

# *Puccini & Meagle, P.A.*

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LOUIS PUCCINI, JR.\*  
SHAY E. MEAGLE\*\*

*\*Board Certified - Business Bankruptcy Law  
American Bankruptcy Board of Certification  
\*\*Also Licensed in Ohio*

## LETTER AGREEMENT

April 20, 2006

Julian Hamilton Barns  
GSC Solicitors  
31-32 Ely Place  
London EC1N 6TD

Re: Tucumcari Exploration LLC, Agreement for New Oil and Gas Leases and Related Matters With James T. Randals and Dorothy Randals as Trustees for the James T. Randals Revocable Family Trust, Richard Randals and Jina D'Aun Randals Vick (hereinafter referred to as "Randals"), and T-4 Cattle Company, LLC (hereinafter referred to as "T-4 Cattle") Quay County, State of New Mexico, USA

Dear Mr. Hamilton Barns:

This letter is sent to memorialize and reduce to writing the terms of an agreement between Tucumcari Exploration LLC (a Nevada corporation), and Randals/T-4 Cattle, including but not limited to the principle terms of new Oil and Gas Leases (hereinafter referred to as "Leases") on approximately 9,299.44 acres (hereinafter referred to as the "Property") of oil and gas interests (as defined in the Leases) located in Quay County, State of New Mexico, United States of America, as more completely described on Exhibit "A" to this Letter Agreement.

For mutual, good and valuable consideration, receipt of which is hereby acknowledged, the parties agree:

1. Tucumcari Exploration, LLC (hereinafter referred to as "TE") shall, as co-proponent of a Chapter 11 Plan pending in the CKG Energy/Pipeline Chapter 11 cases, diligently pursue approval of a Disclosure Statement, a Chapter 11 Plan (hereinafter referred to as the "Plan"), and an Order confirming the Plan in a form as is acceptable to Randals/T-4 Cattle. Such acceptance shall not be unreasonably withheld or delayed. The parties and the Chapter 11 Trustee shall cooperate to terminate the Old Oil and Gas Lease (dated July 31, 2002) (hereinafter referred to as the "Old Lease"), and to clear any and all clouds on title of the Property.

*Tucumcari Exploration  
Case 14005  
OCD Exhibit B*

2. At confirmation of the Plan, TE shall deposit Two Million Dollars (\$2,000,000.00) with the Chapter 11 Trustee on approval of the Chapter 11 Plan, and/or such portion of the Two Million Dollars (\$2,000,000.00) the Trustee may require.

3. Confirmation of the Plan shall be defined as the first day following entry of an Order confirming the Chapter 11 Plan on which such Order becomes a final non-appealable Order confirming and approving such Plan pursuant to applicable bankruptcy law. If there is an appeal, the parties shall cooperate to effect the intent of this Letter Agreement.

4. TE shall pay to Randals/T-4 Cattle a Two Hundred Thousand Dollar (\$200,000.00) signing bonus for the Leases. Funds will be deposited into T-4 Cattle's counsel's trust account pursuant to a mutually agreeable Escrow Agreement which shall provide these funds must be deposited into Randals/T-4 Cattle's counsel's Trust Account as soon as an escrow agreement for the escrow of such funds provided herein is agreed. These funds are refundable if, for any reason, the parties do not enter into the Leases or the Plan is not confirmed.

5. TE shall pay Two Hundred Thousand Dollars (\$200,000.00) to compensate Randals/T-4 Cattle for litigation expenses that they have incurred in dealing with CKG Energy, the Trustee and the Chapter 11 Estate. These funds shall be wire transferred to Randals/T-4 Cattle's counsel's Trust Account prior to or simultaneously with the execution of this Agreement. These funds are non-refundable as consideration for an exclusive option (no-shop agreement) for the Leases. The exclusive option shall terminate if the Plan is not confirmed.

6. The Lessee shall receive credit for payout, as that term is used in the Leases, of Three Hundred Thousand Dollars (\$300,000.00) for each existing well to be credited separately on each well, on a total of seven (7) existing wells which were drilled by CKG Energy, Inc., pursuant to the Old Lease. The payout of Three Hundred Thousand Dollars (\$300,000.00) per well will be recouped on a per well basis, only if that particular well produces sufficient gas to offset such cost.

7. The Leases will be in the forms attached hereto as Exhibits "B" and "C" respectively, and in the event of any conflict between this Letter Agreement and the Leases, then the Leases shall control. The Leases shall be executed and exchanged upon confirmation of the Plan.

8. All adversarial and contested proceedings between the Trustee and Randals/T-4 Cattle which are currently pending in the CKG Energy, Inc., and CKG Pipeline, LLC Chapter 11 case, assigned Case No. 04-11551 FM, including the Adversary Proceeding No. 05-01172 FM, captioned *Ronald E. Ingalls, Chapter 11 Trustee v. James T. Randals and Dorothy R. Randals, Trustees for the James T. Randals Revocable Family Trust, Richard Randals, Jina D'Aun Randals Vick and T-4 Cattle Company, LLC*, shall be suspended until the Plan is confirmed or not confirmed by the Bankruptcy Court and/or withdrawn by TE. This suspension shall be without prejudice to any party. The suspension is subject to the concurrence of the United States Bankruptcy Court, Western District of Texas, Austin Division.

Upon confirmation of the Plan, appropriate Orders shall be entered concluding all litigation between the Trustee and Randals/T-4 Cattle consistent with the confirmed Plan, this Agreement and the Leases, and the Order concluding the Adversary Proceeding shall specifically include a provision that the Old Lease shall be terminated, null and void and of no effect; and dismissing with prejudice all other causes and counterclaims in the Adversary Proceeding.

9. The parties shall cooperate to clear title to the Property, including termination of any assignments, liens, claims or any other interests whatsoever resulting from the Old Lease. Randals/T-4 Cattle, TE and the Chapter 11 Estate will cooperate to clear title and/or to terminate the interests, claims or liens of any other recorded or unrecorded interests of parties in the Old Lease or on the Property and/or will commence and cooperate in a State Court quiet title suit, if required. TE will indemnify Lessors for any reasonable expenses, if any, they incur to obtain clear title (other than any title issues attributable to Lessors) including resolving any disputes with InterAmerican Corporation and its assignees and claims or interests of any other parties on the Old Lease and claims on the Property resulting from the Old Lease.

10. Mutual releases between the parties to this Agreement and the Chapter 11 Trustee and Estate shall be executed upon confirmation of the Plan and provided for in the Plan. The mutual release shall include termination of and mutual release of the Old Lease.

11. At confirmation of the Plan, TE shall escrow Three Hundred Thousand Dollars (\$300,000.00) with Randals' counsel to be used for cleanup of the seven (7) current drilling sites to OCD standards, pursuant to a mutually agreeable escrow agreement. The details concerning the escrow and use of funds for cleanup will be resolved with Randals. Lessors will not object to the assignment to TE of the New Mexico Oil Conservancy Division (hereinafter referred to as "OCD") Fifty Thousand Dollar (\$50,000.00) Bond after the funds are escrowed and cleanup consistent with the Old Lease are completed. The Randals shall assign their cleanup claims against the CKG Chapter 11 Estate to TE. The unused funds in this escrow account shall be refunded to TE.

12. No warranty by the Lessors will be provided for in the Leases. The parties will cooperate with the Trustee to clear title. TE will be required to indemnify the Lessors for any title disputes or litigation concerning ownership and title to the Property resulting from the Old Lease including litigation in the Bankruptcy Court, and any claims by third parties and environmental claims. TE shall assume the financial obligation to clear title and shall indemnify the Lessors for any expense, if any, including attorneys' fees and costs.

13. On confirmation of the Plan, the Bond with the OCD will be released (stay lifted) from the Bankruptcy Court and abandoned. After entry into the Leases, TE will comply with OCD requirements in the future.

14. Concerning the Leases, the jurisdiction of any and all litigation, if any, will be in Quay County, New Mexico, and any bankruptcy case shall be in the Bankruptcy Court for the District of New Mexico.

15. This Letter Agreement may be enforced by the U.S. Bankruptcy Court for the Western District of Texas, Austin Division, by the Honorable Frank Monroe, the Judge assigned to the CKG Energy/CKG Pipeline jointly administered cases, assigned Case No. 04-11551-FM.

16. The parties (including TE, Randals, T-4 Cattle and the Trustee) shall, in good faith, exert their best efforts to expedite confirmation of the Plan and clearing title.

17. This Letter Agreement is subject to approval by the United States Bankruptcy Court for the Western District of Texas, Austin Division, as may be required by such Court.

18. Upon confirmation of the Plan, TE shall execute an indemnification and hold harmless agreement in favor of the Trustee as to any and all liability that he may have, if any, as to the OCD.

19. This Agreement may be signed in counterparts.

20. The Lessors are not aware of any material fact that may adversely impact on the ability of the Lessee to develop the Leases in accordance with their terms other than has already been disclosed.

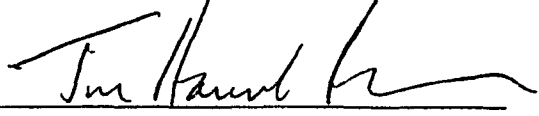
21. Lessors shall take no action nor permit any action to be taken which would interfere or hinder TE's efforts or abilities to obtain Plan confirmation, acquire/settle claims, and/or acquire additional leases.

22. The parties shall keep this Agreement, Leases and the terms thereof, confidential to the extent possible except as may be required by the Bankruptcy Court.

\* \* \* \*

**READ UNDERSTOOD AND AGREED:**

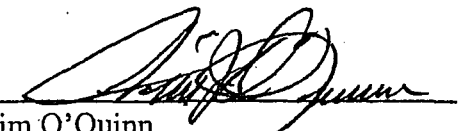
TUCUMCARI EXPLORATION, LLC

By   
Julian Hamilton Barns,  
Solicitor for Tucumcari Exploration, LLC

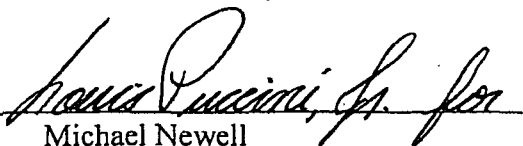
RONALD INGALLS, CHAPTER 11 TRUSTEE

By \_\_\_\_\_  
Rebecca McElroy

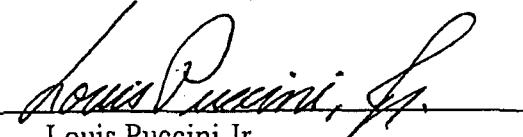
TIM O'QUINN P.C.

By   
Tim O'Quinn  
Attorney for Randals Trustees for the  
James T. Randals and Dorothy R. Randals  
Revocable Family Trust

HEIDEL SAMBERSON, NEWELL COX & McMAHON

By   
Michael Newell  
Attorney for T-4 Cattle Company, LLC

PUCCINI & MEAGLE, P.A.

By   
Louis Puccini Jr.  
Attorney for T-4 Cattle Company, LLC

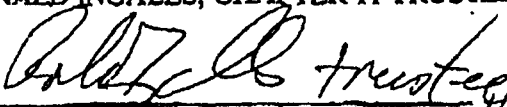
Julian Hamilton Barns  
GSC Solicitors  
April 20, 2006  
Page 5

**READ UNDERSTOOD AND AGREED:**

**TUCUMCARI EXPLORATION, LLC**

By \_\_\_\_\_  
Julian Hamilton Barns,  
Solicitor for Tucumcari Exploration, LLC

**RONALD INGALLS, CHAPTER 11 TRUSTEE**

By  \_\_\_\_\_  
~~Rebecca McElroy~~ Ronald Ingalls

**TIM O'QUINN P.C.**

By \_\_\_\_\_  
Tim O'Quinn  
Attorney for Randals Trustees for the  
James T. Randals and Dorothy R. Randals  
Revocable Family Trust

**HEIDEL SAMBERSON, NEWELL COX & McMAHON**

By \_\_\_\_\_  
Michael Newell  
Attorney for T-4 Cattle Company, LLC

**PUCCINI & MEAGLE, P.A.**

By \_\_\_\_\_  
Louis Puccini Jr.  
Attorney for T-4 Cattle Company, LLC

\\CIT-4 Cattle\Advisory\LLP\BARN Letter Agreement FINAL.wpd  
5/11/06

## LEGAL DESCRIPTION

### 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.

