



RICHARDSON OPERATING COMPANY

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

2-21-96 talked to Mrs Casau
She'll look over letter, etc

February 12, 1996

Ms. Ida L. Casaus
1113 Mountview Avenue
Farmington, NM 87401

(505) 325-7719 2 additional
follow up calls

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

(ask her about Fred Short)

2-27-96 - not interested

Dear Ms. Casaus:

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:

SE 1/4
Peninsula
Block 3, Lot 3

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 0.223 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 0.223 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.

Ida L. Casaus

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 11570 Exhibit No.
Submitted By:
Richardson Oil Company
Hearing Date: July 11, 1996

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RICHARDSON OPERATING COMPANY

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

February 27, 1996

Mrs. Ida L. Casaus
1113 Mountview Avenue
Farmington, NM 87401

Certified Mail P 296 557 439

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. Casaus:

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. Ida L. Casaus
February 27, 1996
Page 2

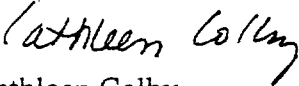
In the event you do not wish to participate, Richardson respectfully requests you elect one of the following options as to your interest insofar as it covers from the surface of the earth to the base of the Pictured Cliffs formation. Your Dakota rights would not be affected by any of the following elections:

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:

Ms. Ida L. Casaus
 1113 Mountview Avenue
 Farmington, NM 87401

4a. Article Number
 P 296 557 439

4b. Service Type

Registered Insured

Certified COD

Express-Mail Return Receipt for Merchandise

7. Date of Delivery

5. Signature (Addressee)
Ida L. Casaus

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

6. Signature (Agent)
Hancy Casaus

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

DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

P 296 557 439



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

Sent to <i>Ms. Ida L. Casaus</i>	
Street and No <i>1113 Mountview Ave.</i>	
P.O., State and ZIP Code <i>Farmington, NM 87401</i>	
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

**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-----
Plt 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	113,711

WI Share of Cost:

FRUITLAND COAL

0.0697% IDA L. CASAS

DATE _____

APPROVED _____

\$78

97.9303% RICHARDSON OPERATING CO. ET AL DATE _____

APPROVED _____

\$111,171

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-----

	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	
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	

Wt Share of Costs

0.1394% IDA L. CASAUS DATE _____ APPROVED _____ \$258
 99.8606% RICHARDSON OPERATING CO ET AL DATE _____ APPROVED _____ \$184,503

Total \$184,760