

LEEDE OPERATING COMPANY, L.L.C.

October 3, 2003

Via Certified Mail – Return Receipt Requested

Robert S. Dieken and
Douglas H. Dieken
75 Stacey Ave.
Streator, IL 61364

Re: Offer to Acquire Oil and Gas Lease
T19S R39E NMPM
Section 7: E/2
Lea County, New Mexico

Dear Mr. Dieken,

As a follow-up to our recent telephone conversation and as you are aware, Robert S. Dieken, a single man, and Douglas H. Dieken, a married man dealing in his sole and separate property, individually and as the successors in interest to the Myron Stotler Estate Trust executed an oil and gas lease covering the S/2 of Section 6, T19 R39E, NMPM in favor of Contex Energy Company which was buying oil and gas leases on behalf of Leede Operating Company, L.L.C. in October 2001.

Now Leede respectfully requests that you both execute an Oil and Gas Lease covering the captioned lands for a primary term of three (3) years for the same bonus consideration as previously paid. The total bonus consideration to be paid each of you will be \$187.50 (calculated as \$150 per net acre x 2.5 net acres = \$375.00 x 50%). All other terms and provisions of the Oil and Gas Lease will also remain as before (i.e. 1/5 royalty).

If the foregoing is acceptable, please execute the enclosed Oil and Gas Lease in the presence of a notary public and return it to my attention in the self-addressed, metered envelope provided for your convenience. Upon receipt of a fully executed Oil and Gas Lease, Leede will promptly forward each of you a check for the total amount of bonus consideration due.

If you have any questions or concerns please do not hesitate to call me at (800) 351-1454. Your continued support and cooperation is greatly appreciated.

Very truly yours,

OIL CONSERVATION DIVISION



CASE NUMBER _____

Rusty Brusenhan
Land Manager

RB\bjj

Letters\Dieken(100303)

EXHIBIT 3

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

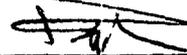
1. Article Addressed to:

Robert S. Dieken and
 Douglas H. Dieken
 75 Stacey Ave.
 Streator, IL 61364

Re: Section 7: E/2, Lea County, NM

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X 

- Agent
- Addressee

B. Received by (Printed Name)

C. Date of Delivery

12/1/05

D. Is delivery address different from item 1? Yes

If YES, enter delivery address below: No

3. Service Type

- Certified Mail Express Mail
- Registered Return Receipt for Merchandise
- Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee)

Yes

2. Article Number

(Transfer from service label)

7003 1010 0003 6948 8396

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 3rd day of October, 2003, between Robert S. Dieken, a single man, and Douglas H. Dieken, a married man dealing in his sole and separate property, individually and as the successors-in-interest to the Myron Stotler Estate Trust, whose address is 75 Stacey Avenue, Streator, IL 61364, herein called Lessor (whether one or more), and Leede Operating Company, L.L.C., Lessee, whose address is 2100 Plaza Tower One, 6400 S. Fiddler's Green Circle, Englewood, CO 80111:

1. Lessor, in consideration of Ten and more Dollars (\$10.00+) 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 purpose of investigating, exploring by geophysical and other means, prospecting, drilling, mining and operating for and producing oil, gas and all other minerals, injecting gas, water, other fluids, and air into subsurface strata, establishing and utilizing facilities for surface and subsurface disposal of salt water, constructing roads, laying pipe lines, storing oil, building tanks, power stations and lines, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land in Lea County, New Mexico, to wit:

Township 19 South, Range 39 East, N.M.P.M.
Section 7: E/2

This lease covers all of the land described above, and in addition thereto, it covers and there is hereby leased, let and demised to the same extent as if they were described herein specifically, all lands owned or claimed by Lessor adjacent, contiguous to, or a part of the tract or tracts specifically described above, whether such additional lands be owned or claimed by deed, limitation or otherwise, and whether the same be inside or outside the metes and bounds description and whether the same be held under fence by Lessor or not and whether such additional lands be in the named survey or other survey or surveys. This is a lease in gross and not by the acre and the bonus money paid shall be effective to cover all such lands, respectively of the number of acres contained therein, and the lands included within the terms of this lease are estimated to comprise 320.0 acres, whether they actually comprise more or less.

2. Without reference to the commencement, prosecution or cessation at any time of drilling or other development operations, or to the discovery, development or cessation at any time of production of oil, gas or other minerals, and notwithstanding anything else herein contained to the contrary, this lease shall be for a term of three (3) years from this date (called "primary term") and as long thereafter as oil, gas or other minerals are produced from said land, or land with which said land is pooled hereunder, or as long as this lease is continued in effect as otherwise herein provided.

3. The royalties to be paid by Lessee are: (a) on oil, and on other liquid hydrocarbons saved at the well, 1/5 of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipelines to which the wells may be connected; Lessor's interest in either case shall bear its proportion of any expenses for treating oil to make it marketable as crude; (b) on gas, including casing head gas and all gaseous substances, produced from said land and sold or used off the premises or in the manufacture of gasoline or other product therefrom, the market value at the mouth of the well of 1/5 of the gas so sold or used, provided that on gas sold at the wells the royalty shall be 1/5 of the amount realized from such sale; (c) on all other minerals mined and marketed, 1/5, either in kind or value at the well or mine, at Lessee's election, except that on sulphur the royalty shall be one dollar (\$1.00) per long ton; and (d) at any time and from time to time either at or after the expiration of the primary term of this lease, if there is a gas well or wells on said land or lands pooled therewith (and for the purposes of this clause (d) the term "gas well" shall include wells capable of producing natural gas, condensate, distillate, or any gaseous substance and wells classified as gas wells by any governmental authority) and such well or wells are or have been shut-in before or after production therefrom, it shall be deemed that said well or wells are producing gas within the meaning of paragraph numbered 2 of this lease and this lease shall not terminate. In such event, Lessee covenants and agrees to pay as royalty shut-in gas royalty in the amount of Three hundred twenty and no/100ths Dollars (\$320.00) per annum as long as such well or wells are shut-in and this lease is not maintained in force or effect by other provisions hereof. Such shut-in royalty shall be paid direct to Lessor at the address above. Lessee shall not be held in default until thirty (30) days after Lessor shall deliver to Lessee a recordable instrument making provision for another method of payment or tender. Any depository charge is a liability of the Lessor. Any payment or tender of shut-in royalty made under the terms of this lease may be made by check or draft of Lessee mailed or delivered to Lessor. In the event Lessee is obligated to pay the shut-in royalty above indicated, the first payment of such shut-in royalty shall be due and payable on or before ninety (90) days following the date on which the well is shut-in, or if shut-in during the primary term then on or before ninety (90) days following the expiration of the primary term, and subsequent payments, if required under the terms of this paragraph shall be due and payable annually on or before the anniversary of the date of the original payment. It is specifically provided that this is a paid-up lease during the term set out above as "primary term" and there shall be no obligation or liability on the Lessee to make any shut-in royalty payment or other payment during said primary term, and without any such payment this lease shall remain in full force and effect during said primary term. The obligation to pay the shut-in royalty provided for above, shall be a covenant running with the land and, under no conditions, shall the failure to comply with such obligation serve or be used to terminate this lease or to work a forfeiture.

4. If at the expiration of the primary term of this lease oil, gas and other minerals are not being produced from the leased premises or land pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon, this lease shall remain in force so long as drilling or reworking operations are prosecuted (whether on the same or different wells) with no cessation of more than sixty (60) consecutive days, and if they result in production, so long thereafter as oil, gas or other minerals are produced from said land or land pooled therewith. If production of oil, gas or other minerals on said land or land pooled therewith should cease from any cause after the primary term, this lease nevertheless shall continue in force and effect as long as additional drilling operations or reworking operations are conducted on this lease, or on acreage pooled therewith, which additional operations shall be deemed to be had when not more than sixty (60) days elapse between the abandonment of operations on one well and the commencement of operations on another well, and if production is obtained this lease shall continue as long thereafter as oil, gas or other mineral is produced from said land or land pooled therewith, and as long thereafter as additional operations, either drilling or reworking, are had thereon. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within three hundred thirty (330) feet of and draining the leased premises, Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances. The judgment of the Lessor when not fraudulently exercised, in carrying out the purpose of this lease shall be conclusive.

5. Lessee, its successors and assigns, at its option, at any time and from time to time, and without Lessor's joinder or further consent, is hereby given the right and power to pool the land or any interests covered by this lease, or any portion thereof, as to oil, gas, condensate or distillate, or any of them, or either of them, with any other land, interests, lease or leases, or any of them, adjacent, adjoining or located in the immediate vicinity of these lands, when in Lessee's judgment it is necessary or advisable to do so in order to efficiently develop or operate said premises in compliance with the spacing rules of the appropriate governmental authority or other lawful authority or when to do so, would, in the judgment of the Lessee, promote the conservation of oil and gas on said premises, such pooling to be into a well unit or units not exceeding forty (40) acres plus an acreage tolerance of ten percent (10%) of forty (40) acres for oil, and not exceeding six hundred forty (640) acres plus an acreage tolerance of ten percent (10%) of six hundred forty (640) acres for gas, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, units may be created or enlarged to conform substantially in size with those prescribed by governmental regulations. Lessee may pool the acreage or interests above described, or any portion thereof, as above provided, as to oil or gas in any one or more strata, and units so formed need not conform in size or area with the units or unit into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool the land above described, or any portion thereof, into other units. Lessee shall execute in writing and file for record in the county or counties where the land is situated an instrument designating and describing the pooled acreage, which pooling and designation may be accomplished either before or after a well or wells are drilled or completed on the unit. The entire acreage so pooled into a unit shall be treated for all purposes, except the payment of royalties, overriding royalties or payments out of production, as if it were included in this lease; and drilling or reworking operations thereon, production of oil or gas, condensate or distillate therefrom, cessation of production thereon, or the existence thereon of a shut-in gas well, shall be considered for all purposes, except the payment of royalties, as if such operations were conducted, or such production or cessation of production, or existence of a shut-in gas well were on the land above described whether or not the well or wells be located on the said lands. In lieu of the royalties, overriding royalties or payments out of production, if any, elsewhere herein specified, Lessor shall receive from a unit so formed only such portion of the royalty, overriding royalty or payment out of production, if any, stipulated herein as the amount of the acreage (surface acres) above described which is placed in the unit bears to the total acreage (surface acres) so pooled in the particular unit involved. Shut-in gas royalties with respect to unit shut-in gas wells shall be payable in accordance with the provisions and in the amount set forth in this Lease. Should any unit as created hereunder contain less than the maximum number of acres hereinabove specified or allowed, then Lessee may at any time thereafter, whether before or after the production is obtained on the unit, enlarge such unit by adding additional acreage thereto, but the enlarged unit shall in no event exceed the acreage content hereinabove specified or

allowed. In the event an existing unit is so enlarged, Lessee shall execute and file for record in the county or counties in which the land is situated a supplemental designation and description of the land added to the existing unit; provided, that if such supplemental designation and description is not filed until production is obtained on the unit as originally created, then, and in such event the supplemental designation and description shall not become effective until the first day of the calendar month next following the filing thereof. In the event the well or wells drilled on any unit shall fail to produce oil or gas, or in the event the production from any such well or wells shall cease, Lessee may terminate any unitized area created hereunder by filing for record in the county or counties where the land is situated proper instruments evidencing such termination.

6. 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, including, but not limited to, repressuring, pressure maintenance, cycling, and secondary recovery operations, and the royalty on oil and gas 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. No well shall be drilled within two hundred (200) feet of any residence or barn now on said land without Lessor's consent.

7. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors and assigns of the parties hereto, but no change or division in ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee or impair the effectiveness of any payment theretofore made by Lessee. No such change or division in the ownership of the land or royalties shall impair the effectiveness of any payment theretofore made by Lessee or be binding upon Lessee for any purpose (and irrespective of whether Lessee has either actual or constructive knowledge thereof) until sixty (60) days after such person acquiring any interest has furnished Lessee with the instrument or instruments, or certified copies thereof, constituting his chain of title from the original Lessor.

8. Lessee shall not be liable for delays or defaults in its performance of any agreement or covenant hereunder due to force majeure. The term "force majeure" as employed herein shall mean: any act of God including, but not limited to storms, floods, washouts, landslides and lightning; acts of the public enemy; wars, blockades, insurrection or riots; strikes or lockouts; epidemics or quarantine regulations; laws, acts, orders or requests of federal, state, municipal or other governments or other governmental officers, or agents under color of authority; freight embargoes or failures; exhaustion or unavailability or delays in delivery of any product, labor, service or material. If Lessee is required, ordered or directed by any federal, state or municipal law, executive order, rule, regulation or request enacted or promulgated under color of authority to cease drilling operations, reworking operations or producing operations on the land covered by this lease or if Lessee by force majeure is prevented from conducting drilling operations, reworking operations, or producing operations, then until such time as such law, order, rule, regulation, request or force majeure is terminated and for a period of ninety (90) days after such termination each and every provision of this lease that might operate to terminate it or the estate conveyed by it shall be suspended and inoperative and this lease shall continue in full force. If any period of suspension occurs during the primary term, the time thereof shall be added to such term.

9. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee, at its option, may discharge any tax, mortgage, other lien upon said land, and in the event Lessee does so, it shall be subrogated to such lien with the right to enforce the same and apply royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty in the event of failure of title in whole or in part, it is agreed that if Lessor does not own, or have the right to lease, the entire mineral estate herein purported to be leased in the land above described, then the royalties and any other sums payable hereunder shall be reduced proportionately. Should any party named above as Lessor fail to execute this lease, or should any party execute the lease who is not named as a Lessor, it shall nevertheless be binding upon the party or parties executing the same.

10. Lessee, its successors and assigns, shall have the right at any time to surrender this lease in whole or in part to Lessor or his heirs 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 the acreage so surrendered.

In witness whereof, this instrument is executed the day and year first above written.

ROBERT S. DIEKEN, A SINGLE MAN AND DOUGLAS H. DIEKEN, A MARRIED MAN DEALING IN HIS SOLE AND SEPARATE PROPERTY, INDIVIDUALLY AND AS THE SUCCESSORS-IN-INTEREST TO THE MYRON STOTLER ESTATE TRUST

Robert S. Dieken

Douglas H. Dieken

STATE OF ILLINOIS)
) ss.
COUNTY OF LASALLE)

The foregoing instrument was acknowledged before me this _____ day of _____, 2003, by Robert S. Dieken, a single man, individually and as the successor-in-interest to the Myron Stotler Estate Trust, known to me to be the person described in and who executed the foregoing instrument.

Given under my hand and seal of office this _____ day of _____, 2003.

Notary Public in and for the State of Illinois
Print Name: _____
My Commission Expires: _____

STATE OF ILLINOIS)
) ss.
COUNTY OF LASALLE)

The foregoing instrument was acknowledged before me this _____ day of _____, 2003, by Douglas G. Dieken, a married man dealing in his sole and separate property, individually and as the successor-in-interest to the Myron Stotler Estate Trust, known to me to be the person described in and who executed the foregoing instrument.

Given under my hand and seal of office this _____ day of _____, 2003.

Notary Public in and for the State of Illinois
Print Name: _____
My Commission Expires: _____

LEEDE OPERATING COMPANY, L.L.C.

September 3, 2003

Via Certified Mail – Return Receipt Requested

Robert S. Dieken and
Douglas H. Dieken
75 Stacey Ave.
Streator, IL 61364

Re: Schubert "7" #1 Well
NW/SE-7-T19S R39E
Lea County, New Mexico
Foster Prospect

Gentlemen:

Leede Operating Company, L.L.C. hereby proposes the drilling of the Schubert "7" #1 well to be located in the NW/SE of Section 7, Township 19 South, Range 39 East, Lea County, New Mexico. The well will be drilled to a total depth of 8,000' or a depth sufficient to test the Abo and Drinkard formations, whichever is lesser, and any other formations Leede may encounter and deem prospective.

Leede plans to commence these operations in the next 60 to 90 days. According to the official public records in Lea County, New Mexico it appears that each of you own an undivided 1/256 mineral interest in the captioned lands or that you each own approximately 0.15625 net mineral acres. The dry hole cost of drilling said well to the objective depth will be approximately \$352,694. A completed well will cost approximately \$541,218.

Inasmuch as each of you own 0.15625 net mineral acres in the captioned proration unit your individual share of the dry hole cost will be \$1,377.71 and your individual share of the completed well cost would be \$2,114.13. We have enclosed a copy of our Authority for Expenditure (AFE) for your review and execution.

Please return the executed AFE in the self-addressed, metered envelope provided for your convenience along with a check from each of you for the estimated dry hole costs in the amount of \$1,377.71.

In the event that you do not desire to participate in the drilling of the subject well, please contact the undersigned at the letterhead address or 1-800-351-1451 to discuss your options.

We look forward to hearing from you.

Very truly yours,



Rusty Brusenan
Land Manager

Letters\Dieken(090303)

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

**Robert S. Dieken and
Douglas H. Dieken
75 Stacey Ave.
Streator, IL 61364**

RE: Schubert "7" #1

2. Article Number

(Transfer from service label)

7002 2410 0001 0107 6908

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *Sue Straughn*

- Agent
- Addressee

B. Received by (Printed Name)

Sue Straughn

C. Date of Delivery

9-15-03

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

3. Service Type

- Certified Mail
- Registered
- Insured Mail
- Express Mail
- Return Receipt for Merchandise
- C.O.D.

4. Restricted Delivery? (Extra Fee)

- Yes

LEEDE OPERATING COMPANY, L.L.C.

September 3, 2003

Via Certified Mail – Return Receipt Requested

Robert W. Stotler
301 Sheridan Rd.
Wynnetka, IL 60093

Re: Schubert "7" #1 Well
NW/SE-7-T19S R39E
Lea County, New Mexico
Foster Prospect

Gentlemen:

Leede Operating Company, L.L.C. hereby proposes the drilling of the Schubert "7" #1 well to be located in the NW/SE of Section 7, Township 19 South, Range 39 East, Lea County, New Mexico. The well will be drilled to a total depth of 8,000' or a depth sufficient to test the Abo and Drinkard formations, whichever is lesser, and any other formations Leede may encounter and deem prospective.

Leede plans to commence these operations in the next 60 to 90 days. According to the official public records in Lea County, New Mexico it appears that you own an undivided 1/1,152 mineral interest in the captioned lands or that you own approximately 0.0347 net mineral acres. The dry hole cost of drilling said well to the objective depth will be approximately \$352,694. A completed well will cost approximately \$541,218.

Inasmuch as you own 0.0347 net mineral acres your share of the dry hole cost will be \$317.43 and your share of the completed well cost would be \$487.10. We have enclosed a copy of our Authority for Expenditure (AFE) for your review and execution.

Please return the executed AFE in the self-addressed, metered envelope provided for your convenience along with your check for the estimated dry hole costs in the amount of \$317.43.

In the event that you do not desire to participate in the drilling of the subject well, please contact the undersigned at the letterhead address or 1-800-351-1451 to discuss your options.

We look forward to hearing from you.

Very truly yours,



Rusty Brusenhan
Land Manager

Letters\Stotler(090303)

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Robert W. Stotler
 301 Sheridan Rd.
 Wyncnetka, IL 60093

RE: Schubert "7" #1

2. Article Number
(Transfer from service label)

7002 2410 0001 0107 6892

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Addressee

B. Received by (Printed Name) C. Date of Delivery

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

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

4. Restricted Delivery? (Extra Fee) Yes

LEEDE OPERATING COMPANY, L.L.C.

August 4, 2003

Via Certified Mail -- Return Receipt Requested

Sara Francis Stovall
3800 Minot
Ft. Worth, TX 76133

Re: Offer to Acquire Oil and Gas Lease
T19S R39E NMPM
Section 7: E/2
Lea County, New Mexico

Dear Ms. Stovall,

As a follow-up to our recent telephone conversation and as you are aware, Sara Francis Stovall, dealing in her sole and separate property, owns $\frac{1}{2}$ of 11.638% of $\frac{1}{32}$ mineral interest in the captioned lands.

Leede respectfully requests that you execute an Oil and Gas Lease covering the captioned lands for a primary term of three (3) years for a bonus consideration of \$150 per net acre. The total bonus consideration to be paid to you will be \$43.65 (calculated as \$150 per net acre x 0.291 net acres = \$43.65). The royalty will be $\frac{3}{16}$ ths.

If the foregoing is acceptable, please execute the enclosed Oil and Gas Lease in the presence of a notary public and return it to my attention in the self-addressed, metered envelope provided for your convenience. Upon receipt of a fully executed Oil and Gas Lease, Leede will promptly forward you a check for the total amount of bonus consideration due.

If you have any questions or concerns please do not hesitate to call me at (800) 351-1454. Your continued support and cooperation is greatly appreciated.

Very truly yours,



Rusty Brusenhan
Land Manager

RB\bjc
Letters\ Stovall (080303)

CERTIFIED MAIL™

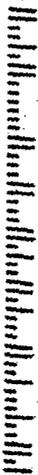
LEEDE OPERATING

2100 PLAZA TOWER ONE
6400 SOUTH FIDDLER'S GREEN CIRCLE
ENGLEWOOD, COLORADO 80111

1000 0100 0000 0000 0000

NOV 22 10 20 2003
Sara Frazee Stovall
3800 Mindel
Ft. Worth, TX 76133

80111/9367
76133+2944 18



VER. CD. P

ENGLEWOOD
CO 80111
\$4.650 METER
U.S. POSTAGE
NOV 05 03 5838307

RECEIVED
AUG 12 2003
BY

#1

LEEDE OPERATING COMPANY, L.L.C.

August 4, 2003

Via Certified Mail -- Return Receipt Requested

Howard Payne
c/o Bruce Payne
1 Dearborn Square, Suite 600
Kankakee, IL 60901

Re: Offer to Acquire Oil and Gas Lease
T19S R39E NMPM
Section 7: E/2
Lea County, New Mexico

Dear Mr. Payne,

As you are aware, Howard Payne, dealing in his sole and separate property, individually and as a successor-in-interest to the Myron Stotler Estate Trust owns a 1/768 mineral interest in the captioned lands.

Leede respectfully requests that you execute an Oil and Gas Lease covering the captioned lands for a primary term of three (3) years for a bonus consideration of \$150 per net acre. The total bonus consideration to be paid to you will be \$62.51 (calculated as \$150 per net acre x 0.4167 net acres = \$62.51). The royalty will be 3/16ths.

If the foregoing is acceptable, please execute the enclosed Oil and Gas Lease in the presence of a notary public and return it to my attention in the self-addressed, metered envelope provided for your convenience. Upon receipt of a fully executed Oil and Gas Lease, Leede will promptly forward you a check for the total amount of bonus consideration due.

If you have any questions or concerns please do not hesitate to call me at (800) 351-1454. Your support and cooperation is greatly appreciated.

Very truly yours,



Rusty Brusenhan
Land Manager

RB\bjc
Letters Payne (080303)

LEEDE OPERATING

2100 PLAZA TOWER ONE
6400 SOUTH FIDDLER'S GREEN CIRCLE
ENGLEWOOD, COLORADO 80111

RUUE 24JD 0001 0107 6847

VER, CD.

REC'D 18:23 DENVER CO
CD 80111

U.S. POSTAGE
METER
\$0.600
AUG 05 05 3838307

RECEIVED
AUG 1 1993

Howard Payne
c/o Bruce Payne
1 Dearborn Square, Suite 600
Kankakee, IL

REFUSED
8/12/93
8/12/93

NOT DELIVERABLE
AS ADDRESSED,
UNABLE TO FORWARD

LEEDE OPERATING COMPANY, L.L.C.

December 8, 2003

Via Certified Mail -- Return Receipt Requested

Peoples State Bank of Bloomington, Illinois
Attn: Trust Department
1 Brickyard Drive, Suite 301
Bloomington, IL 61701

Re: Offer to Lease
Clara Stotler individually, and Clara Stotler
and Peoples State Bank of Bloomington,
Illinois, as Trustees
E/2-7-T19S R39E, NMPM
Lea County, New Mexico

Gentlemen:

Leede Operating Company, L.L.C. has conducted a title examination of the public records in Lea County, New Mexico and determined that Clara Stotler, individually and Clara Stotler and Peoples State Bank of Bloomington, Illinois, as Trustees, own an undivided 1/128 mineral interest in the captioned lands.

Leede hereby offers to lease said mineral interest for oil and gas under the following general terms:

- Bonus Consideration: \$150 per net acre
- Landowner's royalty: 3/16
- Primary Term: 5 year, Paid up

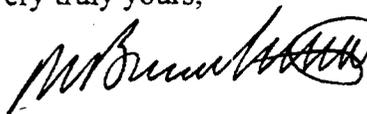
Enclosed is an Oil and Gas Lease which Leede respectfully requests that you execute in the presence of a notary public and return to Leede in the enclosed metered, self-addressed envelope provided for your convenience.

Upon receipt of a fully execution original Oil and Gas Lease, Leede will forward you a check in the amount of \$375.00 being 1/128 x 320 acres x \$150 per net acre.

Please be certain to include your tax identification numbers in the return envelope.

If you have any questions or concerns, please advise.

Very truly yours,



Rusty Brusenhan
Land Manager

7003 1010 0002 2048 9469 E000 0101 E002

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

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OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

Postmark
Here

Peoples State Bank of Bloomington, Illinois
 Attn: Trust Department
 or Parkway Drive, Suite 301
 Bloomington, IL 61701

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 8th day of December, 2003, between Clara Stotler, individually and Clara Stotler and Peoples State Bank of Bloomington, Illinois, as Trustees, whose address is 1 Brickyard Drive, Suite 301, Bloomington, IL 61701, herein called Lessor (whether one or more), and Leede Operating Company, L.L.C., Lessee, whose address is 2100 Plaza Tower One, 6400 S. Fiddler's Green Circle, Englewood, CO 80111:

1. Lessor, in consideration of Ten and more Dollars (\$10.00+) 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 purpose of investigating, exploring by geophysical and other means, prospecting, drilling, mining and operating for and producing oil, gas and all other minerals, injecting gas, water, other fluids, and air into subsurface strata, establishing and utilizing facilities for surface and subsurface disposal of salt water, constructing roads, laying pipe lines, storing oil, building tanks, power stations and lines, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land in Lea County, New Mexico, to wit:

Township 19 South, Range 39 East, N.M.P.M.
Section 7: E/2

This lease covers all of the land described above, and in addition thereto, it covers and there is hereby leased, let and demised to the same extent as if they were described herein specifically, all lands owned or claimed by Lessor adjacent, contiguous to, or a part of the tract or tracts specifically described above, whether such additional lands be owned or claimed by deed, limitation or otherwise, and whether the same be inside or outside the metes and bounds description and whether the same be held under fence by Lessor or not and whether such additional lands be in the named survey or other survey or surveys. This is a lease in gross and not by the acre and the bonus money paid shall be effective to cover all such land irrespective of the number of acres contained therein, and the lands included within the terms of this lease are estimated to comprise 320.0 acres, whether they actually comprise more or less.

2. Without reference to the commencement, prosecution or cessation at any time of drilling or other development operations, or to the discovery, development or cessation at any time of production of oil, gas or other minerals, and notwithstanding anything else herein contained to the contrary, this lease shall be for a term of five (5) years from this date (called "primary term") and as long thereafter as oil, gas or other minerals are produced from said land, or land with which said land is pooled hereunder, or as long as this lease is continued in effect as otherwise herein provided.

3. The royalties to be paid by Lessee are: (a) on oil, and on other liquid hydrocarbons saved at the well, 3/16 of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipelines to which the wells may be connected; Lessor's interest in either case shall bear its proportion of any expenses for treating oil to make it marketable as crude; (b) on gas, including casinghead gas and all gaseous substances, produced from said land and sold or used off the premises or in the manufacture of gasoline or other product therefrom, the market value at the mouth of the well of 3/16 of the gas so sold or used, provided that on gas sold at the wells the royalty shall be 3/16 of the amount realized from such sale; (c) on all other minerals mined and marketed, 3/16, either in kind or value at the well or mine, at Lessee's election, except that on sulphur the royalty shall be one dollar (\$1.00) per long ton; and (d) at any time and from time to time either at or after the expiration of the primary term of this lease, if there is a gas well or wells on said land or lands pooled therewith (and for the purposes of this clause (d) the term "gas well" shall include wells capable of producing natural gas, condensate, distillate, or any gaseous substance and wells classified as gas wells by any governmental authority) and such well or wells are or have been shut-in before or after production therefrom, it shall be deemed that said well or wells are producing gas within the meaning of paragraph numbered 2 of this lease and this lease shall not terminate. In such event, Lessee covenants and agrees to pay as royalty shut-in gas royalty in the amount of Three hundred twenty and no/100ths Dollars (\$320.00) per annum as long as such well or wells are shut-in and this lease is not maintained in force or effect by other provisions hereof. Such shut-in royalty shall be paid direct to Lessor at the address above. Lessee shall not be held in default until thirty (30) days after Lessor shall deliver to Lessee a recordable instrument making provision for another method of payment or tender. Any depository charge is a liability of the Lessor. Any payment or tender of shut-in royalty made under the terms of this lease may be made by check or draft of Lessee mailed or delivered to Lessor. In the event Lessee is obligated to pay the shut-in royalty above indicated, the first payment of such shut-in royalty shall be due and payable on or before ninety (90) days following the date on which the well is shut-in, or if shut-in during the primary term then on or before ninety (90) days following the expiration of the primary term, and subsequent payments, if required under the terms of this paragraph shall be due and payable annually on or before the anniversary of the date of the original payment. It is specifically provided that this is a paid-up lease during the term set out above as "primary term" and there shall be no obligation or liability on the Lessee to make any shut-in royalty payment or other payment during said primary term, and without any such payment this lease shall remain in full force and effect during said primary term. The obligation to pay the shut-in royalty provided for above, shall be a covenant running with the land and, under no conditions, shall the failure to comply with such obligation serve or be used to terminate this lease or to work a forfeiture.

4. If at the expiration of the primary term of this lease oil, gas and other minerals are not being produced from the leased premises or land pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon, this lease shall remain in force so long as drilling or reworking operations are prosecuted (whether on the same or different wells) with no cessation of more than sixty (60) consecutive days, and if they result in production, so long thereafter as oil, gas or other minerals are produced from said land or land pooled therewith. If production of oil, gas or other minerals on said land or land pooled therewith should cease from any cause after the primary term, this lease nevertheless shall continue in force and effect as long as additional drilling operations or reworking operations are conducted on this lease, or on acreage pooled therewith, which additional operations shall be deemed to be had when not more than sixty (60) days elapse between the abandonment of operations on one well and the commencement of operations on another well, and if production is obtained this lease shall continue as long thereafter as oil, gas or other mineral is produced from said land or land pooled therewith, and as long thereafter as additional operations, either drilling or reworking, are had thereon. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within three hundred thirty (330) feet of and draining the leased premises, Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances. The judgment of the Lessee when not fraudulently exercised, in carrying out the purpose of this lease shall be conclusive.

5. Lessee, its successors and assigns, at its option, at any time and from time to time, and without Lessor's joinder or further consent, is hereby given the right and power to pool the land or any interests covered by this lease, or any portion thereof, as to oil, gas, condensate or distillate, or any of them, or either of them, with any other land, interests, lease or leases, or any of them, adjacent, adjoining or located in the immediate vicinity of these lands, when in Lessee's judgment it is necessary or advisable to do so in order to efficiently develop or operate said premises in compliance with the spacing rules of the appropriate governmental authority or other lawful authority or when to do so, would, in the judgment of the Lessee, promote the conservation of oil and gas on said premises, such pooling to be into a well unit or units not exceeding forty (40) acres plus an acreage tolerance of ten percent (10%) of forty (40) acres for oil, and not exceeding six hundred forty (640) acres plus an acreage tolerance of ten percent (10%) of six hundred forty (640) acres for gas, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, units may be created or enlarged to conform substantially in size with those prescribed by governmental regulations. Lessee may pool the acreage or interests above described, or any portion thereof, as above provided, as to oil or gas in any one or more strata, and units so formed need not conform in size or area with the units or unit into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool the land above described, or any portion thereof, into other units. Lessee shall execute in writing and file for record in the county or counties where the land is situated an instrument designating and describing the pooled acreage, which pooling and designation may be accomplished either before or after a well or wells are drilled or completed on the unit. The entire acreage so pooled into a unit shall be treated for all purposes, except the payment of royalties, overriding royalties or payments out of production, as if it were included in this lease; and drilling or reworking operations thereon, production of oil or gas, condensate or distillate therefrom, cessation of production thereon, or the existence thereon of a shut-in gas well, shall be considered for all purposes, except the payment of royalties, as if such operations were conducted, or such production or cessation of production, or existence of a shut-in gas well were on the land above described whether or not the well or well be located on the said lands. In lieu of the royalties, overriding royalties or payments out of production, if any, elsewhere herein specified, Lessor shall receive from a unit so formed only such portion of the royalty, overriding royalty or payment out of production, if any, stipulated herein as the amount of the acreage (surface acres) above described which is placed in the unit bears to the total acreage (surface acres) so pooled in the particular unit involved. Shut-in gas royalties with respect to unit shut-in gas wells shall be payable in accordance with the provisions and in the amount set forth in this Lease. Should any unit as created hereunder contain less than the maximum number of acres hereinabove specified or allowed, then Lessee may at any time thereafter, whether before or after the production is obtained on the unit, enlarge such unit by adding additional acreage thereto, but the enlarged unit shall in no event exceed the acreage content hereinabove specified or allowed. In the event an existing unit is so enlarged, Lessee shall execute and file for record in the county or counties in which the land is situated a

supplemental designation and description of the land added to the existing unit; provided, that if such supplemental designation and description is not filed until production is obtained on the unit as originally created, then, and in such event the supplemental designation and description shall not become effective until the first day of the calendar month next following the filing thereof. In the event the well or wells drilled on any unit shall fail to produce oil or gas, or in the event the production from any such well or wells shall cease, Lessee may terminate any unitized area created hereunder by filing for record in the county or counties where the land is situated proper instruments evidencing such termination.

6. 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, including, but not limited to, repressuring, pressure maintenance, cycling, and secondary recovery operations, and the royalty on oil and gas 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. No well shall be drilled within two hundred (200) feet of any residence or barn now on said land without Lessor's consent.

7. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors and assigns of the parties hereto, but no change or division in ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee or impair the effectiveness of any payment theretofore made by Lessee. No such change or division in the ownership of the land or royalties shall impair the effectiveness of any payment theretofore made by Lessee or be binding upon Lessee for any purpose (and irrespective of whether Lessee has either actual or constructive knowledge thereof) until sixty (60) days after such person acquiring any interest has furnished Lessee with the instrument or instruments, or certified copies thereof, constituting his chain of title from the original Lessor.

8. Lessee shall not be liable for delays or defaults in its performance of any agreement or covenant hereunder due to force majeure. The term "force majeure" as employed herein shall mean: any act of God including, but not limited to storms, floods, washouts, landslides and lightning; acts of the public enemy; wars, blockades, insurrection or riots; strikes or lockouts; epidemics or quarantine regulations; laws, acts, orders or requests of federal, state, municipal or other governments or other governmental officers, or agents under color of authority; freight embargoes or failures; exhaustion or unavailability or delays in delivery of any product, labor, service or material. If Lessee is required, ordered or directed by a federal, state or municipal law, executive order, rule, regulation or request enacted or promulgated under color of authority to cease drilling operations, reworking operations or producing operations on the land covered by this lease or if Lessee by force majeure is prevented from conducting drilling operations, reworking operations, or producing operations, then until such time as such law, order, rule, regulation, request or force majeure is terminated and for a period of ninety (90) days after such termination each and every provision of this lease that might operate to terminate it or the estate conveyed by it shall be suspended and inoperative and this lease shall continue in full force. If any period of suspension occurs during the primary term, the time thereof shall be added to such term.

9. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee, at its option, may discharge any tax, mortgage, other lien upon said land, and in the event Lessee does so, it shall be subrogated to such lien with the right to enforce the same and apply royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty in the event of failure of title in whole or in part, it is agreed that if Lessor does not own, or have the right to lease, the entire mineral estate herein purported to be leased in the land above described, then the royalties and any other sums payable hereunder shall be reduced proportionately. Should any party named above as Lessor fail to execute this lease, or should any party execute the lease who is not named as a Lessor, it shall nevertheless be binding upon the party or parties executing the same.

10. Lessee, its successors and assigns, shall have the right at any time to surrender this lease in whole or in part to Lessor or his heirs 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 the acreage so surrendered.

In witness whereof, this instrument is executed the day and year first above written.

CLARA STOTLER, INDIVIDUALLY AND CLARA STOTLER AND PEOPLES STATE BANK OF BLOOMINGTON, ILLINOIS, AS TRUSTEES

PEOPLES STATE BANK OF BLOOMINGTON, ILLINOIS, as Trustee

Clara Stotler, individually and as Trustee

By: _____
Name: _____
Title: _____

STATE OF ILLINOIS)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2003, by Clara Stotler, individually and as Trustee, known to me to be the person described in and who executed the foregoing instrument and in the capacity herein stated.

Given under my hand and seal of office this _____ day of _____, 2003.

Notary Public in and for the State of Illinois
Print Name: _____
My Commission Expires: _____

STATE OF ILLINOIS)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2003, by _____, a _____ of Peoples State Bank of Bloomington, Illinois, a _____ corporation, as Trustee, known to me to be the person described in and who executed the foregoing instrument and in the capacity herein stated.

Given under my hand and seal of office this _____ day of _____, 2003.

Notary Public in and for the State of Illinois
Print Name: _____
My Commission Expires: _____