April 9, 2001

Efforts to obtain voluntary joinder:

Tract I

Herbert and Evelyn Smith

Mail unclaimed. Tried to contact by phone. Checked both names in MSN white pages (internet) and Farmington phone book. No listings.

Tract II

Fred Rebele

Mail unclaimed. Tried to contact by phone. Checked in MSN white pages (internet) and Farmington phone book. No listing.

Tract III

Gary C. Soza and Viola I. Blanton

They received our offer. Mr. Soza spoke with an attorney and decided that because interest is so small, he would prefer to be force pooled.

Tract IV

Conseco Finance Servicing Corp.

Mail claimed, but no response. Property repossessed by finance company. I left several detailed messages on their voice mail, but did not get a call back.

Tract V

Ronald J. Johnson and Leona R. Begay

Mail unclaimed. Tried to contact by phone. Checked both names in MSN white pages (internet) and Farmington phone book. No listings.

Tract VI

Julia Clah

Mail unclaimed. Tried to contact by phone. Checked in MSN white pages (internet) and Farmington phone book. No listing.

Tract VII

William and Rosinda Crosby (Jr.)

They received our offer. I spoke with Mrs. Crosby and explained our plans in great detail. She was going to check with her husband who works on rigs in Wyoming. No further response. I have since left several messages on their voice mail.

Tract VIII

Callie P. Renfro

Mail unclaimed. Located phone number, but no answer on several attempts. No voice mail. I spoke with a realtor who knows her and explained the situation. Realtor said she would pass along the information and ask Mrs. Renfro to call me. There has been no response to date.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case Nos. 12643/12644 Cons. Exhibit No. 3
Submitted by:
Richardson Production Company

Hearing Date: April 19, 2001

Tract IX

Myron E. Shorty and Vangie Randall

Mail claimed, but no response. Tried to contact by phone. Checked both names in MSN white pages (internet) and Farmington phone book. No listings.

Tract X

CLR, LLC

New owner bought video store 1-16-01. Sent offer 1-22-01. I talked with owner and neighbor (BP Amoco employee) in great detail. Due to small size of interest, owner prefers to be force pooled.

Tract XI

Joe G. and Patricia B. Singleton

Received offer. I spoke with Mrs. Singleton in great detail. Called back several times, but no response.

Tract XII

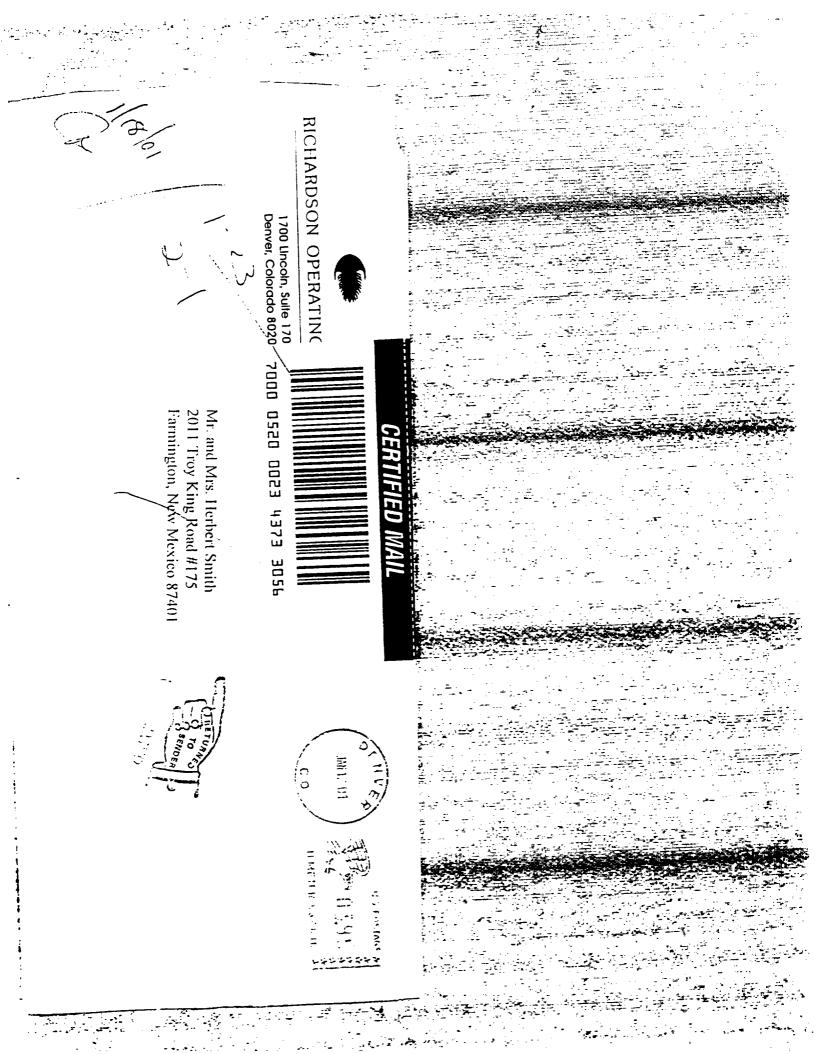
Jessie C. and Archie Lee Crowe

Severed mineral interest, therefore, no address listed with County Assessor. Tried to contact by phone. Checked both names in MSN white pages (internet) and Farmington phone book. No listings.

Tract XIII

Yucca Incorporated

Severed mineral interest, therefore, no address listed with County Assessor. New Mexico Secretary of State shows forfeited corporate status 10-8-57. Phone number for registered agent disconnected. No corporate phone number found in internet search.



1700 Lincoln, Suite 1700 Denver, Colorado 80203 (303) 330-3000 Fax (303) 330-3009

January 11, 2001

Re:

not on MSN white page:
internet

not in Farminton phone book

Mr. and Mrs. Herbert Smith 2011 Troy King Road #175 Farmington. New Mexico 87401

Certified Mail 7000 0520 0023 4373 3056

Fruitland Coal and Pictured Cliffs Well Proposal

ROPCO #8-3 Well S/2-Section 8-T29N-R14W San Juan County, New Mexico

Dear Mr. and Mrs. Smith:

Richardson Production Company proposes to drill a downhole commingled Fruitland Coal and Pictured Cliffs well on the captioned lands. A recent check of the county records indicates that you own a 0.3825 net acre unleased mineral interest within the spacing unit. The ROPCO #8-3 well will be located in the SW/4 of Section 8. Township 29 North. Range 14 West. The spacing unit for the Fruitland Coal will be the S/2, and the spacing unit for the Pictured Cliffs formation will be the SW/4.

Enclosed for your review is an AFE itemizing the estimated costs for the well. In the event you wish to participate in this drilling and completion attempt, please return an executed copy of the AFE to the undersigned by January 26, 2001. Upon receipt of your executed AFE, or by prior written request, we will forward an AAPL Form 610 Joint Operating Agreement for your review and execution, providing for, among other things, a 300%/100% nonconsent penalty and \$5000 drilling/\$500 producing overhead rates.

In the event you do not wish to participate, Richardson respectfully requests you elect one of the following options as to your interest:

Mr. and Mrs. Herbert Smith January 11, 2001 Page 2

- 1. Enter into an oil and gas lease that provides for a three year primary term with bonus consideration based on \$30.00 per net acre and a 12.5% royalty in the event of production
- 2. Sell all of your mineral interest for \$70.00 per net acre

Your response is respectfully requested by January 26, 2001.

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

RICHARDSON PRODUCTION COMPANY

Cathleen Colby Land Manager

Cathlen Colly

On this	day of	. 2001, we hereby elect the following:
	Participate in proposed drilling herewith.	ng and completion attempt, executed AFE is returned
	-	for \$30.00 per net mineral acre, with lease to provide and 12.5% royalty in the event of production.
	Sell mineral rights for \$70.00	per net mineral acre.
Ву:		
Printed Name	e:	

AUTHORITY FOR EXPEDITURES

Weil Name: ROPCO #8-3 SECTION 8 PC SW/4, FC S/2

Location: T29N R14W

Proposed Depth: 850' Fruitland Coal

1000' Pictured Cliffs

Date: 01/11/2001

Objective Formation: Commingled Pictured Cliffs

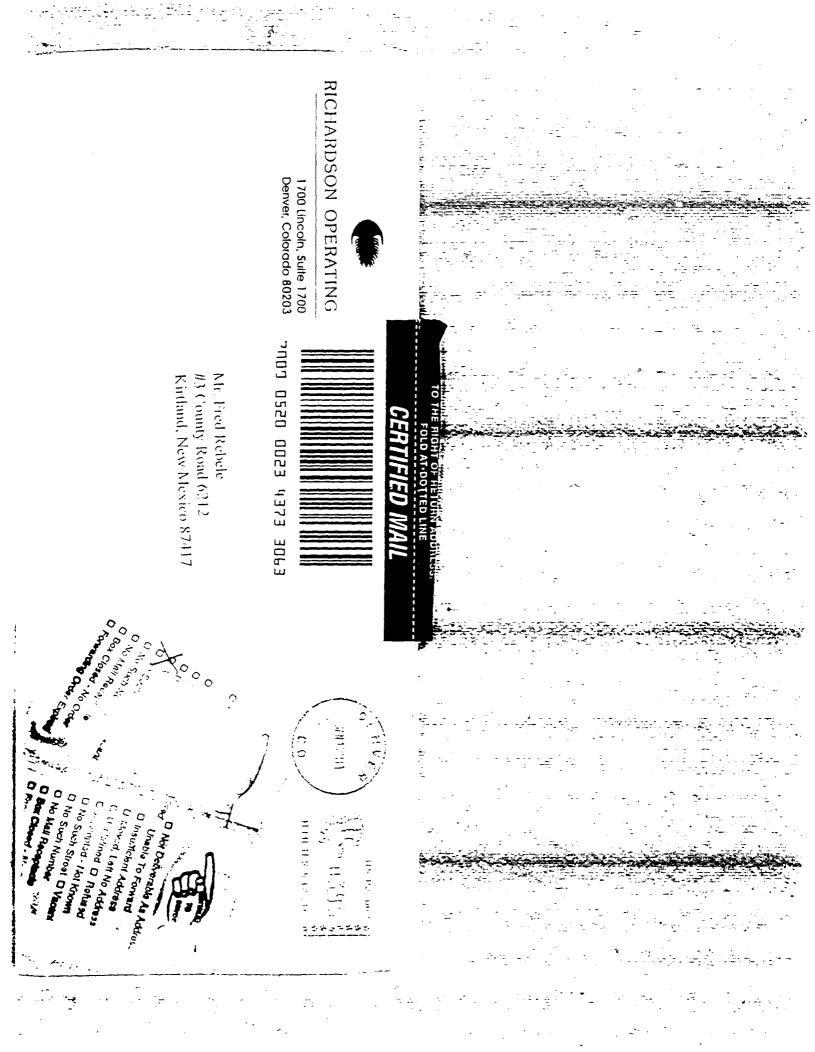
and Fruitland Coal

L.	Drilling Costs (Included Run Cas	sing)	Tangible	Intangible	Total	Fruitland Coal	Pictured Cliffs
	Survey and Permits			3.0001		1.500	1,5001
	Title Coinion			3.000		1,500	1,500
•	Drilling (incl. water and mud) 10	00' @ 15.00/ft.···	İ	15.000	į	6,375	8,625
	BOP Rental	-		750		375	375
	Dirt Work			4,000		2.000	2.000
	Pit Lining		}	2.800		1,400	1,400
	Surface Casing 200' @ 7.18/ft.		1,436	2.300	}	718	
	Casing Head		1,500			Y .	718
	•		1,000	2 200	}	750	750
	Cement Surface · · · · · · · · · · · · · · · · · · ·			2,300	1	1,150	1,150
	Power Tongs			1.000	ł	500	500
	Casing 1000' @ 5.50/ft		5.500	-	1	2,338	3,163
	Trucking			3.000	1	1,500	1,500
	Logs			3.750	Ţ	1.875	1.375
	Engineering			5.000		2.500	2.500
	Cement Longstring			4.000	1	1.700	2.300
	Total Cost to Run Casing		3,4361	47,6001	56,0361	26,1811	29.856
	5.9375% Farmington, NM T		3.430	٠,,٥٥٥	3.327	1.554	1,773
					5.936	2.773	· i
	10% Contingency			-			3,163
	Grand Total to Run Casing	3.			55.299	30.508	34.791
11.	Completion Costs		1	}	!	1	1
	Rig Anchors			750		375	375
	Logs			3.000		1.500	1.500
	Peri		i	3.500 i		1,750	1.750
	Weilhead & Fittings		1,000		i	2.000	2,000
	Tuoing 1000' @ 2.50/ft.		2.500		j	1.063	1.438
	Stimulation		2,500	12.000		21,000	21.000
			1	1		i j	1
	Tool Rental			2.300	ļ	1.150	1.150
	Trucking		į	3,000		1.500	1.500
	Battery installation- · · · · · · · · ·		1	5.000	1	3.000	3.000
	Restore Location		İ	3,500		1.750	1,750
	Engineering		-	5,800	ĺ	2.900	2,900
	Treator, Separator		5.300			2.650	2,650
	Flowline		± 000 i	•	į	2.000	2.000
	Tank & Fittings		4,500	į	!	2.250	2,250
	Gravei		, , , , ,	3,000	:	1,500	1,500
	Workover Rig-		•	10,000		5,000	5,000
	Completion Fluids		ŀ	2,000		1.0001	1,000
			1	í		7	•
	Pipeline Hookup			13,000		5.500	5,500
	Division Order Opinion · · · · · ·			1.500	į	750	750
	Frac Tank Rental- · · · · · · · · · · · · · · · · · · ·	* * * * * * * * * * * * *		2.500	,	1,250	1,250
	Flowback	• • • • • • • • • • •		2.000	1	1,000	1.000
	Fence Location		3.3001		1	1.6501	1,650
	Total Completion Costs		23,6001	103.8501	127,450	53.538	53.913
	5.9375% Farmington, NM To			į	7 567	3.773	3,795
	10% Contingency		Ţ		13,5021	6.731	5,771
					55,2991	,	34,791
	Oritling Costs			<u></u>		30.5081	
	Grand Total Well Costs			<u>. </u>	213.8191	104.5501	109.269
FRUITLAND	COAL						
39.58047%	RICHARDSON OPERATING CO ET AL	DATE	1PPRCVED				3104425
0 11953%	HERBERT SMITH	DATE	APPROVED				5125
	EVELYN SMITH	DATE	APPROVED			C TOTAL	3104550
						CIOIAL	310-320
PICTURED C	CLIFFS						
-	RICHARDSON CPERATING CO ET AL		APPROVED				\$109008
	HERBERT SMITH	DATE	TEGONED				5261
Ī	EVELYN SMITH	DATE	APPROVED				
					2	C TOTAL	51092 59
			н	ERBERT & EVELYN	SMITH TOTAL		\$386

OIL AND GAS LEASE					
THIS AGREEMENT, Made and entered into this 11th	day of January . 2001, by and	hetween			
Herbert Smith and Evelyn Smith, husl					
Whose post office address 2011 Troy King Road #175, Farmington, New Men	exico 87401 hereinalter called	d Lessor			
(whether one or more) and <u>Richardson Production Company</u> whose post office add Lessee:	ldress is 1700 Lincoln, Suite 1700, Denver, CO 80203, hereinafte	er called			
WITNESSELII, That the Lessor, for and in consideration of <u>Ten and more</u> (\$1 acknowledged, and the covenants and agreements hereinafter contained, has granted, deexclusively unto the said Lessee, the land hereinafter described, with the exclusive right operating for and producing therefrom oil and all gas of whatsoever nature or kind, with right to produce, save and take care of said products, all that certain tract of land situated in the Co	lemised, leased and let, and by these presents does grant, demise, lease ht for the purpose of mining, exploring by geophysical and other methoghts of way and easements for laying pipe lines, and erection of structures	e and let ods, and s thereon			
Township 29 North - Range 14 West, N.M.P.M.					
	DIVISION, San Juan County, New Mexico, as shown on the er 7, 1996 in Map File P-77, Book 1229, Page 59	Plat of			
No well shall be drilled on the leased premises without f	first obtaining Lessors' written consent.				
and containing <u>0.765</u> neres, more or less * three (3)	•				
1. It is agreed that this lease shall remain in force for a term of five (5) years from this from said leased premises or on acreage pooled therewith, or drilling operations are continuous or gas is not being produced on the leased premises or on acreage pooled therewith be lease shall continue in force as long as operations are being continuously prosecuted or considered to be continuously prosecuted if not more than ninety (90) days shall chaps operations for the drilling of a subsequent well. If after discovery of oil or gas shall chaps operations for the drilling of a subsequent well. If after discovery of oil or gas on said land cause after the primary term, this lease shall not terminate if Lessee commences additional of production or from date of completion of dry hole. If oil or gas shall be discovered and term of this lease, this lease shall continue in force so long as oil or gas is produced from to 2. This is a PAID-UP LEASE. In consideration of the down cash payment, Lesson as commence or continue any operations during the primary term. Lessee may at any time or to of said land and as to any strata or stratum by delivering to Lesson or by filing for record the acreage surrendered.	mucd as hereinalter provided. If, at the expiration of the primary term of it but Lessee is than engaged in drilling or re-working operations thereon, on the leased premises or on acreage pooled therewith; and operations upse between the completion or abundonment of one well and the begind or on acreage pooled therewith, the production thereof should cease is all drilling or re-working operations within almety (90) days from date of a diridling or result of such operations at or after the expiration of the 1 the leased premises or on acreage prooled therewith agrees that I essee shall not be obligated, except as otherwise provided in times during or after the primary term surrender this lease as to all or any	his lense, then this a shall be inning of from any cessation e primary herein, to by portion			
 In consideration of the premises the said Lessee covenants and agrees: Ist. To deliver to the credit of Lessor, free of cost, in the pipe line to which Lessee in 	may connect wells on said land, the equal one-eighth (1/8) part of all oil ;	produced			
and saved from the leased premises. 2nd. To pay Lessor one-eighth (4/8) of the gross proceeds each year, payable quarte used off the premises, and if used in the manufacture of gasoline a royalty of one-eighth (3rd. To pay Lessor for gas produced from any oil well and used off the premises or in the processor for gas produced from any oil well and used off the premises or in the control of the processor for gas produced from any oil well and used off the premises or in the control of the processor for gas produced from any oil well and used off the premises or in the control of the processor for gas produced from any oil well and used off the premises or in the control of the processor for gas produced from any oil well and used off the processor for gas	(1/8), payable monthly at the prevailing market rate for gas	•			
of the proceeds, at the mouth of the well, payable monthly at the prevailing market rate. 4. Where gas from a well capable of producing gas is not sold or used, Lessee may pacer retained hereunder, such payment or tender to be made on or before the anniversary divell is shut in and thereafter on or before the anniversary date of this lease during the perithat gas is being produced within the meaning of this lease.	r date of this leave next cusning after the expiration of 90 days from the c	date such			
5. If said Lessor owns a less interest in the above described land than the entire and ur herein provided for shall be paid the Lessor only in the proportion which Lessor's interest 6. Lessee shall have the right to use, free of cost, gas, oil and water produced on said 7. When requested by Lessor, Lessee shall bury Lessee's pipe line below plow depth.	st bears to the whole and undivided fee, id land for Lessee's operation thereon, except water from the wells of Lesh.				
8. No well shall be drilled nearer than 200 feet to the house or barn now on said pren 9. Lessee shall pay for damages caused by Lessee's operations to growing crops on a 10. Lessee shall have the right at any time to remove all machinery and fixtures place 11. The rights of Lessor and Lessee hereunder may be assigned in whole or part. No binding on Lessee until Lessee has been furnished with notice, consisting of certified ec complete chain of record title from Lessor, than then only with respect to payments therealt on Lessee. No present or future division of Lessor's ownership as to different portions or p of Lessee, and all Lessee's operations may be conducted without regard to any such divisi for any act or omission of any other leasehold owner.	said hand, eed on said premises, including the right to draw and remove easing. So change in ownership of Lessor's interest (by assignment or otherwise) copies of all recorded documents and other information necessary to esofter made. No other kind of notice, whether actual or constructive, shall be parcels of said hard shall operate to enlarge the obligations or diminish to the control of the	stablish a e binding the rights			
12. Lessee, at its option is hereby given the right and power at any time and from the part of the land described herein and as to any one or more of the formations hereinder, to with other land, lease or leases in the immediate vicinity for the production of oil and gas necessary or advisable to do so, and irrespective of whether authority similar to this exists we to include formations not producing oil or gas, may be reformed to exclude such non-producing by Lessee executing and filing of record a declaration of such unitization or reformation, we will have therefore been completed or upon which operations for drilling have therefolior in for want of a market anywhere on a unit which includes all or a part of this lease shall him for want of a market under this lease. In lieu of the royalties elsewhere herein specified, so pooled royalties only in the portion of such production allocated to this lease, such all surface acres covered by this lease and included in the unit bears to the total number of su to unitize, pool, or combine all or any part of the above described lands as to one or more o into a cooperative or unit plan of development or operation approved any government terminate any such plan or agreement and, in such event, the terms, conditions and provisions of such approved cooperative or unit plan of development or operation and or implied, shall be satisfied by compliance with the drilling and development requirement the life of such plan or agreement. In the event that said above described lands or any part development or operation whereby the production therefrom is allocated to different portio tract of land shall, for the purpose of computing the royalties to be paid hereunder to be it is allocated and not to any other tract of land; and the royalty payments to be made here formally express Lessor's consent to any cooperative or unit plan of development or operation and or operation and not to any other tract of land; and the royalty payments to be made here formally express I lessor's cons	to pool or unitize the leavehold estate and the mineral estate covered by as, or separately for the production of either, when in the Lessee's judges with respect to such other land, lease or leases. Likewise, units previously oducing formations. The forming or reforming of any unit shall be according to the declaration shall describe the unit. Any unit may include land up our been commenced. Production, drilling or reworking operations or a discluding shot-in gas royalties, I essor shall receive on production from allocation shall be that proportion of the unit production that the total most field eners in such unit. In addition to the foregoing, Lessee shall have of the formations thereunder with other lands in the same general area by mental authority and, from time to time, with like approval, to modify, existents of this lease shall be deemed modified to conform to the terms, cound, particularly, all drilling and development requirements of this lease sents of such plan or agreement, and this lease shall not terminate or explaint thereof, shall be reafter be operated under any such cooperative or unions of the land covered by said plan, then the production allocated to any leases, be regarded as having produced from the particular tract of land reunder to Lessor shall be based upon production only as so allocated. Learntion adopted by Lessee and approved by any governmental agency by or distance thems.	this leave ment it is ly formed omplished on which well shut mell shut mell shut mell shut mell shut mell shut mell shut mell shut ethe right y entering change or onditions, e, express ite during nit plan of particular to which executing			
terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply the Law, Order, Rule or Regulation. 14. Lessor hereby warrants and agrees to defend the title to the lands herein described by payment, any mortgages, taxes or other liens on the above described lands, in the ever thereof, and the undersigned Lessors, for themselves and their heirs, successors and assign described herein, insofar as said right of dover and homestead may in any way affect the 15. Should any one or more of the parties hereinabove named as Lessor full to execut it as Lessor. The word "Lessor" as used in this lease, shall mean any one or more or all of be binding on the heirs, successors and assigns of Lessor and Lessee IN WITNESS WHEREOF, this instrument is executed as of the date first above writ	therewith, it compliance is prevented by, or it such fadure is the result of, and agrees that the I essee shall have the right at any time to redeem for each of default of payment by Lessor and be subrogated to the rights of tights, hereby surrender and release all right of dower and homestead in the ne purposes for which this lease is made, as recited herein after this lease, it shall nevertheless be binding upon all such parties who do the parties who execute this lease as I essor. All the provisions of this lease	in Lessor, the holder premises to execute			
Herbert Smith	Evelyn Smith				
SS#	SS#				

in similarity must be notarized on the back side of the lease form

STATE OF	}}		
COUNTY OF]§]	Acknowledgment - Individual(s)	ı
		Public, in and for said County and State, on this	
and			
	du	bed in and who executed the within and foregoing institute and voluntary and executed the same as free and voluntary and executed the same as	
IN WITNESS WHERE written.	EOF, I have here	unto set my hand and affixed by notarial scal the day a	nd year last above
My Commission Expires:			
		Address:	
***************************************	***************	1	*****************
STATE OF			
COUNTY OF) § }}	Acknowledgment - Partnership/Trust	
BEFORE ME, the under	signed, a Notary	Public, in and for said County and State, on this	dny of
ns of	oo, personany ny	peared	
and acknowledged to me that uses and purposes therein set fo	dı	unto set my hand and affixed by notarial seal the day a	nct and deed for th
My Commission Expires:	•		
		Address:	
***************************************	************		***************************************
STATE OF	}6	Acknowledgment - Corporation	
to me personally known who be	eing by me duly : and that the gred and scaled	, this day personally appeared	of said corporation
		is	
My commission Expires:			



1700 Lincoln, Suite 1700 Denver, Colorado 50203 (303) 830-5000 Fax : 3331 530-8009

January 11, 2001

not on white social

The mountain shake sook

Mr. Fred Rebele =3 County Road 6212 Kirtland, New Mexico 87417

Certified Mail 7000 0520 0023 4373 3063

Re: Fruitiand Coal and Pictured Cliffs Well Proposal

ROPCO =8-3 Well

S.2-Section 8-T29N-R14W San Juan County, New Mexico

Dear Mr. Rebeie:

Richardson Production Company proposes to drill a downhole commingled Fruitland Coal and Pictured Cliffs well on the captioned lands. A recent check of the county records indicates that you own a 0.3795 net acre unleased mineral interest within the spacing unit. The ROPCO =8-3 well will be located in the SW/4 of Section 8. Township 29 North, Range 14 West. The spacing unit for the Fruitland Coal will be the S/2, and the spacing unit for the Pictured Cliffs formation will be the SW/4.

Enclosed for your review is an AFE itemizing the estimated costs for the well. In the event you wish to participate in this drilling and completion attempt, please return an executed copy of the AFE to the undersigned by January 26, 2001. Upon receipt of your executed AFE, or by prior written request, we will forward an AAPL Form 610 Joint Operating Agreement for your review and execution, providing for, among other things, a 300% 100% nonconsent penalty and \$5000 drilling/\$500 producing overhead rates.

In the event you do not wish to participate. Richardson respectfully requests you elect one of the following options as to your interest:

Mr. Fred Rebele January 11, 2001 Page 2

- 1. Enter into an oil and gas lease that provides for a three year primary term with bonus consideration based on \$30.00 per net acre and a 12.5% royalty in the event of production
- 2. Sell all of your mineral interest for \$70.00 per net acre

Your response is respectfully requested by January 26, 2001.

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

RICHARDSON PRODUCTION COMPANY

Cathleen Colby Land Manager

Catholien Colly

On this	day or 2001, we hereby elect the following:
	Participate in proposed drilling and completion attempt, executed AFE is returned herewith.
	Enter into Oil and Gas Lease for \$30.00 per net mineral acre, with lease to provid for a three year primary term and 12.5% royalty in the event of production.
	Sell mineral rights for \$70.00 per net mineral acre.
Ву:	·
Printed Nar	ie:

AUTHORITY FOR EXPEDITURES

Well Name: ROPCO #8-3 | SECTION 8 | PC SW/4, FC S/2

Location: T29N R14W Proposed Depth: 350' Fruitland Coal 1000' Pictured Cliffs

20 SW74, F0 S72

Date: 01/11/2001

Objective Formation: Commingled Pictured Cliffs and Fruitland Coal

1.	Drilling Costs (Included Run Casing)	Tangible	Intangible	Total	Fruitland Coat	Pictured Cliffs
	Survey and Permits	1	3 5567	_	1 3001	1.500
	Title Coinion	i	3,0001		: 500	1.500
	* Drilling (inci. water and mud) 1000' @ 15 007tt.		15.000		5.375	5.525
	30P Rental	}	750i	i i	375	375
	Dirt Work		4 0001	;	2,000	2.000
	Pit Lining		2.3001		1.400	1.40
	Surface Casing 200' @ 7.18/ft.	1,436	2.500		718	718
	Casing Head		j	ĺ		
		1.500	2 222		750	750
	Cement Surface		2.300		1.150	1.150
	Power Tongs		1.000	1	500	500
	Casing 1000" @ 5.50/ft,	5.500	1		2.338	3.163
	Trucking		3,0001	j	1.500	1.500
	Logs		3,7501	į	1.375	1.37
	Engineering	}	5,0001		2,500	2,500
	Cament Longstring	<u> </u>	4 000	i	: Fool	2,300
	Total Cost to Bun Casing	3.4361	47 6001	56,036	25.181	29,85
		3.4.01	4 3001	3.3271	1.554	1.77
	5.9375% Farmington, NM Tax					
	10% Cantingency-		,	5 9361	2 731	3,161
	Grand Total to Run Casing (1997)			65 299	30,3081	34.79
11.	Completion Costs					
	Rig Anchors	ļ	7501		3751	373
	CORSONER	1	3.0001		1,500	1,500
	297		3.500		1 7501	1.750
		. 200:	3 2 2 2 2 7		2 300	
	Weithead & Fittings-	4 0001				2,000
	Tubing 10001 @ 2 50. ft	2 500 (1,0634	1.438
	Stimulation		42 0001		21 0001	21,000
	Tool Rental-		2 300		1.1531	1.150
	Trucking-		3,300)		1 5001	1.500
	Battery installation		6 000.		3,0001	3.000.E
	Restore Location		3,500,		1.7501	1.750
	Engineering	1	5.3001		2,9001	2.900
	Treator, Separator	5.300	3.3001		2.6501	2.550
					;	
	Fownne	± 2001			2 0001	2.000
	Tank & Fittings	± 5001			2,2501	2.250
	Gravei		3,0001		1,5001	1,500
	Workover Riginal Control of the Cont	•	10,0001		5,3001	5,000
	Completion Fluids		3.000:		1,0001	1,900
	Diseline Hookus		13,000+		6,5001	5,500
	Division Order Cointon	•	1.500:		7501	750
	Frac Tank Pental		2,5001		1 2501	1.250
			2,0001		1.0001	1,000
	Flowdack	2 2021	2,545!			
	Fence Location	3 3001			1 6501	1,650
	Total Completion Costs (1997) (1997)	23.6001	103.850	127 450.	63.5381	63.913
	5.9375% Farmington, NM Tax			7.567	3,7731	3,795
	10% Contingency			13.5021	5.7311	5.771
	Ornling Costs			65 Z994	30,5081	34,791
	-			213 819		109.259
	Grand Total Well Costs		-		೨೦೭ ಕಕೆ≎:	.09.259
UITLAND	· · · · ·	15660450				3104426
	\$ RICHARDSON OPERATING OD ET AU	YSEACAES				\$124
	3070				G TOTAL	\$10455C
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2.237194	FRED REBELE CATE	TENOBED _			0.707.	5259
				-	G TOTAL	\$109259
		·	RED REBELE TOTA	≜ L		5383
		•	ALD REDEET OF			,,,,,

OIL AND GAS LEASE

THIS AGREEMENT, Mad	c and entered into this	11(0	day of	January	2001 by and between
	Fred Rebele, a marrie	d man, dealii	ig in his sole.	and separate p	roperty
Whose post office address #3 Coun	ty Road 6212, Kirtland,	New Mexico 8	7417	· · · · · · · · · · · · · · · · · · ·	hereinalter called Lessor (whether one
or more) and Richardson Produc	tion Company whose po-	a office address i	< 1700 Lincoln	Suite 1700, Der	iver, CO 80203, hereinafter called Lessee
acknowledged, and the covenants and exclusively unto the said Lessee, the operating for and producing therefrom to produce, save and take care of said	d agreements hereinafter con land hereinafter described, v roil and all gas of whatsoever	tained, has grant with the exclusive nature or kind, wi of land situated in	ed, demised, lease right for the pur th rights of way a	ed and let, and by t pose of mong, ex ideasements for lay	in hand paid, the receipt of which is hereby here presents does grant, demise, lease and let ploring by geophysical and other methods, and impoppe lines, and erection of structures therein New Mexico, described as follows, to-wit
Section 8:	Lot Three (3) of the PA said Subdivision filed to				ty, New Mexico, as shown on the Plat of , Book 1229, Page 59
No well shal	I be drilled on the leased	premises with	out first obtair	ring Lessons' wr	itten consent.
and containing	0.7590 acres, more or less	s * three (3)			

- 1. It is agreed that this lease shall remain in lorce for a term of five (5) years from this date and as long thereafter as oil or gas of schatsoever nature or kind is produced from said leased premises or on acreage pooled theresoft, or drilling operations are continued as becomafter provided. If, at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled theresoft but I essee is than engaged in drilling or re-working operations thereon, then this of organ is not being produced on the leased premises or on acreage product therewith but Lessee is than engaged in drifting or re-working operations thereon, then this lease shall continue in force as long as operations are being continuously prosecuted on the leased premises or on acreage product therewith and operations shall be considered to be continuously prosecuted if not more than mnety (90) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on said land or on acreage pooled therewith the production thereof should crase from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or re-working operations within unity (90) days from date of consideration of dry bole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil or gas is produced from the leased premises or on acreage product therewith.

 2. This is a PAID-UP LEASE. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to consideration of the primary term of the leavest that Lessee shall not be obligated, except as otherwise provided herein, to consideration of the primary term of the leavest that Lessee shall not be obligated, except as otherwise provided herein, to consideration of the primary term of the device of the primary term of the leavest provided the production of the production of the primary term of this leaves that Lessee shall not be obligated, except as otherwise provided herein, to consideration of the primary term of the production of the primary term of the production of the primary term of the production of the primary term of the primary term of the primary term of this leaves that the production of the primary term of the primary term of the primary
- commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to Lessor or by bling for record a release or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered
 - In consideration of the premises the said Lessee covenants and agrees
- 1st. In deliver to the credit of Lessor, tree of cost, in the pipe line to which Lesser may connect wells on said land, the equal one cirbth (1/8) part of all oil produced and saved from the leased premises
- 2nd. To pay Lessor one-ciphth (1/8) of the gross proceeds each year; payable quarterly, for the pas from each well where pas only is found, white the same is being used off the premises, and if used in the manufacture of gasoline a royalty of one eighth (1/8), payable monthly at the prevailing market rate for gas.

 3rd. To pay Lessor for gas produced from any oil well and used off the premises or in the manufacture of gasoline or any other product a royalty of one eighth (1/8).
- of the proceeds, at the mouth of the well, payable monthly at the prevailing market rate
- 4. Where gas from a well capable of producing gas is not sold or used, I essee may pay or tender as royalty to the royalty owners. One Dollar per year per net royalty acre retained hereunder, such payment or lender to be made on or before the anniversary date of this lease next ensuing after the expiration of 90 days from the date such well is shut in and thereafter on or before the anniversary date of this lease during the period such well is shut in It such payment or tender is made, it will be considered that gas is being produced within the meaning of this lease
 5. If said Lessor owns a less interest in the above described land than the entire and undivided fee simple therein, then the royalties (including any shut in gas myalty).
- herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and individed fee

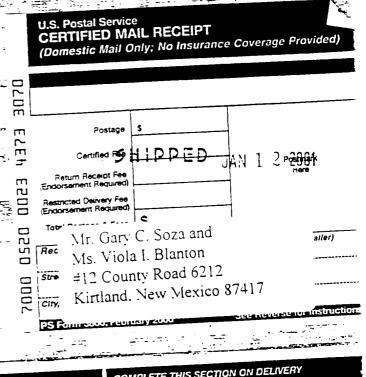
 6. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operation thereon, except water from the wells of Lessor

 - When requested by Lessor, Lessee shall bury Lessee's pipe line below plow depth. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of Lessor.
 - Lessee shall pay for damages caused by Lessee's operations to proving crops on said land
 - 10. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove easing.

 11. The rights of Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be
- binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded documents and other information necessary to establish a complete chain of record title from Lessor, than then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said fund shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner
- 12. Lessee, at its option is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described herein and as to any one or more of the formations hereinder, to pool or unitize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in the Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or reforming of any unit shall be accomplished by Lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has therefore been completed or upon which operations for a well-shut in for want of a market anywhere on a unit which includes all or a part of this lease shall be treated as if it were production, drilling or reworking operations or a well shut in for want of a market under this lease. In her of the royalies elsewhere herein specified, including shut in gas royalties, I essor shall receive on production from the unit so pooled royalties only in the portion of such production allocated to this lease, such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit hears to the total number of surface acres in such unit. In addition to the foregoing, I essee shall have the right surface acres covered by this lease and included in the unit hears to the lotal number of surface acres in such and. In addition to the foregoing, ressee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the control of such plan or agreement, and this lease shall not terminate or expire during the control of such plan or agreement, and this lease shall not terminate or expire during the control of such plan or agreement, and this lease shall not terminate or expire during the control of such plan or agreement, and this lease shall not terminate or expire during the control of such plan or agreement, and this lease that not terminate or expire during the control of such plan or agreement, and this lease that not terminate or expire during the control of such plan or agreement, and this lease that plan development requirements of such plan or agreement, and this lease that have a such plan or agreement. the life of such plan or agreement. In the event that said above described lands or any part thereof, shall bereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the lands overed by said plan, then the production therefrom is allocated to different portions of the lands overed by said plan, then the production in the revisities to be paid becomed to Lesson, be regarded as having produced from the particular tract of land, and the royalty payments to be made hereunder to Lesson shall be based upon production only as so allocated. Lesson shall formally express Lesson's consent to any cooperative or unit plan of development or operation adopted by Lesson and approved by any governmental agency by executing the same upon request of Lessee
- 13 All express or implied covenants of this lease shall be subject to all Lederal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation
- 14. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by I essor and be subrogated to the rights of the holder
- thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

 15. Should any one or more of the parties hereinabove named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor" as used in this lease, shall mean any one or more or all of the parties who execute this lease as Lessor. All the provisions of this lease shall be binding on the heirs, successors and assigns of Lessor and Lessoe IN WITNESS WIFREOL, this instrument is executed as of the date first above written

STATE OF	}		
COUNTY OF] §]	Acknowledgment - Individual(s)	
		Public, in and for said County and State, on this	
to me known to be the identica and acknowledged to me that uses and purposes therein set fo	du	bed in and who executed the within and foregoing instruction of the same as a free and voluntary ac	ment of writing t and deed for the
IN WITNESS WHER written	EOF, I have herei	into set my hand and affixed by notacial seal the day and	l year last above
My Commission Expires			
		Address	
STATE OF			
COUNTY OF	}§	Acknowledgment - Partnership/Frust	
BEFORE ME, the under	rsigned, a Notary	Public, in and for said County and State, on this	day of
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and acknowledged to me that uses and purposes therein set f	orth du	peared	t and deed for the
written			
My Commission Expires:			
		Address	
CTATE OF			· · · · · · · · · · · · · · · · · · ·
COUNTY OF	15	Acknowledgment - Corporation	
to me personally known who b	eing by me duly s	this day personally appearedsworn did say that he is the	
or and that said instrument was si acknowledge said instrument t	igned and scaled i	e seal affixed to said instrument is the corporate seal of in behalf of said corporation by authority of its Board (and deed of said corporation	of Directors who
Sworn to and subscrib	bed before me, th	isday of, 2000	
My commission Expires:			



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.	COMPLETE THIS SECTION ON DELIVERY A. Received by (P'ease Print Clearly) C. Signature X. J.
Mr. Gary C. Soza and Ms. Viola I. Blanton =12 County Road 6212 Kirtland, New Mexico 87417	3. Service Type Certified Mail

PS Form 3811,

Answerd his quating

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Excause of smalle 5136 of 17th 25 (1700 Uncoln, Suite 1700

FAX (303) 830-8009

January 11, 2001

(505) 576-0735

Mr. Gary C. Soza and Ms. Viola I. Blanton =12 County Road 6212 Kirtland, New Mexico 87417

Certified Mail 7000 0520 0023 4373 3070

Re: Fruitland Coal and Pictured Cliffs Weil Proposal ROPCO =8-3 Well S/2-Section 8-T29N-R14W San Juan County, New Mexico

Dear Mr. Soza and Ms. Blanton:

Richardson Production Company proposes to drill a downhole commingled Fruitland Coal and Pictured Cliffs well on the captioned lands. A recent check of the county records indicates that you own a 0.375 net acre unleased mineral interest within the spacing unit. The ROPCO =8-3 well will be located in the SW/4 of Section 8. Township 29 North. Range 14 West. The spacing unit for the Fruitland Coal will be the S/2, and the spacing unit for the Pictured Cliffs formation will be the SW/4.

Enclosed for your review is an AFE itemizing the estimated costs for the well. In the event you wish to participate in this drilling and completion attempt, please return an executed copy of the AFE to the undersigned by January 26, 2001. Upon receipt of your executed AFE, or by prior written request, we will forward an AAPL Form 610 Joint Operating Agreement for your review and execution, providing for, among other things, a 300% 100% nonconsent penalty and \$5000 drilling/\$500 producing overhead rates.

In the event you do not wish to participate. Richardson respectfully requests you elect one of the following options as to your interest:

Mr. Soza and Ms. Blanton January 11, 2001 Page 2

- 1. Enter into an oil and gas lease that provides for a three year primary term with bonus consideration based on \$30.00 per net acre and a 12.5% royalty in the event of production
- 2. Sell all of your mineral interest for \$70.00 per net acre

Your response is respectfully requested by January 26, 2001.

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

RICHARDSON PRODUCTION COMPANY

Cathleen Colby Land Manager

Cothben Colla,

On this	aay of, _001, we hereby a	elect the following:
	Participate in proposed drilling and completion herewith.	attempt, executed AFE is returned
	Enter into Oil and Gas Lease for \$30.00 per net for a three year primary term and 12.5% royalty	•
	Seil mineral rights for \$70.00 per net mineral ac	cre.
Ву:		
Printed Nar	iame:	

RICHARDSON OPERATING COMPANY AUTHORITY FOR EXPEDITURES

Well Name: ROPCO #8-3 SECTION 8 PC SW/4, FC S/2

Location: T29N R14W

Proposed Depth: 850' Fruitland Coal 1000' Pictured Cliffs Date: 01/11/2001

Objective Formation: Commingled Pictured Cliffs

and Fruitland Coal

t.	Drilling Costs (Included Run Casing)		Tangible	Intangible	Total	Fruitland Coal	Pictured Cliffs
	Survey and Permits			3.000		1,500	1,500
	Title Opinion- · · · · · · · · · · · · · · · · · · ·		ļ	3,000		1.500	1,500
	* Drilling (incl. water and mud) 1000' @ 15	5.00/ft	l	15,000		6,375	8,625
	BOP Rental		ľ	750		375	375
	Dirt Work		1	4,000		2,000	2,000
	Pit Lining.		[2,800		1,400	1,400
	Surface Casing 200' @ 7.18/ft.		1,436	}		718	718
	Casing Head		1,500			750	750
	Cement Surface			2.300		1,150	1,150
	Power Tongs			1.000		500	500
	Casing 1000' @ 5.50/ft.		5,500	}	Į.	2,338	3,163
	Trucking			3.000		1.500	1.500
	Logs		ł	3,750	1	1.875	1,875
	Engineering		1	5,000	İ	2,500	2,500
	Cement Longstring		ĺ	4.000	-	1,700	2.300
	Total Cost to Run Casing		8.436	47,600	56.036	26,181	29,856
	5.9375% Farmington, NM Tax			,,,,,	3.327	1.554	1,773
	10% Contingency		l		5.936	2.773	3.163
	Grand Total to Run Casing			<u> </u>	65.299	30.508	34.791
H.	Completion Costs	•	[03.233	30.308	34.731
11.	Rig Anchors			750		375	375
	3			3 000		1.500	1,500
	Perf		1	3.500		1,750	1.750
	Wellhead & Fittings		4,000	3.300		2.000	2,000
	Tubing 1000' @ 2.50/ft.		2,500			1.063	1,438
	Stimulation		2,300	42.000	į	21.000	21,000
	Tool Rental			2.300		1,150	1,150
	Trucking			3.000	1	1.50C	1.500
	_			6.000		3.000	3,000
	Battery Installation		ŀ	3.500	1	1.750	1,750
	Restore Location			5.800	1	2.900	2,900
	Engineering		5.300	3.800	İ	1	
	Treator, Separator		4.000	1	j	2.650 2.000	2.650) 2,000
	Flowline		4.500	į		2,250	2,250
	Tank & Fittings		4.500	3.000	1	1.500	1,500
	Gravei			10.000		5.000	5.000
	Workover Rig		j	2.000		1,000	1,000
			1	13.000		6.500	6.500
	F		•	1,500		750	750
	Division Order Opinion		ł	2.500		1.250	1.250
				2.000			1,000
	Flowback		3.300	2.000		1,000 1,650	1.650
	Fence Location			:02.050	107.150		
	Total Completion Costs		23.600	103.850	127 450	63.538	63.913
	5.9375% Farmington, NM Tax		}		7 567	3,773	3.795
	10% Contingency				13.502	6.731	6.771
	Drilling Costs			ļ	65 299	30.5081	34.791
	Grand Total Well Costs				213 319	104 55CI	109.269
PICTURED							
	RICHARDSON OPERATING CO ET AL DATE_		ROVED _				\$104304
0 234389	GARY C. SOZA DATE		ROVED _ ROVED _				\$245
	ZIOLA I. BLANTON DATE_		_		2	C TOTAL	\$104550
FRUITLAND		.50	BOVED				\$109141
	GRICHARDSON OPERATING COLETIAL DATE_ GRARY C. SOZA DATE_		ROVED _ ROVED _				\$109141
J / . J · .	VIOLA I. BLANTON DATE_	APP	ROVED _				7-20
	<u>-</u>		_		FI	C TOTAL	\$109269
			G	RY SOZA & VIOLA	BLANTON TOTAL		\$373

OIL AND GAS LEASE

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wHINESHIII, that the Lesson, for and in consoleration of Leng and times, (ADA & mays). DOI LABS cuts in bond poil, the recept of which it benefits obtained and the exements and preparents for including contained his prained, discorded, lossed and the paid by these peoples for a positive for an extensively unto the said Lesvee, the had becimally executed the producting the extension of and all gas of distinctive there in produce, save and take cut of said products, all that extension is to be distincted in the founty of San Juan. State of New Mexico, devaled as follows, how Developed the products of	surface acres covered by this lease a	and included in the unit bears to the b	ital number of surface acres	in such unit in addition	to the foregoing, I essee shall have the rigi
wITH/SSEII], that the Lessor, for and merosoforation of Leng and game, (400 & more). DOI LARS each bound pout the recept of which is board knowledged, and the excensive leave and percentage for and and percentage for and and percentage for and and percentage for and and percentage for and and percentage for and and percentage for and percentage for and producing the retination of and all gas of stateseers and received with the which is a percentage for and products, all that retination is the found of the percentage of the perce	in for want of a market anywhere on in for want of a market under this lea	ra unit which includes all or a part of asc. In lieu of the royalties elsewhere	this lease shall be treated as herein specified, including s	cit it were production, di duit in gas royalties, Les	rilling or reworking operations or a well sho sor shall receive on production from the un
WHINESSELL Into the Lexus, for and in consideration of Leg and Jung. (\$10 & pugg). DOLLARS could be both post the receipt of which is bred activately unto the said lexues, the characteristic of the control of the post of t	to include formations not producing by Lessee executing and filing of rec	oil or gas, may be reformed to exche cord a declaration of such unitization	ide such non-producing forn or reformation, which declar	intions. The forming or intion shall describe the	reforming of any unit shall be accomplished unit. Any unit may include land upon whic
WHINESELII. That the Lessor, for and in consideration of Log and jung. (310 & more). 20x1403 band paid the receipt of which is break chrowledged, and the control of the propose of mising explaints and appearents the residence of the control of the propose of mising explaints to ground the control of the propose of mising explaints to ground the propose of th	part of the land described berein and with other land, lease or leases in the	d as to any one or more of the format he immediate vicinity for the produc	ions hereunder, to pool or un tion of oil and gas, or separa	itize the leasehold estate tely for the production o	and the mineral estate covered by this least deither, when in the Lessee's Judgment it
WHMESELD. That the Lessor, for and in consideration of Leg and may. (\$10 & more). DOI LANG with a bond pool, the receipt of which is been deadworked period. The continued his grained dentated besoed and leg and the constant and approximate hereinable continued. This grained dentated besoed and leg and the constant of the product of the product of the product of the product of the product of the product of the product of the products and the continued the product of the products of the products and the continued there to produce, save and take care of said products, all that cream tract of land storaged in the County of San Juan . State of New Mexico , described as follows, to we have the product, as the products of the PARABIOLIN I SIBDIVISION, San Juan County, New Mexico, described as follows, to we have the products of the products	of Lessee, and all Lessee's operation for any act or omission of any other	is may be conducted without regard leasehold owner	to any such division. It all or	any part of this lease is	assigned, no teaschold owner shalf be liable
WHESSEII, that the Lessar, for and in consoleration of Len and more (410 & more), 2001 ARS each on band poil, the receipt of which is here actively under the sail Lesses, the faul freiender described, with the exist denied, denied, lessed and let, not by these prevents they goad, denied, lease and let could be an income to the sail faces. The fault of the continued is a second of the sail faces, the fault freiender described, with the exist lesses and let, not by the prevents they goad received on of truncines there to produce, save and product, all that extent rate of hand work in the county of San Juan. State of New Mexico, as a strength of the produce, save and less than the county of San Juan. State of New Mexico, as when the follows, tow the following the said Subdivision filed for record November 7, 1996 in Map File P-77, Book 1229, Page 59. No well shall be drilled on the leaved premises without fit st obtaining Lesson's written consent, and containing 0.755 acres, more or less. And containing 0.755 acres, more or less. 1. It is agreed that this leaves that remain in force for a term of fee (5) cans from this date and as long thereafter as od or gas of shatowers nature or kind it production said leaved premises or on acreage pouled therewith, or drilling operations, are continued as there may be designed to the leaved promises or on acreage pouled therewith, or drilling operations are continued as the remained provided (4), at the expiration of the pamma, term of this feet of or gas in the drilled on the leaved promises or on acreage pouled therewith the feets with the feets of the members of the drilling of a subsequent well. If after discovery of oil or gas to meal and or on acreage pouled therewith, and operations stell entition in flowe as long as operations are being continuously proceeded in on the leaved promises or on acreage pouled therewith the feets with the feets of the members of the drilling of a subsequent well. If after discovery of oil or gas to meal and or on acreage pouled therewith	binding on Lessee until Lessee has complete chain of record title from L	been furnished with notice, consistinces or, than then only with respect to p	ng of certified copies of all asyments thereafter made. Mr	recorded documents and rother kind of notice, wh	d other information necessary to establish action actual or constructive, shall be binding
WHNESETH, That the Lesson, for and in consideration of Len and more (110 & more). DOI LARS cash in hand poid the receipt of which is herel acknowledged, and the convenitus and apreciments freeinable contained, has granted, denived, leaved and let, and by these presents does grant, denive, leave and acknowledged, and the convenitus and apreciments freeinable contained, with the extentive plant for the propose of mining, exploring by geophysical and other methods, an operating for and producing therefore of and fall gas of whatsoever nature of kind, with rights of wax and executions for page purposes and order methods, an operating for and producing fleerilion of and aff gas of whatsoever nature of kind, with rights of wax and executions for page purposes and order in the produce, save and take care of said producits, all that cream that act of land storated in the founty of San Juan. State of New Mexico, described as follows, tow Township 29 North - Range 14 West, N.M.P.M. Section 8: Lot From (3) of the PARAMODIN SUDDIVISION, San Juan County, New Mexico, as shown on the Plates and Containing 0.75 acres, more on the feaved premises without first obtaining Lesson's written consent. * ** ** ** ** ** ** ** ** ** ** ** **	10 Lessee shall have the right:	at any time to remove all machinery:	ind fixtures placed on said p		
WINESSEIL That the Lesson, for and in consideration of Len and more (10 & more). DOLARS cash in hand paid, the receipt of which is breed acknowledged, and the convenants and precented the internal reconstanced, has granted, denisted, leased and let, and by these presents does grant, denisted, ease and a consideration in the said Lessee, the land hereinafter described, with the extentive of hit for the purpose of minony, exploring by geophysical and other methods, an operating for and producing therefore in a dark case of said products, and that retain that of land similar the first of the minory of San Juana. State of New Mexico, all excited as follows, tow produce, save and take case of said products, all that retain that of land similar to make it in the founty of San Juana. State of New Mexico, as shown on the Plats and Subdivision filed for record November 7, 1996 in Map Eile P-77, Book 1222, Page 59. No well shall be drilled on the leased premises without first obtaining Lesson's written consent. and containing 0.75 active, more of less. * there (3) It is agreed that this lease shall remain in force for a term of few (5) years from this date and as long thereafter as oil or gas of whatsoever nature or kind is product form said leased premises or on acreage proded therewith, or dilling operations are continued as become the completion or abandouncent of the primary term of this lease shall continue in force as long as operations are being continued by proceeded in the densed premises or on acreage proded therewith, or dilling operations are being produced on the leased premises or on acreage proded therewith, or dilling operations are being continued by proceeded in the state of premises or on acreage proded therewith, and dilling operations are being produced on the leased premises or on acreage proded therewith. In the proceeding of the primary term, this lease shall continue in force as long as operations to the construction of the primary term, this lease shall not more than minety (90) days shall d	7 When requested by Lessor, I 8 No well shall be drilled near	lessee shall bury Fessee's pipe line beet than 200 feet to the house or barn	clow plow depth now on said premises withor	,	•
WHINESSELL, that the Lessor, for and in consideration of Len and more (\$10 & more). DOLLARS each in hand paid, the receipt of which is herefackinowledged, and the covenants and apreciments horeinather contained, has granted, demired, leased and let, and by those presents does grant, demire, lease and levelusive prints by geophysical and utile methods, an operating for and producing therefrom oil and all gas of whateoever nature or kind, with rights of way and eacements for faying pipe lines, and erection of structures there to produce, save and take care of said produces, all that certain tract of land stonated in the County of San Juan State of New Mexico, described as follows, new Township 29 North : Range 14 West, N.M.P.M. Section 8: Lot Form (1) of the PARAMOUNT SUBDIVISION, San Juan County, New Mexico, as shown on the Platisaid Subdivision filted for record November 7, 1996 in Map File P-77, Brook 1229, Page 59. No well shall be drilled on the leaved premises without first obtaining Lesson's written consent. and containing 0.75 acres, more or less. * three (1) It is agreed that this lease shall remain in force for a term of five (5) years from this date and as long thereafter as oil or pas of whatsoever nature or kind is production said leaved premises or on acreage pooled therwith, or drilling operations are continued as between the provided 41, at the expiration of the primary term of this leave shall centime in force as long as operations are being continuously prosecuted in the leaved premises or on acreage pooled therwith, and only proceeded in the more than ninety. (90) days shall elayse between the opposed in diffusion or ex-oxiding operations for the drilling of a subsequent well. If after discovery of oil or gas to said had on on acreage pooled therewith horing operations whereous chall considered to a continuously prosecuted it on more than ninety. (90) days shall elayse between the opposed of the exhibition of the continuously prosecuted it on those han ninety. (90) days shall elayse betwee	5. If said Lessor owns a less intherein provided for shall be paid the	erest in the above described land that Elessor only in the proportion which	Lessor's interest bears to the	whole and undivided to	e.
WHNESSEIL, that the Lessor, for and in consideration of Len and more [\$10 & more) DOLLARS each in hand paid, the receipt of which is herefackinowledged, and the covenants and agreements hereinafter contained. has granted, denired, lessed and let, and by these presents does grant, denire, lease and reclusively unto the said Lessee, the land hereinafter described, with the exchesively mint of the pulpose of mining, reploring by geophysical and other methods, an operating for and producing therefore oil and all gas of whatsoever nature or kind, with rights of way and easements in hybrid pipe lines, and erection of structures there to produce, save and take care of said products, all that ceriam tract of land storated in the County of San Juan State of New Mexico, as shown on the Plats and Subdivision filled for record November 7, 1996 in Map File P-77, Book 1229, Page 59 No well shall be drilled on the leaved premises without first obtaining Lessor's written consent, and containing 0.75 acres, more or less. * three (3) It is agreed that this leave shall remain in force for a term of five (\$) years from this date and as long thereafter as oil or pas of whatsoever nature or kind is produce from said leaved premises or on acreage pooled therewith, or drilling or the produced on the leaved premises or on acreage pooled therewith, or drilling or the working operations the read of or gas is not being produced on the leaved premises or on acreage pooled therewith, or drilling or the working operations the read of the drilling of a subsequent well. If all the discovery of oil or pas to said had on on acreage pooled therewith, and on past and with the following of a subsequent well. If all the discovery of oil or gas to said had on on acreage pooled therewith and operations shall considered to be continuously prosecuted if not more than ninety (90) days chall elapse between the completion or abundonnent of one well and the beginning operations for the drilling of a subsequent well. If all effectiveness of oil or gas to	acre retained hereunder, such payme well is shut in and thereafter on or b	ent or tender to be unade on or before close the anniversary date of this lear	the anniversary date of this l	lease next ensum <mark>g aft</mark> er i	the expiration of 90 days from the date suc
WINESSEII, that the Lessor, for and in consideration of Len and more (\$10 & more). DOTARS each in hand paid, the receipt of which is herefacknowledged, and the covenants and apreements hereinafter contained, has granted, demised, leased and let, and by these presents does prant, demise, lease and I exclusively unto the said Lessee, the land hereinafter described, with the exchoise option from the purpose of mining, exploring by geophysical and other methods, an operating for and producing theretion oil and all gas of whatsoever nature or kind, with rights of was and easements for laying pape lines, and erection of structures there to produce, save and take care of said products, all that rectain tract of land situated in the County of San Juan State of New Mexico, described as follows, to we Township 29 North - Range 14 West, N.H.P.M. Section 8: Lot Form (1) of the PARAMOUNT SUBDIVISION, San Juan County, New Mexico, as shown on the Plat said Subdivision filed for record November 7, 1996 in Map File P-77, Book 1229, Page 59. No well shall be drilled on the leased premises without first obtaining Lessor's written consent. and containing 0.75 acres, more or less. *three (1) 1 It is agreed that this lease shall remain in force for a term of five (5) years from this date and as long thereafter as oil or gas of whatsoever nature or kind is produce for gas is not being produced on the leased premises or on acreage pooled therewith, or drilling operations are continued as bereinafter provided. If, at the expiration of the purmary term of this lease shall continue in force as long as operations are being continuously prosecuted in the force of the purmary term, then it lease shall entitue in force as long as operations are being continuously prosecuted in the force of the primary term, the lease shall entitle to the continuously provocuted it into more than ninety. (90) days Sub and shall chapse before the completion or about one well and the beginning operations for the drilling of a subsequent well. If after disc	Aid To pay Lesson for gas proof the proceeds, at the mouth of the	oduced from any oil well and used of well, payable monthly at the previols	the premises or in the manuagemarket rate	facture of pasoline or an	y other product a royalty of one eighth (1/1
WINESSEII, that the Lessor, for and in consideration of Linguid more (\$10 & more) DOI LARS each in hand paid, the receipt of which is herefacknowledged, and the coverants and agreements hereinafter contained, has granted, denixed, leased and let, and by these presents does grant, denixe, lease and recolarity unto the said lessee, the land hereinafter described, with the exchainver the purpose of mining, exploring by applyicial and other methods, an operating for and producing therefrom oil and alf gas of whatsoever nature or kind, with rights of was and easements for lasjing pipe lines, and erection of structures there to produce, save and take care of said products, all that certain tract of land structure in the County of San Juan. State of New Mexico, described as follows, to we have a said Subdivision filed for record November 7, 1996 in Map File P-77, Book 1229, Page 59. No well shall be drilled on the leaved premises without first obtaining Lessor's written consent. and containing 0.75 acres, more or less. three (1) It is agreed that this leave shall remain in force for a term of five (5) years from this date and as long thereafter as oil or pas of whatsoever nature or kind is produced on the leaved premises or on acreage pooled therewith, or drilling operations are continued as hereinafter provided. If, at the explination of the primary term of this leave shall continue in force as long as operations are being continuously prosecuted if not more than minet. (90) days shall clapse thereinafter provided II, at the explination of the primary term of this leave shall continue in force as long as operations are being continuously prosecuted if on time than minet. (90) days shall clapse thereinafter provided therewith the production thereof thould crase from a cause after the primary term, this leave shall not terminate if Lessee commences additional dilling or re-working operations with minet; (90) days can said land or on acreage pooled therewith the production thereof should crase from a cause after the	2nd. To pay Lessor one-eight	th (1/8) of the gross proceeds each ye the manufacture of pasoline a royalt	ar, payable quarterly, for the y of one ciplift (178), payabl	gas from each well wher e monthly at the prevail	re gas only is found, while the same is bein ing market rate for gas
WINESSETH, that the Jesser, for and in consideration of Jen and more (\$10 & more). DOTARS cash in hand paid, the receipt of which is herefacknowledged, and the covenants and agreements hereinafter contained, has granted, demixed, leased and let, and by these presents does grant, demixe, lease and I exclusively into the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, no operating for and producing therefrom oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pipe lines, and erection of structures there to produce, save and take care of said products, all that certain fract of land situated in the County of San Juan State of New Mexico described as follows, to-w Township 29 North - Range 14 West, N.M.P.M. Section 8: Lot Firm (1) of the PARAMOUNT SUBDIVISION, San Juan County, New Mexico, as shown on the Platical Subdivision filed for record November 7, 1996 in Map File P-77, Book 1229, Page 59. No well shall be drilled on the leased premises without first obtaining Lessor's written consent. and containing 0.75 acres, more or less. * three (3) 1. It is agreed that this lease shall remain in force for a term of five (5) years from this date and as long thereafter as oil or pas of whatsoever nature or kind is product from said leased premises or on acreage pooled therewith, or drilling or perations from the drilling of a consequent of the primary term of this lease shall continue in force as long as operations are being continuously prosecuted of the leased premises or on acreage pooled therewith the essee is that continuously prosecuted if not more than ninety. (90) days shall clapse between the completion or abandoment of one well and the beginning operations for the drilling of a subsequent well. If after discovery of our gas on said land or on acreage pooled therewith the production for one date of completion of dry hole. If oil or gas shall be discovered and produced as a result	3 In consideration of the premi 1st. To deliver to the credit of			wells on said land, the c	qual one-ciphth (1/8) part of all oil produce
WITNESSEIII, that the Lessor, for and in consideration of Len and more (\$10 & more). DOLLARS each in hand paid, the receipt of which is herefacknowledged, and the covenants and ngreenents hereinafter contained, has granted, demised, leased and let, and by these presents does grant, demise, lease and I exclusively unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, an operating for and producing therefrom oil and all gas of whatsoever nature or kind, with rights of was and easements to laying pipe lines, and erection of structures there to produce, save and take care of said products, all that certain tract of land stocated in the County of San Juan State of New Mexico, described as follows, to we Township 29 North - Range 14 West, N.M.P.M. Section 8: Lot Form (1) of the PARAMOUNT SUBDIVISION, San Juan County, New Mexico, as shown on the Plates aid Subdivision filed for record November 7, 1996 in Map File P-77, Book 1229, Page 59. No well shall be drilled on the leased premises without first obtaining Lessor's written consent. and containing 0.75 acres, more or less. * three (3) I it is agreed that this lease shall remain in force for a term of fire (5) years from this date and as long thereafter as oil or pas of whatsoever nature or kind is produce of or gas is not being produced on the leased premises or on acreage pooled therewith, or drilling operations are continued as becomafter provided. If, at the expiration of the primary term of this lease shall continue in force as long as operations are being continuously prosecuted on the leased premises or on acreage pooled therewith and operations study operations that the produced on the lease at long as operations are being continuously prosecuted on the leased premises or on acreage pooled therewith, and operations shall entition in force as long as operations are being continuously prosecuted on the leased premises or on acreage pooled therewith, and operatio	commence or continue any operation of said land and as to any strata or s	is during the primary term. Lessee ma	ry at any time or times during	for after the primary ten	in surrender this lease as to all or any portio
WITNESSEII, That the Lessor, for and in consideration of Len and more (\$10 & more). DOTARS each in hand paid, the receipt of which is herefacknowledged, and the covenants and agreements hereinafter contained, has granted, demised, leased and let, and by these presents does grant, demise, lease and texclusively into the said Lessee, the land hereinafter described, with the exclusively into the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and often methods, no operating for and producing therefrom oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pipe lines, and erection of structures there to produce, save and take care of said products, all that certain tract of land subard in the County of San Juan. State of New Mexico, as shown on the Plates and Subdivision filed for record November 7, 1996 in Map File P-77, Book 1229, Page 59. No well shall be drilled on the leased premises without first obtaining Lessor's written consent. and containing 0.75 acres, more or less. * three (3) 1. It is agreed that this lease shall remain in force for a term of five (5) years from this date and as long thereafter as oil or pas of whatsoever nature or kind is produced normalized premises or on acreage pooled therewith, or drilling operations are continued as bereinafter provided. If, at the expiration of the primary term of this lease shall continue in force as long as operations are being continuously prosecuted in the rescent the completion or abandonment of one well and the beginning operations for the drilling of a subsequent well. If after discovery of oil or gas is aid land or on acreage pooled therewith, and operations shall considered to be continuously prosecuted if not more than ninety. (90) days shall clapse between the completion or abandonment of one well and the beginning operations for the drilling of a subsequent well. If after discovery of oil or gas is aid land or on acreage pooled therewith,	term of this lease, this lease shall con	ntinue in force so long as oil or gas i	produced from the leased p	temises or on acreage pi	wled therewith
WITNESSETH, That the Lessor, for and in consideration of Len and more (\$10 & more). DOTTARS each in hand paid, the receipt of which is here acknowledged, and the covenants and agreements hereinafter contained, has granted, demised, leased and let, and by these presents does grant, demise, lease and I exclusively unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, in operating for and producing therefrom oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pupe lines, and erection of structures there to produce, save and take care of said products, all that certain tract of land situated in the County of San Juan. State of New Mexico, described as follows, to we Township 29 North - Range 14 West, N.M.P.M. Section 8: Lot Form (4)) of the PARAMOUNT SUBDIVISION, San Juan County, New Mexico, as shown on the Plates and Subdivision filed for record November 7, 1996 in Map File P-77, Book 1229, Page 59. No well shall be drilled on the leased premises without first obtaining Lessor's written consent. and containing 0.75 acres, more or less. * three (3) I it is agreed that this lease shall remain in force for a term of five (5) years from this date and as long thereafter as oil or pas of whatsoever nature or kind is product toon said leased premises or on acreage pooled therewith, or drilling operations are continued as hereinafter provided II, at the expiration of the primary term of this less oil or gas is not being produced on the leased premises or on acreage pooled therewith but I essee is than engaged in drilling operations thereon, then it lease shall continue in force as long as operations are being continuously prosecuted on the leased premises or on acreage pooled therewith, and operations that	operations for the drilling of a subse- cause after the primary term, this lea	quent well. If after discovery of oil o se shall not terminate if I essee comm	or gas on said land or on acre sences additional drilling or i	age pooled therewith the cwith the control of the c	ne production thereof should cease from an other ninety (90) days from date of cessatio
WINESSETI, That the Lessor, for and in consideration of Len and more (\$10 & more). DOTTARS each in hand paid, the receipt of which is herelacknowledged, and the covenants and agreements hereinafter contained, has granted, denived, leased and let, and by these presents does grant, denive, lease and feechisively unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, in operating for and producing therefrom oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pipe lines, and erection of structures therefor produce, save and take care of said products, all that certain tract of land situated in the County of San Juan. State of New Mexico, described as follows, town Township 29 North - Range 14 West, N.M.P.M. Section 8: Lot Four (4)) of the PARAMIOUN I SUBDIVISION, San Juan County, New Mexico, as shown on the Plates and Subdivision filed for record November 7, 1996 in Map File P-77, Book 1229, Page 59. No well shall be drilled on the leased premises without first obtaining Lessor's written consent. and containing 0.75 acres, more or less. * three (3) I It is agreed that this lease shall remain in force for a term of fire (5) years from this date and as long thereafter as oil or yas of whatsoever nature or kind is product.	oil or gas is not being produced on t lease shall continue in force as long	he leased premises or on acreage poor g as operations are being continuous	ded therewith but Lessee is ly prosecuted on the leased	than engaged in drilling premises or on acreage	of re-working operations thereon, then this pooled therewith, and operations shall be
WINESSETI, That the Lessor, for and in consideration of Len and more (\$10 & more) DOLLARS each in hand paid, the receipt of which is herefacknowledged, and the covenants and agreements hereinafter contained, has granted, demised, leased and let, and by these presents does grant, demise, lease and feechisively into the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, in operating for and producing therefrom oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pipe lines, and erection of structures thereof to produce, save and take care of said products, all that certain tract of land situated in the County of San Juan State of New Mexico , described as follows, to we Township 29 North - Range 14 West, N.M.P.M. Section 8: Lot Four (4)) of the PARAMOUNT SUBDIVISION, San Juan County, New Mexico, as shown on the Plates and Subdivision filed for record November 7, 1996 in Map File P-77, Book 1229, Page 59 No well shall be drilled on the leased premises without first obtaining Lessor's written consent.	1 It is agreed that this lease shall	thu !! !!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!) years from this date and as	long thereafter as oil or p	gas al whatsoever nature or kind is produce
WINESSEID, That the Lessor, for and in consideration of Len and more (\$10 & more). DOLLARS cash in hand paid, the receipt of which is herel acknowledged, and the covenants and agreements hereinafter contained, has granted, demixed, leased and let, and by these presents does grant, demixe, lease and lexelusively into the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, in operating for and producing therefrom oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pipe lines, and erection of structures therefor produce, save and take care of said products, all that certain tract of land situated in the County of San Juan State of New Mexico described as follows, town. Township 29 North - Range 14 West, N.N.P.M. Section 8:— Lot Form (4)) of the FARAMOUNT SUBDIVISION, San Juan County, New Mexico, as shown on the Plates.		·	aises without first obtain	uing Lessor's writte	n consent.
WITNESSETT, That the Lessor, for and in consideration of Len and more (\$10 & more). DOLLARS cash in hand paid, the receipt of which is herely acknowledged, and the covenants and agreements hereinafter contained, has granted, demised, leased and let, and by these presents does grant, demise, lease and I exclusively unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, in operating for and producing therefrom oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pipe lines, and erection of structures there to produce, save and take care of said products, all that certain tract of land situated in the County of San Juan State of New Mexico (described as follows, to-we	Section 8:				
WHNESSETH, That the Lessor, for and in consideration of <u>Len and more</u> (\$10 & more) DOHARS each in hand paid, the receipt of which is herel acknowledged, and the covenants and agreements bereinafter contained, has granted, demixed, leased and let, and by these presents does grant, demixe, lease and be exclusively unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, an operating for and producing therefrom oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pipe lines, and erection of structures there.	Township 2	29 North - Range 14 West, N.A	1.P,M,		
WIINESSEII, That the Lessor, for and in consideration of Len and more (\$10 & more) DOLLARS each in hand paid, the receipt of which is herely	operating for and producing therefrom	m oil and all gas of whatsoever nature	or kind, with rights of way a	nd casements for laying	pipe lines, and erection of structures thereof
one or more rangers under a roung court of a company whose post office address is 1700 LARCOID. SHILE 1700, 1700 CL. U. XUZUA bereinalier called Lesse	WITNESSEIII, That the Lesse	n, for and in consideration of 1e	n and more (\$10 & more)	DOLLARS each in 1	hand paid, the receipt of which is hereby
Whose post office address is #12 County Road 6212, Kirtland, New Mexico 87417 between the called Lessor (wheth					
THIS AGREEMENT, Made and entered into this <u>11th</u> day of <u>January</u> <u>, 2001</u> , by and betwee Gary C. Soza, an unmarried man, and Viola I. Blanton, a single woman, as joint tenants	Gary C.	Soza, an unmarried man, a	nd Viola I. Blanton, a	a single woman, as	i joint tenants

STATE OF			
COUNTY OF)	Acknowledgment - Individual(s)	
BEFORE ME, the unde	usigned, a Notary onally appeared	y Public, in and for said County and State, on this	day of
and			
to me known to be the identica and acknowledged to me that_ uses and purposes therein set f		ibed in and who executed the within and foregoing instruction of the same as free and voluntary a	ument of writing ct and deed for the
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My Commission Expires			
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STATE OF] }	Acknowledgment - Corporation	
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to me personally known who I	being by me duly	y, this day personally appeared	
of	and that t signed and scaled to be the free act	the seal affixed to said instrument is the corporate seal of him behalf of said corporation by authority of its floard and deed of said corporation	f said corporation of Directors who
Sworn to and subscri	ibed before me, 1	his day of 2000	
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	SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
	Complete items 1, 2, and 3. Also complete	A Received by (Please Print Clearly) B. Date of Delivery
	item 4 if Restricted Delivery is desired.	XFI-Hauses 1-16-01
	Print your name and address on the reverse	C. Signature
	so that we can return the card to you. Attach this card to the back of the mailpiece,	☐ Agent
	or on the front if space permits.	ACGressee
	Arbcie Addressed to:	D. Is delivery address different from item 1?
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	Conseco Finance Servicing Corp.	
	III Lomas Boulevard, N.W.	
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		4. Restricted Delivery? (Extra Fee)
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1700 Lincoln, Suire 1700 Denver, Calardaa 60203 (303) 330-3030 Fax (303) 630-8009

January 11, 2001

SUS) 242-1300

Conseco Finance Servicing Corp.
111 Lomas Boulevard, N.W., Suite 500
Albuquerque, New Mexico 87102

Certified Mail 7000 0520 0023 4373 3087

Re: Fruitland Coal and Pictured Cliffs Well Proposal

ROPCO =8-3 Well

S.2-Section 8-T29N-R14W San Juan County, New Mexico

Gentlemen:

Richardson Production Company proposes to drill a downhole commingled Fruitland Coal and Pictured Cliffs well on the captioned lands. A recent check of the county records indicates that you own a 0.375 net acre unleased mineral interest within the spacing unit. The ROPCO =8-3 well will be located in the SW/4 of Section 8. Township 29 North, Range 14 West. The spacing unit for the Fruitland Coal will be the S/2, and the spacing unit for the Pictured Cliffs formation will be the SW/4.

Enclosed for your review is an AFE itemizing the estimated costs for the well. In the event you wish to participate in this drilling and completion attempt, please return an executed copy of the AFE to the undersigned by January 26, 2001. Upon receipt of your executed AFE, or by prior written request, we will forward an AAPL Form 610 Joint Operating Agreement for your review and execution, providing for, among other things, a 300% 100% nonconsent penalty and \$5000 drilling/\$500 producing overhead rates.

In the event you do not wish to participate. Richardson respectfully requests you elect one of the following options as to your interest:

John Michael

Larry Print Bennet

2-3.01 -ta, p.,,

Conseco Finance Servicing Corp. January 11, 2001
Page 2

- 1. Enter into an oil and gas lease that provides for a three year primary term with bonus consideration based on \$30.00 per net acre and a 12.5% royalty in the event of production
- 2. Sell all of your mineral interest for \$70.00 per net acre

Your response is respectfully requested by January 26, 2001.

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

RICHARDSON PRODUCTION COMPANY

Cathleen Colby Land Manager

Cathleen Coils

On this	day or	. 2001, we hereby elect the following:
	Participate in propo herewith.	osed drilling and completion attempt, executed AFE is returned
		Gas Lease for \$30.00 per net mineral acre, with lease to provide nary term and 12.5% royalty in the event of production.
	Seil mineral rights	for \$70.00 per net mineral acre.
By:	·	
Printed Nan	ne:	

AUTHORITY FOR EXPEDITURES

Weil Name: ROPCO =8-3 | SECTION 3 | PC SW/4, FC S/2

Location: T29N R14W Proposed Depth: 350' Fruitland Coal 1000' Picturea Cliffs

Date: 01/11/2001

Objective Formation: Commingred Pictured Cliffs

and Fruitland Coal

1.	Drilling Costs (Included Run Casing)	Tangible	Intangible	Total	Fruitland Coal	Pictured Cliffs
	Survey and Permits of the control of	:	3.0001	· · · · · · · · · · · · · · · · · · ·	1 500)	1,500
	Title Coinions seed as a seed of the control of the	,	3,000		1.500	1,500
	* Drilling (incl. water and mud) 1000f @ 15.00/ft.	1	15,300		6,375	8,625
	BOP Rental	!	750 i		375	375
	Dirt Work.		± 000 l	ĺ	2.000	2,300
	Pit Lining		2.300	į	1.400	2,300 1,≟00
	Surface Casing 200' @ 7.18/ft.	1,436	2.533		718	718
	Casing Head	1.500	1		750	750
	Cement Surface	1,500	2.300	j	1,150	1,150
	Power Tongs		1.000		500	500
	Casing 1000' @ 5.50/ft.	5.500	1.500		2,338	
	Trucking	3,300	3,000		1,500	3,163
	1025		3,750			1,500
	7-3-			:	1.875	1.875
	Engineering		5.000		2,500	2.500
	Sament Congstring-		± 300i		1,700	2.300
	Total Cost to Run Casing-	3 -361	47 5001	55.0361	26.1811	29.856
	5.9375% Farmington, NM Tax			3,3271	1.554	1.773
	10ಳ Contingency		!	5 9361	2 773	3.153
	Grand Total to Run Casing			65,1991	30,5081	34,791
ii.	Completion Costs			33.233	33.3331	3 3
•••	Rig Anchors		750		3751	375
	3		3.000		1.5001	
	LOGS		3.5001			1.500
	•		3 200		1 750:	1 750
	Weirread & Fittings		†		2 000	2,000
	Tubing 10001 @ 2.507ft.	2 500	*		1 363	1 438
	Stimulation: 1999		42,0001	· · · · · · · · · · · · · · · · · · ·	21.000!	21,000
	Tool Rental Control Control Control		2,3001		1.150	1,150
	Trucking		3,0001		1.5001	1.500
	Battery installation		5.0001		3,0001	3,0001
	Restore Location		3.5001		1,750	1,750
	Engineering		5.3001		2.9001	2,900
	Treator Separator	5 3001			2,550	2.550
	Framing	÷ 300°			2.0001	2,000
	Tank & Fittings	± 500}			2,2501	2.2501
	Gravei	- 3001	3.0001		1,5001	1.500
	Workeyer Rig		15,3001		5.000	5,200
	3		2,0001			1.200
	Completion Fluids				1,0001	
	Proeiine riockup.		13.0001		6.5001	5.5001
	Division Graer Opinion		1.5001		7501	750
	Frac Tank Rental		2.500]		1.250	1.250
	Flowcack		2,000		1,000	1.2001
	Fence Location	3.3001	·		1 5501	1,6501
	Total Completion Costs	23 6001	103.8501	127 4507	53.5381	53,913
	5 9375% Farmington, NM Tax		1	7 5671	3.7731	3,795
	10% Contingency		,	13.5021	5.731	ā.771
	Ornling Costs			55.2991	30,508	34 791
	•					139,259
	Grand Total Well Costs			213,319	.04 5501	.52.2391
RUITLAND	· · · · · · · ·					4.4
-	RICHAPOSON OPERATING CO ET AL CATE	15050AED -				\$104427
	CONSECO FINANCE SERVICING CORP CATE	1566CAED _			C TOTAL	\$123 \$104550
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PICTURED (CLIFFS					
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	CONSECO FINANCE SERVICING CORP DATE	#5000AED				3255
				2	O TOTAL	3109269
		C	ONSECO FINANCE S	ERVICING TOTAL		5379
		<u>-</u>		• .• .• .•		

OIL AND GAS LEASE

THIS AGREEMENT, Made and enleted into this THI	day of	January	2001 by and between
Conseco Finan	cc Servicing	Corp.	
Whose post office address is 111 Lomas Boulevard, N.W., Suite 500, Albi	uquerque, Nev	y Mexico 87102 _	hereinafter
alled Lessor (whether one or more) and Richardson Production Company	g - whose post off	ice address is 1700	Lincoln, Suite 1700, Denyer, CO 80203.
recinatter called Lessee.			

WHNESSETH, that the Lessor, for and in consideration of <u>ten and more</u> (\$10 & more) DOLLARS cash in band paid, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, has granted, demised, leaved and let, and by these presents does grant, demise, leave and let exclusively unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, and operating for and producing therefrom oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pipe lines, and erection of structures thereon in produce, save and take care of said products, all that certain tract of land situated in the County of <u>San Juan</u> State of <u>New Mexico</u> described as follows, to wit

Township 29 North - Range 14 West, N.M.P.M.

Lot Five (5)) of the PARAMOUNT SUBDIVISION, San Juan County, New Mexico, as shown on the Plat of said Subdivision filed for record November 7, 1996 in Map File P-77, Book 1229, Page 59

No well shall be drilled on the leased premises without first obtaining Lessors' written consent.

and containing .75 acres, more or less

* three (3)

- 1. It is agreed that this lease shall remain in force for a term of five (5) years from this date and as long thereafter as oil or gas of whatsoever nature or kind is produced It is agreed that this lease shall remain in loce for a term of five (5) years from this date and as long thereafter as off or pas of whatsoever nature or kind is produced from said leased premises or on acceage pooled therewith, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acceage pooled therewith but I essee is than engaged in duffling or re-working operations thereon, then this lease shall continue in force as long as operations are being continuously prosecuted on the leased premises or on acceage pooled therewith, and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall clapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on said land or on acceage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall not terminate it. I essee commences additional duffing or re-working operations within ninety (90) days from date of cessation of production or from date of completion of dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as our produced from the leased premises or on accepte model therewith. term of this lease, this lease shall continue in force so long as oil or gas is produced from the leased premises or on acreage pooled therewith

 2. This is a PAID-UP LEASE. In consideration of the down each payment, Lessor agrees that Lessoe shall not be obligated, except as otherwise provided herein, to
- commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to aft or any portion of said land and as to any strata or stratum by delivering to Lessor or by filing for record a releases, and be reflexed of all obligation thereafter accruing as to
 - 3. In consideration of the premises the said I essee covenants and agrees
- 1st. To deliver to the credit of Lessor, free of cost, in the pipe fine to which I essee may connect wells on said land, the equal one-eighth (1/R) part of all oil produced and saved from the leased premises.

- and saved from the leased premises.

 2nd. To pay Lessor one-eighth (1/8) of the gross proceeds each year, payable quarterly, for the gas from each well where gas only is found, while the same is being used off the premises, and if used in the manufacture of gasoline a royalty of one-eighth (1/8), payable monthly at the prevailing market rate for gas.

 3rd. To pay Lessor for gas produced from any oil well and used off the premises or in the manufacture of gasoline or any other product a royalty of one-eighth (1/8) of the proceeds, at the mouth of the well, payable monthly at the prevailing market rate.

 4. Where gas from a well capable of producing gas is not sold or used. Lessee may pay or tender as royalty to the royalty owners One Dollar per year per net royalty accertained hereunder, such payment or tender to be made on or before the anniversary date of this lease next ensuing after the expiration of 90 days from the date such well is shut in and thereafter on or before the anniversary date of this lease. that gas is being produced within the meaning of this lease
 5. If said Lessor owns a less interest in the above described land than the entire and undivided fee simple therein, then the royalties (including any shut-in gas royalty)
- herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee

 6. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operation thereon, except water from the wells of Lessor

 - When requested by Lessor, Lessee shall bury I essee's pipe line below plow depth. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of I essor.
 - Lessee shall pay for damages caused by Lessee's operations to growing crops on said land
 - 10
- 10. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove easing.

 11. The rights of Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded documents and other information necessary to establish a complete chain of record title from Lessor, than then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.
- 12. Lessee, at its option is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described herein and as to any one or more of the formations hereunder, to pool or unitize the leasehold estate and the mineral estate covered by this lease part of the land described herein and as to any one of ine formations between the formation between the transfer of leases or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in the Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other fund, lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or reforming of any unit shall be accomplished by Lessee executing and filling of record a declaration of such unitivation or reformation, which declaration shall describe the unit. Any unit may include land upon which a welf has therefore been completed or upon which operations for drifting have therefore been computed or upon which operations or a well shall in for want of a market mywhere on a unit which includes all or a part of this lease shall be treated as if it were production dulling or reworking operations or a well shall in for want of a market under this lease. In her of the royalties elsewhere herein specified, including shall in gas royalties, I essor shall receive on production from the unit so pooled royalties only in the portion of such production allocated to this lease, such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, I essee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the myallies to be paid hereunder to I esson, be regarded as having produced from the particular tract of land, and the myally payments to be made hereunder to I esson shall be based upon production only as so allocated. Lesson shall be passed upon production only as so allocated. Lesson shall be passed upon production only as so allocated. Lesson shall be passed upon production only as so allocated. Lesson shall be passed upon production only as so allocated. Lesson shall be passed upon production only as so allocated. Lesson shall be passed upon production only as so allocated. Lesson shall be passed by any governmental agency by executing formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee
- 13. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held hable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation
- 14. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessor shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor and be subrogated to the rights of the holder thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein
- 15. Should any one or more of the parties bereinabove named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor" as used in this lease, shall mean any one or more or all of the parties who execute this lease as Lessor. All the provisions of this lease shall he binding on the heirs, successors and assigns of Lessor and Lessee
 IN WITNESS WHERFOF, this instrument is executed as of the date first above written

ATTEST: CONSECO FINANCE SERVICING CORP.

Secretary

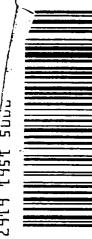
President

STATE OF		A. L. S. L. Barrando, Dr. H. S. Lival (A.)	
COUNTY OF]§]	Acknowledgment - Individual(s)	
		Public, in and for said County and State, on this	
and	· · · · · · · · · · · · · · · · · · ·	ibed in and who executed the within and foregoing instru	
to me known to be the identica and acknowledged to me that_ uses and purposes therein set f	dı	ibed in and who executed the within and foregoing instruuly executed the same asfree and voluntary act	ment of writing t and deed for th
IN WITNESS WHER written.	tEOF, I have here	conto set my hand and affixed by notarial seal the day and	l year last above
My Commission Expires			
		Address:	~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~

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My Commission Expires:			Bunders and the last of the Art of the last one and addressed in the Art of the last of th
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STATE OF		Acknowledgment - Corporation	
COUNTY OF			
BEFORE ME, the unde to me personally known who l	ersigned nuthority being by me duly	, this day personally appearedsworn did say that he is the	
of		he seal affixed to said instrument is the corporate seal of a in behalf of said corporation by authority of its Board o and deed of said corporation	said corporation f Directors who
Sworn to and subscri	hed before me, th	risday of, 2000.	
My commission Expires			







1700 Lincoln, Suite 1700 Denver, Colorado 80203

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Shiprock, New Mexico 87420 P.O. Box 3517 Ms. Leona R. Begay Mr. Ronald J. Johnson and

Jan 12'01

HIMETER 5386 to

U.S. FOSTAHE *

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RICHARDSON PRODUCTION

Do not remail in this envelope Notwo L No such all 13 to all te haeface Unclai --- runter Shiprock, New Mexico 87420

Ms. Leona R. Begay Mr. Ronald J. Johnson and

> JM15'01 H METER 5386 IL U.S. POT IAGH

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JAN 29

1700 Lincoln, Suite 1700 Denver, Calorado 30203 (303) 330-3000 Fax (303) 330-8009

January 11, 2001

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not in Farmington phone lake
dimetry assistance:
R. Johnson non published

Mr. Ronald J. Johnson and Ms. Leona R. Begay P.O. Box 3517 Shiprock, New Mexico 87420-3517

Certified Mail 7099 3220 0005 1561 6167

Re:

Fruitland Coal and Pictured Cliffs Well Proposal

ROPCO #8-3 Well

S/2-Section 8-T29N-R14W San Juan County, New Mexico

Dear Mr. Johnson and Ms. Begav:

Richardson Production Company proposes to drill a downhole commingled Fruitland Coal and Pictured Cliffs well on the captioned lands. A recent check of the county records indicates that you own a 0.436 net acre unleased mineral interest within the spacing unit. The ROPCO #8-3 well will be located in the SW/4 of Section 8. Township 29 North, Range 14 West. The spacing unit for the Fruitland Coal will be the S/2, and the spacing unit for the Pictured Cliffs formation will be the SW/4.

Enclosed for your review is an AFE itemizing the estimated costs for the weil. In the event you wish to participate in this drilling and completion attempt, please return an executed copy of the AFE to the undersigned by January 26, 2001. Upon receipt of your executed AFE, or by prior written request, we will forward an AAPL Form 610 Joint Operating Agreement for your review and execution, providing for, among other things, a 300%/100%-nonconsent penalty and \$5000 drilling/\$500 producing overhead rates.

In the event you do not wish to participate. Richardson respectfully requests you elect one of the following options as to your interest:

Mr. Johnson and Ms. Begay January 11, 2001 Page 2

- 1. Enter into an oil and gas lease that provides for a three year primary term with bonus consideration based on \$30.00 per net acre and a 12.5% royalty in the event of production
- 2. Sell all of your mineral interest for \$70.00 per net acre

Your response is respectfully requested by January 26, 2001.

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

RICHARDSON PRODUCTION COMPANY

Cathleen Colby Land Manager

Cathleen Colley

On this	day of	2001, we hereby elect the following:
	Participate in propo herewith.	osed drilling and completion attempt, executed AFE is returned
	-	Gas Lease for \$30.00 per net mineral acre, with lease to provide nary term and 12.5% royalty in the event of production.
	Sell mineral rights	for \$70.00 per net mineral acre.
Ву:		,
Printed Nan	ne:	

AIGRARUSON OF LAATING COM. FULL AUTHORITY FOR EXPEDITURES

Well Name: ROPCO =8.3 SECTION 8 PC SW/4, FC S/2

Cocation: T29N R14W Proposed Depth: 350' Fruitland Coal

1000' Pictured Cliffs

Date: 01/11/2001

Objective Formation: Commingled Pictured Cliffs

and Fruitland Coal

	Drilling Costs (Included Run Cas	•	Tangible	Intangible	Total	Fruitland Coal	Pictured Cliffs
	Survey and Permits		1	3,000 ⁷		1 8001	1,500
	Title Opinion			3,000	:	1.530	1,500
•	 Drilling (incl. water and mud) 100 	_	i	15.000	}	5.375	8,625
	BOP Rental		Ì	750	ļ	375	375
	Dirt Work-			4.000	1	2.000	2,000
	Pit Lining.			2,800	-	1,400	1,400
	Surface Casing 2001 @ 7.18/ft.		1.436	}	i	718	718
	Casing Head.		1,500		ì	750	750
	Cament Surface			2.300		1.150	1,150
	Power Tongs			1.000		500	500
	Casing 1000' @ 5.30/ft.		5.500	2 220	-	2.338	3,163
	Trucking		!	3.000	i	1.500	1.500
			:	3.750		1.375	1.375
	Engineering			5.000	1	2.500	2.500
	Dement Longstring			± 2001		1,700	2.300
	Total Cost to Run Casing.		3.136	47.600	36.036	26,181	29.356
	5.9375亏 Farmington NM T	āx		i	3.327	. 5541	1.773(
	10% Contingency				5 936)	2,773	3.163
	Grand Total to Run Casing	Š.			55,2991	30.5081	34 791
11.	Completion Costs		•			ı	
	Rig Anchors		j	7501		3751	375
	_0gs/			3 000		1 5001	1.500
	2\$4			3 500.		17501	1.750
	Weilnead & Fittings-		4 000 i			2 0001	2,000
	Tubing 10001 @ 2,507ft		2,5001			1 3631	1.438
	Stimulation		İ	42,0001		21,3001	21.000
	Tool Rental	· ·		2,3001		1.150}	1.150
	Trucking-			3,3001		1.500:	1.500
	Battery installation		i	5 JCC1		3,0001	3,000↓
	Restore Location		1	3,5001		1 750!	1,750
	Engineering			5.300		2,9001	2,900
	Treator, Separator		5 3001			2 6501	2,650
	Flowline		4 0001			2 3061	2,000
	Tank & Fittings:		4 5001			2,2501	2,250
	Gravei		ł	3.0001		1,500)	1.500
	Norkover Right and the second		i	10.0001		£.0001	5.000
	Completion Fluids-		:	2,0001		1 3001	1.000
	profiline Hooking		1	13.0001		5,5001	6,500
	Division Order Cainian 🕟 👵		1	1.5001		750!	7501
	Frac Tanx Rental			2,5001		1,2501	1.250
	Frowdack		:	2,0001		1,0001	1.000
	Fence Location	*	3 3001			<u> </u>	1,650
	Total Completion Costs	4 4	23,6001	103.8501	127 4507	63,5381	63.913
	5.9375% Farmington, NM T.	3x			7 5571	3,7731	3.795
	10% Contingency				13.5021	6.731(5.771
	Ornling Costs				55 2991	30 E081	34 791
	Grand Total Well Costs			_	213 3197	.34 550;	(09.259)
UITLAND							
	, FICHARDSON OPERATING CO ET AL	CATE	TEERCAED				5104407
	PONALD J. JOHNSON	2ATE	TESOCAED				51-2
•	LECNA R. BEGAY	DATE	4PPROVED				
					=	O TOTAL	\$104550
	C1 1556						
CTURED (CLIFFS , PICHARDSON OPERATING CO ET AL	CATE	1P99OVED				5109070
-	FONALO J LOHNSON	2A7E	TESTORES				5199
	LEGNA R. BEGAY	CATE	1508CAED				
					2	S TOTAL	5109269
			4	ONALD JOHNSON &	LEONA BEGAY TO	DTAL	5341

OIL AND GAS LEASE

day of

January

2001

by and between

1116

Rona	ıld J. John	son, an unmarried man, and Leona R. Begay, an unma	
AND THE PROPERTY AND THE PROPERTY OF THE PROPE		ox 3517, Shiprock, New Mexico 87420-3517	•
		tion Company whose post office address is 1700 Lincoln, Suite 1	
acknowledged, and the exclusively unto the said operating for and produc	covenants and d Lessee, the ring therefrom	re for and in consideration of — Len and more (\$10 & more) — DOLL Lagreements hereinafter contained, has granted, demised, leased and le land hereinafter described, with the exclusive right for the purpose of a containd all pas of whatsoever nature or kind, with rights of way and easem products, all that certain tract of land situated in the County of _\$an_Juan	t, and by these presents does prant, demise, lease and let nonne, exploring by geophysical and other methods, and ents for laying pipe lines, and erection of structures thereon
<u>1</u>	ownship 29) North - Range 14 West, N.M.P.M.	
S	Section 8:	Lot Thirteen (13) of the PARAMOUNT SUBDIVISION, San of said Subdivision filed for regard November 7, 1996 in Ma	i Juan County, New Mexico, as shown on the Plat sp. File P-77, Book 1229, Page 59
١	No well shal	I be drilled on the leased premises without first obtaining Les	ssors' written consent.
л	nd containin	g.0.872 acres, more or less, * three (3)	
from said leased premise oil or gas is not being pr lease shall continue in t considered to be contin operations for the drillin	es or on acreage roduced on the force as long nously prosec ig of a subseq	remain in force for a term of five (5) years from this date and as long there ge pooled therewith, or drilling operations are continued as herematter pro- e-leased premises or on acreage pooled therewith but Lessee is than enga- as-operations are being continuously prosecuted on the leased premises toted if not more than ninety. (90) days shall clapse between the comp- uent well. If after discovery of oil or gas on said land or on acreage poole e-shall not terminate if Lessee commences additional drilling or re-working.	wided. It, at the expiration of the primary term of this lease, ged in drilling or re-working operations thereon, then this so on acceage pooled therewith, and operations shall be obtton or abandonment of one well and the beginning of ed therewith, the production thereof should cease from any

of production or from date of completion of dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil or gas is produced from the leased premises or on acreage product therewith

2. This is a PAID-UP LEASE. In consideration of the down cash payment, Lessor agrees that I essee shall not be obligated, except as otherwise provided herein, to commence or continue any operations thiring the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to Lessor or by filing for record a releases, and be relieved of all obligation thereafter accruing as to

the acreage surrendered 3. In consideration of the premises the said Lessee covenants and agrees

THIS AGREEMENT. Made and entered into this

To deliver to the credit of Lessor, tree of cost in the pipe line to which I essee may connect wells on said land, the cipial one cighth (1.8) part of all oil produced and saved from the leased premises

2nd. To pay Lessor one-eighth (1/8) of the gross proceeds each year, payable quarterly, for the gas from each well where gas only is found, while the same is being used off the premises, and if used in the manufacture of pasoline a royalty of one eighth (1/8), payable monthly at the prevailing market rate for gas.

3rd. To pay Lessor for gas produced from any oil well and used off the premises or in the manufacture of gasoline or any other product a royalty of one eighth (1/8).

of the proceeds, at the mouth of the well, payable mouthly at the prevailing market rate

4. Where gas from a well capable of producing gas is not sold or used, I essee may pay or lender as royalty to the royalty owners. One Dollar per year per net royalty acre retained hereunder, such payment or tender to be made on or before the anniversary date of this lease next ensuing after the expiration of 90 days from the date such well is shut in and thereafter on or before the anniversary date of this lease next ensuing after the expiration of 90 days from the date such well is shut in and thereafter on or before the anniversary date of this lease during the period such well is shut in. If such payment or tender is made, it will be considered that gas is being produced within the meaning of this lease.

5. If said I essent name a loss integers in the above the anniversary date of this lease.

If said Lessor owns a less interest in the above described land than the cotire and undivided fee simple therein, then the royalties (including any shut in gas royalty)

berein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee

6. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operation thereon, except water from the wells of Lessor

When requested by Lessor, Lessee shall bury Lessee's pipe line below plow depth. No well shall be drilled nearer than 200 feet to the house or harn now on said premises without written consent of Lessor.

Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing

II The rights of Lessor and I essee hereunder may be assigned in whole or part. No change in ownership of I essor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded documents and other information necessary to establish a complete chain of record title from I essor, than then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.

Lessee, at its option is bereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described herein and as to any one or more of the formations bereinder, to pool or mutize the leasehold estate and the nuneral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil and pas, or separately for the production of either, when in the Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. I the wise, units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or reforming of any unit shall be accomplished by Lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has therefore been completed or upon which operations for drilling have theretofore been commenced. Production, drilling or reworking operations or a well shut a well has therefore been completed or upon which operations for drilling have therefoluse been commenced. Production, drilling or reworking operations or a well shut in for want of a market anywhere on a unit which includes all or a part of this lease shall be treated as if it were production, drilling or reworking operations or a well shut me for want of a market under this lease. In lieu of the toyalties elsewhere herein specified, including shut in gas royalties, I essor shall receive on production from the unit so pooled royalties only in the portion of such production allocated to this lease, such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, I essee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general men by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the ferms, conditions, and provisions of this lease shall be deemed modified to conform to the terms, conditions, terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands or any part thereof, shall be called under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to I essor, be regarded as having produced from the particular tract of land to which it is allocated and not to any other tract of land, and the royalty payments to be made hereunder to I essor shall be based upon production only as so allocated. I essor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by I essee and approved by any governmental agency by executing the same upon request of Lessee

13. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Roles or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or it such failure is the result of, any such

Law, Order, Rule or Regulation.

14. Lessor beceby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor. by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor and be subrogated to the rights of the holder thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein

15. Should any one or more of the parties hereinabove named as I essor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor" as used in this lease, shall mean any one or more or all of the parties who execute this lease as I essor. All the provisions of this lease shall be binding on the heirs, successors and assigns of Lessor and Lessoe
IN WITNESS WHEREOF, this instrument is executed as of the date first above written

Ronald J. Johnson	Leona R. Begny
550	\$\$#

STATE OF		
COUNTY OF	}§ }	Acknowledgment - Individual(s)
		Public, in and for said County and State, on thisday of
and		
to me known to be the identical pe and acknowledged to me that uses and purposes therein set forth	du	ed in and who executed the within and foregoing instrument of writing ly executed the same as free and voluntary act and deed for the
IN WITNESS WHEREO written	F, Uhave herei	into set my hand and affixed by notarial scal the day and year last above
My Commission Expires.		
		Address

STATE OF		
COUNTY OF] §]	Acknowledgment - Partnership/Trust
BEFORE ME, the undersign	ned, a Notary	Public, in and for said County and State, on thisday of
as of	, personany ap	peared
to me known to be the identical pe	rson(s) descrit du	bed in and who executed the within and foregoing instrument of writing dy executed the same asfree and voluntary act and deed for the
IN WITNESS WHEREO written.	F, I have herei	unto set my hand and affixed by notarial seal the day and year last above
My Commission Expires:	•	
		Address
***************************************	······································	
STATE OF	}	
COUNTY OF	15	Acknowledgment - Corporation
		this day personally appeared
ofand that said instrument was signe	and that the	sworn did say that he is the
acknowledge said instrument to be		
Sworn to and subscribed	before me, th	isday of, 2001
My commission Expires:		

1700 Lincoln, Suite 1700 Denver, Calorado 30203 (303) 930-8000 Fax (303) 330-3009

January 15, 2001



Mr. Ronald J. Johnson and Ms. Leona R. Begay P.O. Box 3517 Shiprock, New Mexico 87420-3517

Certified Mail 7000 0520 0023 4373 2387

Re: Pictured Cliffs Well Proposal

ROPCO #8-4 Well

SE/4-Section 8-T29N-R14W San Juan County, New Mexico

Dear Mr. Johnson and Ms. Begay:

Richardson Production Company proposes to drill a Pictured Cliffs well on the captioned lands. A recent check of the county records indicates that you own a 0.145 net acre unleased mineral interest within the spacing unit. The ROPCO =8-4 well will be located in the SE/4 of Section 8. Township 29 North, Range 14 West. The spacing unit for the Pictured Cliffs formation will be the SE/4.

Enclosed for your review is an AFE itemizing the estimated costs for the well. In the event you wish to participate in this drilling and completion attempt, please return an executed copy of the AFE to the undersigned by January 29, 2001. Upon receipt of your executed AFE, or by prior written request, we will forward an AAPL Form 610 Joint Operating Agreement for your review and execution, providing for, among other things, a 300% 100% nonconsent penalty and \$5000 drilling/\$500 producing overhead rates.

In the event you do not wish to participate. Richardson respectfully requests you elect one of the following options as to your interest:

Mr. Johnson and Ms. Begay January 15, 2001 Page 2

- 1. Enter into an oil and gas lease that provides for a three year primary term with bonus consideration based on \$30.00 per net acre and a 12.5% royalty in the event of production
- 2. Sell all of your mineral interest for \$70.00 per net acre

Your response is respectfully requested by January 29, 2001.

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

RICHARDSON PRODUCTION COMPANY

Cathleen Colby Land Manager

Cathleen Colley

On this	day of	1901 we hereby elect the following:					
	Participate in propherewith.	posed drilling and completion attempt, executed AFE is returned					
		Gas Lease for \$30.00 per net mineral acre, with lease to provide imary term and 12.5% royalty in the event of production.					
	Seil mineral rights for \$70.00 per net mineral acre.						
By:		By:					
Printed Name:		Printed Name:					

RICHARDSON OPERATING COMPANY AUTHORITY FOR EXPEDITURES

Weil Name: ROPCO 3-4 | SECTION 8-SE/4 Location: T29N R14W, San Juan County, NM

Proposed Depth: 1200'

Date: 01/15/2001 Objective Formation: Pictured Cliffs

1. Drillin	ng Costs (Included Run Ca	sing)	Tangible	Intangible	Total	Actual
	y and Permits · · · · · · · ·			3.000	į	
Title (Opinion			1.500	1	
Orillin	ig (incl. water and mud) 12	200' @ 15.00/ft.···		18,000		
80P F	Rental			750	-	
Dirt W	/ork			4 000 €		
Pit Lir	ារពន្ធ			2.800	1	
	ce Casing 200' @ 7-18/ft		1,436	!	ļ	
	g Head		1,500		İ	
	nt Surface			2,300		
	Tongs			1,000		
	g 1200' @ 5.50/ft.		6,600			
	ing			3,000		
	''' '5 			3,500		
	eering			3.000		
_	•		!	± 3001		
	nt Longstring				== 302	
	tal Cost to Run Casing		9 536:	45 350 <u> </u>	56.386	
	5 9375% Farmington, NM		•		3.348	
:	10% Contingency- · · · ·				5.9731	
•.	Grand Total to Run Casin	g	•		55.707	
	letion Costs					
Rig An	icnors.		:	750		
				2.500	j	
			,	2,0001		
Weilhe	ad & Fittings- · · · · · ·		4 0001		İ	
Tugini	g 1200' @ 2.50/ft.		3.0001	!		
	lation			22,0001		
Tool R	lentai.			2.3001		
	ng			3.0001		
	y instailation			6,0001	i	
	re Location		•	3,500		
	eering.		:	3.2501		
	or, Separator		5.300	3.2301	1	
	ne		1 0001			
	& Fittings		4,5001	!	;	
	z (1694)		3.0001	!		
	ver Rig-		3.3001	5.000	} 	
				1.0001	ļ	
	letion Fluids		1	1,0001	!	
	on Order Opinion					
	re Hookup			13.0001		
	ank Rental-			1.250	* I	
	BCX · · · · · · · · · · · · · · · · · · ·		2 2001	1.000	j	
	Location- · · · · · · · · · · · · · · · · · · ·		3,3001			
	Completion Costs		27,1001	á7.3 5 01	94.650]	
	9375% Farmington, NM				5.620	
	10% Contingency Drilling Costs				10.027	
Or					65.7071	
G	Grand Total Well Costs				.76,0041	
URED CLIFFS				•		
9 9094% RICHARDSON OPERATING COMPANY DATE		C3VOP994			\$175.849	
C906% RONALD J. LOHNSON DATE		APPROVED			\$160	
LEONA	R. BEGAY	JATE	APPROVED			5176.004

5176.004

SSH

OIL AND GAS LEASE

• [

THIS AGREEMENT, Made and entered into this 11th day of January . 2001, by and between	1
Ronald J. Johnson, an unmarried man, and Leona R. Begay, an unmarried woman, as joint tenants	
Whose post office address is P.O. Box 3517, Shiprock, New Mexico 87420-3517 hereinafter called Lessor (whether one	:
or more) and Richardson Production Company whose post office address is 1700 Lincoln, Suite 1700, Denver, CO 80203, hereinafter called Lessee:	
WITNESSETH, That the Lessor, for and in consideration of <u>Ten and more</u> (\$10 & more) DOLLARS cash in hand paid, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, has granted, demised, leased and let, and by these presents does grant, demise, lease and le exclusively unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, and operating for and producing therefrom oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pipe lines, and erection of structures thereof to produce, save and take care of said products, all that certain tract of land situated in the County of <u>San Juan</u> . State of <u>New Mexico</u> , described as follows, to-wit	l d h
Township 29 North - Range 14 West, N.M.P.M.	
Section 8: Lot Thirteen (13) of the PARAMOUNT SUBDIVISION, San Juan County, New Mexico, as shown on the Pla of said Subdivision filed for record November 7, 1996 in Map File P-77, Book 1229, Page 59	t
No well shall be drilled on the leased premises without first obtaining Lessons' written consent.	
and containing <u>0.872 acres, more or less.</u> • three (3)	
1. It is agreed that this lease shall remain in force for a term of five (5) years from this date and as long therenfier as oil or pas of whatsoever nature or kind is produced on the consideration of the primary term of this lease oil or gas is not being produced on the leased premises or on acreage pooled therewith, or duffing operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease shall continue in force as long as operations are being continuously prosecuted on the leased premises or on acreage prooled therewith, and operations shall be considered to be continuously prosecuted if not more than ninety. (20) days shall elapse testwen the completion or abandonment of one well and the beginning a operations for the drilling of a subsequent well. If after discovery of oil or gas on said land or on acreage prooled therewith, the production thereof should cease from an cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or its working operations within ninety (90) days from date of completion of dry hole. If oil or gas shall be discovered and produced as a restrict of such operations at or after the expiration of the oil production or from date of completion of dry hole. If oil or gas shall be discovered and produced as a restrict of such operations at or after the expiration of this lease, his lease shall continue in force so long as oil or gas is produced from the leased premises or on acreage pooled therewith. 2. This is a PAID-UP LEASE In consideration of the down each payment, Lessee angular produces and the obligated, except as otherwise provided herion, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to Lessor on by liling for record a release or releases, and he released of all obligation thereafter accruing as to decrease a p	Sistemary onto do R 3) yield
8 No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of Lesson 9. Lessee shall pay for damages caused by Lessee's operations to growing crops on said fand. 10. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove ensing 11. The rights of Lesson and Lessee hereunder may be assigned in whole or part. No change in ownership of Lesson's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded documents and other information necessary to establish complete chain of record title from Lessor, than then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations or diminish the righ of Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.	B Ig Is
12 Lessee, at its option is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or an part of the land described herein and as to any one or more of the formations becoming, to pool or unitze the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in the Lessee's judgment it necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or reforming of any unit shall be accomplished by Lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which operations for drilling have therefore been commenced. Production, drilling or reworking operations or a well shin for want of a market anywhere on a unit which includes all or a part of this lease shall be treated as if it were production, drilling or reworking operations or a well shin to want of a market under this lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lesson shall receive on production from the unitage acres covered by this lease and included in the unit bears to the total number of surface acres in such unit in addition to the foregoing. Lessee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change to implied, shall be satisfied by compliance with the	se is declarated to the second of the second
13. All express or implied covenants of this lease shall be subject to all Tederal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such as the property of the Part Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such as the property of the Part Lessee held liable in damages.	ch
Law, Order, Rule or Regulation. 14. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lesser shall have the right at any time to redeem for Lesse by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor and be subrogated to the rights of the hold thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premis described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein 15. Should any one or more of the parties hereinabove named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor" as used in this lease, shall mean any one or more or all of the parties who execute this lease as Lessor. All the provisions of this lease shall binding on the heirs, successors and assigns of Lessor and Lessee. IN WITNESS WHEREOF, this instrument is executed as of the date first above written.	er es ite
Ronald J. Johnson Leona R. Begay	
$m{\cdot}$	
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STATE OF			
COUNTY OF))	Acknowledgment - Individual(s)	
		ublic, in and for said County and State, on this	
and	somany appeared		
to me known to be the identi-	duly	ed in and who executed the within and foregoing instructions of the same as free and voluntary a	ument of writing
IN WITNESS WIII written.	REOF, I have hereun	nto set my hand and affixed by notarial seal the day an	id year last above
My Commission Expires.			
		Address	
STATE OF			
COUNTY OF	}§	Acknowledgment - Partnership/Trust	
BEFORE ME, the und	dersigned, a Notary P 2001 - personally and	ublic, in and for said County and State, on this	day of
nsof	zww., peraoritory app	eareded in and who executed the within and foregoing instr	
to me known to be the identi- and acknowledged to me that uses and purposes therein se	duly	ed in and who executed the within and foregoing instr y executed the same asfree and voluntary a	ument of writing oct and deed for the
IN WITNESS WHI written.	EREOF, I have hereun	nto set my hand and affixed by notacial scal the day at	id yenr last above
My Commission Expires:			
		Address	
***************************************	************		***************************************
STATE OF		t de code tomande Como or disco	
COUNTY OF	}§ }	Acknowledgment - Corporation :	
BEFORE ME, the un-	dersigned authority, t	his day personally appeared	
of	nnd that the signed and scaled in	vorn did say that he is the	Esaid corporation
Sworn to and subsc	cribed before me, this	day of	
My commission Expires:			





RICHARDSON OPERATII

1700 Lincoln, Suite Denver, Colorado &

Attempted list Labura_ Unclaims t_____Rafesed_

No such office in state_ Insufficient Lodress_ - Rdmba

De not remail in this envelope

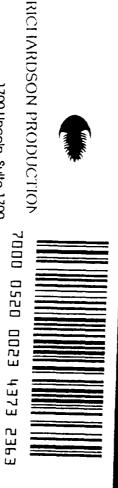
Ms. Julia Clab P.O. Box 762 Shiprock, New Mexico 87420

JAN17'Ui

HMETER STRUCTS

POSTAGE DUE

2910703018



1700 Lincoln, Sulte 1700 Denver, Colorado 80203

P.O. Box 762 Ms. Julia Clah

Shiprock, New Mexico 87420

Donot longith this earthon

1700 Lincoln, Suite 1700 Denver, Colorado 80203 (3031 830-8000 Fax: 3031 830-8009

not on man white poses

directory and same

not a Farmington phone back

January 11, 2001

Ms. Julia Clah P.O. Box 762

Shiprock, New Mexico 87420

Certified Mail 7099 3220 0005 1561 6143

Re: Fruitland Coal and Pictured Cliffs Well Proposal

ROPCO =8-3 Well

S/2-Section 8-T29N-R14W San Juan County, New Mexico

Dear Ms. Clah:

Richardson Production Company proposes to drill a downhole commingled Fruitland Coal and Pictured Cliffs well on the captioned lands. A recent check of the county records indicates that you own a 0.436 net acre unleased mineral interest within the spacing unit. The ROPCO #8-3 well will be located in the SW/4 of Section 3. Township 29 North. Range 14 West. The spacing unit for the Fruitland Coal will be the S/2, and the spacing unit for the Pictured Cliffs formation will be the SW 4.

Enclosed for your review is an AFE itemizing the estimated costs for the well. In the event you wish to participate in this drilling and completion attempt, please return an executed copy of the AFE to the undersigned by January 26, 2001. Upon receipt of your executed AFE, or by prior written request, we will forward an AAPL Form 610 Joint Operating Agreement for your review and execution, providing for, among other things, a 300%/100% nonconsent penalty and \$5000 drilling/\$500 producing overhead rates.

In the event you do not wish to participate, Richardson respectfully requests you elect one of the following options as to your interest:

- 1. Enter into an oil and gas lease that provides for a three year primary term with bonus consideration based on \$30.00 per net acre and a 12.5% royalty in the event of production
- 2. Sell all of your mineral interest for \$70.00 per net acre

Your response is respectfully requested by January 26, 2001.

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

RICHARDSON PRODUCTION COMPANY

Cathleen Coth

Cathleen Colby Land Manager

On this	aay of001, we hereby elect the following:	
	Participate in proposed drilling and completion attempt, executed AFE is return herewith.	ed
	Enter into Oil and Gas Lease for \$30.00 per net mineral acre, with lease to provi for a three year primary term and 12.5% royalty in the event of production.	ide
	Sell mineral rights for \$70.00 per net mineral acre.	
Ву:		
Printed Nar	ne:	

AUTHORITY FOR EXPEDITURES

Well Name: ROPCO #8-3 | SECTION 8 | PC SW/4, FC S/2

Location: T29N R14W

Proposed Depth: 850' Fruitiand Coal

1000' Picturea Cliffs

Date: 01/11/2001

Objective Formation: Commingled Pictured Cliffs

and Fruitlanc Coal

١.	Drilling Costs (Included Run Casing)	Tangible	Intangible	Total	Fruitland Coal	Pictured Cliffs
	Survey and Permits		3.000∤	:	1.500:	1.500
	Title Opinion		3.000		1.5001	1,500
•	* Orilling (incl. water and mud) 1000* @ 15.00/ft.	ļ	15.000	i	6.375	3.625
	30P Rental		750		375	375
	Dirt Work- · · · · · · · · · · · · · · · · · · ·		4.000	į	2.000	2,000
	Pit Lining	l	2.300	}	1.400	1.400
	Surface Casing 200" @ 7.18/ft,	1.436			718	718
	Casing Head- · · · · · · · · · · · · · · · · · · ·	1.500	ł		750	750
	Cement Surface	ļ	2.300	!	1.150	1,150
	Power Tongs- · · · · · · · · · · · · · · · · · · ·		1.000	ļ	500	500
	Casing 1000' @ 5.50/ft.	5,500		į	2,338	3,153
	Trucking		3.000		1.500	1,500
	Logs		3,750	i	1.375	1.875
	Engineering		5,0001		2,500	2,500
	Cament Longstring-		±.0001	· · · · · · · · · · · · · · · · · · ·	1.7001	2.300
	Total Cost to Run Casing	3,436	<u> 17,5001</u>	56.036	25.181	29,856
	5.9375% Farmington, NM Tax		;	3.327	1.554	1.773
	10% Contingency)	1	5.936	2.773	3.163
	Grand Total to Run Casing	1		65 2991	30.5081	34.791
11.	Completion Costs	!				
	Rig Anchors	į	7501		375	375
	_388	,	3,300		1.500	1.500
	عرب بهرو		3,5001		: 7501	1.750
	Weilhead & Fittings	÷ 300			2.0001	2,000
	Tubing 10001 @ 2 50/ft	2,500			1.063	1.438
	Stimulation		42,000	*	21,000	21.000
	Tool Rental		2,3001		1.1501	1.150
	Trucking	,	3 0001		1.500	1.500
	Battery installation	<u>:</u>	5,3001		3.0001	3.000
	Restore Location		3,5001		1.7501	1.750
	Engineering	i	5.3001	:	2.9001	2,900
	Treator, Separator	5.300	3.0001	:	2,6501	2,650
	Ficwine-	4,000		:	2,000	2.000
	Tank & Fittings	± 5001		:	2.250	2,250
	Graver	1	3 0001		1,5001	1.500
	Norkover Rig-	1	13.0001		5,0001	5.000
	Completion Fluids:	:	2.0001		1.0001	1,000
	Piceline Hookup		13,0001		5.5001	6.500
	Division Orger Chinigh	1	1.5001		7501	750
	Frac Tank Rentalis and the second second second		2,5001		1,2501	1.250
	Flowpack		2,0001		1,0001	1,0001
	Fence Location-	3,3001	2/000		1.5501	1.6501
	Total Completion Costs	23.6001	103.3501	127 4501	÷3.5381	63.913
	5.9375% Farmington, NM Tax	22.000	100.010	7.5671	3,7731	3.795
	10% Contingency	•		13.502	5.731	6.771
				55 2991	30,5081	34,791
	,		,	213,319		109.2591
	Grand Total Well Costs			4.3.3.31	.04 5501	.09.2051
PRUITLAND		.000000				3104407
-	RICHARDSON OPERATING CO ET AL DATE UULIA CLAH DATE	42640AED				3142
3.302.3	100A CCAA	AF0725			C TOTAL	\$104550
PICTURED C		_ C3VQP994				\$169070
-	RICHAROSON OPERATING CO ET AL DATE	46660KD =				5199
1					C TOTAL	\$109269
1						
1		اق	ULIA CLAH TOTAL			5341

PU Lease 5/yr Term Producers 88 Rev

THIS AGREEMENT, Made and entered into this_

Whose post office address P.O. Box 762, Shiprock, NN1 87420

OIL AND GAS LEASE

Julia Clah, an unmarried woman

Richardson Production Company whose post office address is 1700 Lincoln, Suite 1700, Denver, CO. 80203, hereinafter called Lessee

11th day of January 2001, by and between

hereinatter called Lessor (whether one or more) and

acknowledged, and the covenants and exclusively unto the said Lessee, the operating for and producing therefrom	or, for and in consideration of <u>Len and more</u> (\$10 & more) DOLLARS cash in hand pand, the receipt of which is hereby it agreements beteinafter contained, has granted, demised leased and let, and by these presents does grant, demise, lease and let land hereinafter described, with the exclusive right for the purpose of mainty, exploring by geophysical and other methods, and noil and all gas of shatsoever nature or kind, with rights all way and casements for laying pipe lines, and erection of structures thereon products, all that certain tract of land situated in the County of San Juan. State of New Mexico, described as follows, to-with
Township 29	9 North - Range 14 West, N.M.P.M.
Section 8:	Lot Eleven (11) of the PARAMOUNT SUBDIVISION, San Juan County, New Mexico, as shown on the Plat of said Subdivision filed for record November 7, 1996 in Map File P-77, Book 1229, Page 59
No well shal	If be drilled on the leased premises without first obtaining Lessor's written consent.
and containing	9 0.872 acres, more or less * three (3)
trom said leased premises or on acrea- oil or gas is not being produced on the lease shall continue in force as long considered to be continuously proseco- operations for the driffing of a subseq cause after the primary term, this leas of production or from date of comple- term of this lease, this lease shall con- 2. This is a PAID-UP LEASE to commence or continue any operations of said land and as to any strata or st- the acreage surrendered.	I remain in force for a term of five (5) years from this date and as long thereafter as oil or pas of whatsoever nature or kind is produced age pooled therewith, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this fease, is leased premises or on acreage pooled therewith but I essee is than engaged in drilling or re-working operations thereon, then this case operations are being continuously prosecuted on the leased premises or on acreage pooled therewith, and operations shall be cuted if not more than ninety. (90) days shall clapse between the completion or abandonment of one well and the beginning of pient well. If after discovery of oil or gas on said land or on acreage pooled therewith, the production thereof should cease from any se shall not terminate if I essee commences additional drilling or re-working operations within ninety (90) days from date of cessation stron of dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary strong or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term force so long as oil or gas is produced from the leased premises or on acreage pooled therewith in consideration of the down cash payment. I esser agrees that I essee shall not be obligated, except as otherwise provided herein, to shall not be obligated, except as otherwise provided herein, to shall not gas a shall not ease provided therein, to shall not gas a shall not ease only if the primary term sourceder this lease as to aff or any portion tratum by delivering to I essor or by filing for record a release or releases, and be relieved of all obligation thereafter accruing as to
1st To deliver to the credit of I	ses the said Lessee covenants and agrees Lessor, free of cost, in the pipe line to which Lessee may connect wells on said land, the equal one ciphth (1/8) part of all oil produ <mark>cc</mark> e
used off the premises, and if used in a 3rd. To pay Lessor for gas pro-	h (178) of the gross proceeds each year, payable quarterly, for the gas from each well where pas only is found, while the same is being the manufacture of gasoline a royalty of one-eighth (478), payable monthly at the prevailing market rate for gas iduced from any oil well and used off the premises or in the manufacture of gasoline or any other product a royalty of one-eighth (178 well, payable monthly at the prevailing market rate.
4. Where gas from a well capablacte retained hereunder, such paymer	le of producing gas is not sold or used. Lessee may pay or tender as royalty to the royalty owners One Dollar per year per net royalty nt or tender to be made on or before the auniversary date of this lease next ensuing after the expiration of 90 days from the date sucl Fore the anniversary date of this lease during the period such well is shut in 11 such payment or tender is made, it will be considerer
5 If said Lessor owns a less into herein provided for shall be paid the 6 Lessee shall have the right to	rest in the above described land than the entire and undivided for simple therein, then the royaltus (including any shut-in gas royalty Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee use, free of cost, gas, oil and water produced on said land for Lessor's operation thereon, except water from the wells of Lessor essee shall bury Lessor's pipe line below plow depth.
	a than 200 feet to the house or barn now on said premises without written consent of Lesson caused by Fessee's operations to growing crops on said land
11 The rights of Lessor and Lesson ding on Lessee until Lessee has Lesson plete chain of record title from Lessee. No present or future division Lessee.	it any timé to remove all machinery and fixtures placed on said premises, including the right to draw and remove easing see hereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be been furnished with notice, consisting of certified copies of all recorded documents and other information necessing to establish essor, than then only with respect to payments thereafter made. No other kind of notice—whether actual or constructive, shall be hindin sion of Lessor's ownership as to different portions or parcels of said land shall operate to cularge the obligations or diminish the right is may be conducted without repard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable leasehold owner.
12 Lessee, at its option is heref- part of the land described herein and with other land, lease or leases in the necessary or advisable to do so, and it to include formations not producing of by Lessee executing and filing of rec- a well has therefore been completed in for want of a market under this lea- so pooled royalties only in the portic surface acres covered by this lease at to unitize, pool, or combine all or any into a cooperative or unit plan of de- terminate any such plan or agreement and provisions of such approved coo- or implied, shall be satisfied by com- the life of such plan or agreement. In development or operation whereby the tract of land shall, for the purpose of it is allocated and not to any other tra- formally express Lessor's consent to the same upon request of Lessee.	by given the right and power at any time and from time to time as a recurring right, either before or after production, as to aff or any as to any one or more of the formations bereauder, to pool or unitize the leasehold estate and the mineral estate covered by this leas e immediate vicinity for the production of oil and gas, or separately for the production of either, when in the Lessee's judgment it is irrespective of whether authority similar to this exists with respect to such other land, lease or leases. I kewise, units previously former oil or gas, may be reformed to exclude such non-producing formations. The forming or reforming of any unit shall be accomplished to upon which operations for drilling have therefolore been commenced. Production, drilling or reworking operations or a well-shub a unit which includes all or a part of this lease shall be treated as if it were production, drilling or reworking operations or a well-shub on of such production allocated to this lease, such allocation shall be that proportion of the unit production that the total number of included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, Lessee shall have the righty part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering evelopment or operation approved by any governmental authority and, from time to time, with like approval, to modify, change of at and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, condition in the event that said above described lands or any part thereof, shall be reacher be operated under any such cooperative or unit plan of development requirements of such plan or agreement, and this lease shall not terminate or expire during in the event that said above described lands or any part thereof, shall be reacher be operated under any such cooperative or unit plan of development or operation and particularly, all
13. All express or implied cove terminated, in whole or in part, nor l.	enants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not b cssee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any suc
by payment, any mortgages, taxes or thereof, and the undersigned Lessors described herein, insofar as said right 15. Should any one or more of t it as Lessor. The word "Lessor" as us be binding on the beirs, successors a	agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lesso rother liens on the above described lands, in the event of default of payment by Lessor and be subrogated to the rights of the holds, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premise lit of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein the parties thereinabove named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execut sed in this lease, shall mean any one or more or all of the parties who execute this lease as Lessor. All the provisions of this lease shall assigns of Lessor and Lessee. Instrument is executed as of the date first above written.
	SSU

COUNTY OF	}§	Acknowledgment - Individual(s)	
BEFORE ME, the	undersigned, a Notary I	Public, in and for said County and State, on this	day of
and, 2000	, personany appeared		
to me known to be the id and acknowledged to me uses and purposes therei	thatdul	red in and who executed the within and foregoing instru by executed the same as free and voluntary ac	ment of writing t and deed for t
IN WITNESS \	VHEREOF, I have heren	into set my hand and affixed by notarial seal the day and	l year last above
My Commission Expires	;		
		Address:	
STATE OF	18	Acknowledgment - Partnership/Trust	
Burgon Mr. the	undersianed a Notacy I	is the state of th	Januar.
1303 CAC: (M.2, 1010	2000	Public; in and for said County and State, on this	uay or
nsof	, 2000, personally app	peared	any or
nsof to me known to be the id and acknowledged to me uses and purposes therei	, 2000, personally appendical person(s) describe that duly a set forth	peared	oment of writin
nsof to me known to be the id and acknowledged to me uses and purposes therei	, 2000, personally appendical person(s) describe that duly a set forth	peared	ment of writing
nsof to me known to be the id and acknowledged to me uses and purposes therei IN WITNESS V written.	, 2000, personally appendical person(s) describe that dul n set forth VHEREOF, I have hereu	peared	iment of writing et and deed for t
nsof to me known to be the id and acknowledged to me uses and purposes therei	, 2000, personally appendical person(s) describe that dul n set forth VHEREOF, I have hereu	pearedpearedpearedpearedpearedpearedpeared who executed the within and foregoing instruction of the same asfree and voluntary asfree andfree andfree andfree andfree andfree andfree andfree andfree andfree andfree andfree andfree andfree andfree andfree andfree andfree andfree and	ment of writing t and deed for t
nsof to me known to be the id and acknowledged to me uses and purposes therei IN WITNESS V written.	, 2000, personally appendical person(s) describe that dul n set forth VHEREOF, I have hereu	peared	ment of writing t and deed for the standard
nsof_ to me known to be the id and acknowledged to me uses and purposes therei IN WITNESS V written. My Commission Expires	, 2000, personally appendical person(s) describ that dul n set forth VHEREOF, I have hereous:	peared	ment of writin et and deed for d year last abov
nsof to me known to be the id and acknowledged to me uses and purposes therein IN WITNESS Veritten. My Commission Expired STATE OF		peared	ment of writing t and deed for the standard tender of the standard t
of		Acknowledgment - Corporation this day personally appeared	ment of writin t and deed for d year last abov
nsof_ to me known to be the id and acknowledged to me uses and purposes therei IN WITNESS V written. My Commission Expires STATE OF COUNTY OF DEFORE ME, the to me personally known of and that said instrument	entical person(s) describ that	peared	ment of writin t and deed for d year last abov

1700 tincoln, Suite 1700 Denver, Calardao 30203 (303) 830-8000 Fax: 3031-830-8009

January 15, 2001



Ms. Julia Clah P.O. Box 762 Shiprock, New Mexico 87420

Certified Mail 7000 0520 0023 4373 2363

Re: Pictured Cliffs Well Proposal

ROPCO =8-4 Well

SE/4-Section 8-T29N-R14W San Juan County, New Mexico

Dear Ms. Clah:

Richardson Production Company proposes to drill a Pictured Cliffs well on the captioned lands. A recent check of the county records indicates that you own a 0.145 net acre unleased mineral interest within the spacing unit. The ROPCO =8-4 well will be located in the SE/4 of Section 8. Township 29 North. Range 14 West. The spacing unit for the Pictured Cliffs formation will be the SE/4

Enclosed for your review is an AFE itemizing the estimated costs for the well. In the event you wish to participate in this drilling and completion attempt, please return an executed copy of the AFE to the undersigned by January 29, 2001. Upon receipt of your executed AFE, or by prior written request, we will forward an AAPL Form 610 Joint Operating Agreement for your review and execution, providing for, among other things, a 300%/100% nonconsent penalty and \$5000 drilling/\$500 producing overhead rates.

In the event you do not wish to participate. Richardson respectfully requests you elect one of the following options as to your interest:

- 1. Enter into an oil and gas lease that provides for a three year primary term with bonus consideration based on \$30.00 per net acre and a 12.5% royalty in the event of production
- 2. Seil all of your mineral interest for \$70.00 per net acre

Your response is respectfully requested by January 29, 2001.

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

RICHARDSON PRODUCTION COMPANY

Cathleen Colby Land Manager

Cathleen Cotty

On this	day of	. 2001 we hereby elect the following:
	Participate in propherewith.	posed drilling and completion attempt, executed AFE is returned
	-	Gas Lease for \$30.00 per net mineral acre, with lease to provide imary term and 12.5% royalty in the event of production.
	Sell mineral rights	for \$70.00 per net mineral acre.
Ву:		
Printed Nam	ne:	

RICHARDSON OPERATING COMPANY AUTHORITY FOR EXPEDITURES

Well Name: ROPCO 8-4 | SECTION 3-SE/4 | Location: T29N R14W, San Juan County, NM

Proposed Depth: 1200'

PICTURED CLIFFS

2 0906号 JULIA CLAH

39 9094% RICHARDSON OPERATING COMPANY DATE_____

CATE_____

Date: 01/15/2001

Objective Formation: Pictured Cliffs

Drilling Costs (Included Run Casing)	Tangible	Intangible	Total	Actual
Survey and Permits		3.000		
Title Opinion	\$	1.500		
Drilling (incl. water and mud) 1200' @ 15.00/ft.		18.000		
BOP Rental·····		750	1	
Dirt Work- · · · · · · · · · · · · · · · · · · ·		4,000	Ì	
Pit Lining		2.300	ł	
Surface Casing 200' @ 7 18/ft.	1.436		1	
Casing Head	1.500			
Cement Surface		2.300		
Power Tongs		1.000	i	
Casing 1200' @ 5.50/ft.	6.600	1.000	1	
Trucking.	3.333	3.000	ł	
Logs		3.500		
Engineering		3.000 3.000	ļ	
		4.000		
Cement Longstring	2.535			
Total Cost to Run Casing	9.536	46.850	56.386	
5.9375% Farmington, NM Tax	1		3 348	
10% Contingency			5.973	
Grand Total to Run Casing			65.707	
Completion Costs				
Rig Anchors		750		
Logs	ļ	2.500		
Perf	!	2.000		
Weilhead & Fittings	4,000	2.333		
Tubing 1200' @ 2.50/ft.	3.000		į	
Stimulation	3.000	22,000		
Tool Rental		2.300	i	
		2.3001 3.000Í	į	
Trucking	į	j		
Battery installation	4	6.000	1	
Restore Location		3.500		
Engineering-		3.2501	i	
Treator, Separator	5.300		!	
Flowline	4 000		1	
Tank & Fittings	4.500	il-thy and		
Gravel	3.000		į	
Norkover Rig.		5,000		
Completion Fluids		1.000		
Division Order Opinion		1.000		
Pipeline Hookup		13.000		
Frac Tank Rental		1,250	i	
Flowpack		1.000		
Fence Location	3.300		ļ	
Total Completion Costs	27,1001	67 550	94,650	
5.9375% Farmington, NM Tax	27,1001	3, 330	5.620	
10% Contingency			10.027	
Drilling Costs			65.707	
=			176.004	
Grand Total Well Costs			1/0.004	

APPROVED

#PPRCVED

\$175,845

3176.004

\$160

OIL AND GAS LEASE

		OIL AND GA	AS LEAS	SE			
THIS AGREEMEN	L. Made and entered into this)01 F	y and between
MIL	D () Day 762 Shinan	Julia Clah, an um	narried won				
Whose post office address Richardson Production C	P.O. Box 762, Shipro		n, Suite 1700,		iafter called Lessor (wh 203, heremafter called		e or more) and
	Lessor, for and in consider ints and agreements hereinal ee, the land hereinalter descr refrom oil and all gas of what	ation of <u>fen and more</u> ter contained, has granted ibed, with the exclusive r soever nature or kind, with	(\$10 & more), demised, lease ight for the purposights of way an	TICH LARS each dand let, and by the cost of mining, expedience of mining expediences for lay-	in hand paid, the rece liese presents does gran during by geophysical of ing pipe lines, and creeti	ript of w t, demise and ather on of str	e, lease and let r methods, and uchires thereon
Towns	hip 29 North - Range 14	West, N.M.P.M.					
Section		f the PARAMOUNT S in filed for record Nov					n on the Pint
No wei	A shall be driffed on the	leased premises withou	ut first obtain	ing Lesson's wri	itten consent,		
and con	taining <u>0.872</u> acres, more	or less * three ₃ (3)					
from said leased premises or or oil or gas is not being produced lease shall continue in force a considered to be continuously operations for the drilling of a cause after the primary term, the of production or from date of cterm of this lease, this lease shall. This is a PAID-UP LE commence or continue any ope of said land and as to any stratthe acreage surrendered.	d on the leased premises or of stong as operations are being prosecuted if not more than subsequent well. If after disconnection of dry hole. If oil all continue in force so long a ASE. In consideration of the rations during the primary terrations during the primary terrations.	drilling operations are con a acreage pooled therewill in continuously prosecuted innety (90) days shall ecovery of oil or gas on said. Lessee commences addition gas shall be discovered as oil or gas is produced to down cash payment, I essem I essee may at any time. Lessor or by filing for recovered.	atinued as herein; in but Lessee is the first Lessee is the driver when the leased personal drilling or read and produced as out the leased protest that Lesse that L	affer provided. If, at one engaged in drift premises or on acro be completion or a lige pooled therewill sworking operation as result of such op- emises or on acroage ssee shall not be the or affer the primary	the expiration of the pring or re-working open- eage pooled therewith, handonment of one we be the production thereo s within ninety (90) day eventions at or after the e- eventions at or after the country the country the country the train surrender this lease term surrender this lease	imary ter ations the and open If and the I should a from de expiration wise pro-	m of this lense, ereon, then this rations shall be to beginning of cense from any are of cessation of the primary wided berein, to ll or any portion
	dit of Lessor, fice of cost, in t		ee may connect v	vells on said land, th	he equal one explith (1/8) part of	all oil produced
used off the premises, and if us 3rd. To pay Lessor for g	as produced from any oil wel	ofine a royalty of one-eigh Fand used off the premises	oth (1/8), payable s or in the manuf	mouthly at the pre-	vailing market rate for p	as	•
of the proceeds, at the mouth of 4. Where gas from a well acre retained hereunder, such p well is shut in and thereafter of that gas is being produced with	capable of producing gas is a payment or tender to be made n or before the anniversary da	iot sold or used, Lessee ma on or belore the amilyers:	ay pay or tender ary date of this le	ase next ensuing al	fer the expiration of 90	days from	in the date such
.,,,	ss interest in the above descr					any shu	t in gas royalty)
When requested by Les	ight to use, free of cost, gas, c ssor, Lessee shall bury Lessee	e's pipe line below plow de	:pth		•	the wells	s of Lessor
	I nearer than 200 feet to the h mages caused by Lessee's op-	·		l written consent of	Lesson		
	rom Lessor, than then only wi e division of Lessor's owners nations may be conducted wi	assigned in whole or part dice, consisting of certificath threspect to payments then hip as to different portions	No clamge in ox d copies of all re- eafter made. No or parcels of said	snership of Lessor; ecorded documents other kind of notice d land shall operate	s interest (by assignment and other information whether actual or coust to enlarge the obligation	it or othe necessar tructive, us or din	erwise) shall be y to establish a shall be binding minish the rights
12 Lessee, at its option is part of the land described here with other land, lease or leases necessary or advisable to do so to include formations not prod by Lessee executing and filing a well has therefore been comin for want of a market under the sold produced to a market under the surface acres covered by this to unitize, pool, or combine all into a cooperative or unit plan terminate any such plan or agrand provisions of such approvor implied, shall be satisfied by the life of such plan or agreen development or operation when tract of land shall, for the purit is affocated and not to any offormally express Lessor's constitution of the same upon request of Lessen the same upon request of the same upon	s hereby given the right and a in and as to any one or more sin the immediate vicinity to, and irrespective of whether the immediate vicinity to, and irrespective of whether the irrespective of whether the irrespective of whether the irrespective of the royal the irrespective of a noit which includes a this lease. In lieu of the royalt or any part of the above description of such production are any part of the above description and in such event, the ed cooperative or unit plan or yeompliance with the drilling the toyalt includes the production therefrom the production therefrom the tract of land, and the royalt increase of computing the royalt increas	of the formations bereauded the production of all and authority similar to this eximated to exclude such moreon to exclude such moreon for dulling have thereful or a part of this lease shies elsewhere herem specifullocated to this lease, such bears to the total number of the dands as to one or more approved by any govern the terms, conditions and prof development or operation and development require over described lands or any is allocated to different points.	er, to pool or unid gas, or separate ists with respect to producing forms on, which declarated as tied, including slich allocation shall be treated as tied, including slich allocation shall of surface acres is over of the formations of this for and, particular ements of such py part thereof, shoutions of the land of Lessor, be regardered to I esspeciation adopted	tize the leasehold estyl on the production such other land, loations. The forming attions shall describe meneral. Production if it were production the ingas royalties, I be that proportion is such unit. In additions thereunder with y and, from time to case shall be decingly, all drilling and alan or agreement, and I hereafter be ope feovered by said plated as having procors shall be based up by Lessee and apports.	state and the numeral est on of either, when in the case or leases. I ikewise, or reforming of any on the unit. Any unit may, a driffing or reworking on, driffing or reworking on of the unit production itom to the foregoing. Let other lands in the same of modified to conform development requirement this lease shall not te rated under any such coan, then the production aducted from the particulation only as a rowed by any government of the production only as a rowed by any government of the production only as a rowed by any government.	ate cover- - I essee - ouits per in shall be include li- operation operation operation operation operation operation operation met to the technist of this runinate of the	red by this lease is judgment it is eviously formed be accomplished and upon which as or a well shut on from the unit total number of all have the right area by entering odily, change or rms, conditions, is lease, express or expire during c or unit plan of to any particular follow the executing by the executing the executi
terminated, in whole or in part l aw. Order, Rule or Regulation	111	nages, for failure to compl	y therewith, if co	impliance is preven	ted by, or it such failure	is the re	sult of, any such
14. Lessor hereby warran by payment, any mortgages, is thereof, and the undersigned L described herein, insofar as a 15. Should any one or mo it as Lessor. The word "Lessor be binding on the heirs, succes	ts and agrees to defend the tit axes or other hens on the ab- essors, for themselves and th did right of dower and homest are of the parties hereinabove " as used in this lease, shall n	ove described lands, in the cir heirs, successors and as lead may in any way affect named as Lessor fail to expend any one or more or all not lessee.	event of default ssigns, hereby su the purposes for ecute this lease, i I of the parties w	of payment by Les rrender and release r which this lease is it shall nevertheless	sor and be subrogated tall right of dower and he made, as recited herein be binding upon all suc-	o the rigl omestend i h parties	hts of the holder I in the premises who do execute
Julia Clah		~ ~~	557	- Land the service of the content of			

or consistence must be notarized on the back side of the lease form

STATE OF			
COUNTY OF]§ }	Acknowledgment - Individual(s)	
		Public, in and for said County and State, on this	
	tdu	bed in and who executed the within and foregoing instruction of the same as free and voluntary ac	
IN WITNESS WIT	EREOF, I have bered	unto set my hand and affixed by notarial seal the day and	d year last above
My Commission Expires:			
		Address	

STATE OF	} §	Acknowledgment - Partnership/Trust	
BEFORE ME, the m	idersigned, a Notary	Public, in and for said County and State, on this	
ns of		ppeared	
and acknowledged to me tha uses and purposes therein s	et forth	bed in and who executed the within and foregoing instruction of the same asfree and voluntary action of the same asfree and voluntary actions set my hand and affixed by notarial seal the day and	ct and deed for the
My Commission Expires			
		Address	
***************************************	***********		
COUNTY OF] §	Acknowledgment - Corporation	
BEFORE ME, the u	adersigned authority,	, this day personally appeared	
to me personally known wh of	no being by me duly:and that th is signed and scaled	sworn did say that he is the	said corporation
Sworn to and subs	scribed before me, th	isday of	
My commission Expires.		Appropriate annual page a constant, all and annual relation side. Me high high is the little of the	

Ţ - ;		MAIL RECEIPT	e Coverage Provided)
948	Article Sent To:		
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- 4	Postage	S	
1561	Certified Fee	SHIPPE	L ANTI T TOOL
0.5	Return Receipt Fee (Endorsement Required)		Postmark Here
0005	Restricted Delivery Fee (Endorsement Required)		
20	Total "	i a	Constant In
ับ เก	Name P.O. Bo	Mrs. William (x 686	
7099	Street, Waterfl	ow. New Mexic	co 87421
20	City, SI		
, =	PS Form 3800, July 1	999 (See Reverse for Instructions

<u> </u>				المتشعلة المال
SENDER: COMPLETE THIS SECTION	IN	COMPLETE THIS SECT	ION ON DELIV	ERY
 Complete items 1, 2, and 3. Also contern 4 if Restricted Delivery is desired. Print your name and address on the so that we can return the card to your Attach this card to the back of the nor on the front if space permits. 	ed. reverse	C. Signature XXXXIVA/A	Cosny Chack	B. Date of Deliver. Agent Addressee
Article Addressed to:		D. is derivery address diffinity YES, enter delivery	,	7. 3
Mr. and Mrs. William Crosb P.O. Box 686 Waterflow, New Mexico 87-				
waternow, New Mexico 87-	<u>+</u> _ 1	☐ Registered ☐	Express Mari Return Recer I C.O.D.	ot for Merchandise
		4. Restricted Delivery?	Stra ĉee)	☐ Yes
2. Article Number (Copy from service label) 7099 3220 0005	1561	5948		
PS Form 3811, July 1999	Domestic Reti	um Receiat		:02595-00-M-0952

	- curtis -
	IMPORTANT MESSAGE
	FOR
	M Withen Rosenda
	OF
	THE CODE NUMBER EXTENSION TO FAX TO ONLY TO MOBILE
	TELEPHONED PLEASE CALL
	CAME TO SEE YOU WILL CALL AGAIN
	WANTS TO SEE YOU RUSH
	MESSAGE Columbied the
	se me de fore you
-	Cali - KB
	SIGNED CALL BACK
\	TOPS PERMADOS Weds Jan 31,201

RICHARDSON PRODUCTION COMPANY

1700 Lincoln, Suite 1700 Denver Calorado 30203 (303) 836-3000 Fax: 3031 330-8009

January 11, 2001

Mr. and Mrs. William Crosby, Jr.

P.O. Box 686

Waterflow, New Mexico 87421

Certified Mail 7099 3220 0005 1561 5948

Re: Fruitland Coal and Pictured Cliffs Well Proposal

ROPCO =8-3 Well

S. 2-Section 8-T29N-R14W San Juan County, New Mexico

Dear Mr. and Mrs. Crosby:

Richardson Production Company proposes to drill a downhole commingled Fruitland Coal and Pictured Cliffs well on the captioned lands. A recent check of the county records indicates that you own a 0.3755 net acre unleased mineral interest within the spacing unit. The ROPCO =8-3 well will be located in the SW-4 of Section 8, Township 29 North, Range 14 West. The spacing unit for the Fruitland Coal will be the S.2, and the spacing unit for the Pictured Cliffs formation will be the SW-4.

Enclosed for your review is an AFE itemizing the estimated costs for the well. In the event you wish to participate in this drilling and completion attempt, please return an executed copy of the AFE to the undersigned by January 26, 2001. Upon receipt of your executed AFE, or by prior written request, we will forward an AAPL Form 610 Joint Operating Agreement for your review and execution, providing for, among other things, a 300% 100% nonconsent penalty and \$5000 drilling \$500 producing overhead rates.

In the event you do not wish to participate. Richardson respectfully requests you elect one of the following options as to your interest:

Mr. and	Mrs. William Crosby, Ji
	11. 2001
Page 2	

- 1. Enter into an oil and gas lease that provides for a three year primary term with bonus consideration based on \$30.00 per net acre and a 12.5% royalty in the event of production
- 2. Sell all of your mineral interest for \$70.00 per net acre

Your response is respectfully requested by January 26, 2001.

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

RICHARDSON PRODUCTION COMPANY

Cathleen Cottan

Cathleen Colby Land Manager

On this	day of	. 2001 we hereby elect the following:						
	Participate in propherewith.	osed drilling and completion attempt, executed AFE is returned						
		Enter into Oil and Gas Lease for \$30.00 per net mineral acre, with lease to provide for a three year primary term and 12.5% royalty in the event of production.						
	Sell mineral rights	for \$70.00 per net mineral acre.						
Ву:								
Printed Na	me:							

AUTHORITY FOR EXPEDITURES

Well Name: ROPCO =8-3 | SECTION 8 | PO SW/4, FC S/2

Location: T29N R14W

Proposed Depth: 350' Fruitland Coal 1000' Pictured Cliffs

Date: 01/11/2001

Objective Formation: Commingled Pictured Cliffs

and Fruitland Coal

١.	Drilling Costs (Included Run Cas	=	Tangible	Intangible	Totai	Fruittand Coal	Pictured Cliffs
	Survey and Permits		i	3.000	:	1.500	1.500
	Title Opinion			3.000	j	1.500	1.500
•	Drilling (incl. water and mud) 100	001@15.00/ft		15,000 أ		6.375	8,625
	BCP Rental			750	į	375	375
	Dirt Work			1 200	;	2.000	2.000
	Pit Lining		ļ	2,300		1.400	1,400
	Surface Casing 2001 @ 7.18/ft.		1.436		1	718	718
	Casing Head-		1.500		,	750	750
	Cament Surface		1,500	2.300	1	1,150	
	Power Tongs			1.000	į		1.150
						500	500
	Casing 1000' @ 5.50/ft.		5,500		1	2.338	3,163
	Trucking			3.000	;	1.500	1.500
	LOGSE			3 750		1.375	1.375
	Engineering			5.0001		2.500	2,500
	Cement Longstring		i	± 0001		1.700	2,300
	Total Cost to Run Casing		3,4361	47,6001	56,0361	25.1811	29.856
	5.9375% Farmington NM T		3301	3001	3.3271	1.354	1.773
	10% Contingency:	3 X			5.36:	2,773	3.163
	- -						
	Grand Total to Run Casing	-			65 1997	30.5081	34.791
11.	Completion Costs						
	Rig Anchors		•	7501		3751	375
	Logs		•	1,0001		1,500	1,500
	-	4.1		3 500:		1,750	1,750
	Weilhead & Fittings		4,000)			2,0001	2,000
	Tubing 10001 @ 2,507ft.		2.5001	ı		1.063	1,4381
	-		2.360 [
	Stimulation-			42,0001		21.0001	21.000
	Tool Pental			2 300		1 1501	1,1501
	Trucking.			3 0001		1.5001	1.5001
	Battery installation		•	6 000!		3.0001	3,0001
	Restore Location			3,500:		1.7501	1.750
	Engineering			5 3001		2.9CC	2.900
	Treator Separator		5.3001	3 200		2 6501	2,650
			± 300;			2.0001	2,0001
	Flowline	•					t t
	Tank & Fittings		± 5001	2.224		2.2501	2.250
	Graver			3,0001		1.5001	1.500
	Norkover Rig			10,0001		5.0001	5,000
	Completion Fluids			2,0001		1,0001	1,0001
	Proeune riookup			13 0001		5,5001	6,5001
	Division Order Epinion			1,5001		7501	7501
	Frac Tank Rental			2.5001		1 2531	1.2501
	Frowcack			2,3001		1 3001	1.0001
			3 300:	2,300;		1.6501	1,6501
	Fence Location						
			23,6001	.03.350;	127 4501	63.5381	63.913
	5.9375평 Farmington, NM Ta	a x		•	7 5 6 71	3.773	3,795
	10% Contingency				13.5021	5,7311	5,771
	Ornling Costs				á5 (99)	30,5081	34 791
	<u> </u>				213 819	.04 5801	109.2691
	Grand Total Well Costs						
FRUITLAND	· · -						*104407
	PICHARDSON CREPATING DO ET AL	DATE	1550C/ED -				\$104427 \$123
111734%	WILLIAM CROSSY, JR	2475	12000750				3123
	ROSINDA CROSEY	DATE	TEEBCAED -			S TOTAL	5104550
						5 5 75	3.0 .000
PICTURED	LIFFS						
	RICHARDSON OPERATING CO ET AL	CATE	15660AE3				5109269
	WILLIAM CROSSY, JR.	CATE	TEGGCAED				\$
	ROSINDA CROSEY	DATE	ThedOAED				
1					9	O TOTAL	5109259
			^	ADNIZOR & MALLIN	CROSBY TOTAL		\$123

OIL AND GAS LEASE

THIS AGI		de and entered into this_ illiam Crocky Ar	11th and Rosinda Cros	day of			by and between
Whose post office ad		ox 686, Waterflow,		. I	· · · · · · · · · · · · · · · · · · ·	reinafter called Lessor (w	hether one or more)
						80203, berematter culled	
						i hand paul, the receipt t	
exclusively unto the	said Lessee, the	: land hereinafter descri	bed, with the exclusive	right for the purp	iose of mining, expla	se presents does grant, de umg by geophysical and	other methods, and
						g pipe lines, and creetion of New Mexico describe	
m promise, mre ma						inch hickney account	
		9 North - Range 14					
	Section 8:		e PARADIOUNT St ded for record Novel			, New Mexico, as show Book 1229, Page 59	vn on the Plat of
	No well sha	ll be drilled on the l	eased premises with	out first obtain	ing Lessor's writt	ten consent.	
	and containin	ng <u>0.751</u> acres, more	or less. * three (3)				
			rm of five (5) years from			r gas of whatsoever nature	
						he expiration of the primaing or re-working operation	
lease shall continue	in force as long	; as operations are being	g continuously prosecute	ed on the leased.	premises or in nerea	ge pooled therewith, and	operations shall be
						andonment of one well a r the production thereof she	
	*			•	., .	within ninety (90) days fro ations at or after the expire	
term of this lease, th	is lease shall cor	itinue in force so long a	oil or gas is produced fi	ion the leased pr-	emises or on acreage.	pooled therewith	, ,
						gated, except as otherwise crm surrender this lease as	
of said land and as to	o any strata or s					ved of all obligation there	
the acreage surrende 3. In considerate		ses the said Lessee cove	nants and agrees				
1st To delive and saved from the b		Lessor, free of cost, in the	ie pipe line to which Less	see may connect v	vells on said land, the	equal one eighth (1/8) par	t of all oil produced
2nd To pay 1	essor one-eight	• •				iere gas only is found, whi	le the same is being
						along market rate for gas any other product a royalty	of one-eighth (1/8)
of the proceeds, at th	ic mouth of the i	well, payable monthly at	the prevailing market ra	le		•	•
						lty owners One Dollar per r the expiration of 90 days	
		efore the anniversary date meaning of this lease	e of this lease during the	period such well	is shut in. It such pa	yment or tender is made, i	t will be considered
		· ·	ocil land than the entire a	nd undivided fee	smiple therein, then the	be royalties (including any	shut-m gas royalty)
			ntion which Lessor's into Land water produced on			dee on, except water from the	wells of Lesson
7 When reques	ited by Lesson, I	essee shall bury Lessee'	s pipe line below plow d	epth	,	. ,	
			use of barn now on said rations to growing crops		written consent of f	UNIO	
	•	,			·	right to draw and temove interest (by assignment or	
hinding on Lessee u	intil Lessee has	been furnished with not	ice, consisting of certifi-	ed copies of all r	ecorded documents a	ind other information nece	essary to establish a
						whether actual or construct a enlarge the obligations of	
of Lessee, and all Le for any act or omissi			hout regard to any such	division. It affor	any part of this lease	is assigned, no leasehold o	owner shall be liable
12 Lessee, at i	ts option is here	by given the right and p				her before or after produc	
						ite and the mineral estate c i of either, when in the fe	
necessary or advisab	de to do so, and i	rrespective of whether a	nthority similar to this ex	ists with respect t	o such other land, lea-	se or leases. Likewise, unit	is previously former
						or reforming of any unit sh we and. Any unit may inch	
a well has therefore	been completed	For upon which operation	ons for driffing have there	ctofore been com	menced Production,	drilling or reworking oper	ations or a well sho
						drilling or reworking oper essor shall receive on prod	
so pooled royalties of	only in the porti	on of such production a	flocated to this leave, so	ch allocation sha	ll be that proportion (of the unit production that on to the foregoing, I esset	the total number o
to unitize, pool, or co	ombine all or any	y part of the above descr	ibed lands as to one or in	ore of the lornati	ons thereunder with r	other lands in the same gen	eral area by entering
into a cooperative of terminate any such t	n unit plan of de plan or agreemen	evelopment or operation of and in such event the	i approved by any gover eterns, conditions and p	inmental authorit itovisions of this	y and, from time to t lease shall be deemed	une, with like approval, to I modified to conform to th	o modify, change o oc terms, conditions
and provisions of so	nch approved co	operative or unit plan o	l development or operati	on and, particula	ds, all drilling and de	velopment requirements (it this lease, expres
the life of such plan	or agreement 1	n the event that said abo	ive described lands or an	ry part thereof, sh	all berealter be opera	I this lease shall not termi ted under any such coupe	intive or unit plan o
development or oper	ration whereby the	he production therefrom	is allocated to different p	octions of the land	I covered by said plan	, then the production affoci- uced from the particular fr	sted to any particula
it is allocated and no	of to any other tr	act of fand, and the roya	Ity payments to be made	hereunder to Les-	sor shall be based upo	on production only as so al	located Lessor shal
formally express Le the same upon requi		any cooperative or unit	plan of development or	operation adopter	Thy Lessee and appu	wed by any governmental	ngency by executing
13 All express	or implied cove	counts of this lease shall	be subject to all Federa	Land State Laws,	1 Secutive Orders, R	oles or Regulations, and the	his lease shall not b
Jasy Order Rule or	r Regulation					d by, or it such failure is th	
14. Lessor here	eby warrants and	agrees to defend the fift	e to the lands herem desc we described bands in th	ribed, and arrees	that the Lessee shall he has ment by Lesse	have the right at my time to a und be subrogated to the	o redeem for Lessor
thereof, and the und	lersigned Lesson	s, for themselves and the	in heirs, successors and a	issigns, hereby so	rrender and release al	I right of dower and bome	stead in the premise
described herein, in	sofar as said rig	ht of dower and homest the narties hereinabove (ead may in any way affect named as Lessor fail to e	A the purposes to secute this lease,	r which this lea se is i it shall nevertheless b	nade, as recited herein e binding opon all such pa	rties who do execut
it as Lessor. The wo	ord "Lessor" as u	sed in this lease, shall n	ican any one or more or r	ill of the parties v	dio execute this lease	as Lessor. All the provision	ons of this lease sha
		and assigns of Lessor ar instrument is executed	id Lessee as of the date first above	written			
William Crosby,	, Jr.				Rosinda Crosby		
SSII			4		SSII		

COUNTY OF		Acknowledgment - Individual
] § }	,
		ary Public, in and for said County and State, on thisday o
	2000, personally n	ppeared
and	t / > 1	ibed in and who executed the within and foregoing instrument of wri
to me known to be the identificant and a discount of the identificant of the identific	cal person(s) descr	ibed in and who executed the within and foregoing instrument of write
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uses and purposes merem ser	C 101U).	
IN WILNESS WHI	RFOF, I have here	eunto set my hand and affixed by notarial seal the day and year last
above written.	•	, , , , , , , , , , , , , , , , , , , ,
My Commission Expires		
		Address
STATE OF	t	
STATE OF		Acknowledgment - Partnership/Trust
COUNTY OF) §	Acknowicagment - Latinetship: 17404
COURT OF		
BEFORE ME the c	indersigned a Not	ary Public, in and for said County and State, on this day o
as of	,,	ppcared
to me known to be the identification	cal person(s) descr	ibed in and who executed the within and foregoing instrument of wri
and acknowledged to me that	d.	uly executed the same as free and voluntary act and deed for
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STATE OF COUNTY OF Before me, the under to me personally known who of of said corporation and that s of Directors who acknowled	orsigned authority, to being by me duly anid instrument was	Address Acknowledgment - Corporation this day personally appeared
STATE OF COUNTY OF Before me, the under to me personally known who of of said corporation and that s of Directors who acknowled	orsigned authority, to being by me duly anid instrument was	Acknowledgment - Corporation this day personally appeared
STATE OF COUNTY OF Before me, the under to me personally known who of of said corporation and that s of Directors who acknowled	orsigned authority, to being by me duly anid instrument was	Address Acknowledgment - Corporation this day personally appeared
STATE OF COUNTY OF Before me, the under to me personally known who of of said corporation and that s of Directors who acknowled	orsigned authority, to being by me duly anid instrument was	this day personally appeared
STATE OF COUNTY OF Before me, the under to me personally known who of of said corporation and that so of Directors who acknowled	orsigned authority, to being by me duly anid instrument was	Address Acknowledgment - Corporation this day personally appeared

CERTI	stal Service FIED MAIL RECEIPT tic Mail Only; No Insurance Coverage Provided) ent To:
Return R (Endorsemen Restricted D Endorsemen Total Post	elivery Fee
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. Article Addressed to: Mr. and Mrs. William Crosby, Jr. P.O. Box 686 Waterflow, New Mexico 87421	COMPLETE THIS SECTION ON DELIVERY A. Received by (Please Print Clearly) B. Date of Delivery C. Signature Agent Addressee D. s delivery address different from Item 17? Yes 1 YES, enter delivery address below: No
2. Article Number (Copy from service label) 7099	☐ Registered ☐ Return Receipt for Merchandise ☐ Insured Mail ☐ C.O.D. 1. Restricted Delivery? (Extra Fee) ☐ Yes 6020 eturn Receipt 102595-00-M-0952

1700 Lincoln, Suite 1700 Denver, Colorado 80203 (303) 830-8000 Fax: 3031 830-8009

January 15, 2001



Mr. and Mrs. William Crosby, Jr. P.O. Box 686
Waterflow, New Mexico 87421

Certified Mail 7099 3220 0005 1561 6020

Re: Pictured Cliffs Well Proposal

ROPCO =8-4 Well

SE/4-Section 8-T29N-R14W San Juan County, New Mexico

Dear Mr. and Mrs. Crosby:

Richardson Production Company proposes to drill a Pictured Cliffs well on the captioned lands. A recent check of the county records indicates that you own a 0.3755 net acre unleased mineral interest within the spacing unit. The ROPCO =8-4 well will be located in the SE/4 of Section 3. Township 29 North, Range 14 West. The spacing unit for the Pictured Cliffs formation will be the SE/4.

Enclosed for your review is an AFE itemizing the estimated costs for the well. In the event you wish to participate in this arilling and completion attempt, please return an executed copy of the AFE to the undersigned by January 29, 2001. Upon receipt of your executed AFE, or by prior written request, we will forward an AAPL Form 610 Joint Operating Agreement for your review and execution, providing for, among other things, a 300% 100% nonconsent penalty and \$5000 drilling/\$500 producing overhead rates.

In the event you do not wish to participate, Richardson respectfully requests you elect one of the following options as to your interest:

Mr. and Mrs. William Crosby January 15, 2001 Page 2

- 1. Enter into an oil and gas lease that provides for a three year primary term with bonus consideration based on \$30.00 per net acre and a 12.5% royalty in the event of production
- 2. Sell all of your mineral interest for \$70.00 per net acre

Your response is respectfully requested by January 29, 2001.

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

RICHARDSON PRODUCTION COMPANY

Cathleen Colby Land Manager

Cathleen Colla

	Sell mineral rights for	\$70.00 per net mineral acre.
	, ,	
		Lease for \$30.00 per net mineral acre, with lease to provide y term and 12.5% royalty in the event of production.
	Participate in proposed herewith.	i drilling and completion attempt, executed AFE is returned
- · · -	day of	2001 we nereby elect the following:

RICHARDSON OPERATING COMPANY AUTHORITY FOR EXPEDITURES

Well Name, RCPCC 8-4 | SECTION 8-SE | 4 | Location: T29N R14W, San Juan County, NM

Proposed Death: 1200"

Date: 01/15/2001 Objective Formation: Pictured Cliffs

Survey and Permits 3,000 Title Colimon 1,500 Dnilling (incl. water and much) 1200 9,15,007 1,500 1,50	ı.	Drilling Costs (Included Run Casing)	Tangible	Intangible	Total	Actual
Drilling (Incl. water and much 1200 @ 15.00/H. 13.000 3.				3.0001		
### SOP Renal		Title Opinion		1.500		
Dirt Work		Ortiling (incl. water and mud) 1200' @ 15.00/ft.		18.000		
Dirt Work		BOP Rental		750		
Pit Liming		Dirt Work-		,	į	
Surface Gasing 2001 @ 7 (3) ft. 1,436 Casing Head		Pit Lining.				
Casing Head 1,500			1 436	0.555		
Dement Surrace 2,300						
Power Tongs		-	1.500	2 3001)	
Casing 1200* @ 550/th						
Tucking		<u> </u>	5 500	1.500	•	
1-95		Jasing 1200 g 5.50//t	5.5001	7 200	!	
Engineering 3 000		rucking	ť		!	
Cement Langstring		_ogs	1			
Total Cost to Run Casting 9 536 46 530 36 336 3 345 3 345 10% Costingency		Engineering:	į			
S.30787, Farmington NM Tax S.348 10% Contingency S.771 S.772			·			
1.0% Cuntingency		Total Cost to Run Casing	9 536	46 350 ₁	56.3861	
Stand State to Run Casing		5.9375% Farmington NM Tax	•			
Stand State to Run Casing					5 9731	
II. Completion Costs Fig. Ancrors Cost Co		_			65.7071	
Pig Anchors 1501 1500	:1	_	- .			
1.085			!	ع د ع		
Perf					:	
Meilhead & Fittings					:	
Tubing 1200* ② 2 507ft 3,000			1.0001	2,300	į	
Stimulation						
Tool Rental		-	3.5001			
Trucking 3,000						
Battery installation S.CCC Restore Location S.SCC Restore Location S.SCC						
Restore ubcation						
Engineering		Battery installation		5.3001	:	
Treator, Separator		Restore Locations		3.500!	:	
Flowing		Engineering-		3,2501	:	
Tank & Fittings		Treator, Separator	5,3001			
Scale Scal		Ficwline	± 0001		:	
Scale Scal		Tank & Firtings	∔ 500!			
NorMover Right 5,000		•				
CCO Completion Floids CCO Covision Creer Coincids CCO Covision Creer Coincids CCO Covision Creer Coincids CCO Covision Creer Coincids CCO Covision Creer Coincids CCO CCO		-	2,2,2,2	5,000)		
Division Order Obinion 1,300					,	
13.000 Frac Tank Rental 1.250 Flowback 1.000 Fence Location 3.300 Total Completion Costs 27 100 57,550 94,650						
### 1.250 Frace Tank Rental						
1.000						
Fence Location			;			
Total Completion Costs 27 100 57.550 94.650			2 200		÷	
5.9375% Farmington, NM Tax 5.620 10% Contingency 10.027						·
10.027			27 1001	67.550 <u> </u>		-
S5,707 Grand Total Well Costs .76,004		10% Contingency		1		
Grand Total Well Costs					· ·	
CTURED CLIFFS		-				
RESERT RICHAROSON OPERATING COMPANY DATE APPROVED S175.591 C1000 APPROVED APPROVED S413 POSINDA CROSBY DATE APPROVED		Grand Total Hell Costs		·==	.70.000	
RESERT RICHAROSON OPERATING COMPANY DATE APPROVED S175.591 C1000 APPROVED APPROVED S413 POSINDA CROSBY DATE APPROVED	ICTURED C	LIFFS				
0.0347% WILLIAM CROSSY IR DATE 14P90VED 5413		-	LPPROVED			\$175.591
POSINDA CROSBY DATE SPROVED			75660AED			5413
\$176.004						
	1				-	\$176,004

OIL AND GAS LEASE

William Crosby, Jr. and Rosinda Crosby, husband and wife, as joint tenants

day of January 2001, by and between

hereinafter called Lessor (whether one or more)

1101

and Richardson Production Company whose post office address is 1700 Lincoln, Suite 1700, Denver, CO 80203, bereinafter called Lessee

THIS AGREEMENT, Made and entered into this

the same upon request of Lessee

William Crosby, Jr.

एट्रा

be binding on the heirs, successors and assigns of Lessor and Lessoe.

IN WILNESS WHEREOF, this instrument is executed as of the date first above written

Whose post office address is P.O. Box 686, Waterflow, New Mexico 87421

Telemanason Frount (10)	ambunt and best and more set 1 100 thirting and 1 1 100 thirting of 1 CAV 20 7 20 meteration content tesses
 acknowledged, and the covenants a exclusively unto the said Lessee, the operating for and producing therefro 	or, for and in consideration of <u>Len and more (\$10 & more)</u> DOLLARS each in hand paid, the receipt of which is hereby and agreements hereinafter contained, has granted, demised, leased and let, and by these presents does grant, demise, lease and let e land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, and moil and all gas of whatsoever nature or kind, with rights of way and exercises for laying pipe lines, and exection of structures therein I products, all that certain tract of land situated in the County of <u>San Juan</u> , State of <u>New Mexico</u> , described as follows, to-wit
Township .	29 North - Range 14 West, N.M.P.M.
Section 8:	Lot Seven (7) of the PARAMOUNT SUBDIVISION, San Juan County, New Mexico, as shown on the Plat of said Subdivision filed for record November 7, 1996 in Map File P-77, Book 1229, Page 59
No well sh:	all be drilled on the leased premises without first obtaining Lesson's written consent.
and containi	ng 0.751 acres, more or less.
from said leased premises or on acre oil or gas is not being produced on the lease shall continue in force as long considered to be continuously prosoperations for the drilling of a subsection of the primary term, this lease the production or from date of compileterm of this lease, this lease shall compileterm of this lease, this lease shall compilete the primary transportation of said land and as to any strata or strength of said land and as to any strata or stratage surrendered.	three (3) If remain in force for a term of five (5) years from this date and as long thereafter as oil or gas of whatsoever nature or kind is produced age pooled therewith, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease, the leased premises or on acreage pooled therewith but Lessee is than engaged in drilling or re-working operations thereon, then this g as operations are being continuously prosecuted on the leased premises or on acreage pooled therewith, and operations shall be excited if not more than numely. (90) days shall clapse between the completion or abandonnent of one well and the beginning of equent well. If after discovery of oil or gas on said land or on acreage pooled therewith, the production thereof should cease from any use shall not terminate if Lessee commences additional drilling or re-working operations within ninety (90) days from date of cessation etion of dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary ntinue in force so long as oil or gas is produced from the leased premises of on acreage pooled therewith. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to us during the primary term. Lessee may at any time of times during or after the primary term surrender this lease as to all or any portion stratum by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligation thereafter accruing as to isses the said t essee covenants and agrees.
1st To deliver to the credit of and saved from the leased premises 2nd To pay Lessor one-eight	I Lessor, free of cost, in the pipe line to which Lessee may connect wells on said land, the equal one eighth (1/8) part of all oil produced th (1/8) of the pross proceeds each year, payable quarterly, for the pas from each well where gas only is found, while the same is being
3rd To pay Lessor for gas proof the proceeds, at the mouth of the	rthe manufacture of pasoline a royalty of one eighth (1/8), payable mouthly at the prevailing market rate for gas oduced from any oil well and used off the premises or in the manufacture of pasoline or any other product a royalty of one eighth (1/8) well, payable monthly at the prevailing market rate
acre retained bereunder, such payror well is shut in and thereafter on or b that gas is being produced within th	
herein provided for shall be paid the	erest in the above described land than the entire and individed fee simple therein, then the myalties (including any shut-in gas royalty). Lessor only in the proportion-which Lessor's interest bears to the whole and undivided fee use, free of cost, gas, oil and water produced on said land for Lessee's operation thereon, except water from the wells of Lessor.
	Lessee shall bury Lessee's pipe line below plow depth or than 200 feet to the house or barn now on said premises without written consent of Lessor
Lessee shall pay for damage	s caused by Lessee's operations to growing crops on said land at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing
11. The rights of Lessor and Le binding on Lessee until Lessee has complete chain of record title from L on Lessee. No present or future divi	seechereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be been furnished with notice, consisting of certified copies of all recorded documents and other information necessary to establish a acsor, than then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding sion of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations or diminish the rights as may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable.
12 Lessee, at its option is here part of the land described herein and with other land, lease or leases in the necessary or advisable to do so, and to include formations not producing by Lessee executing and filing of real well has therefore been completed in for want of a market anywhere on for want of a market under this less opooled royalties only in the port surface acres covered by this lease ato unitize, pool, or combine all or an into a cooperative or unit plan of d	thy given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any days to any one or more of the formations bereimder, to pool or unitize the leasehold estate and the mineral estate covered by this lease the immediate vicinity for the production of oil and gas, or separately for the production of either, when in the Lessee's judgment it is irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed goil or gas, may be reformed to exclude such non-troubling formations. The forming or reforming of any unit shall be accomplished cord a declaration of such unitization or retormation, which declaration shall describe the unit. Any unit may include land upon which of or upon which operations for driffing have therefolder been commenced. Production, driffing or reworking operations or a well shut of a unit which includes all or a part of this lease shall be treated as if it were production, driffing or reworking operations or a well shut case. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on production from the unit into fine the unit bears to the total number of surface acres in such unit. In addition to the foregoing, Lesses shall have the right y part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering evelopment or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or not and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions,

terminate any such plan or agreement and, in such event, the ferms, conditions and provisions of this fease shall be deemed modified to conform to the ferms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all dufling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands or any part thereof, shall becauter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to Lessor, be regarded as having produced from the particular tract of land to which it is allocated and not to any other tract of land, and the royalty payments to be made hereunder to Lessor shall be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessoe and approved by any governmental agency by executing the properties of lessoe.

43. All express or implied covenants of this lease shall be subject to all Lederal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation 14. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor and be subrogated to the rights of the holder thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

15. Should any one or more of the parties hereinabove named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor" as used in this lease, shall mean any one or more or all of the parties who execute this lease as Lessor. All the provisions of this lease shall

\$\$#-----

Rosinda Crosby

STATE OF]		
COUNTY OF	I	Acknowledgment - Individual	
, 200	00, personally a	otary Public, in and for said County and State, on this appeared	
to me known to be the identical	person(s) descr c	tribed in and who executed the within and foregoing instrumeduly executed the same as free and voluntary act	rent of writing
IN WITNESS WHERI above written	(OF, I have ber	reunto set my hand and affixed by notarial seal the day and	year last
My Commission Expires.		Address	No
COUNTY OF	1.9	Acknowledgment - Partnership/Trust	
, 200		otary Public, in and for said County and State, on thisappeared	
to me known to be the identical	person(s) desc	cribed in and who executed the within and foregoing instru- duly executed the same asfree and voluntary act	nent of writing
IN WITNESS WHERE written.	EOF, I have her	reunto set my hand and affixed by notarial scal the day and	yeni last above
My Commission Expires		Address	
STATE OF	15	Acknowledgment - Corporation	
		y, this day personally appearedy sworn did say that he is the	
of	Linstrument wa	and that the seal affixed to said instrument is the as signed and sealed in behalf of said corporation by author at to be the free act and deed of said corporation	corporate scal
Sworn to and subscrib	ed before me, t	thisday of2000	
My commission Expires:		Notary Public	

CERTIFIED MAIL



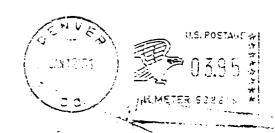
SON OPERATING

1700 Lincoln, Suite 170 Denver, Colorado 8020



7099 3220 0005 1561 5955

Mr. and Mrs. Lowell E. Renfro #2 County Road 6212 Kirtland, New Mexico 87417



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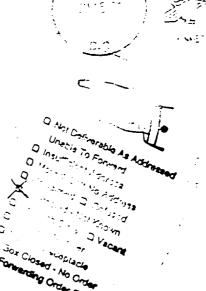
DSON PRODUCTION C

1700 Uncoln, Suite 1700 Denver, Colorado 80203



7000 0520 0023 4373 2349 dec/

Mr. and Mrs. Lowell E. Renfro #2 County Road 6212 Kirtland, New Mexico 87417



1700 Lindoin, Suite 1700 Denver, Dolorado 30203 (303) 330-3000 Fax (303) 330-3007

January 11, 2001

Mr. and Mrs. Lowell E. Renfro =2 County Road 6212 Kirtland, New Mexico 87417

Certified Mail 7099 3220 0005 1561 5955

Re: Fruitland Coal and Pictured Cliffs Well Proposal

ROPCO =8-3 Well

S 2-Section 8-T29N-R14W San Juan County, New Mexico

Dear Mr. and Mrs. Renfro:

Richardson Production Company proposes to drill a downhole commingled Fruitiand Coal and Pictured Cliffs well on the captioned lands. A recent check of the county records indicates that you own a 0.375 net acre unleased mineral interest within the spacing unit. The ROPCO =8-3 well will be located in the SW4 of Section 8. Township 29 North. Range 14 West. The spacing unit for the Fruitland Coal will be the S/2, and the spacing unit for the Pictured Cliffs formation will be the SW4.

Enclosed for your review is an AFE itemizing the estimated costs for the well. In the event you wish to participate in this drilling and completion attempt, please return an executed copy of the AFE to the undersigned by January 26, 2001. Upon receipt of your executed AFE, or by prior written request, we will forward an AAPL Form 610 Joint Operating Agreement for your review and execution, providing for, among other things, a 300% 100% nonconsent penalty and \$5000 drilling \$500 producing overhead rates.

In the event you do not wish to participate. Richardson respectfully requests you elect one of the following options as to your interest:

Mr. and Mrs. Lowell E. Renfro January 11, 2001 Page 2

- 1. Enter into an oil and gas lease that provides for a three year primary term with bonus consideration based on \$30.00 per net acre and a 12.5% royalty in the event of production
- 2. Sell all of your mineral interest for \$70.00 per net acre

Your response is respectfully requested by January 26, 2001.

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

RICHARDSON PRODUCTION COMPANY

Cathleen Colly
Cathleen Colly
Land Manager

On this	day of	. 2001 we hereby elect the following:
	Participate in property herewith.	osed drilling and completion attempt, executed AFE is returned
		Gas Lease for \$30.00 per net mineral acre, with lease to provide many term and 12.5% royalty in the event of production.
	_ Sell mineral rights	for \$70.00 per net mineral acre.
By:		·
Printed Nat	ne:	

AUTHORITY FOR EXPEDITURES

Well Name: ROPCO ⇒8-3 SECTION 8 PC SW/4, FC S/2

Location: T29N R14W

Proposed Depth: 350' Fruitland Coal

1000' Pictured Cliffs

ILLEGIBLE Date: 01/11/2001

Objective Formation: Commingled Pictured Cliffs and Fruitland Coal

۱.	Drilling Costs (Included Run Casi	_	Tangible	Intangible	Total	Fruitland Coal	Pictured Chifs
	Survey and Permits		i	3,000		1.500	1.500
	Title Coinion-			3,000		1.500	1,500
•	Drilling (Incl. water and mud) 1000	01 @ 15.00/ft.	i	15.000		6.375	3,525
	30P Rental			750		375	375
	Dirt Work		ļ	4.000	j	2.000	2.000
	Pit Lining			2,300		1,400	1,400
	Surface Casing 200' @ 7.18/ft.		1,436			713	718
	Casing Head-		1,500		i	750	750
	Cament Surface		1.500	2,300		1.150	1.150
	Power Tongs			1.000	ļ	500	500
			5,500	2.300		2.338	
	Casing 1000* @ 5.50/ft.		3.300	7.000		ľ	3.163
	Trucking		1	3.0001	i	1.500	1,500
	Logs		ţ.	3.750		1.375	1.875
	Engineering			5.0001		2,500	2.500
	Cament Longstring			÷ 0001		1.700	2.300
	Total Cost to Run Casing-		3.436	÷7.6001	56,0361	26.181	29,856
	5 9375% Farmington NM Ta	x			3.3271	1.554	1.773
	10% Contingency				5,9367	2.773	3.163
	Grand Total to Run Casing-			,	45 2997	30,5081	34.791
3.	Completion Costs						•
•••	Rig Anchors		4	7501		375	375
	_025			3 000		1 500	1,500
	-453 Page			3 5001		1 750i	1,750
	•		4 0001	2 2001		2 000	2,000
	Neithead & Fittings						
	Tubing 10001 @ 2 507ft.		2,5001			1.063	1.433
	Stimulation:			42,3001		21.000	21,000
	Took Pentair			2,3001		1.150	1.150
	Trucking-			3,0001		1.500	1.500
	Battery installations are a second			5.0001		3.0001	3.000
	Restore Location			3.5001		1,750	1.750
	Engineering		•	5.8001	•	2.9001	2,900
	Treator, Separator		£ 3001			2,6501	2.650
	Fownne		4 3004			2,0001	2,000
	Tank & Fittings		4 5001			2.2501	2.250
			- 300'	3.000,		1.500	1.500
	Graver			15 3001		5.0001	5.000
	Morkover Pig.						
	Completion Fluids () ()			2.000		1,3001	1,000
	Росение прокиры на него на него на него него него него него него него него			13,000;		5.5001	5.500
	Division Order Opinion	4.4		1.5001		750	750
	Frac Tank Pental Process			2,5001		1 2501	1.250
	Flowdack			2,000:		1,0001	1,000
	Fence Location-		3 3001			1 5501 _	1,650
	Total Completion Costs:		23 8004	103 350:	.27.450	63 538 1	63.913
	5 9375% Farmington NM Tax	,			7 567	3,773	3.795
	10% Contingency				13,5021	6.7311	5.771
					45 29 9 1	30.5081	34 791
	7 3 77777				213 319	104 5501	139,259
	Grand Total Well Costs					.0- 3501	
UITLAND	COAL PICHARDSON OPERATING OD ET AL	CATE	TheaCAED				5104427
-	LOWELL E PENFRO	DATE	1500CAE2				3123
	CALLIE P PENERO	CATE	-299CVED _				
					: :	D TOTAL	5104550
CTURED C	ti iffs						
	PICHARDSON OPERATING CO ET AL	DATE	15660750 _				310 9269
			25000AED				š
	LOWELL E. PENFRO	JA:E					-
	LOWELL E. PENFRO CALLIE P. PENFRO	DATE	15000AED				
		DATE	-		5/	O TOTAL	\$109269 \$123

ILLEGIBLE

OIL AND GAS LEASE

THIS AGREEM		and entered into this,				2001_, by and between
			and Callie P. Renf		couple, joint te	nants
Whose post office address_						bereinafter called Fessor (whether one
or more) and Richardson	n Product	t <u>ion_Company</u> who	ise post office address is	1700 Lincoln,	Suite 1700, Denve	r, CO 80203 hereinafter called Lessee
acknowledged, and the covexclusively unto the said I operating for and producing	enants and essec, the otherefrom	Lagreements berematte land bereinatter desert oil and all gas of whats	er contained, has granted bed, with the exclusive oever nature or kind, with	d, demised, leased right for the purp brights of way and	Fand let, and by thes use of mump - explo Leasements for laying	hand paid, the receipt of which is hereby c presents does grant, dentise, lease and let ring by geophysical and other methods, and oppedings, and erretion of structures thereon New Mexico, described as follows, to-wit
<u>Toy</u>	vnship 29	North - Range 14	West, N.M.P.M.			
Sec	tion 8:	Lot Eight (8) of the said Subdivision fi	e PARAMOUNT St led for record Nove	BDIVISION, S mber 7, 1996 in	Sau Juan County, Map File P-77, B	New Mexico, as shown on the Plat of Book 1229, Page 59
No	well shall	be drilled on the le	eased premises with	out first obtaini	ng Lessors' writte	en consent.
and	contaming	0.750 acres more o	o less * three (3)			
from said leased premises of or gas is not being producted shall continue in for considered to be continuous operations for the drilling occurs after the primary term of production or from date term of this lease, this lease 2. This is a PAID-UP commence or continue any of said land and as to any side acreage surrendered. 3. In consideration of 1st. To deliver to the and saved from the leased 2nd. To pay Lessor so the proceeds, at the modulation of the proceeds, at the modulation of the proceeds, at the modulation of the proceeds, at the modulation of the proceeds, at the modulation of the proceeds, at the modulation of the proceeds at the modulation of the proceeds at the proceeds of the proceeds at the modulation of the proceeds of the proceeds at the proceeds. 5. If said Lessor owns	or on acreage need on the reast long; itsly prosecute of a subseque of completic shall control LEASE. In operations strata or strata or strata or strata for gas produced in the reast of the well capable of the will capable or on or believith in the reast interviewith in the reast interviewith in the reast interviewith in the reast interviewith in the reast interviewith in the reast interviewith in the reast interviewith in the reast interviewith in the reast interviewith in the reast interviewith in the reast interviewith in the reast interviewith in the reast interviewith in the reast interviewith in the reast interviewith in the reast interviewing interviewing in the reast interviewing in the reast interviewing interviewinterviewing interviewing interviewing interviewing interviewing i	the pooled therewith, or as operations are being uted if not more than a tent well. If after discressibility of the first	em of five (5) years from driffing operations are co- acteage pooled therewild in continuously prosecute minety (90) days shall overy of old or gas on same exsec commences additor gas shall be discovered oil or gas is produced by its payment, I esson I essee may at any time exsor or by filing for remains and agrees are pipe line to which I esseeds each year, payable quiting a royalty of one-ciple and used off the premise the prevailing market ratios of sold or used, I essee in on or before the anniverse of this lease during the ped land than the entire as	intinued as hereina th but Lessee is the don the leased pechapse between the donor necessional drilling or relational drilling or relational drilling or relationational drilling or relationational drilling or relational drilling or relational a release or relational a release or relational drilling or relational archaese or in the granterly. For the granterly, for the granterly, for the granterly, and tender a sary date of this leave period such well-ind undivided fee s	Her provided. If, at the can engaged in drilling or mises or on acreaging completion or along ge proded therewith it exorking operations is a result of such operations or a result of such operations or a result of such operations or on acreage passes shall not be oblig or after the primary tendenses, and be relied to the primary tendenses, and be relied to a such a such as the prevarieties of pasoline or a six royalty to the royalt is shut in. It such passimple therein, then the	ated, except as otherwise provided berein, to my surrender this lease as to all or any portion yed of all obligation thereafter accruing as to equal one cighth (178) part of all oil produced ere pas only is found, while the same is being ling market rate for gas my other product a royalty of one eighth (178) to owners. One Dollar per year per net royalty the espiration of 90 days from the date such ment or fender is made, it will be considered e royalties (including any shut in gas royalty).
berein provided for shall b 6 - Lessee shall have th						he n except water from the wills of Lessor
			s pipe line below plow d are in bain now on raid	•	santon community of the	
9. Lessee shall pay for	damages c	caused by Lessee's oper	rations to growing crops	on said land		
11 The rights of Lesse binding on Lessee until Le complete chain of record til on Lessee No present or fi	n and Less ssee has be le from Les iture division operations	ce beceinder may be a cen furnished with not sor, than then only with m of Lessor's ownersh may be conducted with	ssipped in whole or part ice, consisting of certify riespect to payments the ip as to different portion	No change in owed copies of all recently made. More soils of said	nership of Lessor's recorded documents arother kind of notice, w Lland shall operate to	right to draw and remove casing interest (by assignment or otherwise) shall be ad-other information necessary to establish a diether actual or constructive, shall be binding enlarge the obligations or diminish the rights stassigned, no leasehold owner shall be liable.
part of the land described I with other land, lease or le necessary or advisable to dito include formations not ploy tessee executing and fia well has therefore been come for want of a market any in for want of a market uneso pooled royalties only in surface acres covered by II to unitize, pool, or combine into a cooperative or unit terminate any such plan or and provisions of such apportinglied, shall be satisfie the life of such plan or agricultude of land shall, for the life of such plan or agricultude of land shall, for the life same upon request of I. All express or interminated, in whole or in Law, Order, Rule or Regul Law, Order, Rule or Regul by payment, any mortgage	ases in the oso, and in producing of recompleted completed control of the portion is least and agreement to your or of the portion of development to your other traces and or any purpose of your of the portion of the portion of the portion of the portion of the purpose of your of the portion of the purpose of your or of the portion of	is to any one or more of immediate vicinity for respective of whether and or gas, may be reford a declaration of such or upon which operation of the royalties of the field of the royalties of the field of the royalties of the above description and, in such event, the perative or unit plan of liance with the drilling the event that said above production therefrom computing the royalties of this lease shall end, and the royalties of this lease shall liable in damagrees to defend the title other liens on the above	I the formations bereind of the production of raf anotherity similar to this expeed to exclude such nor reformations for didling have there. I or a part of this lease size elsewhere herein specificated to this lease; succass to the total number bed lands as to one or approved by any governerms, conditions and pedevelopment or operational development requiry described lands or an is allocated to different post to be paid hereinder by payments to be made plan of development or in the subject to all federal ages, for failure to compete to the lands herein described lands, in the	ler, to pool or muti- id pas, or separate ists with respect to producing forma- inon, which declara- itofore been coun- half be treated as i- ified, including shi- ch allocation shall of surface acres in- ore of the formatio- inmental authority tovisions of this to on and, particularl ements of such pla- y part thereof, sha- ortious of the leand of testor, be repu- hereunder to Less uperation adopted. I and State Laws, I by therewith, if cor ribed, and agrees to covent of default of	ize the leasehold estate by far the production of such other land, lease trons. The forming of the honor shall describe the neneed. Production of the were production of the that proportion of such unit. In additions the that proportion of such unit. In additions the that proportion of such unit. In additions the that from time to the and, from time to the asses shall be deemed by, all drilling and devian in agreement, and II hereafter be operated by said planted as having product of shall be based upon by Lessee and approximations of the lessee shall be from the Lessee shall be from the le	ner before or after production, as to aff or any e and the mineral estate covered by this lease of either, when in the Lessee's judgment it is e or leases. Likewise, units previously formed excloration of any unit shall be accomplished excloration or a well shull fulling or reworking operations or a well shull fulling or reworking operations or a well shull fulling or reworking operations or a well shull fulling or reworking operations or a well shull fulling or reworking operations or a well shull fulling or reworking operations or a well shull fitted in the continuous that the total number of unit to the foregoing. Lessee shall have the right fier fands in the same general area by entering me, with like approval, to modify, change or modified to conform to the terms, conditions, exclopment requirements of this lease, express this lease shall not terminate or expire during the duder any such cooperative or unit plan of their the production allocated to any particular cell from the particular tract of land to which a production only as so allocated. Lessor shall cell by any governmental apency by executing design of such failure is the result of, any such asset the right at any time to redeem for Lessor, and be subropated to the rights of the holder right of dower and homestead in the premises
described berein, insofar a 15. Should any one or it as Lessor. The word "Le be binding on the beirs, su	s said right more of th ssor" as use ccessors an	of dower and homeste e parties heremabove a d in this lease, shall ma d assigns of Leasor and	ad may in any way affect amed as Lessor fail to ex- can any one or more or a	t the purposes for ceente this lease, it If of the parties wh	which this lease is m shall nevertheless be	ade, as recited berein binding upon all such parties who do execute is Lessor. All the provisions of this lease shall

Lowell E. Renfro

STATE OF	
COUNTY OF	§§ Acknowledgment - Individual
	gued, a Notary Public, in and for said County and State, on thisday of
andto me known to be the identical pe	son(s) described in and who executed the within and foregoing instrument of writingduly executed the same as free and voluntary act and deed for the
IN WITNESS WHERFO above written.	, I have hereunto set my hand and affixed by notatial scal the day and year last
My Commission Expires	Address
STATE OF	18 Acknowledgment - Partnership/Trust
COUNTY OF	_}
	gned, a Notary Public, in and for said County and State, on thisday of
to me known to be the identical pe	son(s) described in and who executed the within and foregoing instrument of writing duly executed the same asfree and voluntary act and deed for the
IN WITNESS WHEREO written.	, I have hereunto set my hand and affixed by notarial seal the day and year last above
My Commission Expires	Address
STATE OF	
COUNTY OF	Acknowledgment - Corporation 1
to me personally known who being of	d authority, this day personally appeared
Sworn to and subscribed	pefore me, this day of, 2000
My commission Expires	Notary Public

1700 Lindain, Suite 1700 Denver, Catarado 30203 (303) 330-3000 Fax 3031 330-3009

January 15, 2001



Mr. and Mrs. Lowell E. Renfro ≠2 County Road 6212 Kirtland, New Mexico 87417

Certified Mail 7000 0520 0023 4373 2349

Re: Pictured Clirfs Well Proposal

RQPCO =8-4 Well

SE.4-Section 3-T29N-R14W San Juan County, New Mexico

Dear Mr. and Mrs. Renfro:

Richardson Production Company proposes to drill a Pictured Cliffs well on the captioned lands. A recent check of the county records indicates that you own a 0.375 net acre unleased mineral interest within the spacing unit. The ROPCO =8-4 well will be located in the SE.4 of Section 8. Township 29 North, Range 14 West. The spacing unit for the Pictured Cliffs formation will be the SE/4

Enclosed for your review is an AFE itemizing the estimated costs for the well. In the event you wish to participate in this drilling and completion attempt, please return an executed copy of the AFE to the undersigned by January 29, 2001. Upon receipt of your executed AFE, or by prior written request, we will forward an AAPL Form 610 Joint Operating Agreement for your review and execution, providing for, among other things, a 300% 100% nonconsent penalty and \$5000 drilling/\$500 producing overhead rates.

In the event you do not wish to participate. Richardson respectfully requests you elect one of the following options as to your interest:

Mr. and Mrs. Lowell E. Renfro January 15, 2001 Page 2

- 1. Enter into an oil and gas lease that provides for a three year primary term with bonus consideration based on \$30.00 per net acre and a 12.5% royalty in the event of production
- 2. Sell all of your mineral interest for \$70.00 per net acre

Your response is respectfully requested by January 29, 2001.

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

RICHARDSON PRODUCTION COMPANY

Cathleen Colby Land Manager

Cathleen Cothy

On this		2001 we hereby elect the following:				
	Participate in proposed drilling and completion attempt, executed AFE is returned herewith.					
	Enter into Oil and Gas Lease for \$30.00 per net mineral acre, with lease to provide for a three year primary term and 12.5% royalty in the event of production.					
	Seil mineral rights for \$70.00 per net mineral acre.					
By:		By:				
Printed Name:		Printed Name:				

RICHARDSON OPERATING COMPANY AUTHORITY FOR EXPEDITURES

ILLEGIBLE

5176,004

Neil Name: ROPCO 3:4: SECTION 8:SE 4 Location: T29N R14W, San Juan County, NM

Proposed Depth: 1200'

Date: 01/15/2001

Objective Formation: Pictured Cliffs

	ing Costs (Included Run Ca		Tangible	Intangible	Total	Actual
	ey and Permits · · · · · · · · ·			3.000		
	Opinion			1.500		
Orillii	ng (incl. water and mud) 12	00' @ 15.00/tt		13.000		
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	Vork			4.000		
Pit Li	ning			2.800		
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23-4% LOWEL	L E. PENFPO	DATE	TabbCAED			3413
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ILLEGIBLE

OIL AND GAS LEASE

(/11//(1/11/1/1/1/1/1/1/1/1/1/1/1/1/1/1	* */*// *(<i>)</i> *)
	lay of Janaury 2001 by and between
Lowell E. Renfro and Callie P. Renfro,	and the second s
e post office address #2 County Road 6212, Kirtland, New Mexico 87417 see and Richardson Production Company whose post office address is 170	
VITTUSSETTI, That the Lessor, for and in consideration of the length more (\$3)	
owledged, and the covenants and apreciments bereinafter contained, has pranted, de- isively unto the said Lessee, the land heremafter described, with the exclusive right thing for and producing therefrom oil and all gas of whatsoever nature or kind, with righ- oduce, save and take care of said products, all that certain tract of land situated in the C	nised, leased and let, and by these presents does grant, dernise, lease and let- for the purpose of mining, exploring by peophysical and other methods, and its of way and ensements for laying pipe lines, and erection of structures therein.
Township 29 North - Range 14 West, N.M.P.M.	
	IVISION, San Juan County, New Mexico, as shown on the Plat of 7, 1996 in Map File P-77, Book 1229, Page 59
No well shall be drilled on the leased premises without f	irst obtaining Lessors' written consent.
and containing 0.750 [acres] more or less \bullet three (3)	
1. It is agreed that this lease shall remain in force for a term of five (5) years from this an said leased premises or on acreage pooled therewith, or drilling operations are continuously as is not being produced on the leased premises or on acreage pooled therewith his resistall continue in force as long as operations are being continuously prosecuted in solutions for the drilling of a subsequent well. If after discovery of oil or pas on said language after the primary term, this lease shall not terminate if Lessee commences additional production or from date of completion of dry hole. If oil or gas shall be discovered and tim of this lease, this lease shall continue in force so long as oil or gas is produced from the 2. This is a PAID-UP LEASE. In consideration of the down cash payment, Lessor agrounding or continue any operations during the primary term. Lessee may at any time or the said land and as to any strata or stratum by delivering to Lessor or by bling for record be acreage surrendered. 3. In consideration of the premises the said Lessee covenants and agrees. 1st. To deliver to the credit of Lessor, free of cost, in the pipe line to which Lessee in and saved from the leased premises. 2nd. To pay Lessor one-eighth (1/8) of the gross proceeds each year, payable quarter than the premises, and if used in the manufacture of gasoline a royalty of one eighth (1/8) of the proceeds, at the mouth of the well, payable monthly at the prevailing market rate. 4. Where gas from a well capable of producing gas is not sold or used, Lessee may payable of producing gas from a seed of the second of the province of payable or used, Lessee may payable or used.	ed as hereinaller provided. It, at the expiration of the primary term of this lease, it essee is than engaged in drilling or re-working operations thereon, then this the leased premises or on acreage pooled therewith, and operations shall be e-between the completion or abandomment of one well and the beginning of for on acreage pooled therewith, the production thereof should cease from any drilling or re-working operations within muncty (90) days from date of cessation produced as a result of such operations at or after the expunsion of the primary he leased premises or on acreage pooled therewith rees that I essee shall not be obligated, except as otherwise provided herein, to innes during or after the primary term surrender this lease as to all or any portion a release or releases, and be relieved of all obligation thereafter accrumg as to any connect wells on said land, the capital one ciphth (1/8) part of all oil produced (1), for the gas from each well where pas only is found, while the same is being 1/8), payable monthly at the prevading market rate for pas in the manufacture of gasoline or any other product a royalty of one ciphth (1/8) as or tender as royalty to the royalty owners. One Dollar per year per net royalty or tender as royalty to the royalty owners.
acce retained bereunder, such payment or tender to be made on or before the anniversary ovell is shot in and thereafter on or before the anniversary date of this lease during the perithal gas is being produced within the meaning of this lease. 5. If said Lessor owns a less interest in the above described land than the entire and or better provided for shall be paid the Lessor only in the proportion which Lessor's interest. 6. Lessee shall have the right to use, free of cost, gas, oil and water produced on said. 7. When requested by Lessor, Lessee shall bury Lessee's pipe line below plow depth. 8. No well shall be drilled nearer than 200 feet to the house or barn now on said pren. 9. Lessee shall have the right at any time to remove all machiners and tristness place. 11. The rights of Lessor and Lessee hereunder may be assigned in whole or part. No building on Lessee until Lessee has been furnished with notice, consisting of certified ercomplete chain of record title from Lessor, than then only with respect to payments thereaft on Lessee, and all Lessee's operations may be conducted without regard to any such division of Lessee, and all Lessee's operations may be conducted without regard to any such division.	oil such well is shut in. It such payment in tender is made, it will be considered divided fee simple therein, then the royalties (including any shut in gas toyalty) hears to the whole and undivided fee land fin I esser's operation therein, except water from the wells of I esser dives without written consent of I esser and fand and it or said premises, including the right to draw and remove easing change in ownership of I esser's interest (by assignment or otherwise) shull be opies of all recorded documents and other information necessary to establish a crimale. No other kind of notice, whether actual or constructive, shall be binding areels of said land shall operate to enlarge the obligations or diminish the rights
12. Lessee, at its option is hereby given the right and power at any time and from tin part of the land described herein and as to any one or more of the formations hereinuder, to with other land, lease or leases in the immediate vicinity for the production of oil and gase exercising or advisable to do so, and irrespective of whether authority similar to this exists of include formations not producing oil or gas, may be reformed to exclude such non-productive of the production of such unitization or reformation, or a well has therefore been completed or upon which operations for drilling have therefore in for want of a market under this lease. In lieu of the royalties elsewhere herein specified, so pooled royalties only in the portion of such production allocated to this lease, such after acres covered by this lease and included in the unit bears to the total number of such unitize, pool, or combine all or any part of the above described lands as to one or more or into a cooperative or unit plan of development or operation approved by any government terminate any such plan or agreement and, in such event, the terms, conditions and provisions of such approved cooperative or unit plan of development or operation and or implied, shall be satisfied by compliance with the drilling and development requirement the life of such plan or agreement. In the event that said above described lands or any part development or operation whereby the production therefrom is allocated to different portion tract of land shall, for the purpose of computing the royalties to be paid beremder to I exit is allocated and not to any other tract of land, and the royalty payments to be made herein formally express I esser's consent to any cooperative or unit plan of development or operation such essert held lands or any part tract of land, and the royalty payments to be made herein formally express or implied covenants of this lease shall be subject to all I ederal and terminated, in whole or in part, nor I essee held lands in damages, for l	i pool or unitize the leasehold estate and the mineral estate covered by this lease, or separately for the production of either, when in the Lessee's judgment it is eith respect to such other land, lease or leases. Likewise, units previously formed hucing formations. The forming or reforming of any unit shall be accomplished which declaration shall describe the unit. Any unit may include land upon which e been commenced. Production, drilling or reworking operations or a well shut including shut in gas royalties, Lessor shall receive on production from the unit ocation shall be that proportion of the unit production that the total number of riace acres in such unit in addition to the bregoing, Lessee shall have the right (the formations thereunder with other lands in the same general area by entering ital authority and, from time to time, with like approval, to modify, change or time of this lease shall be decrued modified to conform to the terms, conditions, d, particularly, all drilling and development requirements of this lease, express its of such plan or agreement, and this lease shall not terminate or expire during thereof, shall hereafter be operated under any such cooperative or unit plan of is of the land covered by said plan, then the production allocated to any particular sor, be regarded as lowing produced from the particular tract of land to which indet to Lessor shall be based upon production only as so allocated. Lessor shall tion adopted by Lessee and approved by any governmental apency by executing. State Laws, Executive Orders, Rules or Repulations, and this lease shall not be rewith, if compliance is prevented by, or it such failure is the result of, any such and agrees that the Lessee shall have the right at any time to redeem for Lessor, at of default of payment by Lessor and be subregated to the rights of the holder
thereof, and the undersigned Lessors, for themselves and their heirs, successors and assign described herein, insofar as said right of dower and homestead may in any way affect the 15. Should any one or more of the parties hereinahove named as Lessor fail to execute it as Lessor. The word "Lessor" as used in this lease, shall mean any one or more or all of the binding on the heirs, successors and assigns of Lessor and Lessor. IN WITNESS WHEREOF, this instrument is executed as of the date first above with	s, hereby surrender and release all right of dower and homestead in the premises purposes for which this lease is made, as recited herem: this lease is made, as recited herem: this lease, it shall nevertheless be binding upon all such parties who do execute he parties who execute this lease as I essor. All the provisions of this lease shall
Lowell E. Renfro	Callie P. Rentro

SSH

STATE OF)		
COUNTY OF	I	Acknowledgment - Individual	
		otary Public, in and for said County and State, on this	
andto me known to be the identical	person(s) desc	cribed in and who executed the within and foregoing instru duly executed the same as free and voluntary act	ment of writing
IN WITNESS WHERE above written.	OF, I have be	ercunto set my hand and affixed by notarial scal the day and	f yeni last
My Commission Expires		^ Address	
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BEFORE ME, the und	eisigned, a No 00, personally	otary Public, in and for said County and State, on this	day of
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STATE OF			
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to me personally known who be of	ing by me do	ly, this day personally appeared ly sworn did say that he is the and that the seal affixed to said instrument is the vas signed and sealed in behalf of said corporation by author	
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and the second of the second o	CERTIFIED (Domestic M	MAIL RECEIPT lail Only; No Insurance Coverage Provided)
	Article Sent To	
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	=1 (city, sta Kirt	County Road 6212land, New Mexico 87417
	PS Fort	
	SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
	 Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse 	A. Received by (Please Print Clearly) B. Oate of Odiver C. Signature
	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.	Xansi String Agent Addresse
anders of the state of the stat	Article Addressed to:	D. is delivery-address different from item 1? ☐ Yes If YES, enter delivery address below: ☐ No
The state of the s	Mr. Myton E. Shorty and Ms. Vangie Randall	
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	#1 County Road 6212 Kirtland, New Mexico 87417	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 (Copy from service label) 7099 3220 0005 /56/	5962
	PS Form 3811, July 1999 Domestic Re	Hum Receipt 102595-00-M-0952

U.S. Postal Service

1700 Lincoln, Suite 1700 Denver, Colorado 80203 (303) 830-8000 Fax 3031 630-8009

January 11, 2001

Mr. Myron E. Shorty and Ms. Vangie Randall #1 County Road 6212 Kirtland, New Mexico 87417

Certified Mail 7099 3220 0005 1561 5962

Re: Fruitland Coal and Pictured Cliffs Well Proposal

ROPCO =8-3 Well

S.2-Section S-T29N-R14W San Juan County, New Mexico

Dear Mr. Shorty and Ms. Randall:

Richardson Production Company proposes to drill a downhole commingled Fruitland Coal and Pictured Cliffs well on the captioned lands. A recent check of the county records indicates that you own a 0.3875 net acre unleased mineral interest within the spacing unit. The ROPCO =8-3 well will be located in the SW/4 of Section 8. Township 29 North. Range 14 West. The spacing unit for the Fruitland Coal will be the S/2, and the spacing unit for the Pictured Cliffs formation will be the SW/4.

Enclosed for your review is an AFE itemizing the estimated costs for the well. In the event you wish to participate in this drilling and completion attempt, please return an executed copy of the AFE to the undersigned by January 26, 2001. Upon receipt of your executed AFE, or by prior written request, we will forward an AAPL Form 610 Joint Operating Agreement for your review and execution, providing for, among other things, a 300%/100% nonconsent penalty and \$5000 drilling/\$500 producing overhead rates.

In the event you do not wish to participate. Richardson respectfully requests you elect one of the following options as to your interest:

Mr. Myron Shorty and Ms. Vangie Randall January 11, 2001 Page 2

- 1. Enter into an oil and gas lease that provides for a three year primary term with bonus consideration based on \$30.00 per net acre and a 12.5% royalty in the event of production
- 2. Sell all of your mineral interest for \$70.00 per net acre

Your response is respectfully requested by January 26, 2001.

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

RICHARDSON PRODUCTION COMPANY

Cathleen Colby
Land Manager

On this	day of	. 2001 we hereby elect the following:
	Participate in proponerewith.	osed drilling and completion attempt, executed AFE is returned
	-	Gas Lease for \$30.00 per net mineral acre, with lease to provide mary term and 12.5% royalty in the event of production.
	_ Sell mineral rights	for \$70.00 per net mineral acre.
Ву:		
Printed Nar	ne:	

AUTHORITY FOR EXPEDITURES

Well Name: ROPCO #8-3 SECTION 8 FC SW 14 FC S/2

Location: T29N R14W

Proposed Depth: 350' Fruitland Coal

1000' Pictured Cliffs

Date: 01/11/2001

Objective Formation: Commingled Pictured Cliffs

and Fruitland Coal

1.	Orilling Costs (Included Run Cas	3,	Tangible	Intangible	Total	Fruitland Coal	Picturea Cliffs
	Survey and Permits		<u> </u>	3,000+		1 5001	1,500
	Title Opinion			3,0001		1.500	1.500
•	Oritling (incl. water and mud) 10			15.000		6.375	3.625
	BOP Rental- · · · · · · · · · · · · · · · · · · ·			750		375	375
	Dirt Work			4.000	:	2.000	2.000
	Pit Lining.			2.300	1	1,400	1,400
	Surface Casing 200' @ 7 18/ft.		1.436	}		718	718
	Casing Head		1,500	į	į	750	750
	Cament Surface			2.300	i	1,150	1.150
	Power Tongs			1.000		500	500
	Casing 1000' @ 5.50/ft.		5,500		i	2.338	3,163
	Trucking			3.000		1,500	1,500
	Logs			3 750	,	1.375	1.875
	Engineering		ŀ	5,0001		2,5001	2,500
	•			4 3001		1 7001	2,300
	Total Cost to Run Casing		3.436;	47 6001	56,036,	26.131	29,856
	5.9375% Farmington NM T		3.430	47 3361	3,3271	1,554	1,773
	10% Contingency	3.1			5 9361	2.773	3.163
			1	p			
	Grand Total to Run Casing	5 · · · · · ·			65,2991	30.503	34,791
и.	Completion Costs					į	
	Rig Anchors			7501	•	375	375
	Logsered engine		1	3 0001		1 5001	1.500
	Per			3.500		1.750:	1,7501
	Weilhead & Fittings:		± 3001			2 0004	2.000]
	Tubing 10001@ 2.50/tt.		2,5001			: 0631	1.438
	Stimulation			42 3001		21 0001	21.000
	Tool Rental			2,300+		1.150	1.150
	Trucking:			3 000;		1 5001	1.500
	Battery installation			5 3051		3,0001	3,000
	Restore Location			3 5001		1,7501	1.750
	Engineering-		:	5 300!		2,9001	2.900
	Treator, Separator		5.300	J 300,		2.650	2.650
	Flowline		± 0001			2,0001	2,000
	Tank & Fittings-		4 5001			2.2501	2.250
	Graves-		7 2001	3,0001		1.5001	1,500
	Workover Rigi			10,3001		5 0001	5.300
	Completion Fluids			2,0001		1.0001	1.300
	Proeume mookud-			13,0001			•
	Pipeline Tookup	LLEGI	$oldsymbol{arphi}$:			5.500 j	5.500
	Division Order Coinion			1,5001		7501	750
	Frac Tank Pental			3 5001		1,2501	1.250
	Ecwoack		7.7004	2,0001		1.000	1.0001
	Fence Location-		3 3001	 	. 	1.5501	1.650
		4.4.4	23.6001	103.8501	127 4501	63.5381	63.913
	5 9375평 Farmington NM T	ax	į.		7 5671	3.773	3,795
	10명 Contingency	4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4			13.5021	6.731	5.771
	Omiting Costs			•	55 2991	30.5081	34,791
	Grand Total Well Costs				213 8197	134 5501	109,2691
UITLAND							
	PICHARDSON CPERATING COIET AU	DATE	1556CAE5				5104423
	MYRON E. SHORTY	CATE	15000AED			-	3127
	ANGIE PANCALL	3ATE	TS000AED _				
					f	O TOTAL	\$104550
TURED C	LIFFS RICHAROSON OPERATING CO ET AL	CATE	4299CVED				\$109259
	MYRON E, SHORTY	DATE DATE	APPROVED _				3203223
-	ANGIE PANCALL	CATE	PPROVED				
			_		2	S TOTAL	310926 9
			м	YRON SHORTY & YA	NGIE RANDALL T	OTAL	\$127
1							

PU Lease 5/yr Term Producers 88 Rev

ILLEGIBLE

OIL AND GAS LEASE
HIIS AGREEMENT, Made and entered into this 11th day of January 2001 by and between
Myron E. Shorty, an unmarried man, and Vangie Randall, an unmarried woman, joint tenants
Whose post office address is #1 County Road 6212, Kir fland, Not 87417 heremafter called Lessor (whether one or more)
and Richardson Production Company whose post office address is 1700 Lincoln, Suite 1700, Denver, CO, 80203, heremafter called Lessee
WITNESSELLI, That the Lessor, for and in consideration of <u>len and more (\$10 & more)</u> DOLLARS each in hand paid, the receipt of which is hereby acknowledged, and the covenants and agreements bereinafter contained, has granted, demised, leased and let, and by these presents does grant, demise, lease and let exclusively unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, and operating for and producing therefrom oil and all pass of what never nature or kind, with rights of way and easements for hypip pipe fines, and erection of structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of <u>San Junn</u> . State of <u>New Mexico</u> described as follows, to wit
Township 29 North - Range 14 West, N.M.P.M.
Section 8: Lot Nine (9) of the PARAMOUNT SUBDIVISION, San Juan County, New Mexico, as shown on the Plat of said Subdivision filed for record November 7, 1996 in Map File P-77, Book 1229, Page 59
No well shall be drilled on the leased premises without first obtaining Lessors' written consent.
and containing <u>.775</u> acres, more or less * three (3)
It is agreed that this lease shall remain in force for a term of five (5) years from this date and as long thereafter as oil or pas of whatsoever nature or kind is produced from said leased premises or on acreage pooled therewith, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled therewith but I essee is than engaged in drilling or re-working operations thereon, then this lease shall continue in force as long as operations are being continuously prosecuted on the leased premises or on acreage pooled therewith, and operations that be considered to be continuously prosecuted if not more than make. (90) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on said land or on acreage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall not terminate if I essee commences additional drilling or re-working operations within ninety (90) days from date of conspliction of dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease, this lease shall continue in force so long as oil or gas is produced from the leased premises or on acreage pooled therewith. 2. This is a PAID-UP LEASE. In consideration of the down cash payment, I essee agrees that I essee shall not be robligated, except as otherwise provided herein, to commence or continue any operations during the primary term. I essee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to I essee or by filing for record a release or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered.
3 In consideration of the premises the said Lessee covenants and agrees 1st To deliver to the credit of Lesson, free of cost, in the pape line to which I essee may connect wells on said land, the equal one cighth (1/8) part of all oil produced
and saved from the leased premises. 2nd. To pay Lessor one-ciplith (1/8) of the gross proceeds each year, payable quarterly, for the gas from each well where gas only is found, while the same is being used off the premises, and if used in the manufacture of gasuline a royalty of one-eighth (1/8), payable monthly at the prevailing market rate for gas.
3rd. To pay Lessor for gas produced from any oil well and used off the premises or in the manufacture of gasoline or any other product a royalty of one eighth (1/8) of the proceeds, at the month of the well, payable monthly at the prevailing market rate. 4. Where gas from a well capable of producing gas is not sold in used, I essee may pay or tender as royalty to the royalty owners. One Dollar per year per net royalty acre retained hereunder, such payment or tender to be made on or before the anniversary date of this lease next cosming after the expiration of 90 days from the date such
well is shut in and thereafter on or before the anniversary date of this lease during the period such well is shut in. If such payment or tender is made, it will be considered that gas is being produced within the meaning of this lease. 5. If said Lessor owns a less interest in the above described land than the entire and undivided fee simple therein, then the royalties (including any shut in gas royalty)
herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee 6. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operation thereon, except water from the wells of Lessor 7. When requested by Lessor, Lessee shall bury Lessee's pipe line below plow depth 8. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of Lessor
9. Lessee shall pay for damages caused by Lessee's operations to prowing crops on said land 10. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing 11. The rights of Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded documents and other information necessary to establish a complete chain of record title from Lessor, than then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations or diminish the rights of Lessee's operation has been discounted without repaid to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable.
12. Lessee, at its option is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described herein and as to any one or more of the formations becomeder, to pool or unitize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in the Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or retorming of any unit shall be accomplished by I essee executing and filing of record a decharation of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has therefore been completed or upon which operations for drilling have therefore been commenced. Production, drilling or reworking operations or a well shut in for want of a market under this lease. In lice of the royalties all or a part of this lease shall be treated as it it were production, drilling or reworking operations or a well shut in for want of a market under this lease. In lice of the royalties elsewhere herein specified, including shut-in gas royalties. Lessor shall receive on production from the unit so pooled royalties only this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, Lessee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like a
13. All express or implied covenants of this lease shall be subject to all Lederal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is presented by, or if such failure is the result of, any such Law. Order, Rule or Regulation
14. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lesser shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor and be subrogated to the rights of the holder thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dover and homestead in the premises described herein, insofar as said right of dover and homestead may in any way affect the purposes for which this lease is made, as recited herein 15. Should any one or more of the parties bereinabove named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor" as used in this lease, shall mean any one or more or all of the parties who execute this lease as Lessor. All the provisions of this lease shall be binding on the heirs, successors and assigns of Lessor and Lessor.
IN WITHESS WHEREOF, this instrument is executed as of the date first above written

Myron E. Shorty

SS#

Vaugle Randall

SS#

STATE OF		
COUNTY OF	}§ 1	Acknowledgment - Individual(s)
		y Public, in and for said County and State, on this day of
and		
to me known to be the identica and acknowledged to me that uses and purposes therein set f		ribed in and who executed the within and foregoing instrument of writing luly executed the same as free and voluntary act and deed for the
IN WITNESS WHER	CEOF, I have ber	conto set my hand and affixed by notarial scal the day and year last above
My Commission Expires		
		Address
******************	***************************************	
STATE OF) 5	Acknowledgment - Partnership Trust
COUNTY OF		
BEFORE ME, the unde	usigned, a Notary 000, personally a	y Public, in and for said County and State, on this day of appeared
ns of	.,	ribed in and who executed the within and foregoing instrument of writing
and acknowledged to me that _ uses and purposes therein set f	d	cunto set my hand and affixed by notarial seal the day and year last above
My Commission Expires:		
		Address

STATE OF]	Acknowledgment - Corporation
COUNTY OF		
BEFORE ME, the unde	rsigned authority being by me duly	y, this day personally appeared
of	and that t igned and scaled	the seal affixed to said instrument is the corporate seal of said corporation. I in behalf of said corporation by authority of its Board of Directors who
Sworn to and subscri	bed before me, tl	hisday of, 2000
My commission Expires:		

		MAIL RECEIPT	nce Coverage Provided)
0 001	Ms. Va. ≇1 Cou	Free Shorty and ngie Randall nty Road 6212	
SOTION Uso considesire on the	V molete	COMPLETE THIS SECTION A. Received by (Please F	Instructions ON ON DELIVERY

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
■ 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:	A. Received by (Please Print Clearly) B. Date of Delivery P O C. Signature Agent Addressee D. Is delivery accress different from item 1? Yes If YES, enter delivery address below: No
Mr. Myron E. Shorty and Ms. Vangie Randall =1 County Road 6212 Kirtland. New Mexico 87417	3. Service Type Certified Mail
	4. Hestricted Delivery? (Extra Fee) Yes
2. Article Number (Copy from service label) 7000 0520 0023 4373 2	356

PS Form 3811, July 1999

Domestic Return Recent

102595-00-M-095

1700 Lincoin, Suite 1700 Denver, Colorado 30203 (303) 330-8000 Fax: 3031 330-8009

January 15, 2001



Mr. Myron E. Shorty and Ms. Vangie Randall #1 County Road 6212 Kirtland, New Mexico 87417

Certified Mail 7000 0520 0023 4373 2356

Re: Pictured Cliffs Well Proposal

ROPCO =8-4 Well

SE 4-Section 8-T29N-R14W San Juan County, New Mexico

Dear Mr. Shorty and Ms. Randall:

Richardson Production Company proposes to drill a Pictured Cliffs well on the captioned lands. A recent check of the county records indicates that you own a 0.3875 net acre unleased mineral interest within the spacing unit. The ROPCO =8-4 well will be located in the SE/4 of Section 8. Township 29 North, Range 14 West. The spacing unit for the Pictured Cliffs formation will be the SE/4.

Enclosed for your review is an AFE itemizing the estimated costs for the well. In the event you wish to participate in this drilling and completion attempt, please return an executed copy of the AFE to the undersigned by January 29, 2001. Upon receipt of your executed AFE, or by prior written request, we will forward an AAPL Form 610 Joint Operating Agreement for your review and execution, providing for, among other things, a 300% 100% nonconsent penalty and \$5000 drilling/\$500 producing overhead rates.

In the event you do not wish to participate. Richardson respectfully requests you elect one of the following options as to your interest:

Mr. Shorty and Ms. Randall January 15, 2001 Page 2

- 1. Enter into an oil and gas lease that provides for a three year primary term with bonus consideration based on \$30.00 per net acre and a 12.5% royalty in the event of production
- 2. Sell all of your mineral interest for \$70.00 per net acre

Your response is respectfully requested by January 29, 2001.

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

RICHARDSON PRODUCTION COMPANY

Cathleen Colby Land Manager

Cathleen Colla

On this	day of	, 1001 We hereby elect the following:
	Participate in propo herewith.	osed drilling and completion attempt, executed AFE is returned
		Gas Lease for \$30.00 per net mineral acre, with lease to provide mary term and 12.5% royalty in the event of production.
	Sell mineral rights	for \$70.00 per net mineral acre.
Ву:		By:
Printed Name	:	Printed Name:

RICHARDSON OPERATING COMPANY AUTHORITY FOR EXPEDITURES

Well Name, ROPCO 3:4 | SECTION 3:SE, 4 | Location: T29N R14W, San Juan County, NM

Proposed Depth: 1200'

Date: 01/15/2001

Objective Formation: Pictured Cliffs

1.	rilling Costs (Included Run Casi	ng)	Tangible	Intangible	Total	Actual
S	urvey and Permits			3,000		
ī	itle Opinion			1.500		
Ð	rilling (incl. water and mud) 1200	0' @ 15.00/ft.···		18.000		
3	OP Rental			750		
٥	irt Work			4.000		
۾	it Lining			2.800		
	urface Casing 200' @ 7 18/ft		1,436		İ	
	asing Head		1,5001			
	ement Surface			2,300		
	ower Tongs			1.300	1	
	asing 1200" @ 5 50/ft		6.600 [†]	2.300	į	
-	rucking.		3,000	3.000		
				3,5001		
	ogs				!	
	ngineering			1000.5	İ	
ن	ement congstring			÷ 0001		
	Total Cost to Run Casing		9,5361	46,3501	55,386	
	5 9375% Farmington, NM Ta				3.348	
	10% Contingency	en en en en en en en en en en en en en e		:	5.973	
	Grand Total to Run Casing-			 	55,7071	
il. C	ompletion Casts		F.			
ą	a Anchors			7501	1	
	~gs			2 5001		
- 2	*3* 8:14			2,0001	1	
	eilhead & Fittings		± 0001	,		
	uping 1200' @ 2.50/ft		3,0001			
	timulation		3.333	22,000		
	oci Rentai			2.300		
	rucking.			3.0001	;	
	· · · · · · · · · · · · · · · · · · ·			6.0001		
	estore Location-			3,5001		
	ngineering-			3,2501	i	
	reator Separator		5.3001		i	
	Cwiine-		4 300+		į	
	ank & Pittings:		4 500 i			
	ravetere		3,000!			
	orkover Rigidalia da di di dia			5.0001		
3	empletion ^{El} uics			1,0001	1	
3	vision Order Cainion-			1.0001	į	
3	deline Hockup			13,0001	:	
=,	ac Tank Bentai	•		1.2501		
=	сжоасх — не не не не			1,3001		
=	ence Location		3 3001		<u>.</u>	
-,	otal Completion Costs		27,1001	67,5501	94,650	
,	5 9375% Farmington, NM Tax	x			5.6201	
	10% Contingency			;	10.027	
	Ornling Costs			į I	65.707	
	Grand Total Well Costs				176.004	
	Grand Total Well Costs				.70.00-1	
TURED CLIF	_					2176 27
	CHARDSON OPERATING COMPANY - 3		TEGECAED			\$175.578
-		ATE	₹5eeCAES ——			\$426
	NGIE PANCALL D	ATE	12000VED			3176.004

3176.004

PU Lease 5/yr Ferm Producers 88 Rev

ILLEGIBLE

OIL AND GAS LEASE

THIS AGREEMENT, Ma	de and enfered into this [[fth]]	day of January	2001 by and between
Myron E. St	ho <u>rty, an</u> unmarried man, and Yangi	e Randall, an unmarried	woman, joint tenants
	unty Road 6212, Kirtland, NN 87417		herematter called Lessor (whether one or more)
and Richardson Production Co	ompany whose post office address is 1700 Lin	ncoln, Suite 1700, Denver, C	O_80203, herematter called Lessee
acknowledged, and the covenants at exclusively unto the said Lessee, the operating for and producing therefrom	nd agreements hereinafter contained, has granted e land hereinafter described, with the exclusive r m oil and all gas of whatsoever nature or kind, with	, demised, leased and let, and by ight for the purpose of mining, or rights of way and easements for l	ash in hand paid, the receipt of which is hereby y these presents does grant, demise, lease and let exploring by geophysical and other methods, and laying pipe lines, and election of structures thereon of New Mexico, described as follows, to wit
Township 2	29 North - Range 14 West, N.M.P.M.		
Section 8:	Lot Nine (9) of the PARAMOUNT SUI said Subdivision filed for record Noven		nty, New Mexico, as shown on the Plat of 77, Book 1229, Page 59
No well sha	all be drilled on the leased premises witho	ut first obtaining t essors' v	sritten consent.
and containin	g .775 peres, more or less		

* three (3)

1. It is agreed that this lease shall remain in force for a term of five (5) years from this date and as long thereafter as oil or pas of schafsoever nature or kind is produced. It is agreed that this lease shall remain in force for a term of five (5) years from this date and as long thereafter as oil or gas of whatsoever nature or kind is produced from said leased premises or on acreage pooled therewith not felling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease shall continue in force as long as operations are being continuously prosecuted on the leased premises or on acreage pooled therewith and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall chapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on said land or on acreage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall not terminate it I essee commences adoltional drilling or re-working operations within ninety (90) days from date of completion of dry hole. If of or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term, this lease shall continue in force as long as plant as a produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force as long as part of the primary term of this lease, this lease shall continue in force as long as part of the primary term of this lease, this lease shall continue in force as long as part of the primary term of this lease, this lease shall continue in force as long as part of the primary term of this lease, this lease shall continue in force as long as part of the primary term of this lease.

term of this lease, this lease shall continue in force so long as oil or gas is produced from the leased premises or on accome pooled theresisth

2. This is a PAID-UP LFASE. In consideration of the down cash payment, I exan appece that I exsec shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. I exsec may at any time of times during or after the primary term surrender this lease as to fill or may portion of said land and as to any strata or stratum by delivering to I essor or by thing for revord a release or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered

3 In consideration of the premises the said Lessee covenants and agrees
1st. To deliver to the credit of Lessor, free of cost, in the pipe line to which Lessee may connect wells in said land, the equal one-eighth (1/8) part of all oil produced. and saved from the leased premises

2nd. To pay Lessor one-eighth (1/8) of the gross proceeds each year, payable quarterly, for the gas from each well where gas only is found, while the same is being

- 2nd. To pay Lessor one-eighth (178) of the gross proceeds each year, payanic quarterly, for the gas from each went where gas only is found, while the same is noing used off the premises, and if used in the manufacture of gasoline a royalty of one-eighth (178), payable monthly at the prevailing market rate for gas produced from any oil well and used off the premises or in the manufacture of gasoline or any other product a royalty of one-eighth (178) of the proceeds, at the mouth of the well, payable monthly at the prevailing market rate.

 4. Where gas from a well capable of producing gas is not sold or used. Lessee may pay or tender as royalty to the royalty owners. One Dollar per year per net royalty accertained become any payable of the learning that the royalty of the expiration of 90 days from the date such well is shut in and thereafter on or before the anniversary date of this lease during the period such well is shut in 41 such payment or tender is made, it will be considered that gas is being produced within the meaning of this lease
 5. If said Lessor owns a less interest in the above described land than the entire and undivided fee simple therein, then the royalties (including any shut in gas royalty)
- herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided for

 6. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operation thereon, except water from the wells of Lessor

 - When requested by Lessor, Lessee shall bury I essee's pipe line below plow depth. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of I essor

Lessee shall pay for damages caused by Lessee's operations to growing crops on said land

- 10. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

 11. The rights of Lessor and Lessee bereinder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded documents and other information necessary to establish a complete chain of record title from Lessor, than then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations or duminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.
- 12. Lessee, at its option is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described herein and as to any one or more of the formations becominder, to prod or unitize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in the Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be retormed to exclude such non-producing formations. The forming or reforming of any unit shall be accomplished by Lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has therefore been completed or upon which operations for dulling have therefore been completed or upon which operations for dulling have therefore been completed or upon which operations for dulling have therefore been completed or upon which operations for dulling that the testable testable testable to the unit of the production, dulling or reworking operations or a well shall in for want of a market anywhere on a unit which includes all or a part of this lease shall be treated as if it were production, duffing or reworking operations or a well shut in for want of a market under this lease. In lieu of the royalties elsewhere herein specified, including shut in gas royalties, I essur shall receive on production from the unit so pooled royalties only in the portion of such production allocated to this lease, such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, I essee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change of terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of this lease, express or implied/shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during or implied, shall be satisfied by compliance with the fifth and development requirements in such plan of agreement, and ons tease shall not retrimine or expire during the life of such plan or agreement. In the event that said above described lands or any part thereof, shall becarde under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to my particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to Lessor, be regarded as having produced from the particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to Lessor shall be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee

13. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation

14. Lessor bereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, hy payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by the estor and be subrogated to the rights of the holder thereof, and the undersigned Lessons, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

15. Should any one or more of the parties hereinabove named as Lesson fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute.

it as Lessor. The word "Lessor" as used in this lease, shall mean any one or more or all of the parties who execute this lease as Lessor. All the provisions of this lease shall be binding on the heirs, successors and assigns of Lessor and Lessoe.

IN WIFNESS WHEREOF, this instrument is executed as of the date first above written.

Myron E. Shorty	Vangle Randall
SS#	SS#

STATE OF)		
COUNTY OF	16	Acknowled <mark>gment - I</mark> ndividual(s)	
, 2000, perso	mally appeared.	y Public, in and for said County and State, on this	
and to me known to be the identical	l p e rson(s) descr d	ribed in and who executed the within and foregoing instru fully executed the same as free and voluntary ac	ument of writing
IN WITNESS WHER written.	EOF, I have ber	cunto set my hand and affixed by notarial seal the day an	d year last above
My Commission Expires			
		Address	
***************************************			and and a section of the section of
STATE OF)5	Acknowledgment - Fartnership Trust	
ns	000, personally n l person(s) descr dorth	y Public, in and for said County and State, on this appeared a subsequent of the within and foregoing instribly executed the same asfree and voluntary memore set my hand and affixed by notarial seal the day an	ument of writing ct and deed for th
My Commission Expires			
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STATE OFCOUNTY OF]§	Acknowledgment - Corporation	
to me personally known who b of	eing by me dulyand that t goed and scaled	y, this day personally appeared y sworn did say that he is the the seal affixed to said instrument is the corporate seal of Lin behalf of said corporation by authority of its Board and deed of said corporation	said corporation
Sworn to and subscrib	oed before me, t	hisday of, 2000	
My commission Expires:			

	U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage I	Provided)
2431		
- EZEh	Postage S DITIPIED UAN O	2 2001
0023	Return Receipt Fee Endorsement Required) Restricted Delivery Fee Endorsement Required)	Here
0.520	Total Prome & S CLR LLC Recipi Attn: Mr. Doug Leming	31)
100	Street. P.O. Box 1564 City, St. Kirtland, New Mexico 87417	
.:	PS Form	ructions

102595-00-M-0952

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
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 mailblece, or on the front if space permits. Arbdie Addressed to:	A. Received by (Please Print Clearly) B. Date of Defiver C. Signature Appent Appent
· 	
CLR. LLC Attn: Mr. Doug Leming P.O. Box 1564 Kirtland, New Mexico 87417	3. Service Type 3. Certified Mail

PS Form 3811, July 1999

1700 Lincoln, Suite 1700 Denver, Colorado 30203 (303) 330-3000 Fax (303) 330-8009

January 22, 2001

CLR, LLC
Attn: Mr. Doug Leming
P.O. Box 1564
Kirtland, New Mexico 87417

Certified Mail 7000 0520 0023 4373 2431

Re: Fruitiand Coal and Pictured Cliffs Well Proposal

ROPCO =8-3 Well

S:2-Section 8-T29N-R14W San Juan County, New Mexico

Dear Mr. Leming:

Richardson Production Company proposes to drill a downhole commingled Fruitland Coal and Pictured Cliffs well on the captioned lands. A recent check of the county records indicates that you own a 0.9185 net acre unleased mineral interest within the spacing unit. The ROPCO =8-3 well will be located in the SW/4 of Section 8. Township 29 North, Range 14 West. The spacing unit for the Fruitland Coal will be the S/2, and the spacing unit for the Pictured Cliffs formation will be the SW/4.

Enclosed for your review is an AFE itemizing the estimated costs for the well. In the event you wish to participate in this drilling and completion attempt, please return an executed copy of the AFE to the undersigned by February 5, 2001. Upon receipt of your executed AFE, or by prior written request, we will forward an AAPL Form 610 Joint Operating Agreement for your review and execution, providing for, among other things, a 300% 100% nonconsent penalty and \$5000 drilling/\$500 producing overhead rates.

In the event you do not wish to participate, Richardson respectfully requests you elect one of the following options as to your interest:

- 1. Enter into an oil and gas lease that provides for a three year primary term with bonus consideration based on \$30.00 per net acre and a 12.5% royalty in the event of production
- 2. Sell all of your mineral interest for \$70.00 per net acre

Your response is respectfully requested by February 5, 2001.

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

RICHARDSON PRODUCTION COMPANY

Cathleen Colby Land Manager

Cathleen Cothy

On this	day or 2001, we hereby elect the following:
	Participate in proposed drilling and completion attempt, executed AFE is returned herewith.
	Enter into Oil and Gas Lease for \$30.00 per net mineral acre, with lease to provide for a three year primary term and 12.5% royalty in the event of production.
· 	Sell mineral rights for \$70.00 per net mineral acre.
Ву:	·
Printed Nan	ne:

AUTHORITY FUR EXPEDITURES

Well Name: ROPCO #8-3 | SECTION 8 | PC SW/4, FC S/2

Location: T29N R14W

Proposed Depth: 850' Fruitland Coal

1000' Pictured Cliffs

Date: 01/22/2001

Objective Formation; Commingled Pictured Cliffs

and Fruitland Coal

1.	Drilling Costs (Included Run Casing)	Tangible	Intangible	Total	Fruitland Coal	Pictured Cliffs
	Survey and Parmits		3.000]		1.5001	1.500
	Title Opinion		3.000		1.5001	1.500
•	Drilling (inci. water and mud) 1000° @ 15.00/ft.		15,000	:	6.375	3,625
	30P Rental······		750	i	375	375
	Dirt Work.		4,000	ļ	2.000	2.000
	Pit Lining		2,300	!	1,400	1,400
	Surface Casing 200' @ 7.18/ft.	1 126	2.500	į	718	
		1,436	}	İ	- 1	718
	Casing Head	1,500			750	750
	Cament Surface.		2,300	İ	1.150	1,150
	Power Tongs		1.000	ł	500	500
	Casing 1000* @ 5.50/ft.	5.500	 		2.338	3,163
	Trucking		3.000		1.500	1,500
	Logs		3,750		1.375	1,875
	Engineering	ĺ	5,0001		2,500	2,500
	Cement Longstring	!	1.000		1.700	2,300
	· -					
	Total Cost to Run Casing	3,436	47 600 l	56 0361	25.181	29,856
	5.9375% Farmington, NM Tax	:		3.3271	1.554	1,773
	10% Contingency		!	5,9361	2 7731	3,163
	Grand Total to Run Casing		-	65 2991	30 5081	34,791
4.	Completion Costs		:	30 223		J J .
	Rig Anchors		750		375	375
					1	
	Cogs	;	3.0001		1.500	1,500
	Perfect of the control of the contro	:	3.5001		1.750	1,750
	Weilhead & Fittings	4.000	i	:	2 300	2,000
	Tubing 1000" @ 2.50/ft.	2,500		İ	1,063	1,438
	Stimulation		42,000		21,000	21,000
	Tool Rental		2,3001		1.150	1,150
	Trucking		3.000 i		1,500	1.500
	•		5.0001		3.0001	3.000
	Battery installation	4				
	Restore Location		3.5001		1.750	1.750
	Engineering	;	5.8001		2.900	2.900
	Treator, Separator	5,300		į	2,650	2.650
	Flowline	± 000 l	j	÷	2.000	2.000
	Tank & Fittings-	± 5001	i		2,250	2.250
	Gravei	1	3,000		: 5001	1.500
	Norkover Right and a service a		10,0001	- 1	5.000	5.000
			2,0001		i	1.200
	Completion Fluids				1.000	
	Этренле ноокир		13,0001		5.500[5.500
	Division Graer Cainion	;	1,5001		750	750
	Frac Tank Rental-		2,5001		1 2501	1,250
	Ficwoack	•	2,3001		1.0001	1,0001
	Fence Location	3,3001		į	1.5501	1,6501
	Total Completion Costs	23,6001	103,350)	127 ±501	53.5381	63,913
		23,300	100,000	7.5671	3.773	3.795
	5.9375% Farmington, NM Tax	į				1
	10% Contingency:			13.502	6.731	6.771
	Oniling Costs		,	55.299	30.5081	34,791
	Grand Total Weil Costs			213.8191	.04 5501	1982 981
			-			
RUITLAND		APPROVED				\$104249
28703%		APPROVED				3300
23,03%	445 tip	AFFROVED .				****
				:	C TOTAL	\$104550
CTURED C	LIFFS					
9 425949	RICHARDSON OPERATING CO ET AL DATE	SPPROVED .				2108645
57-06-%	CLR LLC CATE	APPROVED .				3627
						4.000
1					C TOTAL	3109259
				c	LR LLC TOTAL	5927

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 22nd day of January . 2001, by and between

			(CLR, LLC		
Whose post office add	ress is P.O. B	ox 1564, Kirtlau				hereinafter called Lesson (whether one or more
Richardson Produc	ction Compa	nny whose post o	Dice address is 1700	Lincoln, Suite 1700), Denver,	CO 80203, hereinafter called t essee:
						MRS cash in hand paid, the receipt of which is I
acknowledged, and the exclusively unto the sa operating for and produ	e covenants ar aid Lessee, the acing therefror	id agreements here e land hereinafter d n oil and all gas of v	matter contained, has escribed, with the ex- chatsoever nature or ki	granted, de mised dea- clusive right for the pa ind, with rights of way a	sed and let, spose of m and easemer	and by these presents does grant, demise, lease a ming, exploring by geophysical and other method its for laying pipe lines, and erection of structures it, State of New Mexico, described as follows, it
	Township 2	9 North - Range	14 West, N.M.P.I	<u>M.</u>		•
	Section 8:	See Exhibit "/	c", attached herete	o and made a part l	icreal.	
	No well sha	H be drilled on t	he leased premises	s without first obtai	ining Less	ors' written consent.
	and contamin	g <u>1.8370</u> neres,				
from said leased premi- oil or gas is not being lease shall continue in considered to be cont- operations for the drill cause after the primary of production or from- term of this lease, this 2. This is a PAID commence or continue of said land and as to	ises or on nere; produced on to force as long innously prose ing of a subsect term, this lead date of comple lease shall con OUP LEASE any operation any strain or s	age pooled therewill the leased premises gas operations are cented if not more quent well. If after see shall not termination of dry hole. If titing in force so loth consideration of sources that the primary the primary the primary and the primary are leased.	a) or drilling operation or on acreage pooled being continuously p than ninety (90) day discovery of oil or gas e if I essee commence oil or gas shall be disc oil or gas is proof in down cash payme by term. I essee may at.	is from this dife and as some continued as hereitherewith but "essee is cosecuted on the leasers shall chapse between ion said land or on acres additional di-Hing or covered and pri-duced a fuced from the leaserd put, I essor agrees that I any time or times during	inafter provi than engag f premises of the comple cage pooled re-working re-working re-working te-working te-working go after the	ther as oil or gas of whatsnever nature or kind is pro- ided. If, at the expiration of the primary term of this sed in drilling or re-working operations thereon, the or on acreage pooled therewith; and operations statum or abandomical of one well and the beginn therewith, the production thereof should cease fro operations within ninety (90) days from date of cest I such operations at or after the expiration of the pro- on acreage pooled therewith not be obligated, except as otherwise provided her e primary term surrender this lease as to all or any pand be relieved of all obligation thereafter accruing
	n of the premi		covenants and agrees			
and saved from the lea	ised premises					id land, the equal one-eighth (1/8) part of all oil pro
used off the premises,	and if used in sor for gas pro	the manufacture of iduced from any oil	pasoline a royalty of ewell and used off the	one-eighth (4/8), payab premises or in the man	le monthly i	nch well where gas only is found, while the same is at the prevailing market rate for gas casoline or any other product a royalty of one-eight
4 Where gas from acre retained hereunde well is shut in and ther	n a well capab er, such payme reafter on or bo	de of producing gas at or tender to be a close the anniversar	is not sold or used, 1- aide on or before the a y date of this lease du	essee may pay or tende oniversary date of this	lease next e	to the royalty owners One Dollar per year per net ousning after the expiration of 90 days from the dat. It such payment or tender is made, it will be cons
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				or's interest bears to the read on said land for Le		undivided fee ation thereon, except water from the wells of Lesso
			ssee's pipe line below to house or barn now :	plow depth on said premises witho	nt written co	posent of Lessor
9. Lessee shall pa	y for damages	caused by Lessee's	operations to growing	g crops on said land		
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						aving produced from the particular tract of land to
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						and approved by any governmental agency by exe
the same upon reques	t of Lessee		,			
13 All express o	r implied cove	mants of this lease	shall be subject to all	Lederal and State Laws	, I veculise	Orders, Rules or Regulations, and this lease shall
		essee held limble in	damages, for failure t	o comply therewith, if i	compliance	is presented by, or if such failure is the result of, ar
Lasy, Order, Rule or B 14 - Lessor bereby	vegulation v syntiauts and	agrees to defend th	e title to the lands here	in described, and agree	s that the Le	essee shall have the right at any time to redeem for l
by payment, any mort thereof, and the under described herein, inso 15. Should any o	gages, taxes o signed Lessors dar as said rigl ne or more of t L"Lessor" as u	r other liens on the s, for themselves an ht of dower and hor the parties hereinab sed in this lease, sh	above described lands dithen heirs, successonestead may be nestead may in any wa nye named as Lessor I all mean any one or m	s, in the event of defaults and assigns, hereby say affect the purposes fail to execute this lease	It of paymer urrender and or syluch the , it shall nes	nt by I essor and be subrogated to the rights of the dielease all right of dower and homestead in the pisclease is made, as recited herein eitheless be hinding upon all such parties who do eethis lease as I essor. All the provisions of this lease
			ited as of the date firs	t above written	CLR, I	t.C
				***	•	
				BY:		· · · · · · · · · · · · · · · · · · ·
				tax ID /		
				(44 1)//	-	
All signatures musi	the notarize	d on the back sid	e of the leave form			

COUNTY OF	STATE OF			
	COUNTY OF	1§	Acknowledgment - Individual(s)	
to me known to be the identical person(s) described in and who executed the within and foregoing instrument of write and acknowledged to methat				
and acknowledged to me that	กทd			
My Commission Expires: Address STATE OF	and acknowledged to me that	di	neer in and who executed the within and totegoing instit	mient of writing
STATE OF		REOF, I have here	cunto set my hand and affixed by notarial seal the day and	l year last above
STATE OF	My Commission Expires:			
STATE OF				
S Acknowledgment - Partnership/Trust COUNTY OF S Before ME, the undersigned, a Notary Public, in and for said County and State, on this		**************************************		
BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this	STATE OF	}		
	COUNTY OF		Acknowledgment - Partnership/Trust	
and acknowledged to me that duly executed the same as free and voluntary act and deed fouses and purposes therein set forth IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial scal the day and year last ab	BEFORE ME, the unc	lersigned, a Notary 2001 personally ar	Public, in and for said County and State, on this	day of
	and acknowledged to me that uses and purposes therein se IN WITNESS WIII	du t forth	uly executed the same as free and voluntary no	ct and deed for tl
My Commission Expires:	My Commission Expires:			
Address			Address	
	***************************************	************		***************************************
STATE OF} { STATE OF} Acknowledgment - Corporation	STATE OF		Acknowledgment - Corporation	
COUNTY OF	COUNTY OF	,,,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
BEFORE ME, the undersigned authority, this day personally appeared	to me personally known who ofand that said instrument was	being by me duly and that the signed and scaled	sworn did say that he is the	said corporation
Sworn to and subscribed before me, thisday of, 2001				
My commission Expires	My commission livning			

Exhibit "A"

Lease Description for Oil and Gas Lease between CLR, LLC, Lessor, to Richardson Production Company, Lessee, dated January 22, 2001.

The following tract of land situated in Section 8, in Township 29 North of Range 14 West, NMPM, described as follows:

BEGINNING at a point on the North Right-of-Way line of U.S. Highway 550, 411.4 feet South 89 degrees 21 minutes West and 2611.74 feet Morth 71 degrees 28 minutes West of the Southeast corner of Section 8, Township 29 North, Range 14 West, NMPM; THENCE North 71 degrees 28 minutes West 200 feet; THENCE North 0 degrees 17 minutes East 400 feet; THENCE South 71 degrees 28 minutes East 200 feet; THENCE South 0 degrees 17 minutes West 400 feet to the point of

Containing 1.8370 acres, more or less San Juan County, New Mexico

SIGNED FOR IDENTIFICATION

CLR, LLC

beginning.

Ву		

			vice MAIL RECEIPT I Only; No Insurance Co	verage Provided)
		Return Receipt Fee Endorsement Required Restricted Delivery Fee (Endorsement Required) 7 Mr. and M P.O. Box 1	rs. Joe G. Singleton	Postmark Here
	2	mplete d. reverse u. nailpiece, X	OMPLETE THIS SECTION OF A PLOCAL Signature Signature Signature Signature	B. Date of Deliver
	Mr. and Mrs. Joe G. Single P.O. Box 1665 Kirtland, New Mexico 87-	eton	Service Type **Contribed Mail** Expression	ss Mail Receipt for Merchandise
7.4 40 TO - (화라) (181 <u>.</u>	Arbore Number (Copy from service label) 7000 0520 0023		2400	100505 00 M 0050
	S Form 3811, July 1999	Domestic Return	Receipt	102595-00-M-0952

=

1700 Lincoln, Suite 1700 Denver, Colorado 30203 (303) 330-3000 Fax (303) 330-3009

February 8, 2001

Mr. and Mrs. Joe G. Singleton P.O. Box 1665 Kirtland, New Mexico 87417

Certified Mail 7000 0520 0023 4373 2400

Re: Fruitland Coai and Pictured Cliffs Well Proposal

ROPCO =8-3 Well S-2-Section 8-T29N-R14W San Juan County, New Mexico

Dear Mr. and Mrs. Singleton:

Richardson Production Company proposes to drill a downhole commingled Fruitland Coal and Pictured Cliffs well on the captioned lands. A recent check of the county records indicates that you own a 0.90 net acre unleased mineral interest within the spacing unit. The ROPCO #8-3 well will be located in the SW 4 of Section 8, Township 29 North, Range 14 West. The spacing unit for the Fruitland Coal will be the S/2, and the spacing unit for the Pictured Cliffs formation will be the SW/4.

Enclosed for your review is an AFE itemizing the estimated costs for the well. In the event you wish to participate in this drilling and completion attempt, please return an executed copy of the AFE to the undersigned by February 22, 2001. Upon receipt of your executed AFE, or by prior written request, we will forward an AAPL Form 610 Joint Operating Agreement for your review and execution, providing for, among other things, a 300% 100% nonconsent penalty and \$5000 drilling/\$500 producing overhead rates.

In the event you do not wish to participate. Richardson respectfully requests you elect one of the following options as to your interest:

Mr. and Mrs. Joe G. Singleton February 8, 2001 Page 2

- 1. Enter into an oil and gas lease that provides for a three year primary term with bonus consideration based on \$30.00 per net acre and a 12.5% royalty in the event of production
- 2. Sell all of your mineral interest for \$70.00 per net acre

Your response is respectfully requested by February 22, 2001.

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

RICHARDSON PRODUCTION COMPANY

Cathleen Colby Land Manager

On this	day or	. 2001 we hereby elect the following:
	Participate in proposed drilli herewith.	ing and completion attempt, executed AFE is returned
		e for \$30.00 per net mineral acre, with lease to provide and 12.5% royalty in the event of production.
	Sell mineral rights for \$70.00	0 per net mineral acre.
Ву:	·	By:
Printed Name	:	Printed Name:

AUTHORITY FOR EXPEDITURES

Well Name: ROPCO #8-3 | SECTION 8 | PC SW/4, FC S/2

Location: T29N R14W

Proposed Depth: 350' Fruitland Coal 1000' Pictured Cliffs

Date: 01/11/2001

Objective Formation: Commingled Pictured Cliffs

and Fruitland Coal

1.	Drilling Costs (Included Run Cas		Tangible	Intangible	Total	Fruitland Coai	Pictured Cliffs
	Survey and Permits			3,000)		1 5001	1,500
	Title Opinion			3.000		1.500)	1.500
•	Drilling (incl. water and mud) 100	00' @ 15.00/ft	į	15,000	1	6.375	3.62
	30P Rental			750		375	37
	Dirt Work			4,0001	1	2.000	2.000
	Pit Lining			2,300		1.400	1,400
	Surface Casing 200' @ 7.18/ft.		1,436	4.2.1	1	718	718
	Casing Head		1.500			750	750
	Cament Surface		1.500	2,300	:	1.150	1.150
	Power Tongs			1,000	1	500	500
			= =00	1,500	1	- i	
	Casing 1000' @ 5.50/ft.		5,500	2 200		2.338	3,160
	Trucking		i	3.0001		1.500	1.500
	Logs		ì	3,750		1 3751	1.875
	Engineering			5.000		2.500	2,500
	Cement Longstring			± 0001		1.7 00 1	2.300
	Total Cost to Run Casing		3.4361	47,6001	56.036	26.1811	29,856
	5.9375% Farmington, NM Ti	ž.		}	3 3271	1,554	1.773
	10% Contingency		ŀ		5.936	2,7731	3,163
	Grand Total to Run Casing		i	-	85 299 .	30.508	34.791
11					22 722.	30.3031	34.771
11.	Completion Costs		;	350		226	226
	Rig Anchors			7501		375	375
	_2gs			3 3001		1 5001	1,500
	Page 100 and 1			3 50C+		1 7501	1,750
	Weilhead & Fittings		4 0001			2 000 [2.000
	Tubing 10001 @ 2 50. #		2,5001			1,063	1,438
	Stimulation			42,0001		21,3001	21,000
	Tool Rental-			2,3001		1.1501	1,150
	Trucking			3,0001		1.5001	1,500
	Battery installation		1	5.0001		3.0001	3.000
	Pestore Location			3,5001		1.7501	1,750
	Engineering		:	5,5001		2,900	2,900
			5 300	3.300)			
	Treator, Separator		5,3001			2,650	2.650
	Flowing-		4,3001			2,000]	2,000
	Tank & Fittings:		± 5001			2.250	2.250
	Gravei		1	3,0001		1.5001	1.500
	Norkover Rig-		i	13.3001		5.0001	5.000
	Completion Fluids			2,0001		. 3001	1,000
	Pipeline Hookup		1	13,0001		6.5001	5.500
				1.500		7501	750
	Frac Tank Rental			2.5001		1.2501	1.250
	Figwoack		:	2.0001		1,0001	1,000
			3.300	2.3001		1,5501	1.650

			23,6001	103.3501	.27 450;	63.538	63,913
	5.9375% Farmington, NM Ta	ix			7 5671	3.7731	3.795
	10% Contingency			•	13,5021	5.7311	5.771
	Ornling Costs				88 299°	30,5081	34 791
	Grand Total Well Costs				213 319	.04 550	109,269
UITLAND	·-						3104255
	PICHARDSON OPERATING CO ET AL	CATE	7500CAED				5294
	LOEIG, SINGLETON PATRICIA B, SINGLETON	DATE	APPROVED				• • • • • • • • • • • • • • • • • • • •
	-ATRICIA S. SHACE. DA	JA15	41. 57.55			CITOTAL	5104550
TURED C	LIFFS						
	RICHARDSON OPERATING CO ET AL	DATE	_ C3V0P99:				5109269
:00%							
ምጋር. ምዕ ዕጋርርር	LOE G. SINGLETON	CATE	- C3VOp94:				\$
ምጋር. ምዕ ዕጋርርር		DATE	- G3VOP94: - G3VOP94:			O TOTAL	s109269

ILLEGIBLE

OIL AND GAS LEASE

OID VID GVO DEVOE
Joe G. Singleton and Patricia B. Singleton, husband and wife Whose post office address P.O. Box 328, Farmington, New Mexico 87499 hereinafter called Lessor (whether one or more) and Richardson Production Company whose post office address is 1700 Lincoln, Suite 1700, Denver, CO 80203, hereinafter called Lessee WHNESSETH, That the Lessor, for and in consideration of Len and more (\$10 & more) DOLLARS cash in hand paid, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, has pranted, demised, leased and let, and by these presents does grant, demise, lease and let exclusively unto the said Lessee, the land hereinafter described with the exclusive right for the purpose of mining, exploring by geophysical and other methods, and operating for and producing therefrom oil and all gas of whatsoever nature or kind, with rights of way and easencords for laying pipe lines, and erection of structures therein to produce, save and take care of said products, all that certain tract of land situated in the County of San Juan State of New Mexico described as follows to with Township 29 North - Range 14 West, N.M.P.M.
Section 8: See Exhibit "A", attached hereto and made a part hereof
No well shall be drilled on the leased premises without first obtaining Lessors' written consent.
and containing 1.80 acres, more or less
three (3) 1. It is agreed that this lease shall remain in force for a term of tire (5) years from this date and as long thereafter as oil or pas of whatsoever nature or kind is produced from said leased premises or on acreage pooled therewith or drilling operations are continued as heremather provided. If, at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled therewith but I essee is than engaged in drilling or re-working operations thereon, then this lease shall continue in force as long as operations are being continuously prosecuted on the leased premises or on acreage pooled therewith, and operations shall be considered to be continuously prosecuted if not more than more; (90) days shall clapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on said land or on acreage pooled therewith the production thereof should cease from any operations of the drilling of a subsequent well. If after discovery of oil or gas on said land or on acreage pooled therewith the production thereof should cease from any form of the primary term, this lease shall not terminate if I essee commences additional drilling or re-working operations within ninety (90) days from date of cessition of production or from date of completion of dry hole. It oil or gas shall be discovered and produced as a result of such operations at on after the expination of the expination of the primary term of this lease, this lease shall continue in force so long as of or gas is produced from the leased premises or on acreage pooled therewith 2. This is a PAID-OP LEASE. In consideration of the down cash payment, I essee again the leased premises or on acreage pooled therewith. 2. This is a PAID-OP LEASE. In consideration of the down cash payment, I essee may at any time of times during or after the primary term surrender this lease as to all or any poution of said land and as
3rd To pay Lessor for gas produced from any oil well and used off the premises or in the manufacture of gasoline or any other product a royalty of one cighth (1/8) of the proceeds, at the mouth of the well, payable mouthly at the prevailing market rate. 4. Where gas from a well capable of producing gas is not sold or used, Lessee may pay or tender as royalty to the royalty owners. One Dollar per year per net royalty acre retained hereunder, such payment or tender to be made on or before the auniversary date of this lease next ensuing after the expiration of 90 days from the date such
well is shut in and thereafter on or before the anniversary date of this lease during the period such well is shut in 1f such payment or tender is made, it will be considered that gas is being produced within the meaning of this lease 5. If said Lessor owns a less interest in the above described land than the entire and undivided fee simple therein, then the royalties (including any shut-in gas royalty) herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee 6. Lessee shall have the right to use, free of eost, gas, oil and water produced on said land for Lessee's operation thereon, except water from the wells of Lessor 7. When requested by Lessor, Lessee shall have Lessee's pipe line below plow depth 8. No well shall be drilled occurred than 200 feet to the house or barn now on said premises without written consent of Lessor 9. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land 10. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing 11. The rights of Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be
binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded documents and other information necessary to establish a complete chain of record title from Lessor, than then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.
12. Lessee, at its option is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described herein and as to any one or more of the formations becominded to unitize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of old and pas, or separately for the production of either, when in the Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. It kewise, units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing hereby the lease to the lease of leases. It is to go the executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has therefore been completed or upon which operations for drilling have therefore been commenced. Production, drilling or reworking operations or a well shut in for want of a market under this lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties. Lessor shall receive on production from the unit so pooled royalties only in the portion of such production allocated to this lease, such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, Lessee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same peneral area by entering into a cooperative or unit plan of development or operation approved cooperative or unit plan of development or operation approved cooperative or unit plan of development or opera
13. All express or implied covenants of this lease shall be subject to all Lederal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such
Law, Order, Rule or Regulation 14. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor and be subrogated to the rights of the holder thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, insofar as said right of dower and homestead may in any away affect the purposes for which this lease is made, as recited herein. 15. Should any one or more of the parties bereimabove named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor" as used in this lease, shall mean any one or more or all of the parties who execute this lease as Lessor. All the provisions of this lease shall be binding on the heirs, successors and assigns of Lessor and Lessee. IN WITNESS WHEREOF, this instrument is executed as of the date first above written.
Joe G. Singleton Patricia B. Singleton

COUNTY OF	§ Acknowledgment - Individual
COUNTRY!	"
2000	signed, a Notary Public, in and for said County and State, on thisday of , personally appeared
andto me known to be the identical pe	erson(s) described in and who executed the within and foregoing instrument of writing duly executed the same as free and voluntary act and deed for the
IN WITNESS WHEREO	DF, I have hereunto set my hand and affixed by notarial seal the day and year last
My Commission Expires:	Address
STATE OF	
COUNTY OF	
	signed, a Notary Public, in and for said County and State, on thisday of
to me known to be the identical po	erson(s) described in and who executed the within and foregoing instrument of writing duly executed the same asfree and voluntary act and deed for the
IN WITNESS WHEREC written.	DF, I have hereunto set my hand and affixed by notarial seal the day and year last above
My Commission Expires	Vqqress.
STATE OF	} }§
COUNTY OFBefore me, the undersign	ned authority, this day personally appeared
COUNTY OF Before me, the undersign to me personally known who bein of)``
Before me, the undersign to me personally known who bein of	ned authority, this day personally appeared
Before me, the undersign to me personally known who bein of said corporation and that said in of Directors who acknowledge said.	ned authority, this day personally appeared ng by me duly sworn did say that he is the, and that the seal affixed to said instrument is the corporate seal assument was signed and sealed in behalf of said corporation by authority of its Board

and controlled the street of the second second section of the second section of the second se

Exhibit "A"

Lease Description for Oil and Gas Lease between Joe G. Singleton and Patricia B. Singleton, husband and wife, Lesson, to Richardson Production Company, Lessee, dated January 11, 2001.

A tract of land in the Southwest Quarter of the Southeast Quarter (SW/4SE/4) of Section Eight (8), Township 29 North, Range 14 West, NMPM, described as follows:

BEGINNING at a point on the North right of way line of U.S. Highway Mo. 550 from which the Southeast corner of said Section bears South 71 degrees 31 minutes 00 seconds East 2011.74 feet along said right of way line and North 89 degrees 18 minutes 00 seconds East 409.36 feet, more or less:

THENCE Worth 71 degrees 31 minutes 00 seconds West 200.00 feet along said North right-of-way line;

THENCE North 00 degrees 14 minutes 00 seconds East 400.00 feet;
THENCE South 71 degrees 31 minutes 00 seconds East 200.00 feet;
THENCE South 00 degrees 14 minutes 00 seconds West 400.00 feet to the point of beginning.

Containing 1.80 acres, more or less San Juan County, New Mexico

SIGNED FOR IDENTIFICATION ...

Patricia B. Singleton

Joe G. Singleton



1700 Lincoln, Suite 1700 Denver (Calarado 30203 (303) 330-3000 Fax 303 (330-3007

January 11, 2001

Mr. and Mrs. Joe G. Singleton P.Q. Box 328 Farmington: New Mexico 87499

Certified Mail 7099 3230 0005 1561 6211

Re: Fruitland Coal and Pictured Cliffs Well Proposal

ROPCO =8-3 Well

S/2-Section 8-T29N-R14W San Juan County, New Mexico

Dear Mr. and Mrs. Singleton:

Richardson Production Company proposes to drill a downhole commingled Fruitland Coal and Pictured Cliffs well on the captioned lands. A recent check of the county records indicates that you own a 0.90 net acre unleased mineral interest within the spacing unit. The ROPCO #8-3 well will be located in the SW/4 of Section 8. Township 29 North. Range 14 West. The spacing unit for the Fruitland Coal will be the S/2, and the spacing unit for the Pictured Cliffs formation will be the SW/4.

Enclosed for your review is an AFE itemizing the estimated costs for the weil. In the event you wish to participate in this drilling and completion attempt, please return an executed copy of the AFE to the undersigned by January 26, 2001. Upon receipt of your executed AFE, or by prior written request, we will forward an AAPL Form 610 Joint Operating Agreement for your review and execution, providing for, among other things, a 300% 100% nonconsent penalty and \$5000 drilling/\$500 producing overhead rates.

In the event you do not wish to participate. Richardson respectfully requests you elect one of the following options as to your interest:



January 11, 2001

Page 2

- 1. Enter into an oil and gas lease that provides for a three year primary term with bonus consideration based on \$30.00 per net acre and a 12.5% royalty in the event of production
- 2. Sell all of your mineral interest for \$70.00 per net acre

Your response is respectfully requested by January 26, 2001.

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

RICHARDSON PRODUCTION COMPANY

Cathleen Colby
Land Manager

On this	day of	. 2001 we hereby elect the following:
	Participate in propo herewith.	osed drilling and completion attempt, executed AFE is returned
		Gas Lease for \$30.00 per net mineral acre, with lease to provide mary term and 12.5% royalty in the event of production.
	Seil minerai rights :	for \$70.00 per net mineral acre.
By:		
Printed Nar	me:	

1700 Lincoln, Suite 1700 Denver Daicrado 80203 (303) 830-8000 Fax: 3231 530-8009

3-7-0. No anna

February 8, 2001

1505)573-6100

Mr. and Mrs. Joe G. Singleton P.O. Box 1665 Kirtland, New Mexico 87417

Certified Mail 7000 0520 0023 4373 2400

Re: Pictured Cliffs Well Proposai

ROPCO =8-4 Well SE/4-Section 8-T29N-R14W San Juan County, New Mexico

Dear Mr. and Mrs. Singleton:

Richardson Production Company proposes to drill a Pictured Cliffs well on the captioned lands. A recent check of the county records indicates that you own a 0.90 net acre unleased mineral interest within the spacing unit. The ROPCO =8-4 well will be located in the SE/4 of Section 8. Township 29 North, Range 14 West. The spacing unit for the Pictured Cliffs formation will be the SE/4.

Enclosed for your review is an AFE itemizing the estimated costs for the well. In the event you wish to participate in this drilling and completion attempt, please return an executed copy of the AFE to the undersigned by February 22, 2001. Upon receipt of your executed AFE, or by prior written request, we will forward an AAPL Form 610 Joint Operating Agreement for your review and execution, providing for, among other things, a 300% 100% nonconsent penalty and \$5000 drilling/\$500 producing overhead rates.

In the event you do not wish to participate. Richardson respectfully requests you elect one of the following options as to your interest:

Mr. and Mrs. Joe G. Singleton February 8, 2001 Page 2

- 1. Enter into an oil and gas lease that provides for a three year primary term with bonus consideration based on \$30.00 per net acre and a 12.5% royalty in the event of production
- 2. Sell all of your mineral interest for \$70.00 per net acre

Your response is respectfully requested by February 22, 2001.

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

RICHARDSON PRODUCTION COMPANY

Cathleen Colby Land Manager

Cathleen Colla

On this	day of	. 2001 we hereby elect the following:
	Participate in propo herewith.	osed drilling and completion attempt, executed AFE is returned
		Gas Lease for \$30.00 per net mineral acre, with lease to provide mary term and 12.5% royalty in the event of production.
	Sell mineral rights	for \$70.00 per net mineral acre.
Ву:		By:
Printed Name	e:	Printed Name:

RICHARDSON OPERATING COMPANY AUTHORITY FOR EXPEDITURES

Weil Name: ROPCO 8-4 | SECTION SISE, 4 Location: T29N R14W, San Juan County NM. Date: 01.15.2001

2:0

roposed Depth: 1200'	Objective Formation:	Pictured Cliffs
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	ncluded Run Casing)	Tangible	Intangible	Total	Actual
Survey and Pern	nits		3.000		
			1,500		
Drilling (incl. wa	ter and mud) 1200' @ 15.00/ft		18.000		
BOP Rental			750		
Dirt Work-			4,000		
Pit Lining.			2,300		
-	00' @ 7 18/tt.	1,436			
		1.500			
		1.5501	2.300		
			1,0001		
	5 50/ft	5.6001	1.500		
		9.5551	3.000 i		
. rucking.					
Logs		* *	3.5001		
		1	3.0001		
Cament Longstri	ngersere		÷ 3001		
Total Cost to	Run Casing	9 536	46.8501	56.3861	
5 9375 <i>%</i> F	armington, NM Tax		,	3.3481	
	gency		•	5 9731	
	tal to Run Casing			55.7071	
Completion Cost			:	33.707	
'			7501		
Rig Anchors			2,5001		
_ogs					
			2.0001	•	
	gs	4 3001	,	İ	
	2.50/ft.	3.0001			
			22,0001		
Tool Rental-			2,3001		
Trucking-			3.0001		
Battery installati	cn		á.0001		
Restore Location			3.500		
			3.2501		
	or entre ex	5,3001			
	•• • • • • • • • • • • • • • • • •	± 3001			
		4 500:			
•		3,3001			
	· · · · · · · · · · · · · · · · · · ·	3,3001	5.0001		
			1.3001		
	niou-		1.0001		
Ріренпе гірокир			13.0001		
Frac Tank Rentai			1,2501		
			1.000[
		3.3001			
Total Completion	Costs	27 1001	57 5501	34 6501	
	ermington, NM Tax			5.6201	
10% Cantin	gency		; •	10,027	
Orilling Casts	* * * * * * * * * * * * * * * * * * *		i	55.707	
	Weil Costs			176.004	
3 <i>4</i> 1 . ere					
D CLIFFS	ATING COMPANY 24TF	12000163			\$175.0
5% RICHARDSON CPER		TSPGCVED			3175.0 39
5% LOE G SINGLETON	DATE	C3A0aaat			33
PATRICIA B. SINGLE	ITON DATE	LPPPCVED			

OIL AND GAS LEASE

	,, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,				
HIIS AGREEMENT, Mad	c and entered into this	11th Patricia B.			2001 by and between
Whose post office address P.O. Bo	x 328, Farmington, New Mex	ico 87499		lierer	natter called Lessor (whether one or more)
and Richardson Production Con					
					and paid, the receipt of which is bereby presents does grant, dentise, lease and let
exclusively unto the said Lessee, the	land hereinafter described, with th	e exclusive ri	ight for the pur	pose of mining, explorin	g by geophysical and other methods, and
					pe lines, and crection of structures thereon cw Mexico (described as follows, to-wit
Township 29) North - Range 14 West, N.N	I P M			•
Administration 11 2 2 VI					
Section 8:	See Exhibit "A", attached h		iad e a barc no	reat.	
No well shal	I be drilled on the leased pren	iises withou	ut first obtair	ing Lessons' written	consent.
and containing	_1.80_acres, more or less	(1)			
1 It is agreed that this lease shall		ce (3)) years from t	his date and as l	ong thereafter as oil or pa	s of whatsoever nature or kind is produced
					expiration of the primary term of this lease, or re-working operations thereon, then this
lease shall continue in force as long	as operations are being continuou	dy prosecuter	I on the leased	premises or on acreage.	pooled therewith, and operations shall be
	· · · · · · · · · · · · · · · · · · ·			•	omment of one well and the beginning of production thereof should cease from any
cause after the primary term, this leas	shall not terminate if Lessee comm	iences additio	mal drilling or o	-working operations wit	hin ninety (90) days from date of cessation
term of this lease, this lease shall con-					us at or after the expiration of the primary ded therewith
					d, except as otherwise provided berein, to surrouder this lease as to all or any portion
of said land and as to any strata or st		. ,		. ,	Lot all obligation thereafter accruing as to
the acreage surrendered. 3 In consideration of the premis	es the said Lessee covenants and ap	ices			
1st To deliver to the credit of l			e may connect:	wells on raid land, the eq	ual one ciplith (1/8) part of all oil produced
and saved from the leased premises 2nd To pay Lessor one-eighth	(1/8) of the gross proceeds each ye	ar, payable qu	arterly, for the p	eas from each well where	pas only is found, while the same is being
used off the premises, and if used in the					g market rate for gas other product a royalty of one eighth (1/8)
of the proceeds, at the mouth of the w	ell, payable monthly at the prevails	ng market rate	e .		
					owners One Dollar per year per net royalty is expiration of 90 days from the date such
well is shut in and thereafter on or be	fore the anniversary date of this lea		· .		cut or tender is made, it will be considered
that gas is being produced within the 5. If said Lessor owns a less inter	•	the entire and	d undivided fee	simple therein, then the r	oyalties (including any shut in pas royalty)
herein provided for shall be paid the l					except water from the wells of Lesson
 When requested by Lessor, Le 	ssee shall bury Lessee's pipe fine b	c low plays de	pth		
	than 200 feet to the house or barn coused by Lessee's operations to gi			t written consent of Less	Df .
10. Lessee shall have the right at	any time to remove all machinery	and fixtures p	Jaced on said pr	emises, including the rig	ht to draw and remove casing
					crest (by assignment or otherwise) shall be other information necessary to establish a
					ther actual or constructive, shall be binding darge the obligations or diminish the rights
	•				ssipned, no leasehold owner shall be liable
lor any act or omission of any other b		time and from	n time to time n	s a recurring right either	before or after production, as to all or any
part of the land described herein and	as to any one or more of the format	ous hereunde	a, to pool or uni	tize the leasehold estate:	and the mineral estate covered by this lease
					either, when in the Lessee's judgment it is a leases. Likewise, units previously formed
to include formations not producing o	oil or gas, may be reformed to exclu	ide such non-	producing form	ntions. The forming or re	forming of any unit shall be accomplished nit. Any unit may include land upon which
a well has therefore been completed	or upon which operations for drillic	g have therete	ofor <mark>e been c</mark> om	menced Production, dril	ling or reworking operations or a well shu
					Hing or reworking operations or a well shu or shall receive on production from the uni
so pooled toyalties only in the portio	n of such production allocated to the	n <mark>is l</mark> ease, sucl	h affocation sha	If be that proportion of th	ne unit production that the total number of
					o the foregoing. I essee shall have the righ a lands in the same peneral area by entering
into a cooperative or unit plan of de	velopment or operation approved b	y any govern	mental authority	y and, from time to time	with like approval, to modify, change of
and provisions of such approved coo	perative or unit plan of developmen	it or operation	u and, particular	dy, all drilling and devel	oditivel to conform to the terms, conditions opment requirements of this lense, express
or implied, shall be satisfied by comp	diance with the drilling and develop	ment require	ments of such p	lan or agreement, and th	is lease shall not terminate or expire during under any such cooperative or unit plan o
development or operation whereby th	e production therefrom is allocated (o different po	rtious of the lan	d covered by said plan, th	on the production allocated to any particula
 tract of land shall, for the purpose of it is allocated and not to any other tra- 	f computing the royalties to be paid of land, and the royalty nayments	I bereunder to to be made b	o Lessor, be reg screunder to Les	arded as having produce sor shall be based upon r	d from the particular tract of land to which reduction only as so allocated. Lesser shal
formally express Lessor's consent to	any cooperative or unit plan of deve	dopment or of	peration adopted	T by Ecssee and approved	I by any governmental agency by executing
the same upon request of Lessee 13 All express or implied cover	units of this lease shall be subject t	o all Federal :	and State Laws,	Executive Orders, Rules	or Regulations, and this lease shall not be
terminated, in whole or in part, nor be	essee held liable in damages, for fai	luce to comply	therewith, if co	impliance is prevented by	y, or it such failure is the result of, any such
 Law, Order, Rule or Regulation D. Lessor hereby warrants and a 	igrees to defend the title to the lands	herein descri	ibed, and agrees	that the Lessee shall hav	e the right at any time to redeem for Lessor
by payment, any mortgages, taxes or	other liens on the above described	lands, in the	event of default	of payment by Lesson n	nd be subrogated to the rights of the holde tht of dower and homestead in the premise
described berein, insofar as said righ	t of dower and homestead may in a	ny way affect	the purposes for	r which this lease is mad	e, as recited herein
15 Should any one or more of the	ie parties hereinabove named as Le	ssor fail to exc	cente this lease,	it shall nevertheless be b	inding upon all such parties who do execut Lessor. All the provisions of this lease shal
be binding on the beirs, successors a	nd assigns of Lesson and Lessee				•
IN WITNESS WHERFOR, this	instrument is executed as of the dat	e Instabuve v	written		
		;			
, , , , , , , , , , , , , , , , , , , 			11-:	B. Sizzizizi	·
Joe G. Singleton			l'atricia	B. Singleton	
eeji			55#		
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ILLEGIBLE

Exhibit "A"

Lease Description for Oil and Gas Lease between Joe G. Singleton and Patricia B. Singleton, husband and wife, Lesson, to Richardson Production Company, Lessee, dated January 11, 2001.

A tract of land in the Southwest Quarter of the Southeast Quarter (SW/4SE/4) of Section Eight (8), Township 29 North, Pange 14 West, NMPM, described as follows:

BEGINNING at a point on the North right of way line of U.S. Highway No. 550 from which the Southeast corner of said Section bears South // degrees 34 minutes 00 seconds East 2011.74 feet along said right of way line and North 89 degrees 18 minutes 00 seconds East 409.36 feet, more or less:

THENCE North 71 degrees 31 minutes 00 seconds West 200.00 feet along said North right of way line;

THENCE North 00 degrees 14 minutes 00 seconds East 400.00 feet; THENCE South 71 degrees 31 minutes 00 seconds East 200.00 feet; THENCE South 00 degrees 14 minutes 00 seconds West 400.00 feet to the point of beginning.

Containing 1.80 acres, more or less San Juan County, New Mexico

SIGNED FOR IDENTIFICATION

Patricia B. Singleton

Joe G. Singleton

STATE OF		
COUNTY OF	}§ Acknowledgment - Individual}	
DEFORE ME, the under	rsigned, a Notary Public, in and for said County and State, on thisc	
to me known to be the identical po	erson(s) described in and who executed the within and foregoing instrument o duly executed the same as free and voluntary act and do	of writing
IN WITNESS WHERECT above written .	DF, I have hereunto set my hand and affixed by notarial seal the day and year l	last
My Commission Expires	Address	
COUNTY OF	} }§ Acknowledgment - Partnership/Trust V	
	[!]	
	signed, a Notary Public, in and for said County and State, on this	
as of), personally appeared	
to me known to be the identical po	erson(s) described in and who executed the within and foregoing instrument o	of writing
IN WITNESS WHEREO written.	DF, I have hereunto set my hand and affixed by notarial seal the day and year la	ast above
My Commission Expires	Address	
STATE OF		
COUNTY OF		
to me personally known who bein of	ned nuthority, this day personally appeared ig by me duly sworn did say that he is the , and that the scal affixed to said instrument is the corpo	orate scal
of said corporation and that said in	nstrument was signed and scaled in behalf of said corporation by authority of a id-instrument to be the free act and deed of said corporation.	its Board
Sworn to and subscribed	I before me, thisday of, 2000	
My commission Expires	Notary Public	

٠,

1700 Lincoln, Suite 1700 Denver, Dolordap 30203 (303) 330-3020 Fax 3031 330-8009

January 15, 2001

Mr. and Mrs. Joe G. Singleton P.O. Box 323 Farmington, New Mexico 87499

Certified Mail 7099 3220 0005 1561 5979

Re: Pictured Cliffs Well Proposal

ROPCO =8-4 Well

SE:4-Section 8-T29N-R14W San Juan County, New Mexico

Dear Mr. and Mrs. Singleton:

Richardson Production Company proposes to drill a Pictured Cliffs well on the captioned lands. A recent check of the county records indicates that you own a 0.90 net acre unleased mineral interest within the spacing unit. The ROPCO =8-4 well will be located in the SE/4 of Section 8. Township 29 North, Range 14 West. The spacing unit for the Pictured Cliffs formation will be the SE/4.

Enclosed for your review is an AFE itemizing the estimated costs for the well. In the event you wish to participate in this drilling and completion attempt, please return an executed copy of the AFE to the undersigned by January 29, 2001. Upon receipt of your executed AFE, or by prior written request, we will forward an AAPL Form 610 Joint Operating Agreement for your review and execution, providing for, among other things, a 300% 100% nonconsent penalty and \$5000 drilling/\$500 producing overhead rates.

In the event you do not wish to participate. Richardson respectfully requests you elect one of the following options as to your interest:

Mr. and Mrs. Joe G. Singleton January 15, 2001 Page 2

- 1. Enter into an oil and gas lease that provides for a three year primary term with bonus consideration based on \$30.00 per net acre and a 12.5% royalty in the event of production
- 2. Sell all of your mineral interest for \$70.00 per net acre

Your response is respectfully requested by January 29, 2001.

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

RICHARDSON PRODUCTION COMPANY

Cathleen Colby Land Manager

Cathleen Collay

On this	day of	2001 we hereby elect the following:			
	Participate in proposed drilling and completion attempt, executed AFE is returned herewith.				
	Enter into Oil and Gas Lease for \$30.00 per net mineral acre, with lease to provide for a three year primary term and 12.5% royalty in the event of production.				
	Sell mineral rights for \$70	0.00 per net mineral acre.			
By:		By:			
Printed Name	e:	Printed Name:			

9.	Lowell E. Renfro and Callie P. Renfro,	
	a married couple, j/t	
	#2 County Road 6212 Kirtland, NM 87417	. 3 %
	(description in WD 1223-896)	÷

- Myron E. Shorty, an unmarried man and Vangle Randall, an unmarried woman, j/t #1 County Road 6212 17748

 Kirtland, NM 87417
 (description in WD 1236-211)
- Oscar M. Lucero, a single man and Sharon L.
 Smith, a single woman, j/t
 P.O. Box 1412
 Fruitland, NM 87416
 (description in WD 1238-344)
- 12. Yucca Incorporated, a New Mexico corporation
 Lots 2 & 3 in Block 1 of the YUCCA INCORPORATED
 INDUSTRIAL SUBDIVISION, as shown on the Plat of said Subdivision filed for record January 27, 1958.
- Virginia Gustin, a single person

 Box 533

 Kirtland, NM 87417

 Lots 19 & 20 in Block 1 of the YUCCA

 INCORPORATED INDUSTRIAL SUBDIVISION, as shown on the Plat of said Subdivision filed for record January 27, 1958.
- 14. Virginia R. Piercey
 P.O. Box 895
 Kirtland, NM 87417
 Lots 21 and 29 in Block 1 of the YUCCA
 INCORPORATED INDUSTRIAL SUBDIVISION, as
 shown on the Plat of said Subdivision filed for record
 January 27, 1958.
- Jessie C. Crowe and Mrs. Archie Lee Crowe, his wife (No addresss--got at 387-91 and conveyed out at 484-270 SRO)--Jeremy C. Duncan tract in SESE (description in WD 805-473)
- 16. Hugh J. Toledo, an unremarried widower and Tamara Lynn Toledo, a single woman, as j/t P.O. Box 1416 Fruitland, NM 87416 (description in WD 1231-150)

17. Sheryl Lynn ±8 County Road 6212 Kirtland, NM 87417

Parament Subdivision - Lot 6

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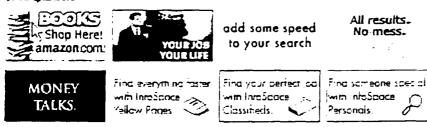
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10/5/2000

YUCCA INCORPORATED

SCC Number: 0368977

Tax & Revenue Number

Incorporation Date: OCTOBER08, 1957, in NEW MEXICO

Corporation Type: DOMESTIC PROFIT

Corporation Status FORFEITED

Good Standing Purpose

CORPORATION DATES

Taxable Year End Date

Filing Date. //

Expiration Date: 10/08/2057

SUPPLEMENTAL POST MARK DATES

Supplemental

Name Change

Purpose Change

MAILING ADDRESS

423 E MAIN FARMINGTON, NEW MEXICO 87401

PRINCIPAL ADDRESS

PRINCIPAL ADDRESS (Outside New Mexico)

REGISTERED AGENT

ROBERT L. LEIGHTON

313 W MAIN FARMINGTON NEW MEXICO 87401

Designation date: 10/08/57

Agent Post Mark Date:

Resignation date:

COOP LICENSE INFORMATION

Number:

Type:

Expiration Year:

INCORPORATORS

DIRECTORS

Date Election of Directors:

A-leighton (505) 325-2542 disconnected









505-397-1817

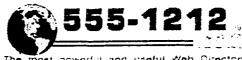


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Yucca Trailer Sales







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