Trust Fund Account as possible while maintaining sufficient reserves to continue to operate the trust and carry out the Trustee's continuing duties. After payment of legal costs, costs of administration and trustee fees, then Allowed Class 1, 2, 2A, 3 and 5, Beneficiaries shall receive a pro-rata share of the distributions from the Creditors Trust until such time as each Beneficiary in such Classes have been paid in full. The pro-rata share of each such claimant shall be in proportion to the Allowed Claim of all such claimants. Until all Allowed Claims of Class 1, 2, 2A, 3 and 5 are paid in full no other Allowed Claims shall be paid from the Creditors Trust. At such time as all Class 1, 2, 2A, 3 and 5 Beneficiaries have been paid in full then, Allowed Class 4 claims (and those treated as Class 4 Claims) shall be entitled to receive a pro-rata share of the distributions from the Creditors Trust until such time as each Beneficiary in Class 4 (or treated as Class 4) has been paid in full. At such time as all Allowed Class 4 claims have been paid in full then, Allowed Class 9 Claimants shall be entitled to receive a pro-rata share of the distributions from the Creditors Trust until such time as each such Beneficiary in Classes 9 has been paid in full. Thereafter, and to the extent that there are any remaining Allowed Claims such remaining Allowed Claims shall be entitled to receive a pro-rata share of the distributions from the Creditors Trust until such time as each such Beneficiary has been paid in full. Sufficient funds shall be withheld from any distribution to provide for the payment of taxes, the amounts of which may be unknown, as well as payment of professionals, such as accountants and attorneys. Trustee is authorized to establish an Operating Reserve Fund for payment of any contingencies and other operating costs. The amount of the Operating Reserve Fund shall be determined in the sole discretion of the Trustee, except that any amount over $100,000.00 must be approved by the Court.

4.11 Termination of the Trust: The Trust will terminate: (1) when all of the Beneficiaries have been paid in full; or (2) when the amount received by Trust is deemed insufficient or insignificant to continue the Trust, as determined in the sole discretion of the Trustee; or (3) upon termination of distributions to the Trust by Tucumcari as set out in the Plan and

Disclosure Statement. Upon termination, the Trustee shall execute and deliver to Tucumcari any and all documents reasonable required or requested by Tucumcari to evidence the termination of the assignment of the Trust Fund Gas Proceeds.

V - Beneficiaries

5.1 Beneficiaries: Allowed Claimants who are entitled to receive payment(s) under the Plan shall be the "Beneficiaries" of the CKG Creditors Trust.

VI - Miscellaneous Provisions

6.1 Trustee Not Liable: The Trustee shall not be liable for any act he may direct or omit to direct as Trustee hereunder. While acting in good faith and in the exercise of his best judgment, and the fact that such act or omission was advised, directed or approved by an attorney shall be conclusive evidence of good faith and best judgment; nor shall the Trustee be liable in any event except for his own gross negligence or willful default or misconduct.

6.2 Term of Plan Control: To the extent that any term or provision hereof shall conflict with any term or provision of the Plan, the Plan shall govern. The terms of the Plan are incorporated herein by reference for all purposes and intended to form a part of this Trust Agreement.

IN WITNESS HEREOF, the parties hereto have executed this Trust Agreement as of the day and year first above written,

TRUSTEE

BY: _____
Ronald E. Ingalls, Trustee

TUCUMCARI EXPLORATION, LLC

BY: _____
Name:
Title:

Amended Disclosure Statement & Reorganization Plan
CKG Energy, Inc. & CKG Pipeline, LLC
Submitted by Co-Proponents, Tucumcari Exploration, LLC
and Chapter 11, Trustee, Ronald E. Ingalls

EXHIBIT 9

RESERVE STUDY

FACSIMILE TRANSMISSION
PIEDMONT EXPLORATION
FROM FAX # 281-759-8029
TELEPHONE # 281-759-9800

DATE: 8/5/05

TO: Mike George CKG Energy

FROM: Bob McKinney Page 1 of 3

SUBJECT: Estimate of Gas in Place: Western Tucumcari Basin

Two years ago you requested that I calculate potential recoverable reserves from seven wells drilled by CKG on the Randals Ranch. My report is attached to this memo. I calculated 212 BCF of gas in place for the area evaluated by the seven wells.

The western Tucumcari Basin is an elongate feature roughly 40 miles long and 8 miles wide where gas can be produced from deeper portions of the basin. The Randals Ranch is near the eastern end of the basin and the Latigo Ranch is near the western end. Trans Pecos Resources drilled and completed five wells on the Latigo Ranch. Phillips Petroleum Company calculated 500 BCF of gas reserves for the area encompassing these wells.

Estimates of this sort are risky, but are warranted where good data are available for existing production and the writer has knowledge of the geology of the area. Therefore, I can identify a total of 520 square miles of basin with potential for production and at least half of that total should actually be productive. Given calculated gas in place of roughly 100 BCF per square mile, total gas in place for the basin should approximate 30 TCF.

Ample data are available to substantiate the gas in place calculations for the Randals Ranch, and a reasonable amount of data exists in the public domain to substantiate the size and geometry of the basin. All these data are available for examination.

Sincerely,

Robert G. McKinney, P.G.

ATTM

An Evaluation of the Petroleum Potential of the Randals Ranch

Quay County, New Mexico

Updated August 8, 2003

CKG Energy has made what could be a truly significant gas discovery in the central portion of the Tucumcari Basin. There have been gas discoveries in this basin previously, but these were never developed to the point of establishing reserves of a significant nature. Earlier exploration was largely confined to areas where shallower structures existed ("the highs") with the result that necessary reservoir rock was thin or missing due to non-deposition across the crest of these structures. A discovery wildcat well, the CKG #1 Anna Katheryn, has demonstrated that more deeply buried features with a larger content of sediment will typify large reserves in this basin. Early estimates give already developed reserves of approximately 6 BCF of gas to a single location with a substantial portion of the discovery well yet-to-be evaluated. Six additional wells have been drilled on Randals Ranch leases, each resulting in identification of possible reserves comparable to those identified in the #1 Anna Katheryn.

Geological Setting:

The Tucumcari basin is a logical extension of the Palo Duro and Hardeman basins, but these independent basins are separated by north-south trending highs and their stratigraphy changes considerably from basin to basin. Please refer to **Figure 1**, a map that shows the extent of each of these basins. The Tucumcari basin is bounded on the north by the Sierra Grande uplift, on the west by the Pedernal uplift and on the south by Roosevelt arch. Sediments within the basin grade from mostly non-porous carbonates on the south end to coarse, porous clastics northward in the vicinity of the Sierra Grande uplift. Optimum conditions for reservoir and source rock development exist near the basin center and Randals Ranch is located within the optimum portion. The prospective section, based on drilling so far, includes the Canyon, Strawn and Atokan sandstones and calcarenites, and possibly the Mississippian limestone as well.

According to high resolution magnetics surveys that show the general outline of the more prospective part of the Tucumcari basin, the Randals Ranch leases form the eastern flank of an east-west trending deep basin that terminates west of Santa Rosa, New Mexico, a distance of some 35 miles. Most of this area should be considered prospective for hydrocarbons, subject to the basin definition given above. Seismic response is generally good throughout the basin and can be used reliably to assure the presence of adequate geologic section. Amplitude anomalies are common near known accumulations of gas.

Drilling Objectives:

While the **Atoka** formation has received more attention in the project area because of previous successes, several important alternate objectives exist, including the pay section now being developed on the Randals Ranch that has been identified as lower Canyon:

Mississippian: A dense, microcrystalline limestone of upper Mississippian age (the Terrero formation) has been encountered in most wells drilled in the deeper portions of the Tucumcari basin. These wells encountered a coarse clastic section below the limestone that is suspected to be an equivalent of the Espiritu Santo formation described by Baltz and Meyers (1984). A good gas show was detected by Trans Pecos Resources from this section while attempting to re-enter the #1 Simpson in early 1984, but no effective test of the formation's potential was achieved due to loss of the hole. The Espiritu Santo formation is

an arkosic conglomerate, composed of locally derived material. Analysis of sidewall cores from the Trans Pecos well showed porosities in the range of 20%, but accurate permeabilities could not be measured due to alteration of the formation adjacent to the borehole by precipitation of iron oxide (the well was plugged in 1955).

Cisco-Canyon and Strawn: These formations, which are difficult to differentiate in the Tucumcari basin, rest unconformably on the Atoka, and comprise the pay section on the Randals Ranch. Good shows have been noted in this interval in wells drilled in the western portion of the basin and production has been established from these formations by the CKG #1 Anna Katheryn in Quay County. Therefore, additional exploratory effort should be directed toward the Cisco-Canyon and Strawn in all parts of the basin.

Abo/Wolfcamp: This interval is more properly called the Sangre de Cristo formation based on lithology and texture. Lithology of the interval is that of a true granite wash near the base, grading upward to coarse arkosic sandstones and shales, and finally to relatively clean, sub-arkosic sandstones and shales near the top of the Abo. Numerous shows have been detected in this interval, but only one well has produced hydrocarbons in measurable quantities: the Dalton Cobb #1 Tucumcari National Bank in Section 20, T8N, R22E, was completed as a shut-in gas well with a reported flow of 90 MCF/D from the upper portion of the interval, probably the Abo formation. In the western portion of the basin shales in this interval contain fair oil prone source material, so it should be considered a good secondary exploration objective. Shows detected during the drilling of the #1 Anna Katheryn were not tested since they occurred above the top of cement behind pipe. Similar shows were noted in the other six development wells drilled by CKG, and none have been tested to date.

Yeso: The Yeso formation in this area consists of an average of 1000 feet of interbedded siltstones, shale and evaporites. Shows are invariably reported in the uppermost siltstone and in the Cimarron limestone member at the base of the formation, but tests of various intervals have failed to produce hydrocarbons. However, a well drilled by Cummins & Walker in Section 34, T5N, R 9E in southern Guadalupe County potentialed for 250 MCFD, reportedly from the Yeso.

Glorieta: This clean, quartzose sandstone is by far the best potential reservoir rock in the Tucumcari Basin, with porosities in the range of 18 - 20% and permeabilities of 50 - 150 md. Some shows have been noted from this formation in wells drilled near the Cuervo Sub-basin, but the right combination of structure and isolation has not been found. The most logical hunting ground for production from the Glorieta is unquestionably the deeper portion of the basin where it is protected from the flushing which has been noted elsewhere. Several un-tested structures have been mapped at the Glorieta level near the center of the basin that correspond with geochemical anomalies, and these should be tested. The most provocative of these centers in the north part of Section 9, T1ON, R23E. Also, stratigraphic anomalies have been noted from re-processed seismic data in the vicinity of the location for the CKG #8 Randals, suggesting careful evaluation of drilling data from this well.

San Andres: Shows of hydrocarbons are abundant in this formation basin-wide, but reservoir quality rocks have eluded detection so far. The formation consists of interbedded dense dolomite, gyspum, shale and siltstone, with calcareous sandstone rear the base. Several oolitic dolomites have been noted in stratigraphic test wells drilled by Trans Pecos Resources, but original porosity was seen to be filled with re-deposited evaporites. A seismic anomaly suggesting reefing in the San Andres interval has been noted in re-processed seismic data in the vicinity of the CKG #8 Randals location.

Bernal: This formation is the Permian Guadalupian equivalent in this area and always has an oil show in a siltstone just beneath an anhydrite member that is present basin-wide. The oil-saturated zone is generally 15 - 20 feet thick, and log calculations show that it should produce, perhaps with some stimulation. However, Trans Pecos Resources attempted completion of the Bernal in two separate tests and was unable to recover the treatment fluid, let alone any oil. A theory has been advanced that the siltstone is oil-wet and therefore will require special treatment of some sort.

Santa Rosa: This Triassic formation contains three and locally four well-developed quartzose sandstones with porosities greater than 20% and permeabilities in excess of 250 md. While no "live" occurrences of hydrocarbons have been noted in the basin from these sandstones, migrated Pennsylvanian oil occurs on structure with saturations in excess of 50% in areas where the upper Permian salt (in the Bernal formation) has been removed by solution. The O'Connell Ranch steam flood, a former project of DCR Petroleum, is located in T11N, R25E, and was on the verge of being an economic project prior to its abandonment due to high energy cost.

Randals Ranch Discovery and Development:

The discovery well was drilled to a depth of 7008 feet where a lost circulation zone that could not be abated was encountered. A decision was made to set a completion string of pipe at this point and attempt completion from a series of prospective sandstones above this point. Three separate zones were perforated and treated with acid. All produced fair quantities of gas during swab testing, but the lower zone appeared to contain more nitrogen than the other two zones, and was therefore isolated with a bridge plug from further treatment. The age of sediments that are being treated and tested now is presumed to be lower Canyon.

Six confirmation wells have been drilled and cased since completion of the #1 Anna Katheryn, and all but three have been tested through tubing following treatment. Test results have shown that pumps will have to be installed on each of the wells in order to keep water levels at or below the top perforation. Experimentation with setting of the pumps continues.

Another operator has drilled an apparent discovery well two miles north of the Randals Ranch lease line. The mud log on this well shows sandstones of comparable age to those encountered on the Randals Ranch that appear to be equally prospective for gas production. That operator has told a State representative that he intends to drill a follow-up well to his discovery in the near future. A third operator is in the process of staking a well just east of the Randals Ranch on acreage that we consider to be highly prospective. This activity by others will provide additional gas for the CKG pipeline and processing facility at Tucumcari.

Calculation of proved reserves cannot be made until definitive flow tests can be obtained from all seven wells in the project area. This work is in progress. However, reasonable estimates of "Gas in Place" can be made on the basis of log analysis (using assumed values of Rw), and an assumed recovery factor assigned (45%) in order to estimate the general magnitude of recoverable gas. Such calculations have been made resulting in the following estimates of gas in place and ultimate recovery:

Well Name	Gross Pay	Net Pay	Gas in Place (MCF)	Ultimate Recovery (MCF)
#1 Anna Katheryn	411	313	20,581,295	9,261,582
#2 Anna Katheryn	126	110	14,270,192	4,920,804
#1 John David	757	422	34,895,900	15,703,155
#2 John David	725	475	31,213,622	14,046,129
#5 Randals	622	252	19,895,905	8,818,157
#6 Randals	642	438	33,723,668	15,175,650
#7 Randals	603	474	36,638,107	16,487,148

The above numbers **do not represent proved reserves**. They are an indication of the volume of **gas that could be extracted** from the Canyon and Strawn reservoirs given use of the right treatment and operating technique. It should be noted that the recovered gas will contain 20% nitrogen on average. Therefore, only **80 % of the recoverable gas will be saleable**. The content of helium in the gas is deemed to be economically recoverable when the gas is processed to remove nitrogen, thus enhancing the economics of the overall project. Water production is assured, so plans need to be drawn in a timely fashion to dispose of it.

Flow testing has been performed on both Anna Katheryn wells, resulting in CAOF's of 697 MCFD for the #1 and 456 MCFD for the #2. These rates should increase by an order of magnitude once the water level is lowered to the perforated interval, thus reducing the back pressure on the formation, and assuring that all treatment fluid has been recovered.

Early results of well testing suggest that a substantial quantity of water will have to be disposed of in order to recover a significant percentage of the gas in place. Plans have been made to drill a saltwater disposal well at a central location within the field to dispose of this water. State officials have indicated a willingness to permit such a disposal well somewhere on the Randals Ranch or a nearby tract of State acreage. Wells drilled by other operators in the field will have the same problem and can probably be persuaded to use the CKG disposal well for a fee.

An eighth well, the #8 Randals, is due to spud within a week or so, and its intended depth will exceed 10,000 feet, which might make testing of the Atoka sandstones possible. There is also a possibility that the well will penetrate additional lower Pennsylvanian sediments or possibly Mississippian carbonates encountered elsewhere in the deeper portions of the basin, thus greatly increasing the amount of possible pay section.

Summary:

While all wells drilled on favorable structure within the Tucumcari Basin should produce in commercial quantities if properly stimulated. Those located on structural features within the deeper portions of basin should have superior source and reservoir rock properties. Further, some will encounter pre-Pennsylvanian reservoir rocks not previously tested in this part of New Mexico. CKG Energy's discoveries on the Randals Ranch will assure that an intensified program of exploration and development will now begin, and CKG will be at the forefront of this new exploratory effort. I think that production of gas from the Tucumcari basin will ultimately rival that of the San Juan basin.

Robert G. McKinney
PG NC1317

Randals Ranch Prospect Evaluation

Robert G. McKinney

August 28, 2003

Table of Contents

1. Introduction

This report proposes to answer questions regarding the significance of CKG Energy's recent gas discovery on the Randals Ranch in Quay County, New Mexico. Seven wells have been drilled to a mid-Pennsylvanian lower Canyon horizon and some production testing of these wells has been performed. However, production testing has not progressed to the point that will allow calculation of proved reserves due to a number of mechanical problems that will be discussed in the text of this report.

Nevertheless, some estimate of recoverable reserves can be made on the basis of electric log calculations and comparison with similar production elsewhere. It is the consensus of all the geologists I have talked with that CKG has indeed discovered, and verified the existence of, a major gas province that will ultimately cover the majority of the Tucumcari Basin, a province that will be discussed in detail.

Exploratory work that has been done on and around the Randals Ranch will be discussed, and recommendations will be made for additional work that will serve to verify the size of the discovery that has been made.

2. Executive Summary

The Randals Ranch lies in western Quay County, New Mexico in the east central portion of the Tucumcari Basin. This basin contains prospective sedimentary rock of Permian, Pennsylvanian and possibly lower Paleozoic age. Production from Pennsylvanian sandstones had been demonstrated in the vicinity of the Randals Ranch by the Yates #1 T-4 Cattle Company well that potentialed for 1.5 MMCFD in 1984, but remained an isolated shut-in gas well for almost 20 years while the industry busied itself elsewhere. Trans Pecos Resources demonstrated the western extent of production in the basin with the discovery of gas on the Latigo Ranch, near Santa Rosa – some 18 miles west of the Randals Ranch discovery, in 1982. So, the Randals Ranch discovery should have come as no surprise to the industry – but it did!

Even with proved gas production less than 3 miles away, CKG's initial test well, the Anna Katheryn #1, was a courageous venture. The net pay section in the #1 T-4 was only 10 feet, even though the potential was entirely acceptable. However, the well was drilled on a structurally high feature, and the thickness of the pay was restricted due to non-deposition. CKG's acreage, located in the deeper portion of the basin, provides a much thicker pay section, with average net pay thickness approaching 400 feet. Present day advocates call this a "basin centered gas play". Could be. Actually, the productive area resides on a structural feature that covers some 20 sections at a minimum, and probably more. It may be partly stratigraphic.

Recoverable reserves have not been calculated since data necessary to make such calculations has not been obtained for a variety of reasons to be discussed in the pages

that follow. However, a reasonable estimate of "gas in place" can be made on the basis of electric log calculations, and an average recovery factor can be applied to this number to give a "ball park" estimate of ultimate gas recovery. This report presumes to make such calculations and makes suggestions for additional future work to approach optimum gas recovery.

It should be noted that this is a major discovery of gas resources that will ultimately be developed as a major producing area, with or without resources within the Randals Ranch area. Initial progress at development will be necessarily slow as useful information is obtained to perfect completion technique. The reward will be more than commensurate with the risk.

3. Description of Tucumcari Basin

The Tucumcari Basin is a mid-Pennsylvanian feature formed by movement on a series of lateral (strike-slip) faults that bound the basin on the north and south sides. Movement on these faults has produced basement highs that flank the basin, including the Sierra Grande Uplift to the north and the Roosevelt High to the south. (Please refer to Attachment #1 on the opposing page.) The mechanism for the formation of these features, together with east-west verging thrust faults, is well-described by the attached report entitled "An Overview of Laramide Wrench Faulting in the Southern Rocky Mountains with Emphasis on Petroleum Exploration" by C. E. Chapin of the New Mexico Bureau of Mines and Mineral Resources. The age of wrench faulting in central New Mexico is different (older than, possibly equivalent to the Ouachita-Marathon orogeny) than that described in Chapin's paper, but the physics of deformation is the same.[1]

This description of cause is at odds with the conventional theory that the deeper portion of the basin represents an "elevator basin" that is formed by flanking normal faults. There is ample evidence of compressional style to faulting in the area to deny the existence of major normal faults. Strike slip faults, usually present in compressional systems, are capable of resembling normal faults in the amount of apparent throw they can display. Examples of this type of regional deformation are to be found in the vicinity of all major rift systems.

Only minor faulting is noted in formations younger than mid-Pennsylvanian, together with regional uplift and basin-ward tilt of the younger formations. Thus, a large area of down-faulted basin was available to receive sediments derived from granite exposures in all directions. The deeper portions of the basin received up to 6000 feet of "granite wash" (arkosic sandstone and shale) deposits during the upper Pennsylvanian Cisco and Canyon formations (indistinguishable in this area) and the overlying Wolfcamp (Sangre de Cristo formation in this area) and lower Leonard. The Abo

[1] Wrench faulting in the area is most likely transform faulting associated with early formation of the Rio Grande Rift some miles to the west.

formation (upper Leonard), consisting of arkosic sandstones and shales, forms the seal for hydrocarbons produced by maturation of source material in the older Pennsylvanian rocks (Strawn and Atoka), and possibly Mississippian limestones and shales that are generally encountered lying on basement rock comprised of granite or meta-arkosite.

Through the endeavors of the State of New Mexico to identify petroleum source rocks it has been established that the Tucumcari basin is the **second richest basin in the state**, and second only to the San Juan Basin. Several wells in this basin have exhibited mature source rocks having several hundred feet of shale testing over 9 % Total Organic Carbon through the Atoka and Strawn formations.

Shallow-water deposits characterize the upper Leonard and Guadalupian formations, and some hint of reefing in the San Andres has been noted on re-processed seismic lines that border the Randals ranch. Oil shows in the San Andres carbonate section are ubiquitous in the basin, but low porosity and formation energy have been noted basin-wide. If a reef is encountered with at least some viable seal, oil production from this member might be established.

Intrusive rocks (dikes and sills) of diabase to gabbro composition abound in the basin, and have been encountered in wells drilled in all parts of the basin. Ironically, several of these wells were abandoned when sills were encountered on the assumption that these rocks were "basement".

Seismic data indicate the possibility that un-metamorphosed sedimentary rock will be found below the Mississippian limestone and conglomerate in the deeper portions of the basin, and might provide an attractive target for future exploration. Similar sedimentary sequences produce oil and gas in Siberia, and are noted for production of non-combustible gases including helium in Kazakhstan. These pre-Cambrian materials might well be the source of non-combustible gases found in many parts of the Tucumcari Basin.

Following is a discussion of individual units within the Tucumcari Basin together with their relative merit as drilling objectives.

Drilling Objectives:

While the **Atoka** formation has received more attention in the Tucumcari Basin because of previous successes, several important alternate objectives exist, including the pay section now being developed on the Randals Ranch that has been identified as lower Canyon:

Mississippian: A dense, microcrystalline limestone of upper Mississippian age (the Terrero formation) has been encountered in most wells drilled in the deeper portions of the Tucumcari basin. These wells encountered a coarse clastic section below the limestone that is suspected to be an equivalent of the Espiritu Santo formation described by Baltz and

Meyers (1999)[2]. A good gas show was detected by Trans Pecos Resources from this section while attempting to re-enter the #1 Simpson in early 1984, but no effective test of the formation's potential was achieved due to loss of the hole. The Espiritu Santo formation is an arkosic conglomerate, composed of locally derived material. Analysis of sidewall cores from the Trans Pecos well showed porosities in the range of 20%, but accurate permeabilities could not be measured due to alteration of the formation adjacent to the borehole by precipitation of iron oxide (the well was plugged in 1955).

Atoka: Interbedded sandstones, shales and coals typify this formation in the deeper portions of the basin. These attractive reservoir and source rocks grade to impermeable limestone on the south flank of the basin and are unattractive as a drilling objective there. However, in the deeper portions of the basin, the Atoka is a prime target for exploration for oil and gas. Both were produced during production testing of the Trans Pecos wells on the Latigo Ranch in 1982 – 1984.

Strawn: This formation is characterized by calcareous sandstones, limestones and dolomites in most parts of the basin, and it is an effective seal for sandstones within the Atoka. The sandstones have some potential for production where their calcareous nature is less pronounced. Some shows in this interval were noted in wells on the Randals Ranch that penetrated more than 200 feet of Strawn. The top of the formation is an unconformity of regional proportions which demonstrates both normal and reverse faulting that is not observed in younger formations. This creates an opportunity for stratigraphic traps in the younger formations that abut Strawn faulting. Additionally, due to the varying water depths during this time of deposition the potential for shallow water reefing exists.

Cisco-Canyon: These formations, which are difficult to differentiate in the Tucumcari basin, rest unconformably on the Strawn, and comprise the pay section on the Randals Ranch. Good shows have been noted in this interval in wells drilled in the western portion of the basin and production has been established from these formations by the CKG #1 Anna Katheryn in Quay County. Therefore, additional exploratory effort should be directed toward the Cisco-Canyon section in all parts of the basin.

Abo/Wolfcamp: This interval is more properly called the Sangre de Cristo formation based on lithology and texture. Lithology of the interval is that of a true granite wash near the base, grading upward to coarse arkosic sandstones and shales, and finally to relatively clean, sub-arkosic sandstones and shales near the top of the Abo. Numerous shows have been detected in this interval, but only one well has produced hydrocarbons in measurable quantities: the Dalton Cobb #1 Tucumcari National Bank in Section 20, T8N, R22E, was completed as a shut-in gas well with a reported flow of 90 MCF/D from the upper portion of the interval, probably the Abo formation. In the western portion of the basin shales in this interval contains fair oil prone source material, so it should be considered a good secondary exploration objective. Shows detected during the drilling of the #1 Anna Katheryn were not tested since they occurred above the top of cement behind pipe. Similar shows were noted in the other six development wells drilled by CKG, and none have been tested to date.

Yeso: The Yeso formation in this area consists of an average of 1000 feet of interbedded siltstones, shale and evaporites. Shows are invariably reported in the uppermost siltstone and in the Cimarron limestone member at the base of the formation, but tests of various intervals have failed to produce hydrocarbons. However, a well drilled by Cummins & Walker in Section 34, T5N, R 9E in southern Guadalupe County potentialed for 250 MCFD, reportedly

[2] "Stratigraphic framework of upper Paleozoic rocks, southeastern Sangre de Cristo Mountains, New Mexico", E.H. Baltz and D.A. Myers, Memoir 48, New Mexico Tech,1999.

from the Yeso.

Glorieta: This clean, quartzose sandstone is by far the best potential reservoir rock in the Tucumcari Basin, with porosities in the range of 18 - 20% and permeabilities of 50 - 150 md. Some shows have been noted from this formation in wells drilled near the Cuervo Sub-basin, but the right combination of structure and isolation has not been found. The most logical hunting ground for production from the Glorieta is unquestionably the deeper portion of the basin where it is protected from the flushing which has been noted elsewhere. Several un-tested structures have been mapped at the Glorieta level near the center of the basin that correspond with geochemical anomalies, and these should be tested. The most provocative of these centers in the north part of Section 9, T1ON, R23E. Also, stratigraphic anomalies have been noted from re-processed seismic data in the vicinity of the location for the CKG #8 Randals, suggesting careful evaluation of drilling data from this well.

San Andres: Shows of hydrocarbons are abundant in this formation basin-wide, but reservoir quality rocks have eluded detection so far. The formation consists of interbedded dense dolomite, gyspum, shale and siltstone, with calcareous sandstone near the base. Several oolitic dolomites have been noted in stratigraphic test wells drilled by Trans Pecos Resources, but original porosity was found to be filled with re-deposited evaporites. A seismic anomaly suggesting reefing in the San Andres interval has been noted in re-processed seismic data in the vicinity of the CKG #8 Randals location.

Bernal: This formation is the Permian Guadalupian equivalent in this area and always has an oil show in a siltstone just beneath an anhydrite member that is present basin-wide. The oil-saturated zone is generally 15 - 20 feet thick, and log calculations show that it should produce, perhaps with some stimulation. However, Trans Pecos Resources attempted completion of the Bernal in two separate tests and was unable to recover the treatment fluid, let alone any oil. A theory has been advanced that the siltstone is oil-wet and therefore will require special treatment of some sort.

Santa Rosa: This Triassic formation contains three and locally four well-developed quartzose sandstones with porosities greater than 20% and permeabilities in excess of 250 md. While no "live" occurrences of hydrocarbons have been noted in the basin from these sandstones, migrated Pennsylvanian oil occurs on structure with saturations in excess of 50% in areas where the upper Permian salt (in the Bernal formation) has been removed by solution. The O'Connell Ranch steam flood, a former project of DCR Petroleum, is located in T11N, R25E, and was on the verge of being an economic project prior to its abandonment due to high energy cost. The combined reserve estimates of the O'Connell Ranch and Santa Rosa tar sand deposits in the Tucumcari basin is over **150MMBO** in place, that age dating data shows to be Pennsylvanian in age (NM Bureau of geology Reports). Future project – find the source.

4. Geological Summary of Randals Ranch

All of the drilling objectives discussed in Section 3 are present beneath the Randals Ranch. The best "shows" of gas have been noted in the Cisco-Canyon section, but log analysis suggests that lower portions of the Wolfcamp (Sangre de Cristo) should be tested at some time in the future. CKG' s current strategy is to develop reserves in the lower portion of the Canyon granite-wash section first so that commercial production can finance further testing in these and follow-up wells.

The Strawn section is faulted, as shown on the Strawn contour map that is reproduced on the facing page. Lows created by these faults have been filled with sediment derived from exposed granite masses to the north of the Randals Ranch property. Gas (and some heavier hydrocarbons) has migrated from deeper source rocks to be trapped by the large domal feature that is mapped. Porosities of 10 to 15 % have been measured in sidewall cores, with permeabilities in the range of 2 to 5 md. Artificial stimulation of these reservoirs will be required to achieve commercial production.

Average gas concentrations include 15 to 20 % nitrogen that will have to be removed from the gas prior to pipeline sales. A facility to perform this separation will be located near Tucumcari at the terminus of the pipeline that is currently being constructed. The nitrogen that is removed will contain approximately 1.5 % helium, an attractive target for further processing to recover this valuable gas. Plans are currently being made to recover this product by a well-know marketer of helium gas.

CKG's drilling equipment has been limited to total depths of 7500 feet, sufficient only to test the top of the Strawn. Drilling depths in excess of 10,000 feet will be required to test all sedimentary rock noted in seismic surveys that surround the ranch. We would expect to encounter a thick Strawn section, possibly 1000 feet, underlain by a thick Atoka section that is the true objective of drilling in the deeper portions of the basin. Mississippian carbonates and sandstones with potential for both oil and gas should be encountered below the Atoka. As noted previously, there is a modest potential for finding un-metamorphosed pre-Cambrian rock beneath the Mississippian, thus giving a total of 3,000 feet of sedimentary rock that has not been penetrated by any well in this part of the basin. Please refer to the report entitled "Stratigraphic Processing and Interpretation of Seismic Line GL-838" by N. S. Neidell and associates that is attached to this report. The graphic for this study is located in the rear pocket of the report.

A "pay zone" cross section is reproduced on the opposing page that shows the portion of lower Canyon sandstone in which completion attempts have been made. This cross section uses a sea-level datum and does not include all wells drilled, only those which have been tested. A report of completion attempts is included as an attachment to this report.

5. Calculation and discussion of "Gas in Place"

A requirement existed to estimate the total amount of gas contained within reservoir rock on the portion of the Randals Ranch that has been evaluated by drilling. To do this, calculations of "gas in place" were made using accepted formulae for such calculations, based on electric logs run in the seven wells drilled by CKG on the Randals Ranch. These calculations are reproduced as an attachment to this report, and signify the upper limit of gas concentration in the reservoirs, ***not the amount of gas that can be recovered.***

Recoveries of around 40 – 45 % of the gas in place are common for gas reservoirs, and probably represent the gas that can be recovered from wells on the Randals Ranch, provided that effective means of well stimulation are used in well completion. Limited production testing to date tends to confirm the assumed deliverabilities from these wells provided that produced water can be effectively handled. Water production elsewhere in New Mexico does not impede production of oil and gas once stabilized flows of both products are achieved. Graphic representation of production from several such wells are included as an attachment to this report.

It is important to note that other companies have invested in drilling and completion in this area. One well, the Coulthurst #1 Wilson, is being completed seven miles northeast of the CKG #5 Randals as this report is being prepared. Like the Randals wells, the #1 Wilson encountered good gas shows in the Canyon sandstones and is currently treating a presumed lower Canyon reservoir. I will add the potential of this well once the information is available.

Yates Petroleum, a respected operator in New Mexico, is drilling a west offset well to the #1 Anna Katheryn and this well is sited in a good location for Canyon production. These other operators will contribute gas reserves to the pipeline that is being constructed and ease the burden of filling the pipeline on CKG. Yates then intends to drill a wildcat well some distance southeast of the Randals Ranch, but in close proximity to the pipeline. Their prospects are said to be based on high quality gravity surveys that show the outline of the deeper portions of the basin where the better gas reserves should be found. The well will be located in Section 26, T9N-R28E.

6. Recommendations:

a. Additional Work

Approximately 15 miles of 24 fold seismic data, acquired in a trade with Woodard Energy, have been re-processed using velocity inversion techniques to produce a stratigraphic display that identifies each prospective formation in a superior fashion. CKG have an additional 35 miles of data that were acquired in the Woodard trade that should be re-processed in similar fashion to complete our understanding of the geology of the area, particularly the deeper horizons that have not been penetrated by drilling thus far. Please refer to N. S. Neidell's report that is an attachment to this report. It is a preliminary report, but conclusions reached are valid as far as future work is concerned. CKG's next well will be the #8 Randals, and will be located near the re-processed line. It is of paramount importance to obtain velocity data from this well in order to confirm conclusions reached in the initial study.

The possibility of acquiring additional seismic control has been discussed. It has also been recommended to acquire gravity data along existing seismic lines in order to confirm the existing model of depth to economic basement. Such a

gravity survey would be inexpensive to acquire, and would provide a great deal of meaningful information regarding the amount of prospective geologic section in each part of the project area, particularly the Randals Ranch. Surface geochemical samples could be acquired at the same time with little additional expense.

The foregoing work should be completed prior to the acquisition of additional seismic coverage.

b. Testing Methods

Much has been learned from testing of the Randals Ranch wells so far. It has cost a great deal to learn how to complete the wells with minimal damage to the formation, but maximum effective opening of the formation for production of hydrocarbons. We have also learned that significant amounts of water will be produced following fracture treatment, some of which will deplete with time since its origin is small pore space that would not normally contribute to the amount of produced fluid.

Nineteen sidewall cores were obtained from the #5 Randals well, and were extensively analyzed by Core Laboratories. A report of their conclusions regarding treatment of the productive sandstones is attached to this report. Their studies support the conclusion that these reservoirs have a bimodal distribution of porosity, and that the micro-pores contain water that will only be produced following fracture treatment. Therefore, the amount of produced water should decrease with time during normal production.

The Coulthurst #1 Wilson, located 7 miles northeast of the #5 Randals well, is currently being completed using a CO2 fracture method, apparently with good results. We have not tried this method on the Randals wells and should monitor results of Coulthurst's efforts closely.

In summary, it is clear that no meaningful calculations of recoverable reserves can be made without flow-testing the existing wells over long periods of time. Long-term testing will establish the recoverable reserves and will confirm the limits of the reservoir being tested. This will not be possible until a method of producing the water that accompanies the gas has been perfected. It is clear that large volumes of gas can be produced from reservoirs penetrated by the Randals wells provided that a satisfactory completion technique is developed.

c. Future Development

CKG's strategy of rapid development of reserves on the Randals Ranch and the construction of a pipeline to facilitate sales of gas will ultimately prove to be a good one. It is understandable that current investors are anxious to see a rapid

return on their investment. Such returns are possible from lesser ventures, but development of a new gas province will take time and patience on the part of investors. Similar development elsewhere has taken years to reach the point of financial payout. CKG has accelerated this process by aggressive development and construction of the pipeline.

Also, CKG's aggressive development has stimulated great interest in the area on the part of competing companies. The Wilson well, previously discussed, is one example, and wells announced by Yates Petroleum near CKG's production are another example of activity stimulated by CKG. Prices paid for leases adjacent to the Randals Ranch during recent State and Federal land sales reached $25/acre. These properties would normally have sold for less than $2.

Robert G. McKinney, PG
August 28, 2003

FACSIMILE TRANSMISSION
ROBERT G. McKINNEY
FROM FAX # 713-895-7747
TELEPHONE # 713-895-8966
e-mail: beto-mck@worldnet.att.net

DATE: September 4, 2003

TO: Mike George CKG Energy

FROM: Bob McKinney Page 1 of 1

SUBJECT: Hydrocarbon Potential of the Tucumcari Basin

Further to my report dated August 28, 2003 entitled "Randals Ranch Prospect Evaluation".

CKG has discovered two major resources of gas, separated by 18 miles, within the confines of the Tucumcari Basin. Unfortunately accurate recoverable reserves cannot be assigned to either one of these discoveries until sustained flow has been established from the reservoir for a period of approximately 30 days. However, on the basis of information collected to date, including 3 separate four-point calculated open flow tests, it is my professional opinion that each discovery will ultimately result in the establishment of major reserves – on the order of 0.5 to 1 TCF from the Randals Ranch alone. Certain production problems must be solved before this gas can be brought to market, but I am confident that these problems can be solved economically.

In addition to CKG's work, the Coulthurst #1 Wilson, located some seven miles ENE of the Randals #5 well, is in the process of completion, and will doubtless extend producible reserves along this trend that will ultimately reach the area surrounding the CKG #1 Walker well. These are truly significant discoveries, and will establish this basin as a significant producer of hydrocarbons. (The axis of the basin is at least 43 miles long.)

Also, the existence of helium gas, a very scarce and precious resource, in analyses of gas from the Randals Ranch field might assure reserves of this gas comparable to the Hugoton Field. Careful analysis of gas from testing of all wells located in the Tucumcari Basin is a must.

Regards,

Robert G. McKinney, PG

FACSIMILE TRANSMISSION
PIEDMONT EXPLORATON
FROM FAX # 713-895-7747
TELEPHONE # 713-895-8966
e-mail: beto-mck@worldnet.att.net

DATE: October 23, 2003

TO: Mike George CKG Energy

FROM: Bob McKinney Page 1 of 2

SUBJECT: Amplification of Section 5

You have requested me to discuss further calculation of gas in place and its relationship to recoverable reserves contained in my report of August 28th. I have had several conversations with engineers that doubt my calculated gas in place based on log calculations, backed up by core analysis. These engineers, with little or no experience in granite wash reservoirs such as CKG encountered by drilling on the Randals Ranch, are skeptical of high water saturation calculations and the implied probability of water production rather that gas production. These wells will admittedly produce some water as I stated in the report, but gas in place calculations are accurate. The following quotation from a report entitled "Mobeetie Field" by Shirley Dutton of the Texas Bureau of Economic Geology describes a lower Canyon granite wash reservoir in Wheeler County, Texas that is similar to the lower Canyon reservoir on the Randals Ranch. This reservoir produced more that 60 BCF of gas from a 50 to 150 foot granite wash sandstone over a 4500 acre area (7 sections). Granite wash sandstones on the Randals Ranch are thicker and cover almost twice the area.

"The abundant authigenic chlorite cement that occurs in non-reworked sandstones causes a high amount of irreducible water, which affects water saturation determined from electric logs. Induction-log resistivity in sandstone pay zones is typically 2 – 5 ohm-m. However, an increase in authigenic chlorite from 2% to 20% will add almost 30% to the amount of irreducible water and result in a 30% increase in calculated water saturation. Sahl(1970b) indicates that water-free completions have been made with up to 60% calculated water saturation , and only at 70% water saturation do tests produce essentially all water. Thus it is important to consider the possibility of high values of irreducible water when evaluating granite wash zones."

Analysis of cores from the #5 Randals well shows as much as 5% authigenic chlorite from the zones where completion attempts were made, and even higher values in the upper Canyon and Sangre de Cristo formations. Therefore, I contend that our calculated "gas in place" is within reason. A summary of these calculations is included for reference:

Anna Katheryn #1:	21 BCF
Anna Katheryn #2:	14 BCF
John David #1:	35 BCF
John David #2:	31 BCF
Randals #5:	20 BCF
Randals #6:	55 BCF
Randals #7:	36 BCF
Total:	**212 BCF**

These calculations assume that the reservoirs are contiguous over a 160-acre area. This has been demonstrated for sandstones in the lower Canyon, which form approximately 30% of total reservoir sandstones considered in the reserve calculations (refer to the cross section included in the report).

The recovery factor, or the amount of gas that can actually be produced from these reservoirs, is usually near 80% for dry gas reservoirs. However, if we consider that half that amount will actually be produced, and that 20% of the gas is non-combustible, it still leaves us with probable recoverable reserves of 70 BCF for seven 160-acre units. There are at least 3 more locations that are considered proved by existing wells, and these should increase the total to 100 BCF recoverable. On the basis of well-testing to date, deliverabilities should be in the range of 1 – 2 MMCFD per well, and prices should be in the range of $3.50 – 4.00/MCF for the foreseeable future.

Helium and gas liquids recovery will add substantially to project economics.

Sincerely,

Robert G. McKinney, PG

FACSIMILE TRANSMISSION
PIEDMONT EXPLORATON
FROM FAX # 713-895-7747
TELEPHONE # 713-895-8966
e-mail: beto-mck@worldnet.att.net

DATE: October 30, 2003

TO: Mike George CKG Energy

FROM: Bob McKinney Page 1 of 5

SUBJECT: Walker Ranch Prospect

You have asked me to make an appraisal of the potential for production from the referenced ranch based on information generated by drilling of the CKG #1 Walker. The well was drilled, logged and cased in May of this year, but no drill stem tests or production tests were performed on the well. Therefore formation pressure and water characteristics are not known, and these must be assumed based on data from other wells in the area in order to make any appraisal at all. This appraisal, then, must be considered somewhat speculative.

The closest well to the #1 Walker is the Sunray #1 Briscoe located in Section 32, T10N R30E, and is circled on the attached plat map that also shows CKG's acreage as cross-hatched area, with the #1 Walker shown in Section 11 of the same township. This well was found to have three distinct groupings of formation water: super-saline water above 4300 ft., normally saline water between 4300 ft. and 4950 ft. where intermediate casing was set and much fresher water below 5500 ft. where a drill stem test recovered reservoir fluid with a chloride concentration of 39,000 ppm and a formation pressure of 2115 psig. The well drilled 3700 ft. of shale and granite wash, beginning with the top of the Abo at 4300 ft and ending with Atoka-type sediments at 8000 ft. Based on analysis of the mudlog from the #1 Walker, the well never reached the Atoka-type sediments at total depth.

Log calculations based on normal saline formation water are attached to this brief report. I chose to use this intermediate salinity based on trial calculations at fresher and more saline formation water. These seem to be within the same general range of water saturation encountered in the Randals Ranch wells, and the supposition is that this well and others on the same structure will encounter similar production.

I have or have seen geophysical data that show the Walker Ranch acreage to lie on the south flank of a pronounced east-west trending basin, with the majority of the acreage prospective for similar sediments within the granite wash section. Please refer to my

report on the Randals Ranch. All horizons deemed prospective by that report should exist beneath the Walker Ranch, with the possible addition of lower Paleozoic sediments not seen elsewhere in the Tucumcari Basin to date. This latter observation is on the basis of seismic data viewed but not obtained.

On the basis of 3840 productive acres (24 160-acre tracts), and assuming a recovery factor of 40%, one would expect ultimate recovery of gas to be as high as 15.6 BCF per 160-acre location, or 374 BCF from all probable units. Cut that figure in half, and the field would still be large.

A substantial amount of doubt can be removed from these numbers when the second and third wells are drilled, and production testing of the #1 well has confirmed formation water resistivity and bottom-hole pressure. Information thus obtained could reinforce the conclusions presented here, or, though doubtful, eliminate the possibility of commercial production altogether. Completion practices will be similar to those perfected for the Randalls Ranch once testing of those wells resumes.

Regards,

Robert G. McKinney, PG

Amended Disclosure Statement & Reorganization Plan
CKG Energy, Inc. & CKG Pipeline, LLC
Submitted by Co-Proponents, Tucumcari Exploration, LLC
and Chapter 11, Trustee, Ronald E. Ingalls

EXHIBIT 10

OLD OIL & GAS LEASES

(Old Randals Lease & Old Walker Lease)

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Producer's 88 - Producer's Revised 1994 New Mexico Form 342P, Paid Up

COUNTY CLERK SEAL QUAY COUNTY, NEW MEXICO

STATE OF NEW MEXICO } SS
COUNTY OF QUAY
I hereby certify that this instrument was filed for record at 11:25 o'clock A M., and was duly recorded in book 25 Oil & Gas Lease AUG 28 2003 901-906 of the records of said county.
County Clerk
By Ellen White Deputy

OIL & GAS LEASE

THIS AGREEMENT is executed August 27, 2003, but is made effective the 13th day of June, 2003 between **Billie Owen Walker aka Billie Walker Cohee, Trustee of the Lula Belle Owen Cochran Testamentary Trust, designated the W. T. and Lula Belle Owen Family Trust under the LWT of Lula Belle Owen Cochran**, deceased, whose address is for the purpose of this lease, 7671 State Road 209 Tucumcari, NM 88401, herein called lessor (whether one or more) and **CKG Energy**, whose address is 10713 Ranch Road 620 North, Building F Suite 621 Austin, TX 78726, lessee:

THIS AGREEMENT supplements and replaces in its entirety an oil and gas lease as executed as between these parties on June 13, 2003 as well as an oil and gas lease executed between these parties on July 17, 2003. Those documents are replaced in their entirety by this document effective June 13, 2003.

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purposes of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Quay County New Mexico, to wit:

TOWNSHIP 10 NORTH, RANGE 30 EAST N.M.P.M.

Section 1: N2, NWSW, NESE, S2S2 Section 2: S2S2, NESE, SENE Section 3: S2S2 Section 9: E2SW, SE Section 10: All Section 11: S2, S2NE, NWNW
Section 12: S2SW, SWSE, SESE, Section 13: All, Section 14: W2W2, E2NW, W2NE, NENE, SENE Section 15: All,
Section 22: NE, Section 23: SWSW,
Section 24: All, Section 25 N2, SW, N2SE, SWSE.

TOWNSHIP 10 NORTH, RANGE 31 EAST

Section 6: W2W2, Section 7: S2, NW, Section 8: SESW, SWSWSW, Section 9: All West of the irrigation canal, Section 18: N2SW, SE, Section 19: E2, S2NW, SW
Section 30: W2NW, NENW, NWSW

TOWNSHIP 11 NORTH, RANGE 31 EAST, N.M.P.M.
Section 31: SWSW

Said land is estimated to comprise 7370.00 acres, whether it actually comprises more or less.

EXHIBIT
P

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2. Subject to the other provisions herein contained, this lease shall remain in force for a term of three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, 1/8th of that produced and saved from said land, same to be delivered at the wells or to the credit of lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of 1/8th of the gas used, provided that on gas sold on or off the premises, the royalties shall be 1/8th of the net proceeds from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, lessee may pay or tender an advance shut-in royalty equal to $1.00 per net acre of lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if lessee shall correct such error within 30 days after lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed. Lessor at Lessors sole risk and expense, shall have the option to take lessors royalty provided for in this lease, in kind, upon giving the Lessee 120 days written notice. Once Lessor elects to take the royalty in kind, Lessor must take the royalty for a minimum of 12 months in kind, as the product is produced. Failure of Lessor to accept delivery of the product shall result in an irrevocable waiver of the option to take the royalty in kind for that time when Lessor failed to accept delivery. The in-kind royalty shall be delivered as a pro-rata share of the production during the time frame that Lessor is electing to take the product in kind.

3A. In addition to the royalties set out above, Lessor reserves an additional 2% overriding royalty from the two (2) following wells described as follows:

Section Eleven (11), Township Ten (10) North, Range Thirty (30) East, N.M.P.M.
The CKG Energy Walker #1 (API# 30-037-20078) is located 770' FSL and 1950' FWL

Section Eleven (11), Township Ten (10) North, Range Thirty (30) East, N.M.P.M.
The CKG Energy Walker #2 (API# 30-037-20079) is located 900' FSL and 800' FEL

This overriding royalty covers the entire proration unit, at all depths, covering each well assigned by the New Mexico Oil Conservation Division.

This 2% overriding royalty is additional compensation being paid by CKG Energy for this oil and gas lease. This 2% royalty only applies to the two (2) locations set out in this paragraph and not to any other portions of the land subject to this lease. On the two (2) wells set forth in this paragraph, the royalty rate is 14.5% rather than the 12.5% called for in paragraph 3.

4. This is a paid-up lease and lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

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5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conversation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from the wells in the unit, after deducting any used in the lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit. Regarding field wide units, no unitization of pool and of lessor's interest without Lessors prior written consent shall be allowed if lessors percentage mineral ownership in the unit or pool is less than 50%. Regarding a single proration unit(s) this provision shall not apply; however, a single proration unit shall not exceed 640.00 acres.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by lessee on said land, including the right to draw and remove all casing. When required by lessor, lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without lessor's consent.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of lessee; and no such change or division shall be binding upon lessee for any purpose until 30 days after lessee has been furnished by certified mail at lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original lessor. If any such change in ownership occurs through the death of the owner, lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge lessee of any obligations hereunder and, if lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereof shall properly comply or make such payments.

9. Should lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any

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order, rule or regulation of governmental authority, then while so prevented, lessee's duty shall be suspended, and lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while lessee is so prevented shall not be counted against lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that lessee at its option may discharge any tax, mortgage, or other lien upon said land, and in event lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of lessee's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to lessor or his heirs successors and assigns by delivering or mailing a release thereof to the lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

12. Notwithstanding anything to the contrary contained herein, after the end of the primary term of this lease, should a portion or portions of the lands herein leased be pooled or unitized so as to form a pooled unit or units, operations on or production from such unit or units will maintain this lease in force only as to the land included in such unit or units. If lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 180 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. At such time as Lessee fails to diligently pursue the development of the leased premises by failing to comply with the one hundred eighty (180) day continuous drilling obligation as mentioned above, then all rights and depths in and to the leased premises described herein shall revert to Lessor, SAVE AND EXCEPT that acreage allocated to a producing drill site spacing unit/well under the spacing regulations of the appropriate Federal or State authority.

13. In order to minimize conflicts of interest, and as an additional consideration for the grant of this lease, and as consideration for the use of lessor's owned surface lands to obtain ingress to and egress from other lands within the confines of the Lease hereby granted to GRANTEE, subject to the terms hereof, GRANTEE, for itself, its successors and any assignee or assignees of this lease, or any part thereof, as covenants running with the Land, does hereby agree with respect to all lands contained within the confines of the Lease in Quay County, New Mexico, as now or hereafter constituted, irrespective of who may have title thereto, or any part thereof:

(a) To pay GRANTOR for all actual damages to improvements including the cost of restoration, repair or replacement at GRANTOR'S option, situated on the Land and all personal property situated thereon that may be caused by operations conducted by or for GRANTEE, including damages to grass and livestock. Additional damages will be due GRANTOR for any and all disturbances to GRANTORS' property and ranching operations, caused by GRANTEES' operations, which occur outside of the well sites or any pipeline right-of-way easement.

(b) If additional roads are required, GRANTEE shall obtain written approval from GRANTOR before any additional roadway construction is started. GRANTEE agrees to have and to use as few means of ingress and egress to any particular work site as is necessary for the proper conduct of GRANTEE's business, and to maintain existing roads used by GRANTEE on the Land. Construction and maintenance of new roads on Land used by GRANTEE, shall at all times be build to BLM specifications. These private roads will be crowned, all-weather roads which, without prior written consent of GRANTOR shall at no time and at no point exceed a width of sixteen (16) feet plus turnouts no closer than 1/4 mile apart and not to exceed twenty-four (24) feet in width. In the event that GRANTOR agrees in writing to the construction of a new road, then GRANTEE, prior to any construction, shall be required to pay GRANTOR for an easement for such new road. The consideration to be paid for such easement shall be calculated at $16.50 per rod.

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GRANTEE shall caliche such roads or portions thereof, as necessitated by the use thereof for GRANTEE's operations. All roads used by GRANTEE shall be maintained and repaired for any wear and tear or erosion. GRANTOR shall have access to all roads during and after construction.

(o) GRANTEE shall limit its access and its employees and subcontractors' access to Land for the sole purpose of exploring for hydrocarbons. Prior to entry onto the Land, and as a prerequisite to entry, GRANTEE shall notify GRANTOR of GRANTEES' intention 24 hours prior to such entry. Notification shall be made to GRANTEE at by telephoning 505-461-1839. GRANTEE shall also furnish GRANTOR prior to entry on the ranch, a line list for construction, and a list of all vehicles to be allowed on the ranch, said list to include a description and license number for each vehicle. This list is to be faxed to 505-461-1839 if possible.

(d) In carrying on any operations on the Land, to prevent absolutely the contamination of any and all waters in surface tanks or storage tanks and any and all surface and subsurface water bearing strata situated on the Land.

(e) Before constructing any new roads or laying any pipelines, to consult with Grantors and mutually agree to determine the most feasible routes thereof, taking into account the purposes and objectives of both GRANTEE and GRANTOR.

(f) To install culverts or bridges at all creek and gully crossings traversed by GRANTEE.

(g)To place wide cattle guards with gates, set in concrete if so requested by GRANTOR, at all fence crossings, and in doing so, to set a cattle guard box set in concrete, if so requested by GRANTOR, having a depth of at least three (3) feet beneath the surface, and to construct adequate H-frames on each side of the proposed cattle guard site before cutting the fence to install the cattle guard and to thereafter keep such cattle guards cleaned out at all times during GRANTEES' operations to prevent passage of livestock there over; to place, where necessary, gates to the side of said cattle guards for the passage of over-weight or oversize loads, constructed with adequate H-frames on each side of the proposed gate before cutting the fence to install the gate. In the event that a fence crossing is made, the fence shall be rebuilt or repaired immediately to GRANTOR'S satisfaction. In the event this is not possible or practicable, GRANTEE shall post a 24 hour guard within 100 feet of said fence crossing, or to GRANTORS' satisfaction so as to prevent the loss or straying of livestock and the entry of unauthorized person onto the Land. If requested by Landowner in writing, equip cattleguards and roads with gates that can be locked.

(h) In all work, construction and maintenance activities on the Land, conducted by or for GRANTEE, to prevent soil washing and erosion and to promptly repair such as may occur and maintenance thereof until reseeding is established.

(i) To permit no firearms on the Land; to permit no discharging of firearms; and to permit no hunting thereon by GRANTEE or any of its officers, directors, managers, members, employees, agents, representatives, contractors or subcontractors or their employees.

(j) Daily pick-up and removal of all trash introduced onto the Land by GRANTEE and to maintain metal trash containers at all work sites while such work is in progress.

(k) Within 30 days of the conclusion of operations, GRANTEE to restore to the maximum extent practical to original condition pipeline rights-of-way, and to reseed the same with native type grasses, to be selected and sown in sowing season as designated by GRANTORS. GRANTEE to provide care and weed control until such time as the new stand of grass is approved by GRANTOR. As soon as feasible: remove all plastic pit liners; fill and level all drilling mud and water pits used in drilling operations; double ditch all buried pipelines so as to replace the original top soil at the surface; restore to the maximum extent practicable to original condition all drill sites and pipeline rights-of-way, and re-seed the same with native type grasses, to be selected and sown in sowing season.

(l) All natural land contours must be maintained, including the repair and restoration of any sinkholes that may develop during the term of this Grant.

(m) To permit no consumption of alcoholic beverages or drugs on Land by GRANTEE its employees, contractors or subcontractors.

(n) To permit of no open or unattended fires, no camping or dogs on Land.

(o) To forthwith close and secure all gates opened by GRANTEE or its invitees.

(p) To permit of no dumping of trash or fluids of any kind.

(q) To maintain a speed limit of all vehicles on the Land for vehicles of GRANTEE not to exceed twenty five (25) miles per hour, or such lesser speed as necessary to prevent the raising of excess dust.

(r) To provide portable toilets at all work sites while conducting operations and permit no digging of latrines.

(s) GRANTEE shall not, either directly or indirectly, compete with Lessor to acquire grazing leases within, the confines of Lessor's ranch.

(t) In the event that GRANTEE fails to comply with any limitation or standard of operations described in this Paragraph, then, in addition to any damages resulting from such conduct, GRANTEE shall pay GRANTOR the amount of

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$1000.00 for each such event. For purposes of defining an event, each day that that such conditions exists shall constitute a seperate event requiring payment to GRANTOR.

(u) GRANTEE's use of any water or access to any water source on Land in connection with Lessee's operations without the GRANTOR's express permission is strictly prohibited. In the event that any damage to any of GRANTER's water lines or facilities, such damage shall be immediately repaired by GRANTEE in a manner acceptable to and approved by GRANTOR.

Executed the day and year above written.

Billie Owen Walker
Billie Owen Walker, Trustee of the Lula Belle Owen Cochran Testamentary Trust, designated the W. T. and Lula Belle Owen Family Trust under the LWT of Lula Belle Owen Cochran

8-27-03
Date

Tax ID or SS#: 525-84-9537

ACKNOWLEDGEMENT

STATE OF NEW MEXICO §
§
COUNTY OF QUAY §

Before me, the undersigned authority, on this day personally appeared Billie Owen Walker, who acknowledged to me that that she is the identical person described in the oil and gas lease above and that she executed the same as Trustee of the aforementioned Trust and as her free act and deed on behalf of said Trust.

Given under my hand and seal of office, this 27th day of August 2003.

My Commission expires: 09/30/03

BEATRICE F. SCHUBERT NOTARY PUBLIC STATE OF NEW MEXICO

Beatrice F. Schubert
Notary Public

Producer's 88 - Producer's Revised 1994 Form 342P, Paid Up

OIL & GAS LEASE

THIS AGREEMENT made this 31st day of July, 2002 between **James T. Randals and Dorothy R. Randals, Trustees for the James T. Randals and Dorothy R. Randals Revocable Family Trust dated December 12, 2000**, whose address is for the purpose of this lease, 5427-A Quay Rd. BK Tucumari, NM 88401, **Richard Randals a single man**, whose address is for the purpose of this lease, HC 30, Box 612 Tucumcari, NM 88401, **Jina D'Aun Randals Vick a married woman dealing herein with her sole and separate property**, whose address is for the purpose of this lease, 1221 South Second Street Tucumcari, NM 88401, and **T-4 Cattle Company, LLC**, whose address is for the purpose of this lease, P. O. Box 865 Tucumcari, NM 88401-0865, herein called lessor (whether one or more) and **Inter-American Corporation**, a Nevada Corporation, whose address 4925 Greenville Ave., Suite 717 Dallas, TX 75206, it's heirs successors or assigns hereinafter referred to as Lessee:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purposes of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, along with all hydrocarbon and non-hydrocarbon substances produced in association therewith (the term gas as used herein includes, but is not limited to, helium, carbon dioxide and other commercial gases as well as hydrocarbon gases including, but not limited to casinghead gas, coalbed methane gas, coalbed gas, methane gas, bog gas, occluded natural gas and any other formation or other naturally occurring gases contained in or associated with any coal seam and all zones in communication therewith and all associated natural gas and other hydrocarbons contained therein and all gas originating or produced from coal seam to coal seam and all gas which is released by horizontal ventilation holes and/or verticle ventilation holes in preparation for and/or during the course of a coal lessee's mining operations in the leased premises under a coal lease), injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land, and all interests therein now owned or hereafter acquired by lessor, in Quay County, New Mexico, to wit:

T-10-N, R-27-E, N.M.P.M.

Section 16: W2SE; Section 17: A 72 acre triangular shaped tract of land lying South of the Railroad located in the S2 of said section; Section 19: E2, SW, SENW; Section 20: All; Section 21: All; Section 28: All; Section 29: All; Section 30: N2, SE, S2SW, NESW; Section 31: All; Section 32: All, Section 33: All

T-9-N, R-27-E, N.M.P.M.

Section 4: Lots 1 (39.63), 2 (39.67),. 3 (39.73), 4 (39.77), S2N2, S2; Section 5: Lots 1 (39.82), 2 (39.88), 3 (39.92), 4 (39.98, S2N2, S2; Section 6: Lots 1 (37.08), 2 (37.20),. 3 (37.32), 4 (37.44), S2N2, SE; Section 7: N2, NESW, NWSE; Section 8: N2, SE,E2SW; Section 9: N2N2, S2NW, NWSW, NENE, W2E2, SESE; Section 10: N2SW; Section 17: NW, NWSE, NESW

Said land is estimated to comprise 9,299.44 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, 1/6th of that produced and saved from said land, same to be delivered at the wells or to the credit of lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of 1/6th of the gas used, provided that on gas sold on or off the premises, the royalties shall be 1/6th of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, lessee may pay or tender an advance shut-in royalty equal to $1.00 per net acre of lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if lessee shall correct such error within 30 days after lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the New Mexico Oil Conservation Division or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from the wells in the unit, after deducting any used in the lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by lessee on said land, including the right to draw and remove all casing. When required by lessor, lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without lessor's consent.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of lessee; and no such change or division shall be binding upon lessee for any purpose until 30 days after lessee has been furnished by certified mail at lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original lessor. If any such change in ownership occurs through the death of the owner, lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge lessee of any obligations hereunder and, if lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereof shall properly comply or make such payments.

9. Should lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, lessee's duty shall be suspended, and lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while lessee is so prevented shall not be counted against lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that lessee at its option may discharge any tax, mortgage, or other lien upon said land, and in event lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of lessee's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to lessor or his heirs successors and assigns by delivering or mailing a release thereof to the lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

12. Lessee herein agrees to drill or cause to be drilled, a well or wells on a portion or portions of the lands herein leased within the first 12 month period of the primary term of this lease or agrees to pay unto Lessor herein the sum of one dollars per acre as contingent delayed rentals for that 12 month period. The same will apply to the second and third 12 month periods of this lease; however, should Lessee drill a well at any time during the primary term of this lease no contingent delay rentals shall be due and this lease will ramain in full force and effect for the remainder of the three year primary term.

13. This lease shall not be maintained solely by the payment of shut-in royalties for any single period of time longer than 4 consecutive years without the written consent of Lessor.

14. Notwithstanding anything to the contrary contained herein, after the end of the primary term of this lease, should a portion or portions of the lands herein leased be pooled or unitized so as to form a pooled unit or units, operations on or production from such unit or units will manitain this lease in force only as to the land included in such unit or units. If lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 180 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. At such time as Lessee fails to diligently pursue the development of the leased premises by failing to comply with the one hundred eighty (180) day continuous drilling obligation as mentioned

above, then all rights and depths in and to the leased premises described herein shall revert to Lessor, SAVEAND EXCEPT that acreage allocteed to a producing drillsite spacing unit/well under the spacing regulations of the appropriate Federal or State authority.

15. The parties desire to achieve accommodation or the mutual and conflicting interests of the parties in the use of the surface rights to Lessor's premises for rights-of-way for ingress and egress, surface easements fur pipe lines, power lines, telephone tines, equipment systems, drill site locations and tank batteries to be used in the production and transportation of oil and gas. In consideration of the mutual promises and covenants contained in this Agreement, it is agreed
by and between the parties:

A. Subject to the terms and conditions set forth below in paragraph 6, and in consideration of the mutual covenants set forth below, Lessor grants to Lessee the right and privilege to use existing roads and to construct, as necessary, new roads on the Lessor's lands to allow Lessee, for itself. its successors and assigns, and its agents, servants and employees. to obtain ingress to and egress from lands described in the Lease, together with the right to lay, operate, repair and remove pipe lines to transport oil and gas produced w saved under and pursuant to the terms of the Lease.

B. Lessor grants to Lessee the right to establish and utilize facilities for surface or subsurface disposal of salt water, dig canals, build tanks, power stations, telephone lines and other structures on the land. necessary or useful in Lessee's operations in exploring, drilling for, producing, treating, storing and transporting the minerals produced from the land or any other land adjacent thereto. For purposes of this Agreement "minerals" shall mean oil and gas, including casinghead gas, casinghead gasoline, condensate, coal gas, CO2, helium, sulphur and all hydrocarbons related to oil and gas and including an other products produced therewith.

C. Lessor grants to Lessee the light and privilege to remove sand, gravel. caliche and other road building materials from edsting pits or other pits which Lessor may, in writing, authorize Lessee to open on the Lessor's lands for use by Lessee in compSance with its obligations under this Agreement and the Lease.

D. Lessor will use its good faith efforts to contract with Lessee for the sale by Lessor to Lessee of water situated on or under the Lessor's lands from wells, ponds and tanks which may be situated thereon, to the extent that such, will not materially interfere with the Lessors requirements for the use of water from such sources: in the conduct of their ranching and domestic operations. It is understood, however .that Lessee has no obligation to contract for the purchase of water from Lessor, and further Lessee has the unrestricted right to contract or otherwise arrange for obtaining water for Inter-American Corporation purposes from whatever other source Lessee may choose.

E. Unless Lessor otherwise hereafter agrees in writing, Lessee, with respect to all operations within the confines of the Lessor's lands, shall:

(1) Fence the area of each drill site with a single. strand temporary fence prior to commencing drilling operations. The purpose of this fence is to help minimize the size of the surface area disturbed in connection with each drill site.. The fence is to define a boundary within which Lessee equipment and personnel are to be located and in which the same may be moved about or maintained a particular location as needs may dictate in furtherance of Lessee operations as to the dill site so fenced. Accordingly, the size and configuration of any fenced area shall be in accord with Lessee reasonable use of the surface, being mindful of the needs of circumstances applicable to operations for the drilling of any particular well. Lessee will remove the temporary fence required under the terms of this subparagraph within a reasonable time after drilling activities for the applicable well are completed.

(2) When requested in advance by Lessor, in writing, bury pipe lines below plow depth.

(3) Conduct no operations within five hundred (500) feet of a house or barn in existence on the date of this Agreement.

(4) Within one hundred eighty (180) days after the Lease has terminated, either in whole or in part, remove all machinery, equipment and fixtures placed on the land as to which the Lease has terminated, and within one hundred eighty (180) days after a pipe line or a flow line placed on the Lessor's lands shall cease to be used in operations, remove such as have not been buried below ordinary plow depth, if requested by Lessor.

(5) Pay Lessor a reasonable compensation for all actual damages to improvements situated on Lessor's lands and personal property situated on Lessor's lands that are caused by operations conducted by or for Lessee.

(6) Utilize lands having a width of no more than thirty (30) feet at any time or point for pipe lines across Lessor's lands; and for ingress thereto or egress therefrom to use only existing roads and the pipe line rights-of-way.

(7) In carrying on any operations on Lessor's lands, prevent the contamination of any and all waters in surface tanks or storage tanks and any and all surface and subsurface water bearing strata situated on the leased premises; prevent contamination of then surface of the leased premises from substances used by Lessee and fence out all drilling, slush or other pits which Lessee may create or cause (0 be on such lands so that the fluids therein or damaging substances, including pit liners, will at all times be unavailable to livestock on the Lessor's lands. After each well is completed, the well site will be fenced by Inter-American Corporation with fencing adequate to turn livestock.

(8) Keep all creek and gully crossings traversed by Lessee both graded and passable at points of passage.

(9) Place cattle guards, set in concrete, or a width sufficient to allow entry of all equipment, at all fence crossings, and in doing so, set a cattle guard box set on concrete having a depth of at least three (3) feet beneath the surface, and construct adequate H-frames on each side of the proposed cattle guard site before cutting the fence to install the cattle guard; and thereafter keep such cattle guards cleaned out at all times to prevent passage of livestock thereover. With respect to all cattle guards used by Lessee, Lessee shall install a swinging arm approximately three (3) feet above the surface which can be locked or otherwise secured.

(10) In all work, construction and maintenance activities conducted by Lessee on Lessor's lands, prevent soil washing and erosion and promptly repair such as may occur.

(11) Permit no discharging of firearms; and permit no hunting thereon by Lessee or any or its invitees.

{12) Promptly pick up and remove all trash introduced onto the Lessor's lands by Lessee or its invitees.

(13) .As soon as is feasible, remove all plastic pit liners; fill and level all drilling mud and water pits used in drilling operations, double ditch all buried pipe lines so as to replace the original top soil at the surface; restore to the maximum extent practicable to original condition all drill sites and pipe line rights-of-way, and reseed the same with native type grasses, to be selected and sown in sowing season as designated by Lessor.

(14) In laying pipe lines, make no cuts in the grass turf on the Lessor's lands except as necessary to enable pipe line laying machinery to operate; and with respect to such pipe lines, promptly fill and restore all sinkholes as may develop.

(15) Permit no consumption of alcoholic beverages on the Lessor's lands by Lessee or its invitees.

(16) Permit no untended fires on Lessor's lands.

(17) Forthwith close and secure all gates opened by Lessee or its invitees.

(18) Maintain metal trash containers at and work sites while such work is in progress.

(19) Permit no dumping of trash or fluids of any sort except at such disposal sites, if any, as may have been designated by Lessor as such.

(20) Lessee will attempt to maintain and enforce a speed limit for all vehicles on Lessor's lands for vehicles or Lessee and its invitees of not to exceed thirty (30) miles per hour, or such lesser speed as necessary to prevent the raising of excess dust. Lessee will also water the portion of the road used as needed, so as to prevent the raising of excess dust.

(21) Provide portable toilets at all drilling sites while drilling and completion operations are being conducted, and otherwise use or dig no latrines at a depth sufficient to penetrate water bearing formations no deeper than fifteen (15) feet beneath the surface.

(22) If requested by Lessor, equip cattle guards at public roads with gates that can be locked.

(23) Leave cased and in good condition for use by Lessor such water wells as Lessee may be authorized to drill on Lessor's lands.

(24) Use no part of Lessor's lands to store machinery, equipment, pipe or other property while it is not being used; and use no part of Lessor's lands to house employees or other personnel, except temporarily at well sites while wells are being drilled or completed on such well sites.

(25) Use no chemicals or apply no manufactured chemical substances on roads, drill sites and rights-of-way.

F. For the rights and privileges herein granted, including rights of ingress and egress to Lessor's lands, Lessee agrees to pay Lessor the following sums:

(1) For each well hereafter drilled by Lessee within the confines of Lessor's lands an amount equal to One Thousand Five Hundred Dollars ($ 1,500.00) per well location, and an amount equal to Six Hundred Dollars ($600;00) for each mile of road required to be constructed by Lessee to obtain ingress and egress from such well. The rate specified herein as payment to become owing to Lessor for roads shall apply both to new roads constructed by Lessee and existing roads which are now inadequate for oil field operations and which Lessee must rebuild in order to convert the same to oil field use. The amount payable for each well location shall include all charges in connection with such location including tank battery and production equipment usage charges provided that tank battery and other production equipment is located on the pad for the well site. If a tank battery or other production equipment is placed at a location separate from the pad for the well site, such separate location shall itself be deemed a well to location for purposes of this Paragraph and an additional amount of Five Hundred Dollars ($500.00) shall be paid for same. The foregoing sums shall be payable at or before the time when the drilling of each such well commences, except that payment for a separate tank battery or production equipment location shall not be due until installation is complete on the separate locations.

(2) For each pipe line to be laid or replaced on lands within the confines of Lessor's lands, the sum of Fifteen Dollars ($15.00) per linear rod of pipe line, to be paid before, work commences.

(3) The sum of One and 25/00 Dollar ($1.25) per cubic yard of sand, gravel, caliche or other road building substances removed from existing pits or pits hereafter opened, as provided herein, by Lessee or its invitees, to be calculated and paid within ten (10) days after the close of the calendar month in which such materials are used.

(4) Lessee shall have the right to store on Lessor's lands equipment used in connection with operations on Lessor's lands. As payment for the right to store such equipment, Lessee agrees to pay Lessor a reasonable and customary rental rate, said rate to be negotiated by Lessor and Lessee. The fixed dollar schedule of payments hereinabove set forth shall be adjusted as of the first day of July of each year following the date hereof. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in 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 Fields Production Workers as published by the United States Department of Labor, Bureau of Labor Statistics, The adjusted rate shall be rates currently in use, plus or minus the computed adjustment.

G. Roadways, Pine Lines- Power and Telephone Lines: Lessor, through the Lease and this Agreement, hereby grants to Lessee the following easements, rights-of-way and other rights with respect to Lessor's lands within the confines of Lessor's ranches, to which such rights are reasonably necessary for the development and operation of the leased premises for the purposes of the Lease:

(1) Roadways: The right to construct and maintain roadways, provided however Lessee will utilize existing roadways over and across Lessor's lands before constructing. additional new roadways, wherever practicable; will construct new and maintain existing roads on Lessor's lands used by Lessee at all times as private, crowned, all weather roads which shall at no time and at no point exceed a width of twenty (20) feet, unless approval from Lessor is obtained.

(2) Pipe Lines: The right to construct and maintain pipe lines.

(3) Power Line: The right to construct and maintain power lines over and across Lessor's lands to well locations in addition to those which now exist; provided however, in the event that power line in addition to those now existing are deemed necessary by Lessee, the same shall be either buried or located pursuant to a mutual agreement between Lessee and Lessor.

(4) Telephone Lines: The right to construct and maintain telephone lines provided such are telephone lines are buried beneath the surface of the earth.

(5) Consultation between Lessor and Lessee: With regard to the items set forth in subparagraphs (a) through (d) hereinabove, as well as those matters provided for in Paragraph 5 above, it is understood between the parties that Lessor has an interest in the location and construction of these items which will be located on Lessor's lands. To this end, the parties hereto agree that they will consult with one another in an effort to arrive at an orderly plan for locating these items in a manner which is practicable for purposes of the operation of the Lessor's ranch and which is practicable for the purposes of Lessee under the Lease.

H. Lessee shall not. either directly or indirectly, compete with Lessor to acquire grazing leases within, the confines of Lessor's ranch.

I. The rights, interests and duties of Lessee under this Agreement are appurtenant to the lease granted to Lessee under the Option and shall be binding upon and shall inure to the benefit of Lessee and its successors and to its assignees of the lease or parts thereto: An assignment of the lease by Lessee, either in whole or in part, shall, to the extent of the assignment of the lease, relieve and discharge Lessee of its obligations under this Agreement with respect to the lands assigned, but by acceptance of such assignment the Assignee shall be deemed to have assumed all of the duties and obligations of Lessee with respect to the property assigned. This Agreement shall be binding upon and shall inure to the benefit of Lessor, its successors and assigns.

J. .Signing of Duplicate Originals. This Agreement may be signed on any number of counterparts with the same effect as if signatures hereto and thereto were on the same instrument. Such executed counterparts considered together shall constitute the Agreement.

IN WITNESS WHEREOF, this Agreement has been executed as of the date first above written.

Executed the day and year above written.

Richard Randals
[redacted]

Jina D'Aun Randals Vick
[redacted]

James T. Randals, Co Trustee of the James T. Randals and Dorothy R. Randals Revocable Family Trust dated December 12, 2000
[redacted]

T-4 Cattle Company, LLC
By: Yetta Hoover Bidegain, General Partner
[redacted]

Dorothy R. Randals, Co Trustee of the James T. Randals and Dorothy R. Randals Revocable Family Trust dated December 12, 2000
By:
[redacted]

Inter-American Corporation
By: Wheeler M. Sears, President

STATE OF NEWMEXICO: **INDIVIDUAL ACKNOWLEDGMENT**
COUNTY OF QUAY:

The foregoing instrument was acknowledged before me by Richard Randals.

Given under my hand and seal of office this 31st day of July, 2002.

My Commission Expires:

OFFICIAL SEAL
Tim J. O'Quinn
NOTARY PUBLIC
STATE OF NEW MEXICO
My Commission Expires: 8/17/2002

Notary Public

STATE OF NEWMEXICO: **INDIVIDUAL ACKNOWLEDGMENT**
COUNTY OF QUAY:

The foregoing instrument was acknowledged before me this by Jina D'Ann Randals Vick.

Given under my hand and seal of office this 31st day of July, 2002.

My Commission Expires:

OFFICIAL SEAL
Tim J. O'Quinn
NOTARY PUBLIC
STATE OF NEW MEXICO
My Commission Expires: 8/17/2002

Notary Public

STATE OF NEW MEXICO:
COUNTY OF QUAY:

Before me, the undersigned authority, on this day personally appeared James T. Randals and Dorothy R. Randals, known to me to be the Trustees of the James T. Randals and Dorothy R. Randals Revocable Family Trust dated December 12, 2000, and acknowledged to me that this instrument was executed on behalf of the James T. Randals and Dorothy R. Randals Revocable Family Trust dated December 12, 2000.

Given under my hand and seal of office this 31st day of July, 2002.

My Commission Expires:

Feb. 6, 2003

Nancy Eschenbrenner
Notary Public

OFFICIAL SEAL
Nancy Eschenbrenner
NOTARY PUBLIC
STATE OF NEW MEXICO
My Commission Expires: Feb 6, 2003

STATE OF NEW MEXICO:
COUNTY OF QUAY:

Before me, the undersigned authority, on this day personally appeared Yetta Hoover Bidegain, known to me as the Managing Partner of the T-4 Cattle Company LLC., and acknowledged to me that this instrument was executed on behalf of the T-4 Cattle Company LLC.

Given under my hand and seal of office this 31st day of July, 2002.

My Commission Expires:

Feb. 6, 2003

Nancy Eschenbrenner
Notary Public

OFFICIAL SEAL
Nancy Eschenbrenner
NOTARY PUBLIC
STATE OF NEW MEXICO
My Commission Expires: Feb 6, 2003

STATE OF TEXAS:
COUNTY OF DALLAS:

Before me, the undersigned authority, on this day personally appeared Wheeler M. Sears, known to me as the President of Inter-American Corporation, and acknowledged to me that this instrument was executed on behalf of Inter-American Corporation.

Given under my hand and seal of office this 31st day of July, 2002.

My Commission Expires:

Nov 9, 2004

Sharon Bohannon
Notary Public

SHARON BOHANNON
MY COMMISSION EXPIRES
November 9, 2004

COUNTY CLERK
SEAL
QUAY COUNTY, NEW MEXICO

STATE OF NEW MEXICO } SS
COUNTY OF QUAY
I hereby certify that this instrument was filed for record at 3:00 o'clock P M. and duly recorded AUG - 6 2002 in book 25 LEASE page 847/852 of the records of said county.
Witness my hand and seal of office
County Clerk
By: Deputy