

Richardson Operating Co.
1700 Lincoln, Suite 1700
Denver, Co 80203
atten: Cathy

Dear Cathy,
After discussing the matter with our brothers and sisters we have reached the conclusion that since our father would not sell or lease his mineral rights we will not do so either.
Thank you.

Sincerely,

Evelyn Tyler
Joan Pitchford

3-20-96

Telephone conversation with Mrs. Evelyn Tyler. When the entire family decided not to lease, the decision was for property owned by:

Clarence Everett Hodgson Estate

T. Roe and G. Roe, h&w

Lois P. Hodgson

B. Tyler

F. Dickens & E. Dickens, h&w

Roy Pitchford

Don Hodgson

Steve Hodgson and Richard Hodgson

see enclosure 2



RICHARDSON OPERATING COMPANY

1700 Lincoln, Suite 1700
Denver, Colorado 80203 (303) 830-8000
FAX (303) 830-8009

January 19, 1996 *resent Feb 6, 1996*

Mrs. Evelyn T. Tyler
Clarence Everett Hodgson Estate
1018 Murray Drive
Farmington, NM 87401-7232

(505) 325-6138

Re: Request for Oil and Gas Lease
E/2-Section 15-T29N-R13W
San Juan County, New Mexico

Dear Mrs. Tyler:

A recent check of the county records indicates the Clarence Everett Hodgson Estate owns mineral rights in the following described lands that are not currently subject to an oil and gas lease:

Township 29 North, Range 13 West, NMPM
Section 15: Certain tracts of land within the E/2
Surface to base of Pictured Cliffs formation
Containing 1.7539 acres, more or less

Richardson Production Company offers to take an oil and gas lease that provides for a three year primary term with bonus consideration based on \$50.00 per net acre for the 1.7539 net mineral acres. The lease would also provide for a 15% royalty in the case of production. Attached is a copy of our proposed oil and gas lease form.

If you accept the above terms and conditions, please so indicate by signing below and returning one copy of this letter to me at your earliest convenience.

Thank you for your consideration in this matter. If you have any questions, do not hesitate to call me collect at (303) 830-8000.

Sincerely,

RICHARDSON PRODUCTION COMPANY

Cathleen Colby
Cathleen Colby
Land Manager

AGREED TO and ACCEPTED this _____ day of _____, 1996.

CLARENCE EVERETT HODGSON ESTATE

Evelyn Torine Tyler
Co-Personal Representative

Joan Anna Pitchford
Co-Personal Representative



RICHARDSON OPERATING COMPANY

1700 Lincoln, Suite 1700
Denver, Colorado 80203 (303) 830-8000
FAX (303) 830-8009

February 27, 1996

Mrs. Evelyn T. Tyler
Clarence Everett Hodgson Estate
1018 Murray Drive
Farmington, New Mexico 87401-7232

Certified Mail P 296 557 452

Re: West Gallegos Prospect
ROPCO 15-1 GW (A) PC, (B) FC Well
ROPCO 15-2 GW PC Well
E/2-Section 15-T29N-R13W
San Juan County, New Mexico

Dear Mrs. Tyler:

Richardson Operating Company proposes the drilling of two wells to a depth sufficient to adequately test the Pictured Cliffs and Fruitland Coal formations, anticipated total depth being 1,500 feet. The wells will be located as follows:

ROPCO 15-2 GW PC Well	SW/4SE/4-Section 15-T29N-R13W
ROPCO 15-1 GW (A) PC, (B) FC Well	SE/4NE/4-Section 15-T29N-R13W

either at standard or exception locations. The SE/4 of Section 15, Township 29 North, Range 13 West, NMPM will be dedicated as the proration unit for the Pictured Cliffs formation in the ROPCO 15-2 GW PC Well. The E/2 of said Section 15 will be dedicated as the proration unit for the Fruitland Coal formation in the ROPCO 15-1 GW (A) PC, (B) FC Well. Your mineral interest will be pooled as to the Pictured Cliffs formation in the ROPCO 15-2 GW PC Well, and as to the Fruitland Coal formation in the ROPCO 15-1 GW (A) PC, (B) FC Well.

Our AFE's dated February 27, 1996 are enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling, testing and completion (either as a producing well or plugging and abandonment in the event of a dry hole) in either one or both wells, please return the applicable executed AFE's to the undersigned by March 19, 1996.

Upon receipt of your executed AFE's, or by prior written request, we will forward our Joint Operating Agreement for your review and execution.

P 296 557 452



Receipt for Certified Mail

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to <u>Mrs. Evelyn T. Tyler</u> <u>Clarence Everett Hodgson Estate</u>	
Street and No. <u>1018 Murray Drive</u>	
P.O., State and ZIP Code <u>Farmington, NM 87401</u>	
Postage	\$.55
Certified Fee	1.10
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.10
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$ 2.75
Postmark or Date	

PS Form 3800, June 1991



CERTIFIED

P 296 557 452

MAIL

Mrs. Evelyn T. Tyler
Clarence Everett Hodgson Estate
1018 Murray Drive
Farmington, NM 87401

Handwritten notes:
66/3-20
3-21/9-20

RICHARDSON OPERATING COMPANY

1700 Lincoln, Suite 1700
Denver, Colorado 80203



Richardson Operating Company

Clarence Everett Hodgson Estate
February 27, 1996
Page 2

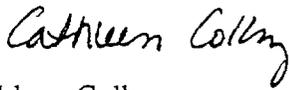
In the event you do not wish to participate, Richardson respectfully requests you elect one of the following options as to your interest insofar as it covers from the surface of the earth to the base of the Pictured Cliffs formation. Your Dakota rights would not be affected by any of the following elections:

1. Enter into a no occupancy oil and gas lease that provides for a three year primary term with bonus consideration based on \$50.00 per net acre and a 15% royalty in the case of production, surface to base of Pictured Cliffs formation
2. Sell all of your mineral interest for \$200.00 per net acre, surface to base of Pictured Cliffs formation.
3. Enter into a farmout agreement covering your interest, giving Richardson 180 days in which to drill a well, reserving a proportionate nonconvertible overriding royalty interest equal to the difference between existing burdens and 15%, surface to base of Pictured Cliffs formation.

Your response is respectfully requested by 5 PM MST, March 19, 1996.

Should you have any questions, please do not hesitate to call.

RICHARDSON OPERATING COMPANY



Cathleen Colby
Land Manager

**RICHARDSON OPERATING COMPANY
AUTHORITY FOR EXPEDITURES**

Well Name: ROPCO 15-2 GW PC SECTION 15 SE/4
Location: T29N R13W
Proposed Depth: 1500'

Date: 2/27/96
Objective Formation: Pictured Cliffs

I. Drilling Costs (Included Run Casing)

Survey and Permits	-----
Title Opinion & Land Costs	-----
Damages	-----
Drilling (incl. water and mud) 1500' @ 12.00/ft.	-----
BOP Rental	-----
Dirt Work	-----
Pit Lining	-----
Surface Casing 200' @ 6.00/ft.	-----
Casing Head	-----
Cement Surface	-----
Power Tongs	-----
Casing 1500' @ 5.00/ft.	-----
Trucking	-----
Logs	-----
Engineering	-----
Cement Longstring	-----
Total Cost to Run Casing	-----
5.9375% Farmington, NM Tax	-----
10% Contingency	-----
Grand Total to Run Casing	-----

II. Completion Costs

Rig Anchors	-----
Logs	-----
Perf	-----
Wellhead & Fittings	-----
Tubing 1500' @ 1.50/ft.	-----
Stimulation	-----
Tool Rental	-----
Trucking	-----
Battery Installation	-----
Restore Location	-----
Engineering	-----
Treater	-----
Flowline	-----
Tank & Fittings	-----
Gravel	-----
Workover Rig	-----
Completion Fluids	-----
El Paso Hookup	-----
Division Order	-----
Frac Tank Rental	-----
Flowback	-----
Fence Location	-----
Total Completion Costs	-----
5.9375% Farmington, NM Tax	-----
10% Contingency	-----
Drilling Costs	-----
Grand Total Well Costs	-----

	Tangible	Intangible	Total	Actual
		1,500		
		7,500		
		1,500		
		18,000		
		750		
		3,000		
		1,500		
	1,200			
	750			
		1,500		
		1,000		
	7,500			
		2,000		
		4,000		
		2,500		
		4,000		
	9,450	48,750	58,200	
			3,456	
			6,166	
			67,821	
		600		
		3,500		
		2,000		
	5,000			
	2,250			
		24,000		
		2,000		
		3,000		
		4,000		
		1,500		
		6,500		
	5,000			
	5,000			
	5,000			
		2,000		
		7,500		
		1,000		
		13,000		
		2,500		
		1,000		
		2,000		
	2,000			
	24,250	76,100	100,350	
			5,958	
			10,631	
			67,821	
			184,760	

1.0962% CLARENCE EVERETT HODGSON EST	DATE _____	APPROVED _____	WI Share of Costs	\$2,025
	DATE _____	APPROVED _____		
98.9038% RICHARDSON OPERATING CO ET AL	DATE _____	APPROVED _____		\$182,735
			Total	\$184,760

**RICHARDSON OPERATING COMPANY
AUTHORITY FOR EXPEDITURES**

Well Name: ROPCO 15-1 (A) PC, (B) FC SECTION 15 PC NE/4, FC E/2

Location: T29N R13W

Date: 2/27/96

Proposed Depth: 1400' Fruitland Coal
1500' Pictured Cliffs

Objective Formation: Commingled Pictured Cliffs
and Fruitland Coal

I. Drilling Costs (Included Run Casing)

Survey and Permits -----
Title Opinion & Land Costs-----
Damages-----
* Drilling (incl. water and mud) 1500' @ 12.00/ft.---
BOP Rental-----
Dirt Work-----
Pit Lining-----
Surface Casing 200' @ 6.00/ft.-----
Casing Head-----
Cement Surface-----
Power Tongs-----
Casing 1500' @ 5.00/ft.-----
Trucking-----
Logs-----
Engineering-----
Cement Longstring-----
Total Cost to Run Casing-----
5.9375% Farmington, NM Tax
10% Contingency-----
Grand Total to Run Casing-----

	Tangible	Intangible	Total	Fruitland Coal	Pictured Cliffs
Survey and Permits		1,500		750	750
Title Opinion & Land Costs		7,500		3,750	3,750
Damages		1,500		750	750
* Drilling (incl. water and mud) 1500' @ 12.00/ft.		18,000		8,400	9,600
BOP Rental		750		375	375
Dirt Work		3,000		1,500	1,500
Pit Lining		1,500		750	750
Surface Casing 200' @ 6.00/ft.	1,200			600	600
Casing Head	750			375	375
Cement Surface		1,500		750	750
Power Tongs		1,000		500	500
Casing 1500' @ 5.00/ft.	7,500			3,500	4,000
Trucking		2,000		1,000	1,000
Logs		4,000		2,000	2,000
Engineering		2,500		1,250	1,250
Cement Longstring		4,000		1,867	2,133
Total Cost to Run Casing	9,450	48,750	58,200	28,117	30,083
5.9375% Farmington, NM Tax			3,456	1,669	1,786
10% Contingency			6,166	2,979	3,187
Grand Total to Run Casing			67,821	32,765	35,056

II. Completion Costs

Rig Anchors-----
Logs-----
Perf-----
Wellhead & Fittings-----
Tubing 1500' @ 1.50/ft.-----
Stimulation-----
Tool Rental-----
Trucking-----
Battery Installation-----
Restore Location-----
Engineering-----
Treater-----
Flowline-----
Tank & Fittings-----
Gravel-----
Workover Rig-----
Completion Fluids-----
El Paso Hookup-----
Division Order-----
Frac Tank Rental-----
Flowback-----
Fence Location-----
Total Completion Costs-----
5.9375% Farmington, NM Tax
10% Contingency-----
Drilling Costs-----
Grand Total Well Costs

Rig Anchors		600		300	300
Logs		3,500		1,750	1,750
Perf		4,000		2,000	2,000
Wellhead & Fittings	5,000			2,500	2,500
Tubing 1500' @ 1.50/ft.	2,250			1,050	1,200
Stimulation		48,000		24,000	24,000
Tool Rental		2,000		1,000	1,000
Trucking		3,000		1,500	1,500
Battery Installation		4,000		2,000	2,000
Restore Location		1,500		750	750
Engineering		6,500		3,250	3,250
Treater	5,000			2,500	2,500
Flowline	5,000			2,500	2,500
Tank & Fittings	5,000			2,500	2,500
Gravel		2,000		1,000	1,000
Workover Rig		15,000		7,500	7,500
Completion Fluids		2,000		1,000	1,000
El Paso Hookup		13,000		6,500	6,500
Division Order		2,500		1,250	1,250
Frac Tank Rental		1,000		500	500
Flowback		2,000		1,000	1,000
Fence Location	2,000			1,000	1,000
Total Completion Costs	24,250	110,600	134,850	67,350	67,500
5.9375% Farmington, NM Tax			8,007	3,999	4,008
10% Contingency			14,286	7,135	7,151
Drilling Costs			67,821	32,765	35,056
Grand Total Well Costs			224,964	111,249	113,715

WI Share of Costs

FRUITLAND COAL

0.5481% CLARENCE EVERETT HODGSON EST DATE _____
CLARENCE EVERETT HODGSON EST DATE _____
99.4519% RICHARDSON OPERATING CO. ET AL DATE _____

APPROVED _____
APPROVED _____
APPROVED _____

\$610
\$110,639

PICTURED CLIFFS

100.0000% RICHARDSON OPERATING CO. ET AL DATE _____

APPROVED _____

\$113,715



RICHARDSON OPERATING COMPANY

1700 Lincoln, Suite 1700
Denver, Colorado 80203 (303) 830-8000
FAX (303) 830-8009

January 19, 1996

Mr. Don Hodgson
1018 E. Murray Drive
Farmington, NM 87401-7232

1505) 305-2009 left message

Re: Request for Oil and Gas Lease
E/2-Section 15-T29N-R13W
San Juan County, New Mexico

Dear Mr. Hodgson:

A recent check of the county records indicates you own mineral rights in the following described lands that are not currently subject to an oil and gas lease:

Township 29 North, Range 13 West, NMPM
Section 15: Certain tracts of land within the E/2
Surface to base of Pictured Cliffs formation
Containing 0.2406 acres, more or less

Richardson Production Company offers to take an oil and gas lease that provides for a three year primary term with bonus consideration based on \$50.00 per net acre for your 0.2406 net mineral acres. The lease would also provide for a 15% royalty in the case of production. Attached is a copy of our proposed oil and gas lease form.

If you accept the above terms and conditions, please so indicate by signing below and returning one copy of this letter to me at your earliest convenience.

Thank you for your consideration in this matter. If you have any questions, do not hesitate to call me collect at (303) 830-8000.

Sincerely,

RICHARDSON PRODUCTION COMPANY

Cathleen Colby
Land Manager

AGREED TO and ACCEPTED this _____ day of _____, 1996.

Don Hodgson



RICHARDSON OPERATING COMPANY

1700 Lincoln, Suite 1700
Denver, Colorado 80203 (303) 830-8000
FAX (303) 830-8009

February 27, 1996

Mr. Don Hodgson
1018 E. Murray Drive
Farmington, NM 87401-7232

Certified Mail P 296 557 444

Re: West Gallegos Prospect
ROPCO 15-1 GW (A) PC, (B) FC Well
ROPCO 15-2 GW PC Well
E/2-Section 15-T29N-R13W
San Juan County, New Mexico

Dear Mr. Hodgson:

Richardson Operating Company proposes the drilling of two wells to a depth sufficient to adequately test the Pictured Cliffs and Fruitland Coal formations, anticipated total depth being 1,500 feet. The wells will be located as follows:

ROPCO 15-2 GW PC Well	SW/4SE/4-Section 15-T29N-R13W
ROPCO 15-1 GW (A) PC, (B) FC Well	SE/4NE/4-Section 15-T29N-R13W

either at standard or exception locations. The SE/4 of Section 15, Township 29 North, Range 13 West, NMPM will be dedicated as the proration unit for the Pictured Cliffs formation in the ROPCO 15-2 GW PC Well. The E/2 of said Section 15 will be dedicated as the proration unit for the Fruitland Coal formation in the ROPCO 15-1 GW (A) PC, (B) FC Well. Your mineral interest will be pooled as to the Pictured Cliffs formation in the ROPCO 15-2 GW PC Well, and as to the Fruitland Coal formation in the ROPCO 15-1 GW (A) PC, (B) FC Well.

Our AFE's dated February 27, 1996 are enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling, testing and completion (either as a producing well or plugging and abandonment in the event of a dry hole) in either one or both wells, please return the applicable executed AFE's to the undersigned by March 19, 1996.

Upon receipt of your executed AFE's, or by prior written request, we will forward our Joint Operating Agreement for your review and execution.

Mr. Don Hodgson
February 27, 1996
Page 2

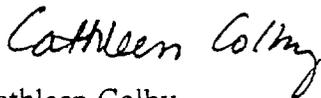
In the event you do not wish to participate, Richardson respectfully requests you elect one of the following options as to your interest insofar as it covers from the surface of the earth to the base of the Pictured Cliffs formation. Your Dakota rights would not be affected by any of the following elections:

1. Enter into a no occupancy oil and gas lease that provides for a three year primary term with bonus consideration based on \$50.00 per net acre and a 15% royalty in the case of production, surface to base of Pictured Cliffs formation
2. Sell all of your mineral interest for \$200.00 per net acre, surface to base of Pictured Cliffs formation.
3. Enter into a farmout agreement covering your interest, giving Richardson 180 days in which to drill a well, reserving a proportionate nonconvertible overriding royalty interest equal to the difference between existing burdens and 15%, surface to base of Pictured Cliffs formation.

Your response is respectfully requested by 5 PM MST, March 19, 1996.

Should you have any questions, please do not hesitate to call.

RICHARDSON OPERATING COMPANY



Cathleen Colby
Land Manager

**RICHARDSON OPERATING COMPANY
AUTHORITY FOR EXPEDITURES**

Well Name: ROPCO 15-1 (A) PC, (B) FC SECTION 15 PC NE/4, FC E/2
 Location: T29N R13W
 Proposed Depth: 1400' Fruitland Coal
 1500' Pictured Cliffs

Date: 2/27/96
 Objective Formation: Commingled Pictured Cliffs
 and Fruitland Coal

I. Drilling Costs (Included Run Casing)

Survey and Permits -----
 Title Opinion & Land Costs-----
 Damages-----
 * Drilling (incl. water and mud) 1500' @ 12.00/ft.---
 BOP Rental-----
 Dirt Work-----
 Pit Lining-----
 Surface Casing 200' @ 6.00/ft.-----
 Casing Head-----
 Cement Surface-----
 Power Tongs-----
 Casing 1500' @ 5.00/ft.-----
 Trucking-----
 Logs-----
 Engineering-----
 Cement Longstring-----
 Total Cost to Run Casing-----
 5.9375% Farmington, NM Tax
 10% Contingency-----
 Grand Total to Run Casing-----

	Tangible	Intangible	Total	Fruitland Coal	Pictured Cliffs
Survey and Permits		1,500		750	750
Title Opinion & Land Costs		7,500		3,750	3,750
Damages		1,500		750	750
* Drilling (incl. water and mud) 1500' @ 12.00/ft.		18,000		8,400	9,600
BOP Rental		750		375	375
Dirt Work		3,000		1,500	1,500
Pit Lining		1,500		750	750
Surface Casing 200' @ 6.00/ft.	1,200			600	600
Casing Head	750			375	375
Cement Surface		1,500		750	750
Power Tongs		1,000		500	500
Casing 1500' @ 5.00/ft.	7,500			3,500	4,000
Trucking		2,000		1,000	1,000
Logs		4,000		2,000	2,000
Engineering		2,500		1,250	1,250
Cement Longstring		4,000		1,867	2,133
Total Cost to Run Casing	9,450	48,750	58,200	28,117	30,083
5.9375% Farmington, NM Tax			3,456	1,669	1,786
10% Contingency			6,166	2,979	3,187
Grand Total to Run Casing			67,821	32,765	35,056

II. Completion Costs

Rig Anchors-----
 Logs-----
 Perf-----
 Wellhead & Fittings-----
 Tubing 1500' @ 1.50/ft.-----
 Stimulation-----
 Tool Rental-----
 Trucking-----
 Battery Installation-----
 Restore Location-----
 Engineering-----
 Treator-----
 Flowline-----
 Tank & Fittings-----
 Gravel-----
 Workover Rig-----
 Completion Fluids-----
 El Paso Hookup-----
 Division Order-----
 Frac Tank Rental-----
 Flowback-----
 Fence Location-----
 Total Completion Costs-----
 5.9375% Farmington, NM Tax
 10% Contingency-----
 Drilling Costs-----
 Grand Total Well Costs

Rig Anchors		600		300	300
Logs		3,500		1,750	1,750
Perf		4,000		2,000	2,000
Wellhead & Fittings	5,000			2,500	2,500
Tubing 1500' @ 1.50/ft.	2,250			1,050	1,200
Stimulation		48,000		24,000	24,000
Tool Rental		2,000		1,000	1,000
Trucking		3,000		1,500	1,500
Battery Installation		4,000		2,000	2,000
Restore Location		1,500		750	750
Engineering		6,500		3,250	3,250
Treator	5,000			2,500	2,500
Flowline	5,000			2,500	2,500
Tank & Fittings	5,000			2,500	2,500
Gravel		2,000		1,000	1,000
Workover Rig		15,000		7,500	7,500
Completion Fluids		2,000		1,000	1,000
El Paso Hookup		13,000		6,500	6,500
Division Order		2,500		1,250	1,250
Frac Tank Rental		1,000		500	500
Flowback		2,000		1,000	1,000
Fence Location	2,000			1,000	1,000
Total Completion Costs	24,250	110,600	134,850	67,350	67,500
5.9375% Farmington, NM Tax			8,007	3,999	4,008
10% Contingency			14,286	7,135	7,151
Drilling Costs			67,821	32,765	35,056
Grand Total Well Costs			224,964	111,249	113,715

WI Share of Costs

FRUITLAND COAL

0.0752% DON HODGSON

DATE _____

APPROVED _____

\$84

99.9248% RICHARDSON OPERATING CO. ET AL

DATE _____

APPROVED _____

\$111,165

PICTURED CLIFFS

100.0000% RICHARDSON OPERATING CO. ET AL

DATE _____

APPROVED _____

\$113,715

Total

\$224,964

**RICHARDSON OPERATING COMPANY
AUTHORITY FOR EXPEDITURES**

Well Name: ROPCO 15-2 GW PC SECTION 15 SE/4
Location: T29N R13W
Proposed Depth: 1500'

Date: 2/27/96
Objective Formation: Pictured Cliffs

I. Drilling Costs (Included Run Casing)

Survey and Permits	-----
Title Opinion & Land Costs	-----
Damages	-----
Drilling (incl. water and mud) 1500' @ 12.00/ft.	---
BOP Rental	-----
Dirt Work	-----
Pit Lining	-----
Surface Casing 200' @ 6.00/ft.	-----
Casing Head	-----
Cement Surface	-----
Power Tongs	-----
Casing 1500' @ 5.00/ft.	-----
Trucking	-----
Logs	-----
Engineering	-----
Cement Longstring	-----
Total Cost to Run Casing	-----
5.9375% Farmington, NM Tax	-----
10% Contingency	-----
Grand Total to Run Casing	-----

II. Completion Costs

Rig Anchors	-----
Logs	-----
Perf	-----
Wellhead & Fittings	-----
Tubing 1500' @ 1.50/ft.	-----
Stimulation	-----
Tool Rental	-----
Trucking	-----
Battery Installation	-----
Restore Location	-----
Engineering	-----
Treater	-----
Flowline	-----
Tank & Fittings	-----
Gravel	-----
Workover Rig	-----
Completion Fluids	-----
El Paso Hookup	-----
Division Order	-----
Frac Tank Rental	-----
Flowback	-----
Fence Location	-----
Total Completion Costs	-----
5.9375% Farmington, NM Tax	-----
10% Contingency	-----
Drilling Costs	-----
Grand Total Well Costs	-----

	Tangible	Intangible	Total	Actual
		1,500		
		7,500		
		1,500		
		18,000		
		750		
		3,000		
		1,500		
	1,200			
	750			
		1,500		
		1,000		
	7,500			
		2,000		
		4,000		
		2,500		
		4,000		
	9,450	48,750	58,200	
			3,456	
			6,166	
			67,821	
		600		
		3,500		
		2,000		
	5,000			
	2,250			
		24,000		
		2,000		
		3,000		
		4,000		
		1,500		
		6,500		
	5,000			
	5,000			
	5,000			
		2,000		
		7,500		
		1,000		
		13,000		
		2,500		
		1,000		
		2,000		
	2,000			
	24,250	76,100	100,350	
			5,958	
			10,631	
			67,821	
			184,760	

0.1504% DON HODGSON DATE _____

99.8496% RICHARDSON OPERATING CO ET AL DATE _____

WI Share of Costs

APPROVED _____ \$278

APPROVED _____ \$184,482

Total \$184,760

= address part



RICHARDSON OPERATING COMPANY

1700 Lincoln, Suite 1700
Denver, Colorado 80203 (303) 830-8000
FAX (303) 830-8009

January 19, 1996

*Richardson
resent 2-7-96*

(505) 324-0398

Mrs. Lois P. Hodgson
RR1 Box 212
Blanco, NM 87412

(505) 599-3084 ranch.

Re: Request for Oil and Gas Lease
E/2-Section 15-T29N-R13W
San Juan County, New Mexico

Dear Mrs. Hodgson:

A recent check of the county records indicates you own mineral rights in the following described lands that are not currently subject to an oil and gas lease:

Township 29 North, Range 13 West, NMPM
Section 15: Certain tracts of land within the E/2
Surface to base of Pictured Cliffs formation
Containing 0.3589 acres, more or less

Richardson Production Company offers to take an oil and gas lease that provides for a three year primary term with bonus consideration based on \$50.00 per net acre for your 0.3589 net mineral acres. The lease would also provide for a 15% royalty in the case of production. Attached is a copy of our proposed oil and gas lease form.

If you accept the above terms and conditions, please so indicate by signing below and returning one copy of this letter to me at your earliest convenience.

Thank you for your consideration in this matter. If you have any questions, do not hesitate to call me collect at (303) 830-8000.

Sincerely,

RICHARDSON PRODUCTION COMPANY

Cathleen Colby

Cathleen Colby
Land Manager

AGREED TO and ACCEPTED this _____ day of _____, 1996.

Lois P. Hodgson



RICHARDSON OPERATING COMPANY

1700 Lincoln, Suite 1700
Denver, Colorado 80203 (303) 830-8000
FAX (303) 830-8009

February 27, 1996

Mrs. Lois P. Hodgson
RR1 Box 212
Blanco, NM 87412

Certified Mail P 296 557 445

Re: West Gallegos Prospect
ROPCO 15-1 GW (A) PC, (B) FC Well
ROPCO 15-2 GW PC Well
E/2-Section 15-T29N-R13W
San Juan County, New Mexico

Dear Mrs. Hodgson:

Richardson Operating Company proposes the drilling of two wells to a depth sufficient to adequately test the Pictured Cliffs and Fruitland Coal formations, anticipated total depth being 1,500 feet. The wells will be located as follows:

ROPCO 15-2 GW PC Well	SW/4SE/4-Section 15-T29N-R13W
ROPCO 15-1 GW (A) PC, (B) FC Well	SE/4NE/4-Section 15-T29N-R13W

either at standard or exception locations. The SE/4 of Section 15, Township 29 North, Range 13 West, NMPM will be dedicated as the proration unit for the Pictured Cliffs formation in the ROPCO 15-2 GW PC Well. The E/2 of said Section 15 will be dedicated as the proration unit for the Fruitland Coal formation in the ROPCO 15-1 GW (A) PC, (B) FC Well. Your mineral interest will be pooled as to the Pictured Cliffs formation in the ROPCO 15-2 GW PC Well, and as to the Fruitland Coal formation in the ROPCO 15-1 GW (A) PC, (B) FC Well.

Our AFE's dated February 27, 1996 are enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling, testing and completion (either as a producing well or plugging and abandonment in the event of a dry hole) in either one or both wells, please return the applicable executed AFE's to the undersigned by March 19, 1996.

Upon receipt of your executed AFE's, or by prior written request, we will forward our Joint Operating Agreement for your review and execution.

Mrs. Lois P. Hodgson
February 27, 1996
Page 2

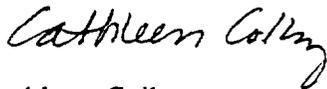
In the event you do not wish to participate, Richardson respectfully requests you elect one of the following options as to your interest insofar as it covers from the surface of the earth to the base of the Pictured Cliffs formation. Your Dakota rights would not be affected by any of the following elections:

1. Enter into a no occupancy oil and gas lease that provides for a three year primary term with bonus consideration based on \$50.00 per net acre and a 15% royalty in the case of production, surface to base of Pictured Cliffs formation
2. Sell all of your mineral interest for \$200.00 per net acre, surface to base of Pictured Cliffs formation.
3. Enter into a farmout agreement covering your interest, giving Richardson 180 days in which to drill a well, reserving a proportionate nonconvertible overriding royalty interest equal to the difference between existing burdens and 15%, surface to base of Pictured Cliffs formation.

Your response is respectfully requested by 5 PM MST, March 19, 1996.

Should you have any questions, please do not hesitate to call.

RICHARDSON OPERATING COMPANY



Cathleen Colby
Land Manager

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
 - 2. Restricted Delivery
- Consult Postmaster for fee.

3. Article Addressed to:

Mrs. Lois P. Hodgson
 RRI Box 212
 Blanco, Nm 87412

4a. Article Number:

P 296 557 445

4b. Service Type

- Registered Insured
- Certified COD
- Express Mail Return Receipt for Merchandise

7. Date of Delivery:

07 31 4-96

5. Signature (Addressee)

Lois P. Hodgson

6. Signature (Agent)

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991 ☆ U.S.G.P.O.: 1992-307-530

DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

P 296 557 445



Receipt for Certified Mail

No Insurance Coverage Provided
 Do not use for International Mail
 (See Reverse)

Sent to	
Mrs. Lois P. Hodgson	
Street and No	
RRI Box 212	
P.O., State and ZIP Code	
Blanco, Nm 87412	
Postage	\$.55
Certified Fee	1.10
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.10
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$ 2.75
Postmark or Date	SPRINGFIELD 07 31 1996

PS Form 3800, June 1991

**RICHARDSON OPERATING COMPANY
AUTHORITY FOR EXPEDITURES**

Well Name: ROPCO 15-1 (A) PC, (B) FC SECTION 15 PC NE/4, FC E/2

Location: T29N R13W

Date: 2/27/96

Proposed Depth: 1400' Fruitland Coal
1500' Pictured Cliffs

Objective Formation: Commingled Pictured Cliffs
and Fruitland Coal

I. Drilling Costs (Included Run Casing)

Survey and Permits -----	
Title Opinion & Land Costs-----	
Damages-----	
* Drilling (incl. water and mud) 1500' @ 12.00/ft.----	
BOP Rental-----	
Dirt Work-----	
Pit Lining-----	
Surface Casing 200' @ 6.00/ft.-----	
Casing Head-----	
Cement Surface-----	
Power Tongs-----	
Casing 1500' @ 5.00/ft.-----	
Trucking-----	
Logs-----	
Engineering-----	
Cement Longstring-----	
Total Cost to Run Casing-----	
5.9375% Farmington, NM Tax-----	
10% Contingency-----	
Grand Total to Run Casing-----	

Tangible	Intangible	Total	Fruitland Coal	Pictured Cliffs
	1,500		750	750
	7,500		3,750	3,750
	1,500		750	750
	18,000		8,400	9,600
	750		375	375
	3,000		1,500	1,500
	1,500		750	750
1,200			600	600
750			375	375
	1,500		750	750
	1,000		500	500
7,500			3,500	4,000
	2,000		1,000	1,000
	4,000		2,000	2,000
	2,500		1,250	1,250
	4,000		1,867	2,133
9,450	48,750	58,200	28,117	30,083
		3,456	1,669	1,786
		6,166	2,979	3,187
		67,821	32,765	35,056

II. Completion Costs

Rig Anchors-----	
Logs-----	
Perf-----	
Wellhead & Fittings-----	
Tubing 1500' @ 1.50/ft.-----	
Stimulation-----	
Tool Rental-----	
Trucking-----	
Battery Installation-----	
Restore Location-----	
Engineering-----	
Treater-----	
Flowline-----	
Tank & Fittings-----	
Gravel-----	
Workover Rig-----	
Completion Fluids-----	
El Paso Hookup-----	
Division Order-----	
Frac Tank Rental-----	
Flowback-----	
Fence Location-----	
Total Completion Costs-----	
5.9375% Farmington, NM Tax-----	
10% Contingency-----	
Drilling Costs-----	
Grand Total Well Costs-----	

	600		300	300
	3,500		1,750	1,750
	4,000		2,000	2,000
5,000			2,500	2,500
2,250			1,050	1,200
	48,000		24,000	24,000
	2,000		1,000	1,000
	3,000		1,500	1,500
	4,000		2,000	2,000
	1,500		750	750
	6,500		3,250	3,250
5,000			2,500	2,500
5,000			2,500	2,500
5,000			2,500	2,500
	2,000		1,000	1,000
	15,000		7,500	7,500
	2,000		1,000	1,000
	13,000		6,500	6,500
	2,500		1,250	1,250
	1,000		500	500
	2,000		1,000	1,000
2,000			1,000	1,000
24,250	110,600	134,850	67,350	67,500
		8,007	3,999	4,008
		14,286	7,135	7,151
		67,821	32,765	35,056
		224,964	111,249	113,715

WI Share of Costs

FRUITLAND COAL

0.1122% LOIS P. HODGSON

DATE _____

APPROVED _____

\$125

99.8878% RICHARDSON OPERATING CO. ET AL

DATE _____

APPROVED _____

\$111,124

PICTURED CLIFFS

100.0000% RICHARDSON OPERATING CO. ET AL

DATE _____

APPROVED _____

\$113,715

Total

\$224,964

**RICHARDSON OPERATING COMPANY
AUTHORITY FOR EXPEDITURES**

Well Name: ROPCO 15-2 GW PC SECTION 15 SE/4
 Location: T29N R13W
 Proposed Depth: 1500'

Date: 2/27/96
 Objective Formation: Pictured Cliffs

I. Drilling Costs (Included Run Casing)

	Tangible	Intangible	Total	Actual
Survey and Permits		1,500		
Title Opinion & Land Costs		7,500		
Damages		1,500		
* Drilling (incl. water and mud) 1500' @ 12.00/ft.		18,000		
BOP Rental		750		
Dirt Work		3,000		
Pit Lining		1,500		
Surface Casing 200' @ 6.00/ft.	1,200			
Casing Head	750			
Cement Surface		1,500		
Power Tongs		1,000		
Casing 1500' @ 5.00/ft.	7,500			
Trucking		2,000		
Logs		4,000		
Engineering		2,500		
Cement Longstring		4,000		
Total Cost to Run Casing	9,450	48,750	58,200	
5.9375% Farmington, NM Tax			3,456	
10% Contingency			6,166	
Grand Total to Run Casing			67,821	

II. Completion Costs

Rig Anchors		600		
Logs		3,500		
Perf		2,000		
Wellhead & Fittings	5,000			
Tubing 1500' @ 1.50/ft.	2,250			
Stimulation		24,000		
Tool Rental		2,000		
Trucking		3,000		
Battery Installation		4,000		
Restore Location		1,500		
Engineering		6,500		
Treater	5,000			
Flowline	5,000			
Tank & Fittings	5,000			
Gravel		2,000		
Workover Rig		7,500		
Completion Fluids		1,000		
El Paso Hookup		13,000		
Division Order		2,500		
Frac Tank Rental		1,000		
Flowback		2,000		
Fence Location	2,000			
Total Completion Costs	24,250	76,100	100,350	
5.9375% Farmington, NM Tax			5,958	
10% Contingency			10,631	
Drilling Costs			67,821	
Grand Total Well Costs			184,760	

0.2243% LOIS P. HODGSON DATE _____
 99.7757% RICHARDSON OPERATING CO ET AL DATE _____

APPROVED _____	WI Share of Costs
APPROVED _____	\$414
	\$184,346
	Total \$184,760