

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.

1/18/91
2-1-23

RICHARDSON OPERATING



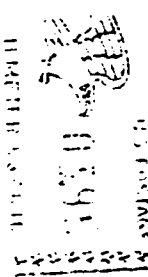
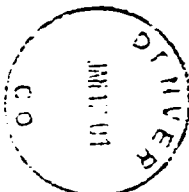
1700 Lincoln, Suite 170
Denver, Colorado 8020

7000 0520 0023 4373 3056



CERTIFIED MAIL

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





RICHARDSON PRODUCTION COMPANY

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

January 11, 2001

not on MSN white pages
internet

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

not in Farmington phone book

Certified Mail 7000 0520 0023 4373 3056

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. 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

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 \$70.00 per net mineral acre.

By: _____

Printed Name: _____

FRUITLAND COAL AND PICTURED CLIFFS 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

I. 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		1,500	1,500
* Drilling (incl. water and mud) 1000' @ 15.00/ft.		15,000		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			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			2,338	3,163
Trucking		3,000		1,500	1,500
Logs		3,750		1,875	1,875
Engineering		5,000		2,500	2,500
Cement Longstring		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			5,936	2,773	3,163
Grand Total to Run Casing			65,299	30,508	34,791

II. Completion Costs

Rig Anchors		750		375	375
Logs		3,000		1,500	1,500
Perf.		3,500		1,750	1,750
Wellhead & Fittings	4,000			2,000	2,000
Tubing 1000' @ 2.50/ft.	2,500			1,063	1,438
Stimulation		42,000		21,000	21,000
Tool Rental		2,300		1,150	1,150
Trucking		3,000		1,500	1,500
Battery Installation		5,000		3,000	3,000
Restore Location		3,500		1,750	1,750
Engineering		5,800		2,900	2,900
Treater, Separator	5,300			2,650	2,650
Flowline	1,000			2,000	2,000
Tank & Fittings	4,500			2,250	2,250
Gravel		3,000		1,500	1,500
Workover Rig		10,000		5,000	5,000
Completion Fluids		2,000		1,000	1,000
Pipeline Hookup		13,000		6,500	6,500
Division Order Opinion		1,500		750	750
Frac Tank Rental		2,500		1,250	1,250
Flowback		2,000		1,000	1,000
Fence Location	3,300			1,650	1,650
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			65,299	30,508	34,791
Grand Total Well Costs			213,819	104,550	109,269

FRUITLAND COAL

99.58047% RICHARDSON OPERATING CO ET AL	DATE _____	APPROVED _____	\$104425
0.11953% HERBERT SMITH	DATE _____	APPROVED _____	\$125
EVELYN SMITH	DATE _____	APPROVED _____	
		FC TOTAL	\$104550

PICTURED CLIFFS

99.76094% RICHARDSON OPERATING CO ET AL	DATE _____	APPROVED _____	\$109008
0.23906% HERBERT SMITH	DATE _____	APPROVED _____	\$261
EVELYN SMITH	DATE _____	APPROVED _____	
		PC TOTAL	\$109269
		HERBERT & EVELYN SMITH TOTAL	\$386

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 11th day of January, 2001, by and between

Herbert Smith and Evelyn Smith, husband and wife, as joint tenants

Whose post office address 2011 Troy King Road #175, Farmington, New Mexico 87401 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 Ten and more (\$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 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 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-wit:

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

Section 8: Lot Two (2) 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 0.765 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 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 Lessee is then 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 ninety (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 Lessee commences additional drilling 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 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, Lessor agrees that Lessee 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 all or any portion of said land and as to any strata or stratum by delivering to Lessor 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 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 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 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 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 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 hereunder, 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 drilling have theretofore 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 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 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 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 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 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

Herbert Smith

Evelyn Smith

STATE OF _____)
COUNTY OF _____)§

Acknowledgment - Individual(s)

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2000, personally appeared _____ and _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written.

My Commission Expires: _____

Address: _____

STATE OF _____)
COUNTY OF _____)§

Acknowledgment - Partnership/Trust

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2000, personally appeared _____ as _____ of _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written.

My Commission Expires: _____

Address: _____

STATE OF _____)
COUNTY OF _____)§

Acknowledgment - Corporation

BEFORE ME, the undersigned authority, this day personally appeared _____ to me personally known who being by me duly sworn did say that he is the _____ of _____ and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors who acknowledge said instrument to be the free act and deed of said corporation.

Sworn to and subscribed before me, this _____ day of _____, 2000.

My commission Expires: _____

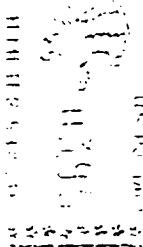
7707 0520 0023 4373 3063



CERTIFIED MAIL

TO THE RIGHT OF RETURN ADDRESS.
FOLD AT-DOTTED LINE

Mr. Fred Rebele
#3 County Road 6212
Kinland, New Mexico 87417



☐ No Such Name
☐ Box Closed - No Order
Forwarding Order Expired

☒ Not Deliverable As Addressed
☐ Insufficient Address
☐ Forward, Left No Address
☐ Unclaimed
☐ Refused
☐ No Such Street
☐ No Such Number
☐ No Mail Receipt
☐ Back Ordered - No Order

7-11



RICHARDSON PRODUCTION COMPANY

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

January 11, 2001

*Not on white paper
in San Juan*

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

For information please look

Certified Mail 7000 0520 0023 4373 3063

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. Rebele:

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 1/4 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 1/4.

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.

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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 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.

By: _____

Printed Name: _____

AUTHORITY FOR EXPEDITURES

Well Name: ROPCO #8-3 SECTION 8 PC SW/4, FO 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

	Tangible	Intangible	Total	Fruitland Coal	Pictured Cliffs
I. Drilling Costs (Included Run Casing)					
Survey and Permits		3,000		1,500	1,500
Title Opinion		3,000		1,500	1,500
* Drilling (incl. water and mud) 1000' @ 15.00/ft.		15,000		6,375	5,625
BOP Rental		750		375	375
Dirt Work		4,000		2,000	2,000
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10% Contingency			5,936	2,731	3,163
Grand Total to Run Casing			65,299	30,508	34,791
II. Completion Costs					
Rig Anchors		750		375	375
Logs		3,000		1,500	1,500
Perforation		3,500		1,750	1,750
Wellhead & Fittings	4,000			2,000	2,000
Tubing 1000' @ 2.50/ft.	2,500			1,063	1,438
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Tool Rental		2,500		1,250	1,250
Trucking		3,000		1,500	1,500
Battery Installation		6,000		3,000	3,000
Restore Location		3,500		1,750	1,750
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Flowback		2,000		1,000	1,000
Fence Location	3,300			1,650	1,650
Total Completion Costs	23,600	103,850	127,450	63,538	63,913
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10% Contingency			13,502	6,731	6,771
Drilling Costs			65,299	30,508	34,791
Grand Total Well Costs			213,819	104,550	109,369

FRUITLAND COAL

59.58141% RICHARDSON OPERATING CO ET AL
0.11359% FRED REBELE

DATE _____
DATE _____

APPROVED _____
APPROVED _____

FO TOTAL

\$104426
\$124
\$104550

PICTURED CLIFFS

59.75281% RICHARDSON OPERATING CO ET AL
0.23719% FRED REBELE

DATE _____
DATE _____

APPROVED _____
APPROVED _____

PC TOTAL

\$109010
\$259
\$109259

FRED REBELE TOTAL

\$383

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 11th day of January, 2001, by and between

Fred Rebele, a married man, dealing in his sole and separate property

Whose post office address #3 County Road 6212, Kirtland, New Mexico 87417 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 Ten and more (\$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 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 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-wit

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

Section 8: Lot Three (3) 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 Lessor's written consent.

and containing 0.7590 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 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 Lessee is then 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 ninety (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 therefrom should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling 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 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, Lessor agrees that Lessee 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 all or any portion of said land and as to any strata or stratum by delivering to Lessor 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 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 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 month 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 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 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 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, then 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 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 drilling have theretofore been commenced. Production, drilling or reworking operations on 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 on 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 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 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 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 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

Fred Rebele

SSB

STATE OF _____ }
COUNTY OF _____ }§

Acknowledgment - Individual(s)

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2000, personally appeared _____ and _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written

My Commission Expires _____

Address _____

STATE OF _____ }
COUNTY OF _____ }§

Acknowledgment - Partnership/Trust

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2000, personally appeared _____ as _____ of _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written

My Commission Expires _____

Address _____

STATE OF _____ }
COUNTY OF _____ }§

Acknowledgment - Corporation

BEFORE ME, the undersigned authority, this day personally appeared _____ to me personally known who being by me duly sworn did say that he is the _____ of _____ and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors who acknowledge said instrument to be the free act and deed of said corporation

Sworn to and subscribed before me, this _____ day of _____, 2000

My commission Expires _____

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

020E E2EH E200 0250 0002

Postage	\$
Certified Fee	SHIPPED JAN 12 2004
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total	

Rec Mr. Gary C. Soza and
 Str Ms. Viola I. Blanton
 City #12 County Road 6212
 Kirtland, New Mexico 87417

PS Form 3811, July 1999 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

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

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly)	B. Date of Delivery
Gary Soza	1-19-04
C. Signature	<input type="checkbox"/> Agent
X Gary Soza	<input type="checkbox"/> Addressee
D. Is delivery address different from item 1?	<input type="checkbox"/> Yes
If YES, enter delivery address below:	<input type="checkbox"/> No

3. Service Type

<input checked="" type="checkbox"/> Certified Mail	<input type="checkbox"/> Express Mail
<input type="checkbox"/> Registered	<input type="checkbox"/> Return Receipt for Merchandise
<input type="checkbox"/> Insured Mail	<input type="checkbox"/> C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Copy from service label)

7000 0520 0023 4373 3070

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

2-7-01

Answered his questions

He had talked with an attorney (Rick Tully)

decided to be pooled into well

because of small size of interest

RICHARDSON PRODUCTION COMPANY

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

January 11, 2001

(303) 598-0735

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 Well 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 1/4 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 1/4.

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

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 \$70.00 per net mineral acre.

By: _____

Printed Name: _____

**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

I. Drilling Costs (Included Run Casing)

Survey and Permits
Title Opinion
* Drilling (incl. water and mud) 1000' @ 15.00/ft.
BOP Rental
Dirt Work
Pit Lining
Surface Casing 200' @ 7.18/ft.
Casing Head
Cement Surface
Power Tongs
Casing 1000' @ 5.50/ft.
Trucking
Logs
Engineering
Cement Longstring

Total Cost to Run Casing
5.9375% Farmington, NM Tax
10% Contingency
Grand Total to Run Casing

II. Completion Costs

Rig Anchors
Logs
Perf.
Wellhead & Fittings
Tubing 1000' @ 2.50/ft.
Stimulation
Tool Rental
Trucking
Battery Installation
Restore Location
Engineering
Treater, Separator
Flowline
Tank & Fittings
Gravel
Workover Rig
Completion Fluids
Pipeline Hookup
Division Order Opinion
Frac Tank Rental
Flowback
Fence Location

Total Completion Costs
5.9375% Farmington, NM Tax
10% Contingency
Drilling Costs
Grand Total Well Costs

Tangible	Intangible	Total	Fruitland Coal	Pictured Cliffs
	3,000		1,500	1,500
	3,000		1,500	1,500
	15,000		6,375	8,625
	750		375	375
	4,000		2,000	2,000
	2,800		1,400	1,400
1,436			718	718
1,500			750	750
	2,300		1,150	1,150
	1,000		500	500
5,500			2,338	3,163
	3,000		1,500	1,500
	3,750		1,875	1,875
	5,000		2,500	2,500
	4,000		1,700	2,300
8,436	47,600	56,036	26,181	29,856
		3,327	1,554	1,773
		5,936	2,773	3,163
		65,299	30,508	34,791
	750		375	375
	3,000		1,500	1,500
	3,500		1,750	1,750
4,000			2,000	2,000
2,500			1,063	1,438
	42,000		21,000	21,000
	2,300		1,150	1,150
	3,000		1,500	1,500
	6,000		3,000	3,000
	3,500		1,750	1,750
	5,800		2,900	2,900
5,300			2,650	2,650
4,000			2,000	2,000
4,500			2,250	2,250
	3,000		1,500	1,500
	10,000		5,000	5,000
	2,000		1,000	1,000
	13,000		6,500	6,500
	1,500		750	750
	2,500		1,250	1,250
	2,000		1,000	1,000
3,300			1,650	1,650
23,600	103,850	127,450	63,538	63,913
		7,567	3,773	3,795
		13,502	6,731	6,771
		65,299	30,508	34,791
		213,819	104,550	109,269

PICTURED CLIFFS

99.76563% RICHARDSON OPERATING CO ET AL
0.23438% GARY C. SOZA
VIOLA I. BLANTON

DATE _____
DATE _____
DATE _____

APPROVED _____
APPROVED _____
APPROVED _____

\$104304
\$245
PC TOTAL \$104550

FRUITLAND COAL

99.88281% RICHARDSON OPERATING CO ET AL
0.11719% GARY C. SOZA
VIOLA I. BLANTON

DATE _____
DATE _____
DATE _____

APPROVED _____
APPROVED _____
APPROVED _____

\$109141
\$128
FC TOTAL \$109269
GARY SOZA & VIOLA BLANTON TOTAL \$373

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 11th day of January, 2001, by and between

Gary C. Soza, an unmarried man, and Viola I. Blanton, a single woman, as joint tenants

Whose post office address is #12 County Road 6212, Kirtland, New Mexico 87417 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 ten and more (\$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 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 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-wit:

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 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 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 gas 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 Lessee is then 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 ninety (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 Lessee commences additional drilling 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 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, Lessor agrees that Lessee 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 all or any portion of said land and as to any strata or stratum by delivering to Lessor 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 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 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 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 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 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 hereunder, 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 drilling have theretofore been commenced. Production, drilling or reworking operations on 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 on 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 in 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 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 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 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.

Gary C. Soza

Viola I. Blanton

STATE OF _____ }
COUNTY OF _____ } §

Acknowledgment - Individual(s)

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2000, personally appeared _____ and _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written

My Commission Expires _____

Address _____

STATE OF _____ }
COUNTY OF _____ } §

Acknowledgment - Partnership/Trust

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2000, personally appeared _____ as _____ of _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written

My Commission Expires _____

Address _____

STATE OF _____ }
COUNTY OF _____ } §

Acknowledgment - Corporation

BEFORE ME, the undersigned authority, this day personally appeared _____ to me personally known who being by me duly sworn did say that he is the _____ of _____ and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors who acknowledge said instrument to be the free act and deed of said corporation

Sworn to and subscribed before me, this _____ day 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.

1. Article Addressed to:

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

2. Article Number (Copy from service label)

7000 0520 0023 4373 3087

PS Form 3811, July 1999

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

X H. Hawley 1-16-01

C. Signature

X *H. Hawley* ☐ Agent ☐ Addressee

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

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

4. Restricted Delivery? (Extra Fee) ☐ Yes

Domestic Return Receipt

02595-00-4-0952



RICHARDSON PRODUCTION COMPANY

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

January 11, 2001

505) 242-1300

Consēco 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 J. LaRocca
x 205

2001
2-3-01 2:15 PM

John J. LaRocca

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 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.

By: _____

Printed Name: _____

AUTHORITY FOR EXPEDITURES

Well Name: ROPCO #3-3 SECTION 3 PC S/W/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

I. Drilling Costs (Included Run Casing)

Survey and Permits
Title Opinion
Drilling (incl. water and mud) 1000' @ 15.00/ft.
BOP Rental
Dirt Work
Pit Lining
Surface Casing 200' @ 7.18/ft.
Casing Head
Cement Surface
Power Tongs
Casing 1000' @ 5.50/ft.
Trucking
Logs
Engineering
Cement Longstring

Tangible	Intangible	Total	Fruitland Coal	Pictured Cliffs
	3,000		1,500	1,500
	3,000		1,500	1,500
	15,000		6,375	8,625
	750		375	375
	4,000		2,000	2,000
	2,300		1,400	1,400
1,436			718	718
1,500			750	750
	2,300		1,150	1,150
	1,000		500	500
5,500			2,338	3,163
	3,000		1,500	1,500
	3,750		1,875	1,875
	5,000		2,500	2,500
	4,000		1,700	2,300

Total Cost to Run Casing:

5.9375% Farmington, NM Tax

10% Contingency

Grand Total to Run Casing:

5,436	47,600	55,036	26,191	29,856
		3,327	1,554	1,773
		5,936	2,773	3,163
		65,299	30,508	34,791

II. Completion Costs

Rig Anchors
Logs
Per
Wellhead & Fittings
Tubing 1000' @ 2.50/ft.
Stimulation
Tool Rental
Trucking
Battery Installation
Restore Location
Engineering
Treater Separator
Flowline
Tank & Fittings
Gravel
Workover Rig
Completion Fluids
Pipeline Hookup
Division Order Opinion
Frac Tank Rental
Flowback
Fence Location

	750		375	375
	3,000		1,500	1,500
	3,500		1,750	1,750
4,000			2,000	2,000
2,500			1,063	1,438
	42,000		21,000	21,000
	2,300		1,150	1,150
	3,000		1,500	1,500
	6,000		3,000	3,000
	3,500		1,750	1,750
	5,300		2,900	2,900
5,300			2,650	2,650
4,000			2,000	2,000
4,500			2,250	2,250
	3,000		1,500	1,500
	10,000		5,000	5,000
	2,000		1,000	1,000
	13,000		6,500	6,500
	1,500		750	750
	2,500		1,250	1,250
	2,000		1,000	1,000
3,300			1,650	1,650

Total Completion Costs:

5.9375% Farmington, NM Tax

10% Contingency

Drilling Costs

Grand Total Well Costs

23,600	103,850	127,450	63,538	63,913
		7,567	3,773	3,795
		13,502	6,731	6,771
		65,299	30,508	34,791
		206,319	104,550	109,269

FRUITLAND COAL

99.98281%, RICHARDSON OPERATING CO ET AL DATE
0.01719%, CONSECO FINANCE SERVICING CORP DATE

APPROVED
APPROVED
FC TOTAL

\$104,427
\$123
\$104,550

PICTURED CLIFFS

99.76553%, RICHARDSON OPERATING CO ET AL DATE
0.23438%, CONSECO FINANCE SERVICING CORP DATE

APPROVED
APPROVED
PC TOTAL

\$109,013
\$256
\$109,269

CONSECO FINANCE SERVICING TOTAL

\$379

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 11th day of January 2001 by and between

Conseco Finance Servicing Corp.

Whose post office address is 111 Lomas Boulevard, N.W., Suite 500, Albuquerque, New Mexico 87102 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 Ten and more (\$10 & more) DOLLARS each 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 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 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 wit:

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

Section 8: 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 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 Lessee is then 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 ninety (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 Lessee commences additional drilling 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 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, Lessor agrees that Lessee 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 all or any portion of said land and as to any strata or stratum by delivering to Lessor 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 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 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 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 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 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 hereunder, 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 drilling have theretofore been commenced. Production, drilling or reworking operations on 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 on 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 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 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 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 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

ATTEST:

CONSECO FINANCE SERVICING CORP.

Secretary

President

STATE OF _____ }
COUNTY OF _____ }§

Acknowledgment - Individual(s)

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2000, personally appeared _____ and _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written.

My Commission Expires: _____

Address: _____

STATE OF _____ }
COUNTY OF _____ }§

Acknowledgment - Partnership/Trust

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2000, personally appeared: _____ as _____ of _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written.

My Commission Expires: _____

Address: _____

STATE OF _____ }
COUNTY OF _____ }§

Acknowledgment - Corporation

BEFORE ME, the undersigned authority, this day personally appeared _____ to me personally known who being by me duly sworn did say that he is the _____ of _____ and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors who acknowledge said instrument to be the free act and deed of said corporation

Sworn to and subscribed before me, this _____ day of _____, 2000.

My commission Expires: _____

CERTIFIED MAIL

RICHARDSON OPERATING

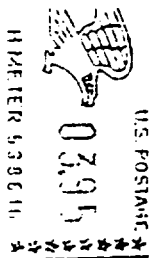
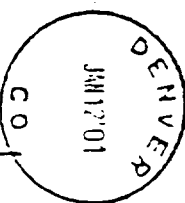
1700 Lincoln, Suite 1700
Denver, Colorado 80203



0005 1561 6167

RT 111 C
Unclassified
All other
Instructions
Do not re-mail in this envelope

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



JAN 17

JAN 22

FEB 01

CERTIFIED MAIL

RICHARDSON PRODUCTION

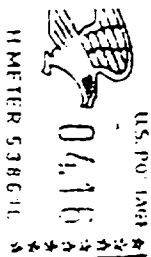
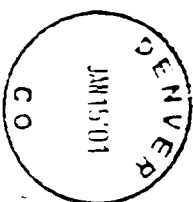
1700 Lincoln, Suite 1700
Denver, Colorado 80203



7000 0520 0023 4373 2387

Unclassified
All other
Instructions
Do not re-mail in this envelope

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



JAN 29

FEB 01



RICHARDSON PRODUCTION COMPANY

1700 Lincoln, Suite 1700
Denver, Colorado 80203 (303) 330-8000
Fax (303) 330-8009

January 11, 2001

not on msn white pages
not in Farmington phone bk

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

directory assistance:
R. Johnson non published

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. Begay:

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 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. 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

Cathleen Colby
Land Manager

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 \$70.00 per net mineral acre.

By: _____

Printed Name: _____

**RICHARDSON OPERATING COMPANY
AUTHORITY FOR EXPEDITURES**

Well Name: ROPCO #3-3 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

	Tangible	Intangible	Total	Fruitland Coal	Pictured Cliffs
I. Drilling Costs (Included Run Casing)					
Survey and Permits		3,000		1,500	1,500
Title Opinion		3,000		1,500	1,500
* Drilling (incl. water and mud) 1000' @ 15.00/ft.		15,000		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			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			2,338	3,163
Trucking		3,000		1,500	1,500
Logs		3,750		1,375	1,375
Engineering		5,000		2,500	2,500
Cement Longstring		4,000		1,700	2,300
Total Cost to Run Casing	3,436	47,600	56,036	26,181	29,855
5.9375% Farmington, NM Tax			3,327	1,554	1,773
10% Contingency			5,936	3,773	3,163
Grand Total to Run Casing			65,299	30,508	34,791
II. Completion Costs					
Rig Anchors		750		375	375
Logs		3,000		1,500	1,500
Permit		3,500		1,750	1,750
Wellhead & Fittings	4,000			2,000	2,000
Tubing 1000' @ 2.50/ft.	2,500			1,063	1,438
Stimulation		42,000		21,000	21,000
Tool Rental		2,300		1,150	1,150
Trucking		3,000		1,500	1,500
Battery Installation		6,000		3,000	3,000
Restore Location		3,500		1,750	1,750
Engineering		5,300		2,900	2,900
Treater, Separator	5,300			2,650	2,650
Flowline	4,000			2,000	2,000
Tank & Fittings	4,500			2,250	2,250
Gravel		3,000		1,500	1,500
Workover Rig		10,000		5,000	5,000
Completion Fluids		2,000		1,000	1,000
Pipeline Hookup		13,000		6,500	6,500
Division Order Opinion		1,500		750	750
Frac Tank Rental		2,500		1,250	1,250
Flowback		2,000		1,000	1,000
Fence Location	3,300			1,650	1,650
Total Completion Costs	23,600	103,350	127,450	63,638	63,913
5.9375% Farmington, NM Tax			7,567	3,773	3,795
10% Contingency			13,502	6,731	6,771
Drilling Costs			65,299	30,508	34,791
Grand Total Well Costs			213,319	104,550	109,269

FRUITLAND COAL				
59.56375% RICHARDSON OPERATING CO ET AL	DATE _____	APPROVED _____		\$104407
1.3625% RONALD J. JOHNSON	DATE _____	APPROVED _____		\$142
LEONA R. BEGAY	DATE _____	APPROVED _____		
			FC TOTAL	\$104550
PICTURED CLIFFS				
59.51313% RICHARDSON OPERATING CO ET AL	DATE _____	APPROVED _____		\$109070
1.3188% RONALD J. JOHNSON	DATE _____	APPROVED _____		\$199
LEONA R. BEGAY	DATE _____	APPROVED _____		
			PC TOTAL	\$109269
			RONALD JOHNSON & LEONA BEGAY TOTAL	\$341

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 11th day of January, 2001, by and between

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 Ten and more, (\$10 & more) DOLLARS each in hand paid, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, has granted, demise, 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 easements for laying pipe lines, 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 San Juan, State of New Mexico described as follows, to-wit:

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 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 0.872 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 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 Lessee is then 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 ninety (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 Lessee commences additional drilling 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 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, Lessor agrees that Lessee 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 all or any portion of said land and as to any strata or stratum by delivering to Lessor 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 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 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 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 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 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 hereunder, 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 drilling have theretofore 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 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 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 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 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 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.

Ronald J. Johnson

Leona R. Begay

STATE OF _____ }
COUNTY OF _____ }§

Acknowledgment - Individual(s)

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2001, personally appeared _____ and _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written

My Commission Expires: _____

Address _____

STATE OF _____ }
COUNTY OF _____ }§

Acknowledgment - Partnership/Trust

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2001, personally appeared _____ as _____ of _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written

My Commission Expires: _____

Address _____

STATE OF _____ }
COUNTY OF _____ }§

Acknowledgment - Corporation

BEFORE ME, the undersigned authority, this day personally appeared _____ to me personally known who being by me duly sworn did say that he is the _____ of _____ and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors who acknowledge said instrument to be the free act and deed of said corporation

Sworn to and subscribed before me, this _____ day of _____, 2001

My commission Expires: _____



RICHARDSON PRODUCTION COMPANY

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

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 Coiby

Cathleen Coiby
Land Manager

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 \$70.00 per net mineral acre.

By: _____ By: _____

Printed Name: _____ Printed Name: _____

**RICHARDSON OPERATING COMPANY
AUTHORITY FOR EXPEDITURES**

Well Name: ROPCO B-4 SECTION 8-SE/4
Location: T29N R14W, San Juan County, NM
Proposed Depth: 1200'

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

I. Drilling Costs (Included Run Casing)

Survey and Permits
Title Opinion
Drilling (incl. water and mud) 1200' @ 15.00/ft.
BOP Rental
Dirt Work
Pit Lining
Surface Casing 200' @ 7.18/ft.
Casing Head
Cement Surface
Power Tongs
Casing 1200' @ 5.50/ft.
Trucking
Logs
Engineering
Cement Longstring
Total Cost to Run Casing
5.9375% Farmington, NM Tax
10% Contingency
Grand Total to Run Casing

Tangible	Intangible	Total	Actual
	3,000		
	1,500		
	18,000		
	750		
	4,000		
	2,800		
1,436			
1,500			
	2,300		
	1,000		
6,600			
	3,000		
	3,500		
	3,000		
	4,000		
9,536	46,350	55,886	
		3,348	
		5,973	
		65,707	

II. Completion Costs

Rig Anchors
Logs
Perforations
Wellhead & Fittings
Tubing 1200' @ 2.50/ft.
Stimulation
Tool Rental
Trucking
Battery Installation
Restore Location
Engineering
Treater, Separator
Flowline
Tank & Fittings
Gravel
Workover Rig
Completion Fluids
Division Order Opinion
Pipeline Hookup
Frac Tank Rental
Flowback
Fence Location
Total Completion Costs
5.9375% Farmington, NM Tax
10% Contingency
Drilling Costs
Grand Total Well Costs

	750		
	2,500		
	2,000		
4,000			
3,000			
	22,000		
	2,300		
	3,000		
	6,000		
	3,500		
	3,250		
5,300			
4,000			
4,500			
3,000			
	5,000		
	1,000		
	1,000		
	13,000		
	1,250		
	1,000		
3,300			
27,100	67,550	94,650	
		5,620	
		10,027	
		65,707	
		176,004	

PICTURED CLIFFS

89.9094% RICHARDSON OPERATING COMPANY DATE _____
3.0906% RONALD J. JOHNSON DATE _____
LEONA R. BEGAY DATE _____

APPROVED _____
APPROVED _____
APPROVED _____

\$175,845
\$160
\$176,004

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 11th day of January, 2001, by and between

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 Ten and more (\$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 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 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-wit:

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 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 0.872 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 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 Lessee is then 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 ninety (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 Lessee commences additional drilling 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 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, Lessor agrees that Lessee 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 all or any portion of said land and as to any strata or stratum by delivering to Lessor 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 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 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 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 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 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, then 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 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 drilling have theretofore 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 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 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 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 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 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.

Ronald J. Johnson

Leona R. Begay

STATE OF _____ }
COUNTY OF _____ }§

Acknowledgment - Individual(s)

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2001, personally appeared _____ and _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written.

My Commission Expires: _____

Address: _____

STATE OF _____ }
COUNTY OF _____ }§

Acknowledgment - Partnership/Trust

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2001, personally appeared _____ as _____ of _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written.

My Commission Expires: _____

Address: _____

STATE OF _____ }
COUNTY OF _____ }§

Acknowledgment - Corporation

BEFORE ME, the undersigned authority, this day personally appeared _____ to me personally known who being by me duly sworn did say that he is the _____ of _____ and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors who acknowledge said instrument to be the free act and deed of said corporation.

Sworn to and subscribed before me, this _____ day of _____, 2001.

My commission Expires: _____

CERTIFIED MAIL

RICHARDSON OPERATII

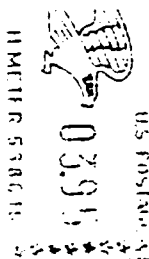
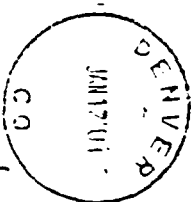
1700 Lincoln Suite 1
Denver, Colorado 80203 0005 1561 6143



PLEASE RETURN TO SENDER

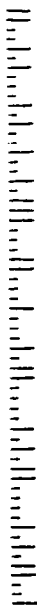
Unclassified _____
Attempted delivery _____
Insufficient address _____
No such office in state _____
Do not re-mail in this envelope

Mrs. Julia C. Lab
P.O. Box 762
Shiprock, New Mexico 87420

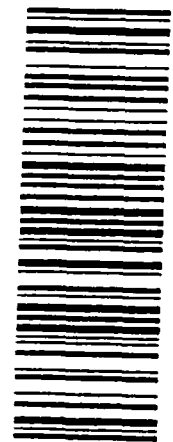


POSTAGE DUE

87420X0762



CERTIFIED MAIL

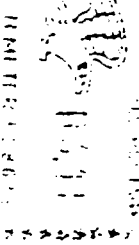
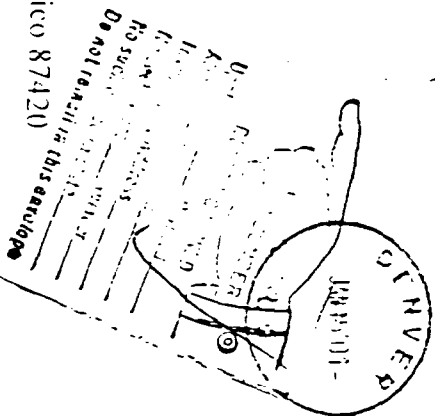


RICHARDSON PRODUCTION

1700 Lincoln, Suite 1700
Denver, Colorado 80203

7000 0520 0023 4973 2363

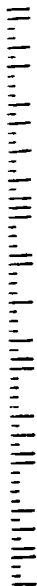
Mrs. Julia C. Lab
P.O. Box 762
Shiprock, New Mexico 87420



JAN 17

JAN 22
FEB 01

87420-0762





RICHARDSON PRODUCTION COMPANY

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

January 11, 2001

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

not on msn white pages
not on Farmington phone books
directly assistance
non-subscribed

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 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:

Ms. Julia Clah
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 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.

By: _____

Printed Name: _____

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

	Tangible	Intangible	Total	Fruitland Coal	Pictured Cliffs
I. Drilling Costs (Included Run Casing)					
Survey and Permits		3,000		1,500	1,500
Title Opinion		3,000		1,500	1,500
Drilling (incl. water and mud) 1000' @ 15.00/ft.		15,000		6,375	3,625
BOP Rental		750		375	375
Dirt Work		4,000		2,000	2,000
Pit Lining		2,900		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			2,338	3,163
Trucking		3,000		1,500	1,500
Logs		3,750		1,875	1,875
Engineering		3,000		2,500	2,500
Cement Longstring		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			5,936	2,773	3,163
Grand Total to Run Casing			65,299	30,508	34,791
II. Completion Costs					
Rig Anchors		750		375	375
Logs		3,000		1,500	1,500
Part		3,500		1,750	1,750
Wellhead & Fittings	4,000			2,000	2,000
Tubing 1000' @ 2.50/ft.	2,500			1,063	1,438
Stimulation		42,000		21,000	21,000
Tool Rental		2,300		1,150	1,150
Trucking		3,000		1,500	1,500
Battery Installation		6,000		3,000	3,000
Restore Location		3,500		1,750	1,750
Engineering		3,800		2,900	2,900
Treater, Separator	3,300			2,650	2,650
Flowline	4,000			2,000	2,000
Tank & Fittings	4,500			2,250	2,250
Gravel		3,000		1,500	1,500
Workover Rig		10,000		5,000	5,000
Completion Fluids		2,000		1,000	1,000
Pipeline Hookup		13,000		6,500	6,500
Division Order Opinion		1,500		750	750
Frac Tank Rental		2,500		1,250	1,250
Flowback		2,000		1,000	1,000
Fence Location	3,300			1,650	1,650
Total Completion Costs	23,600	103,350	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			65,299	30,508	34,791
Grand Total Well Costs			213,819	104,550	109,269

FRUITLAND COAL				\$104407
99.36375% RICHARDSON OPERATING CO ET AL	DATE _____	APPROVED _____		\$142
0.13625% JULIA CLAH	DATE _____	APPROVED _____	FC TOTAL	\$104550

PICTURED CLIFFS				\$109070
99.81813% RICHARDSON OPERATING CO ET AL	DATE _____	APPROVED _____		\$199
0.18188% JULIA CLAH	DATE _____	APPROVED _____	PC TOTAL	\$109269

JULIA CLAH TOTAL \$341

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 11th day of January, 2001, by and between

Julia Clah, an unmarried woman

Whose post office address P.O. Box 762, Shiprock, NM 87420 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 ten and more (\$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 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 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-wit:

Township 29 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 shall be drilled on the leased premises without first obtaining Lessor's written consent.

and containing 0.872 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 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 Lessee is then 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 ninety (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 Lessee commences additional drilling 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 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, Lessor agrees that Lessee 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 all or any portion of said land and as to any strata or stratum by delivering to Lessor 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 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 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 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 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 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, then 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 utilize 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 drilling have theretofore been commenced. Production, drilling or reworking operations on 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 on 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 utilize, 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 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 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 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.

Julia Clah

SS#

STATE OF _____ }
COUNTY OF _____ }§

Acknowledgment - Individual(s)

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2000, personally appeared _____ and _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written.

My Commission Expires: _____

Address: _____

STATE OF _____ }
COUNTY OF _____ }§

Acknowledgment - Partnership/Trust

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2000, personally appeared _____ as _____ of _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written.

My Commission Expires: _____

Address: _____

STATE OF _____ }
COUNTY OF _____ }§

Acknowledgment - Corporation

BEFORE ME, the undersigned authority, this day personally appeared _____ to me personally known who being by me duly sworn did say that he is the _____ of _____ and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors who acknowledge said instrument to be the free act and deed of said corporation

Sworn to and subscribed before me, this _____ day of _____, 2000.

My commission Expires: _____



RICHARDSON PRODUCTION COMPANY

1700 Lincoln, Suite 1700
Denver, Colorado 80203 (303) 830-8000
Fax (303) 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 1/4-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 1/4 of Section 8, Township 29 North, Range 14 West. The spacing unit for the Pictured Cliffs formation will be the SE 1/4.

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:

Ms. Julia Clah
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

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 \$70.00 per net mineral acre.

By: _____

Printed Name: _____

**RICHARDSON OPERATING COMPANY
AUTHORITY FOR EXPEDITURES**

Well Name: ROPCO 8-4 SECTION 8-SE/4
Location: T29N R14W, San Juan County, NM
Proposed Depth: 1200'

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

I. Drilling Costs (Included Run Casing)

Survey and Permits
Title Opinion
Drilling (incl. water and mud) 1200' @ 15.00/ft.
BOP Rental
Dirt Work
Pit Lining
Surface Casing 200' @ 7.18/ft.
Casing Head
Cement Surface
Power Tongs
Casing 1200' @ 5.50/ft.
Trucking
Logs
Engineering
Cement Longstring
Total Cost to Run Casing
5.9375% Farmington, NM Tax
10% Contingency
Grand Total to Run Casing

II. Completion Costs

Rig Anchors
Logs
Perf.
Wellhead & Fittings
Tubing 1200' @ 2.50/ft.
Stimulation
Tool Rental
Trucking
Battery Installation
Restore Location
Engineering
Treater, Separator
Flowline
Tank & Fittings
Gravel
Workover Rig
Completion Fluids
Division Order Opinion
Pipeline Hookup
Frac Tank Rental
Flowback
Fence Location
Total Completion Costs
5.9375% Farmington, NM Tax
10% Contingency
Drilling Costs
Grand Total Well Costs

Tangible	Intangible	Total	Actual
	3.000		
	1.500		
	18.000		
	750		
	4.000		
	2.900		
1.436			
1.500			
	2.300		
	1.000		
6.600			
	3.000		
	3.500		
	3.000		
	4.000		
9.536	46.850	56.386	
		3.348	
		5.973	
		65.707	
	750		
	2.500		
	2.000		
4.000			
3.000			
	22.000		
	2.300		
	3.000		
	6.000		
	3.500		
	3.250		
5.300			
4.000			
4.500			
3.000			
	5.000		
	1.000		
	1.000		
	13.000		
	1.250		
	1.000		
3.300			
27.100	67.550	94.650	
		5.620	
		10.027	
		65.707	
		176.004	

PICTURED CLIFFS

09 9094% RICHARDSON OPERATING COMPANY DATE _____
00906% JULIA CLAH DATE _____

APPROVED _____
APPROVED _____

\$175.845
\$160
\$176.004

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 11th day of January, 2001, by and between

Julia Clah, an unmarried woman

Whose post office address P.O. Box 762, Shiprock, NM 87420 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 ten and more (\$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 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 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-wit:

Township 29 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 shall be drilled on the leased premises without first obtaining Lessor's written consent.

and containing 0.872 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 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 Lessee is then 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 ninety (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 Lessee commences additional drilling 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 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, Lessor agrees that Lessee 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 all or any portion of said land and as to any strata or stratum by delivering to Lessor 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 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 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 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 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 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 hereunder, 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 drilling have theretofore been commenced. Production, drilling or reworking operations on 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 on 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 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 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 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 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.

Julia Clah

SSR

STATE OF _____)
)§
COUNTY OF _____)

Acknowledgment - Individual(s)

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2000, personally appeared _____ and _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written

My Commission Expires: _____

Address: _____

STATE OF _____)
)§
COUNTY OF _____)

Acknowledgment - Partnership/Trust

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2000, personally appeared _____ as _____ of _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written

My Commission Expires: _____

Address: _____

STATE OF _____)
)§
COUNTY OF _____)

Acknowledgment - Corporation

BEFORE ME, the undersigned authority, this day personally appeared _____ to me personally known who being by me duly sworn did say that he is the _____ of _____ and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors who acknowledge said instrument to be the free act and deed of said corporation

Sworn to and subscribed before me, this _____ day of _____, 2000

My commission Expires: _____

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

Article Sent To:

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

JAN 12 2001
Postmark
Here

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

PS Form 3800, July 1999

See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

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

2. Article Number (Copy from service label)

7099 3220 0005 1561 5948

PS Form 3811, July 1999

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) Rosinda Crosby B. Date of Delivery: 1-24-01

C. Signature

Rosinda Crosby

☐ Agent
☐ Addressee

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

3. Service Type

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

4. Restricted Delivery? (Extra Fee) ☐ Yes

Domestic Return Receipt

02595-00-M-0952

- Curtis -

IMPORTANT MESSAGE

FOR C S
DATE 1-24 TIME 3:45 ^{A.M.} _{P.M.}
M William Rosinda
OF Crosby
PHONE 505-368-4585
AREA CODE NUMBER EXTENSION
☐ FAX
☐ MOBILE no longer
AREA CODE NUMBER TIME TO CALL

TELEPHONED	PLEASE CALL	
CAME TO SEE YOU	WILL CALL AGAIN	
WANTS TO SEE YOU	RUSH	
RETURNED YOUR CALL	WILL FAX TO YOU	

MESSAGE Re Certified letter -
see me before you

Call - KB

SIGNED

Call back

10 PM

TOPS FORM 4005 LITHO IN U.S.A.

Weds

Jan 31, 2001



2-8-01 4:44 PM

RICHARDSON PRODUCTION COMPANY

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

January 11, 2001

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

100% OWNERSHIP

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, Jr.

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 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.

By: _____

Printed Name: _____

RICHARDSON OPERATING CO. L.P. AUTHORITY FOR EXPENDITURES

Well Name: ROPCO #3-3 SECTION 8 PO SW/4, PO 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

	Tangible	Intangible	Total	Fruitland Coal	Pictured Cliffs
I. Drilling Costs (Included Run Casing)					
Survey and Permits		3,000		1,500	1,500
Title Opinion		3,000		1,500	1,500
Drilling (incl. water and mud) 1000' @ 15.00/ft.		15,000		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			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			2,338	3,163
Trucking		3,000		1,500	1,500
Logs		3,750		1,875	1,875
Engineering		5,000		2,500	2,500
Cement Longstring		4,000		1,700	2,300
Total Cost to Run Casing	3,436	47,600	56,036	25,181	29,856
5.9375% Farmington, NM Tax			3,327	1,354	1,773
10% Contingency			5,936	2,773	3,163
Grand Total to Run Casing			65,299	30,508	34,791
II. Completion Costs					
Rig Anchors		750		375	375
Logs		3,000		1,500	1,500
Pert		3,500		1,750	1,750
Wellhead & Fittings	4,000			2,000	2,000
Tubing 1000' @ 2.50/ft.	2,500			1,063	1,438
Stimulation		42,000		21,000	21,000
Tool Rental		3,300		1,150	1,150
Trucking		3,000		1,500	1,500
Battery Installation		6,000		3,000	3,000
Restore Location		3,500		1,750	1,750
Engineering		5,300		2,900	2,900
Treater, Separator	6,300			2,650	2,650
Flowline	4,000			2,000	2,000
Tank & Fittings	4,500			2,250	2,250
Gravel		3,000		1,500	1,500
Workover Rig		10,000		5,000	5,000
Completion Fluids		2,000		1,000	1,000
Pipeline Hookup		13,000		6,500	6,500
Division Order Opinion		1,500		750	750
Frac Tank Rental		2,500		1,250	1,250
Flowback		2,000		1,000	1,000
Fence Location	3,300			1,650	1,650
Total Completion Costs	23,600	103,350	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			65,299	30,508	34,791
Grand Total Well Costs			213,819	104,550	109,269

FRUITLAND COAL

99.98266% RICHARDSON OPERATING CO. ET AL	DATE _____	APPROVED _____	\$104427
0.01734% WILLIAM CROSBY, JR.	DATE _____	APPROVED _____	\$123
ROSINDA CROSBY	DATE _____	APPROVED _____	
FO TOTAL			\$104550

PICTURED CLIFFS

100% RICHARDSON OPERATING CO. ET AL	DATE _____	APPROVED _____	\$109269
0.00000% WILLIAM CROSBY, JR.	DATE _____	APPROVED _____	\$
ROSINDA CROSBY	DATE _____	APPROVED _____	
PC TOTAL			\$109269
WILLIAM & ROSINDA CROSBY TOTAL			\$123

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 11th day of January, 2001, by and between

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

Whose post office address is P.O. Box 686, Waterflow, New Mexico 87421 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 Ten and more (\$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 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 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-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 shall be drilled on the leased premises without first obtaining Lessor's written consent.

and containing 0.751 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 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 Lessee is then 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 ninety (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 thereon should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling 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 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, Lessor agrees that Lessee 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 all or any portion of said land and as to any strata or stratum by delivering to Lessor 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 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 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 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 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 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 hereunder, 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 drilling have theretofore 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 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 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 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 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 hereinafore 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.

William Crosby, Jr.

Rosinda Crosby

SS#

SS#

STATE OF _____ }
COUNTY OF _____ }§

Acknowledgment - Individual

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2000, personally appeared _____ and _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written.

My Commission Expires _____

Address _____

STATE OF _____ }
COUNTY OF _____ }§

Acknowledgment - Partnership/Trust

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2000, personally appeared _____ as _____ of _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written.

My Commission Expires _____

Address _____

STATE OF _____ }
COUNTY OF _____ }§

Acknowledgment - Corporation

Before me, the undersigned authority, this day personally appeared _____ to me personally known who being by me duly sworn did say that he is the _____ of _____, and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors who acknowledge said instrument to be the free act and deed of said corporation.

Sworn to and subscribed before me, this _____ day of _____, 2000

My commission Expires _____

Notary Public

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

Article Sent To:

Postage \$

Certified Fee

Return Receipt Fee
 (Endorsement Required)

Restricted Delivery Fee
 (Endorsement Required)

Total Postage & Fees

SHIPPED

JAN 15 2001
 Postmark
 Here

Name

Street

City, S.

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

PS Form

Instructions

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

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

Rosinda Crosby 1-24-01

C. Signature

Rosinda Crosby ☐ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☐ No

3. Service Type

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

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Copy from service label)

7099 3220 0005 1561 6020

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952



RICHARDSON PRODUCTION COMPANY

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



January 15, 2001

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

Certified Mail 7099 3220 0005 1561 6020

Re: Pictured Cliffs Well Proposal
ROPCO #8-4 Well
SE 1/4-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 1/4 of Section 8, Township 29 North, Range 14 West. The spacing unit for the Pictured Cliffs formation will be the SE 1/4.

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. 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

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 \$70.00 per net mineral acre.

By: _____ By: _____

Printed Name: _____ Printed Name: _____

**RICHARDSON OPERATING COMPANY
AUTHORITY FOR EXPEDITURES**

Well 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

I. 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		
Dirt Work		4,000		
Pit Lining		2,300		
Surface Casing 200' @ 7.18/ft.	1,436			
Casing Head	1,500			
Cement Surface		2,300		
Power Tongs		1,000		
Casing 1200' @ 5.50/ft.	6,600			
Trucking		3,000		
Logs		3,500		
Engineering		3,000		
Cement Longstring		4,000		
Total Cost to Run Casing	9,536	46,850	56,386	
5.9375% Farmington, NM Tax			3,348	
10% Contingency			5,973	
Grand Total to Run Casing			65,707	

II. Completion Costs

Rig Anchors		750		
Logs		2,500		
Perf.		2,000		
Wellhead & Fittings	4,000			
Tubing 1200' @ 2.50/ft.	3,000			
Stimulation		22,000		
Tool Rental		2,300		
Trucking		3,000		
Battery Installation		6,000		
Restore Location		3,500		
Engineering		3,250		
Treater, Separator	5,300			
Flowline	4,000			
Tank & Fittings	4,500			
Gravel	3,000			
Workover Rig		5,000		
Completion Fluids		1,000		
Division Order Opinion		1,000		
Pipeline Hackup		13,000		
Frac Tank Rental		1,250		
Flowback		1,000		
Fence Location	3,300			
Total Completion Costs	27,100	57,550	84,650	
5.9375% Farmington, NM Tax			5,020	
10% Contingency			10,027	
Drilling Costs			65,707	
Grand Total Well Costs			176,004	

PICTURED CLIFFS

89 1653%, RICHARDSON OPERATING COMPANY DATE _____
0 2347%, WILLIAM CROSBY JR DATE _____
POSINCA CROSBY DATE _____

APPROVED _____
APPROVED _____
APPROVED _____

\$175,591

\$413

\$176,004

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 11th day of January 2001 by and between

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

Whose post office address is P.O. Box 686, Waterflow, New Mexico 87421 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 ten and more (\$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 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 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-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 shall be drilled on the leased premises without first obtaining Lessor's written consent.

and containing 0.751 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 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 Lessee is then 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 ninety (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 Lessee commences additional drilling 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 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, Lessor agrees that Lessee 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 all or any portion of said land and as to any strata or stratum by delivering to Lessor 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 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 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 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 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 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 hereunder, 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 drilling have theretofore been commenced. Production, drilling or reworking operations on 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 on 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 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 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 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 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

William Crosby, Jr.

Rosinda Crosby

STATE OF _____ }
COUNTY OF _____ }§

Acknowledgment - Individual

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2000, personally appeared _____ and _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written.

My Commission Expires: _____

Address: _____

STATE OF _____ }
COUNTY OF _____ }§

Acknowledgment - Partnership/Trust

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2000, personally appeared _____ as _____ of _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written.

My Commission Expires: _____

Address: _____

STATE OF _____ }
COUNTY OF _____ }§

Acknowledgment - Corporation

Before me, the undersigned authority, this day personally appeared _____ to me personally known who being by me duly sworn did say that he is the _____ of _____, and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors who acknowledge said instrument to be the free act and deed of said corporation.

Sworn to and subscribed before me, this _____ day of _____, 2000

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



U.S. POSTAGE
0395
METER 532215

- | | |
|--|---|
| <input type="checkbox"/> Not Deliverable As Addressed | <input type="checkbox"/> Not Deliverable As Addressed |
| <input type="checkbox"/> Unable To Forward | <input type="checkbox"/> Unable To Forward |
| <input type="checkbox"/> Insufficient Address | <input type="checkbox"/> Insufficient Address |
| <input type="checkbox"/> Moved, Left No Address | <input type="checkbox"/> Moved, Left No Address |
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| <input type="checkbox"/> No Such Number | <input type="checkbox"/> No Mail Receipts |
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| <input type="checkbox"/> Box Closed - No Order | <input type="checkbox"/> Forwarding Order Expired |
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CERTIFIED MAIL



SON PRODUCTION C

1700 Lincoln, Suite 1700
Denver, Colorado 80203



7000 0520 0023 4373 2349

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



- | | |
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| <input type="checkbox"/> Not Deliverable As Addressed | <input type="checkbox"/> Not Deliverable As Addressed |
| <input type="checkbox"/> Unable To Forward | <input type="checkbox"/> Unable To Forward |
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| <input type="checkbox"/> Box Closed - No Order | <input type="checkbox"/> Forwarding Order Expired |
| <input type="checkbox"/> Forwarding Order Expired | <input type="checkbox"/> Forwarding Order Expired |



RICHARDSON PRODUCTION COMPANY

1700 Lincoln, Suite 1700
Denver, Colorado 80203 303/330-8000
Fax: 303/330-8009

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 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 500% 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

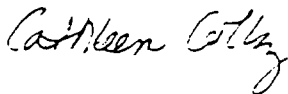
Page 2

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 Colby
Land Manager

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 \$70.00 per net mineral acre.

By: _____

Printed Name: _____

ILLEGIBLE

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

I. Drilling Costs (Included Run Casing)

Survey and Permits
 Title Opinion
 Drilling (incl. water and mud) 1000' @ 15.00/ft.
 BOP Rental
 Dirt Work
 Pit Lining
 Surface Casing 200' @ 7.18/ft.
 Casing Head
 Cement Surface
 Power Tongs
 Casing 1000' @ 5.50/ft.
 Trucking
 Logs
 Engineering
 Cement Longstring
 Total Cost to Run Casing
 5.9375% Farmington NM Tax
 10% Contingency
 Grand Total to Run Casing

Tangible	Intangible	Total	Fruitland Coal	Pictured Cliffs
	3,000		1,500	1,500
	3,000		1,500	1,500
	15,000		6,375	8,625
	750		375	375
	4,000		2,000	2,000
	2,300		1,400	1,400
1,436			718	718
1,500			750	750
	2,300		1,150	1,150
	1,000		500	500
5,500			2,338	3,163
	3,000		1,500	1,500
	3,750		1,875	1,875
	5,000		2,500	2,500
	4,000		1,700	2,300
3,436	47,600	56,036	26,181	29,856
		3,327	1,554	1,773
		5,936	2,773	3,163
		65,299	30,508	34,791

II. Completion Costs

Rig Anchors
 Logs
 Permits
 Wellhead & Fittings
 Tubing 1000' @ 2.50/ft.
 Stimulation
 Tool Rental
 Trucking
 Battery Installation
 Restore Location
 Engineering
 Treater, Separator
 Flowline
 Tank & Fittings
 Gravel
 Workover Rig
 Completion Fluids
 Pipeline Hookup
 Division Order Opinion
 Frac Tank Rental
 Flowback
 Fence Location
 Total Completion Costs
 5.9375% Farmington NM Tax
 10% Contingency
 Drilling Costs
 Grand Total Well Costs

	750		375	375
	3,000		1,500	1,500
	3,500		1,750	1,750
4,000			2,000	2,000
2,500			1,063	1,438
	42,000		21,000	21,000
	2,300		1,150	1,150
	3,000		1,500	1,500
	6,000		3,000	3,000
	3,500		1,750	1,750
	5,800		2,900	2,900
5,300			2,650	2,650
4,000			2,000	2,000
4,500			2,250	2,250
	3,000		1,500	1,500
	10,000		5,000	5,000
	2,000		1,000	1,000
	13,000		6,500	6,500
	1,500		750	750
	2,500		1,250	1,250
	2,000		1,000	1,000
3,300			1,650	1,650
23,600	103,850	127,450	63,638	63,913
		7,567	3,773	3,795
		13,602	6,731	6,771
		65,299	30,508	34,791
		113,819	104,650	109,259

FRUITLAND COAL

99.98231% RICHARDSON OPERATING CO ET AL
 0.01769% LOWELL E. RENFRO
 CALLIE P. RENFRO

DATE _____
 DATE _____
 DATE _____

APPROVED _____
 APPROVED _____
 APPROVED _____

FC TOTAL

\$104427
 \$123
 \$104550

PICTURED CLIFFS

100% RICHARDSON OPERATING CO ET AL
 0.00000% LOWELL E. RENFRO
 CALLIE P. RENFRO

DATE _____
 DATE _____
 DATE _____

APPROVED _____
 APPROVED _____
 APPROVED _____

FC TOTAL

\$109259
 \$
 \$109259

LOWELL RENFRO & CALLIE RENFRO TOTAL

\$123

ILLEGIBLE

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 11th day of January, 2001, by and betweenLowell E. Renfro and Callie P. Renfro, a married couple, joint tenantsWhose post office address is #2 County Road 6212, Kitland, New Mexico 87417 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 Ten and more (\$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 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 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-wit:

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

Section 8: Lot Eight (8) 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 0.750 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 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 Lessee is then 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 ninety (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 Lessee commences additional drilling 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 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, Lessor agrees that Lessee 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 all or any portion of said land and as to any strata or stratum by delivering to Lessor 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 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 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 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 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 Lessor's pipe line below plow depth.

8. No well shall be drilled nearer than 200 feet to the house in being 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, then and 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 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 drilling have theretofore been commenced. Production, drilling or reworking operations on 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 on 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 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 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 in 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 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 heretobove 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 of 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.

Lowell E. Renfro

Callie P. Renfro

STATE OF _____)
)§
COUNTY OF _____)

Acknowledgment - Individual

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2000, personally appeared _____ and _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written.

My Commission Expires _____

Address _____

STATE OF _____)
)§
COUNTY OF _____)

Acknowledgment - Partnership/Trust

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2000, personally appeared _____ as _____ of _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written.

My Commission Expires _____

Address _____

STATE OF _____)
)§
COUNTY OF _____)

Acknowledgment - Corporation

Before me, the undersigned authority, this day personally appeared _____ to me personally known who being by me duly sworn did say that he is the _____ of _____, and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors who acknowledge said instrument to be the free act and deed of said corporation

Sworn to and subscribed before me, this _____ day of _____, 2000

My commission Expires _____

Notary Public



RICHARDSON PRODUCTION COMPANY

1700 Lincoln, Suite 1700
Denver, Colorado 80203 (303) 530-8000
Fax (303) 530-8009

January 15, 2001



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

Certified Mail 7000 0529 0023 4373 2349

Re: Pictured Cliffs Well Proposal
RQPCO #8-4 Well
SE 4-Section 8-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

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 \$70.00 per net mineral acre.

By: _____

By: _____

Printed Name: _____

Printed Name: _____

ILLEGIBLE

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

I. Drilling Costs (Included Run Casing)

Survey and Permits
Title Opinion
Drilling (incl. water and mud) 1200' @ 15.00/ft.
BOP Rental
Dirt Work
Pit Lining
Surface Casing 200' @ 7.18/ft.
Casing Head
Cement Surface
Power Tongs
Casing 1200' @ 5.50/ft.
Trucking
Logs
Engineering
Cement Longstring
Total Cost to Run Casing

Tangible	Intangible	Total	Actual
	3.000		
	1.500		
	13.000		
	750		
	4.000		
	2.800		
1.436			
1.500			
	2.300		
	1.000		
5.600			
	3.000		
	3.500		
	3.000		
	4.000		
9.536	46.850	56.386	
		3.348	
		5.973	
		55.707	

5.9375% Farmington, NM Tax
10% Contingency

Grand Total to Run Casing

II. Completion Costs

Rig Anchors
Logs
Part
Wellhead & Fittings
Tubing 1200' @ 2.50/ft.
Stimulation
Tool Rental
Trucking
Battery Installation
Restore Location
Engineering
Treater, Separator
Flowline
Tank & Fittings
Gravel
Workover Rig
Completion Fluids
Division Order Condition
Pipeline Hookup
Frac Tank Rental
Flowback
Fence Location
Total Completion Costs

	750		
	2.500		
	2.000		
4.000			
3.000			
	22.000		
	2.300		
	3.000		
	6.000		
	3.500		
	3.250		
5.300			
4.000			
4.500			
3.000			
	5.000		
	1.000		
	1.000		
	13.000		
	1.250		
	1.000		
3.300			
27.100	67.550	94.650	
		5.620	
		10.027	
		55.707	
		175.004	

5.9375% Farmington, NM Tax
10% Contingency
Drilling Costs
Grand Total Well Costs

PICTURED CLIFFS
99.7656% RICHARDSON OPERATING COMPANY DATE _____ APPROVED _____ \$175.592
0.2344% LOWELL E. BENFRO DATE _____ APPROVED _____ \$413
CALLIE P. BENFRO DATE _____ APPROVED _____
\$176.004

ILLEGIBLE

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 11th day of January 2001 by and between

Lowell E. Renfro and Callie P. Renfro, a married couple, joint tenants

at post office address #2 County Road 6212, Kirland, New Mexico 87417 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 Ten and more (\$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 let unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, and using 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, 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 wit:

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

Section 8: Lot Eight (8) 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 0.750 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 on 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, or gas is not being produced on the leased premises or on acreage pooled therewith but Lessee is then 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 ninety (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 Lessee commences additional drilling 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 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, Lessor agrees that Lessee 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 all or any portion of said land and as to any strata or stratum by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligation thereafter accruing as to 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 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 (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 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 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 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 hereunder, 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 drilling have theretofore been commenced. Production, drilling or reworking operations on 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 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 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 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 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 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

Lowell E. Renfro

Callie P. Renfro

STATE OF _____)
COUNTY OF _____)

Acknowledgment - Individual

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2000, personally appeared _____ and _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written.

My Commission Expires _____

Address _____

STATE OF _____)
COUNTY OF _____)

Acknowledgment - Partnership/Trust

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2000, personally appeared _____ as _____ of _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written

My Commission Expires _____

Address _____

STATE OF _____)
COUNTY OF _____)

Acknowledgment - Corporation

Before me, the undersigned authority, this day personally appeared _____ to me personally known who being by me duly sworn did say that he is the _____ of _____, and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors who acknowledge said instrument to be the free act and deed of said corporation

Sworn to and subscribed before me, this _____ day of _____, 2000

My commission Expires _____

Notary Public

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

Article Sent To:

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

Postmark Here 2001

Name (P) Mr. Myron E. Shorty and
 Street, A Ms. Vangie Randall
 #1 County Road 6212
 City, Sta Kirtland, New Mexico 87417

PS Form

uctions

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

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

COMPLETE THIS SECTION ON DELIVERY

- A. Received by (Please Print Clearly) B. Date of Delivery 1/19/01
- C. Signature *[Signature]* ☐ Agent ☐ Addressee
- D. Is delivery address different from item 1? ☐ Yes ☐ No
 If YES, enter delivery address below:

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 1561 5962

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952



RICHARDSON PRODUCTION COMPANY

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

January 11, 2001

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

Certified Mail 7099 3220 0003 1561 5962

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. 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:

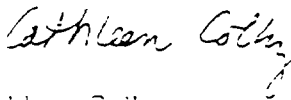
Mr. Myron Shorty and Ms. Vangie Randall
January 11, 2001
Page 2

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 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.

By: _____

Printed Name: _____

AUTHORITY FOR EXPEDITURES

Well Name: ROPCO #8-3 SECTION 8 PO 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

I. 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		1,500	1,500
• Drilling (incl. water and mud) 1000' @ 15.00/ft.		15,000		6,375	8,625
BOP Rental		750		375	375
Dirt Work		4,000		2,000	2,000
Pit Lining		2,300		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			2,338	3,163
Trucking		3,000		1,500	1,500
Logs		3,750		1,875	1,875
Engineering		5,000		2,500	2,500
Cement Longstring		4,000		1,700	2,300
Total Cost to Run Casing	8,436	47,600	56,036	26,131	29,956
5.9375% Farmington NM Tax			3,327	1,554	1,773
10% Contingency			5,936	2,773	3,163
Grand Total to Run Casing			65,299	30,508	34,791
II. Completion Costs					
Rig Anchors		750		375	375
Logs		3,000		1,500	1,500
Perms		3,500		1,750	1,750
Wellhead & Fittings	4,000			2,000	2,000
Tubing 1000' @ 2.50/ft.	2,500			1,063	1,438
Stimulation		42,000		21,000	21,000
Tool Rental		2,300		1,150	1,150
Trucking		3,000		1,500	1,500
Battery Installation		6,000		3,000	3,000
Restore Location		3,500		1,750	1,750
Engineering		5,800		2,900	2,900
Treater, Separator	5,300			2,650	2,650
Flowline	4,000			2,000	2,000
Tank & Fittings	4,500			2,250	2,250
Gravel		3,000		1,500	1,500
Workover Rig		10,000		5,000	5,000
Completion Fluids		2,000		1,000	1,000
Pipeline Hookup		13,000		6,500	6,500
Division Order Opinion		1,500		750	750
Prod Tank Rental		2,500		1,250	1,250
Flowback		2,000		1,000	1,000
Fence Location	3,300			1,650	1,650
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			65,299	30,508	34,791
Grand Total Well Costs			213,819	104,550	109,269

ILLEGIBLE

FRUITLAND COAL				
87891% RICHARDSON OPERATING CO ET AL	DATE _____	APPROVED _____		\$104423
10109% MYRON E. SHORTY	DATE _____	APPROVED _____		\$127
YANGIE RANDALL	DATE _____	APPROVED _____		
			FC TOTAL	\$104550
PICTURED CLIFFS				
100% RICHARDSON OPERATING CO ET AL	DATE _____	APPROVED _____		\$109269
10000% MYRON E. SHORTY	DATE _____	APPROVED _____		5
YANGIE RANDALL	DATE _____	APPROVED _____		
			PC TOTAL	\$109269
			MYRON SHORTY & YANGIE RANDALL TOTAL	\$127

ILLEGIBLE

OIL AND GAS LEASE

THIS 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, Kittland, NM 87417 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 Ten and more (\$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 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 whatever nature or kind, with rights of way and easements for laying pipe lines, 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 San Juan, State of New Mexico, 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 .775 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 whatever 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 Lessee is then 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 ninety (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 Lessee commences additional drilling 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 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, Lessor agrees that Lessee 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 all or any portion of said land and as to any strata or stratum by delivering to Lessor 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 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 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 month 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 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 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 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 hereunder, 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 drilling have theretofore been commenced. Production, drilling or reworking operations on 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 on 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 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 royalties to be paid hereunder to Lessor, be reported 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 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 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

Myron E. Shorty

Vangie Randall

SS#

SS#

STATE OF _____ }
COUNTY OF _____ }§

Acknowledgment - Individual(s)

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2000, personally appeared _____ and _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written

My Commission Expires: _____

Address: _____

STATE OF _____ }
COUNTY OF _____ }§

Acknowledgment - Partnership/Trust

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2000, personally appeared _____ as _____ of _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written

My Commission Expires: _____

Address: _____

STATE OF _____ }
COUNTY OF _____ }§

Acknowledgment - Corporation

BEFORE ME, the undersigned authority, this day personally appeared _____ to me personally known who being by me duly sworn did say that he is the _____ of _____ and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors who acknowledge said instrument to be the free act and deed of said corporation

Sworn to and subscribed before me, this _____ day of _____, 2000

My commission Expires: _____

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

7000 0520 0023 4373 2356

Postage \$		SHIP MAIL Postmark Date Time Initials (mail)
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees \$		
Re: Mr. Myron E. Shorty and Ms. Vangie Randall #1 County Road 6212 Kirland, New Mexico 87417	PS Instructions	

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

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

2. Article Number (Copy from service label)

7000 0520 0023 4373 2356

PS Form 3811, July 1999

COMPLETE THIS SECTION ON DELIVERY

- A. Received by (Please Print Clearly) B. Date of Delivery
 1/19/01
- C. Signature ☒ Agent
☒ Addressee
- D. Is delivery address different from item 1? ☐ Yes
 If YES, enter delivery address below: ☐ No

3. Service Type

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

4. Restricted Delivery? (Extra Fee)

☐ Yes

Domestic Return Receipt

102595-00-M-0952



RICHARDSON PRODUCTION COMPANY

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

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 Coiby
Land Manager

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 \$70.00 per net mineral acre.

By: _____ By: _____

Printed Name: _____ Printed Name: _____

**RICHARDSON OPERATING COMPANY
AUTHORITY FOR EXPEDITURES**

Well 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

I. Drilling Costs (Included Run Casing)

Survey and Permits
Title Opinion
Drilling (incl. water and mud) 1200' @ 15.00/ft.
BOP Rental
Dirt Work
Pit Lining
Surface Casing 200' @ 7.18/ft.
Casing Head
Cement Surface
Power Tongs
Casing 1200' @ 5.50/ft
Trucking
Logs
Engineering
Cement Longstring
Total Cost to Run Casing
5.9375% Farmington, NM Tax
10% Contingency
Grand Total to Run Casing

Tangible	Intangible	Total	Actual
	3,000		
	1,500		
	18,000		
	750		
	4,000		
	2,800		
1,436			
1,500			
	2,300		
	1,300		
6,600			
	3,000		
	3,500		
	3,000		
	4,000		
9,536	46,850	56,386	
		3,348	
		5,973	
		65,707	

II. Completion Costs

Rig Anchors
Logs
Permits
Wellhead & Fittings
Tubing 1200' @ 2.50/ft
Stimulation
Tool Rental
Trucking
Battery Installation
Restore Location
Engineering
Treater, Separator
Flowline
Tank & Fittings
Gravel
Workover Rig
Completion Fluids
Division Order Opinion
Pipeline Hookup
Frac Tank Rental
Flowback
Fence Location
Total Completion Costs
5.9375% Farmington, NM Tax
10% Contingency
Drilling Costs
Grand Total Well Costs

	750		
	2,500		
	2,000		
4,000			
3,000			
	22,000		
	2,300		
	3,000		
	6,000		
	3,500		
	3,250		
6,300			
4,000			
4,500			
3,000			
	5,000		
	1,000		
	1,000		
	13,000		
	1,250		
	1,000		
3,300			
27,100	67,650	94,650	
		5,620	
		10,027	
		65,707	
		176,004	

PICTURED CLIFFS

89.7573% RICHARDSON OPERATING COMPANY DATE _____
0.2422% MYRON E. SHORTY DATE _____
JANGIE RANDALL DATE _____

APPROVED _____
APPROVED _____
APPROVED _____

\$175,578

\$426

\$176,004

ILLEGIBLE

OIL AND GAS LEASE

THIS 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, Kirtland, NM 87417 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 Ten and more (\$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 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 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-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 .775 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 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 Lessee is then 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 ninety (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 Lessee commences additional drilling 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 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, Lessor agrees that Lessee 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 all or any portion of said land and as to any strata or stratum by delivering to Lessor 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 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 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 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 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 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 hereunder, 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 returned 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 on 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 on 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 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 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 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 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

Myron E. Shorty Vangie Randall
SS# SS#

STATE OF _____ }
COUNTY OF _____ } §

Acknowledgment - Individual(s)

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2000, personally appeared _____ and _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written.

My Commission Expires: _____

Address: _____

STATE OF _____ }
COUNTY OF _____ } §

Acknowledgment - Partnership/Trust

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2000, personally appeared _____ as _____ of _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written.

My Commission Expires: _____

Address: _____

STATE OF _____ }
COUNTY OF _____ } §

Acknowledgment - Corporation

BEFORE ME, the undersigned authority, this day personally appeared _____ to me personally known who being by me duly sworn did say that he is the _____ of _____ and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors who acknowledge said instrument to be the free act and deed of said corporation

Sworn to and subscribed before me, this _____ day of _____, 2000

My commission Expires: _____

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

7000 0520 0023 4373 2431

Postage	\$	SHIPPED JAN 22 2001 Postmark Here
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	
Recipient	CLR LLC	
Street	Attn: Mr. Doug Leming	
City, St	P.O. Box 1564	
	Kirtland, New Mexico 87417	

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

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

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) Debbie Barnett B. Date of Delivery 1/25/01

C. Signature X. Debbie Barnett ☐ Agent ☒ Addressee

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

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)

7000 0520 0023 4373 2431

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-4-0952



RICHARDSON PRODUCTION COMPANY

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

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: Fruitland 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

Cathleen Colby
Land Manager

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 \$70.00 per net mineral acre.

By: _____

Printed Name: _____

AUTHORITY FOR EXPENDITURES

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

I. 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		1,500	1,500
* Drilling (incl. water and mud) 1000' @ 15.00/ft.		15,000		6,375	3,625
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			718	718
Casing Head	1,500			750	750
Cement Surface		2,500		1,150	1,150
Power Tongs		1,000		500	500
Casing 1000' @ 5.50/ft.	5,500			2,338	3,163
Trucking		3,000		1,500	1,500
Logs		3,750		1,875	1,875
Engineering		5,000		2,500	2,500
Cement Longstring		1,000		1,700	2,300
Total Cost to Run Casing	3,436	47,800	56,036	26,181	29,856
5.9375% Farmington, NM Tax			3,327	1,664	1,773
10% Contingency			5,936	2,773	3,163
Grand Total to Run Casing			65,299	30,608	34,791
II. Completion Costs					
Rig Anchors		750		375	375
Logs		3,000		1,500	1,500
Perforations		3,500		1,750	1,750
Wellhead & Fittings	4,000			2,000	2,000
Tubing 1000' @ 2.50/ft.	2,500			1,063	1,438
Stimulation		42,000		21,000	21,000
Tool Rental		2,500		1,150	1,150
Trucking		3,000		1,500	1,500
Battery Installation		6,000		3,000	3,000
Restore Location		3,500		1,750	1,750
Engineering		5,800		2,900	2,900
Treater, Separator	5,300			2,650	2,650
Flowline	1,000			2,000	2,000
Tank & Fittings	1,500			2,250	2,250
Gravel		3,000		1,500	1,500
Workover Rig		10,000		5,000	5,000
Completion Fluids		2,000		1,000	1,000
Pipeline Hookup		13,000		6,500	6,500
Division Order Opinion		1,500		750	750
Frac Tank Rental		2,500		1,250	1,250
Flowback		2,000		1,000	1,000
Fence Location	3,300			1,650	1,650
Total Completion Costs	23,600	103,350	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			65,299	30,608	34,791
Grand Total Well Costs			203,819	104,650	109,269

FRUITLAND COAL				
9.71097% RICHARDSON OPERATING CO ET AL	DATE _____	APPROVED _____		\$104249
0.28703% CLR LLC	DATE _____	APPROVED _____		\$500
			FC TOTAL	\$104650
PICTURED CLIFFS				
9.42594% RICHARDSON OPERATING CO ET AL	DATE _____	APPROVED _____		\$108642
0.57406% CLR LLC	DATE _____	APPROVED _____		\$627
			PC TOTAL	\$109269
			CLR LLC TOTAL	\$927

OIL AND GAS LEASE

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

CLR, LLC

Whose post office address is P.O. Box 1564, Kirtland, NM 87417

hereinafter called Lessor (whether one or more) as

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 Ten and more (\$10 & more) DOLLARS cash in hand paid, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, has granted, demise, 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, 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 thereon 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-wit:

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 1.8370 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 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 Lessee is then 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 ninety (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 Lessee commences additional drilling 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 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, Lessor agrees that Lessee 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 all or any portion of said land and as to any strata or stratum by delivering to Lessor 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 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 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 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 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 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, then and 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 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 drilling have theretofore 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 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 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 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 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 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.

CLR, LLC

BY: _____

Exhibit A

All signatures must be notarized on the back side of the lease form

STATE OF _____ }
COUNTY OF _____ }§

Acknowledgment - Individual(s)

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2001, personally appeared _____ and _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written.

My Commission Expires: _____

Address _____

STATE OF _____ }
COUNTY OF _____ }§

Acknowledgment - Partnership/Trust

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2001, personally appeared _____ as _____ of _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written.

My Commission Expires: _____

Address _____

STATE OF _____ }
COUNTY OF _____ }§

Acknowledgment - Corporation

BEFORE ME, the undersigned authority, this day personally appeared _____ to me personally known who being by me duly sworn did say that he is the _____ of _____ and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors who acknowledge said instrument to be the free act and deed of said corporation

Sworn to and subscribed before me, this _____ day of _____, 2001

My commission Expires _____

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 North 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 beginning.

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

SIGNED FOR IDENTIFICATION

CLR, LLC

By: _____

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

7000 0520 0023 4373 2400

Postage	\$	SHIPPED FEB 08 2001 Postmark Here
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Mr. and Mrs. Joe G. Singleton P.O. Box 1665 Kirtland, New Mexico 87417		
PS Form 3800, February 2000 See Reverse for Instructions		

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

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

2. Article Number (Copy from service label)

7000 0520 0023 4373 2400

PS Form 3811, July 1999

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

FAIRBANKS SINGLETON 2-14-01

C. Signature

X *Joe G. Singleton* ☐ Agent ☐ Addressee

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

3. Service Type

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

4. Restricted Delivery? (Extra Fee) ☐ Yes

Domestic Return Receipt

102595-00-M-0952



RICHARDSON PRODUCTION COMPANY

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

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 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 1/4 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 1/4.

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 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 \$70.00 per net mineral acre.

By: _____ 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 Formations: Commingled Pictured Cliffs
and Fruitland Coal

	Tangible	Intangible	Total	Fruitland Coal	Pictured Cliffs
I. Drilling Costs (Included Run Casing)					
Survey and Permits		3,000		1,500	1,500
Title Opinion		3,000		1,500	1,500
Drilling (incl. water and mud) 1000' @ 15.00/ft.		15,000		6,375	8,625
BOP Rental		750		375	375
Dirt Work		4,000		2,000	2,000
Pit Lining		2,300		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' @ 3.50/ft.	3,500			2,338	3,163
Trucking		3,000		1,500	1,500
Logs		3,750		1,875	1,875
Engineering		5,000		2,500	2,500
Cement Longstring		4,000		1,700	2,300
Total Cost to Run Casing	3,436	47,500	50,936	26,181	29,855
5.9375% Farmington, NM Tax			3,327	1,554	1,773
10% Contingency			5,936	2,773	3,163
Grand Total to Run Casing			60,199	30,508	34,791
II. Completion Costs					
Rig Anchors		750		375	375
Logs		3,000		1,500	1,500
Perms		3,500		1,750	1,750
Wellhead & Fittings	4,000			2,000	2,000
Tubing 1000' @ 2.50/ft.	2,500			1,063	1,438
Stimulation		42,000		21,000	21,000
Tool Rental		2,300		1,150	1,150
Trucking		3,000		1,500	1,500
Battery Installation		6,000		3,000	3,000
Restore Location		3,500		1,750	1,750
Engineering		5,800		2,900	2,900
Treater, Separator	5,300			2,650	2,650
Flowline	4,000			2,000	2,000
Tank & Fittings	4,500			2,250	2,250
Gravel		3,000		1,500	1,500
Workover Rig		10,000		5,000	5,000
Completion Fluids		1,000		1,000	1,000
Pipeline Hookup		13,000		6,500	6,500
Division Order Opinion		1,500		750	750
Frac Tank Rental		2,500		1,250	1,250
Flowback		2,000		1,000	1,000
Fence Location	3,500			1,650	1,650
Total Completion Costs	23,600	103,350	126,950	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			60,199	30,508	34,791
Grand Total Well Costs			213,819	104,550	109,269

FRUITLAND COAL				
5.9375% RICHARDSON OPERATING CO ET AL	DATE _____	APPROVED _____		\$104255
0.00000% JOE G. SINGLETON	DATE _____	APPROVED _____		\$294
PATRICIA B. SINGLETON	DATE _____	APPROVED _____		
			FC TOTAL	\$104550
PICTURED CLIFFS				
100% RICHARDSON OPERATING CO ET AL	DATE _____	APPROVED _____		\$109269
0.00000% JOE G. SINGLETON	DATE _____	APPROVED _____		\$
PATRICIA B. SINGLETON	DATE _____	APPROVED _____		
			PC TOTAL	\$109269
			JOE & PATRICIA SINGLETON TOTAL	\$294

ILLEGIBLE

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 11th day of January, 2001, by and between

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

WITNESSETH, That the Lessor, for and in consideration of Ten and more (\$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 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 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 wit:

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 Lessor's 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 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, 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 Lessee is then 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 ninety (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 Lessee commences additional drilling 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 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, Lessor agrees that Lessee 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 all or any portion of said land and as to any strata or stratum by delivering to Lessor 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 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 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 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 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 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 hereunder, 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 drilling have theretofore been commenced. Production, drilling or reworking operations on 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 on 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 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 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 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 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

STATE OF _____)
) §
COUNTY OF _____)

Acknowledgment - Individual

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2000, personally appeared _____ and _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written.

My Commission Expires: _____

Address _____

STATE OF _____)
) §
COUNTY OF _____)

Acknowledgment - Partnership/Trust

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2000, personally appeared _____ as _____ of _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written.

My Commission Expires _____

Address _____

STATE OF _____)
) §
COUNTY OF _____)

Acknowledgment - Corporation

Before me, the undersigned authority, this day personally appeared _____ to me personally known who being by me duly sworn did say that he is the _____ of _____, and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors who acknowledge said instrument to be the free act and deed of said corporation

Sworn to and subscribed before me, this _____ day of _____, 2000

My commission Expires _____

Notary Public

Exhibit "A"

Lease Description for Oil and Gas Lease between Joe G. Singleton and Patricia B. Singleton, husband and wife, Lessor, 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 No. 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 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

ILLEGIBLE



RICHARDSON PRODUCTION COMPANY

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

January 11, 2001

Mr. and Mrs. Joe G. Singleton
~~P.O. Box 328~~
~~Farmington, New Mexico 87499~~

Certified Mail 7099 3220 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 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. Joe G. Singleton

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

Cathleen Colby
Land Manager

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 \$70.00 per net mineral acre.

By: _____

Printed Name: _____



RICHARDSON PRODUCTION COMPANY

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

3-7-01

Ms. Mrs.

February 8, 2001

(505) 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 Proposal
ROPCO #8-4 Well
SE 1/4-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 1/4 of Section 8, Township 29 North, Range 14 West. The spacing unit for the Pictured Cliffs formation will be the SE 1/4.

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 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 \$70.00 per net mineral acre.

By: _____ By: _____

Printed Name: _____ Printed Name: _____

**RICHARDSON OPERATING COMPANY
AUTHORITY FOR EXPEDITURES**

Well Name: ROPCO 8-4 SECTION 8-SE 4
Location: T29N R14W, San Juan County, NM
Proposed Depth: 1200'

Date: 01.15.2001
Objective Formation: Pictured Cliffs

I. 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		
Dirt Work		4,000		
Pit Lining		2,800		
Surface Casing 200' @ 7.18/ft.	1,436			
Casing Head	1,500			
Cement Surface		2,300		
Power Tongs		1,000		
Casing 1200' @ 5.50/ft.	6,600			
Trucking		3,000		
Logs		3,500		
Engineering		3,000		
Cement Longstring		1,000		
Total Cost to Run Casing	9,536	46,850	56,386	
5.9375% Farmington, NM Tax			3,348	
10% Contingency			5,973	
Grand Total to Run Casing			65,707	

II. Completion Costs

Rig Anchors		750		
Logs		2,500		
Permit		2,000		
Wellhead & Fittings	4,000			
Tubing 1200' @ 2.50/ft.	3,000			
Stimulation		22,000		
Tool Rental		2,300		
Trucking		3,000		
Battery Installation		6,000		
Restore Location		3,500		
Engineering		3,250		
Treater, Separator	6,300			
Flowline	4,000			
Tank & Fittings	4,500			
Gravel	3,000			
Workover Rig		5,000		
Completion Fluids		1,000		
Division Order Opinion		1,000		
Pipeline Hookup		13,000		
Frac Tank Rental		1,250		
Flowback		1,000		
Fence Location	3,300			
Total Completion Costs	27,100	67,650	94,650	
5.9375% Farmington, NM Tax			5,620	
10% Contingency			10,027	
Drilling Costs			65,707	
Grand Total Well Costs			176,004	

PICTURED CLIFFS

99.4375% RICHARDSON OPERATING COMPANY DATE _____
 0.5625% JOE G. SINGLETON DATE _____
 PATRICIA B. SINGLETON DATE _____

APPROVED _____
 APPROVED _____
 APPROVED _____

\$175,014
 5990
 \$176,004

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 11th day of January 2001, by and between

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

WITNESSETH, That the Lessor, for and in consideration of Ten and more (\$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 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 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-wit

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 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, 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 Lessee is then 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 ninety (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 Lessee commences additional drilling 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 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, Lessor agrees that Lessee 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 all or any portion of said land and as to any strata or stratum by delivering to Lessor 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 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 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 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 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 in 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 hereunder, 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 drilling have theretofore 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 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 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 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 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 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

ILLEGIBLE

Exhibit "A"

Lease Description for Oil and Gas Lease between Joe G. Singleton and Patricia B. Singleton, husband and wife, Lessor, 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 No. 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 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

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2000, personally appeared _____ and _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written.

My Commission Expires _____

Address _____

STATE OF _____)
)§
COUNTY OF _____)

Acknowledgment - Partnership/Trust

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 2000, personally appeared _____ as _____ of _____ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written.

My Commission Expires _____

Address _____

STATE OF _____)
)§
COUNTY OF _____)

Acknowledgment - Corporation

Before me, the undersigned authority, this day personally appeared _____ to me personally known who being by me duly sworn did say that he is the _____ of _____ and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors who acknowledge said instrument to be the free act and deed of said corporation

Sworn to and subscribed before me, this _____ day of _____, 2000

My commission Expires _____

Notary Public



RICHARDSON PRODUCTION COMPANY

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

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

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 \$70.00 per net mineral acre.

By: _____ By: _____

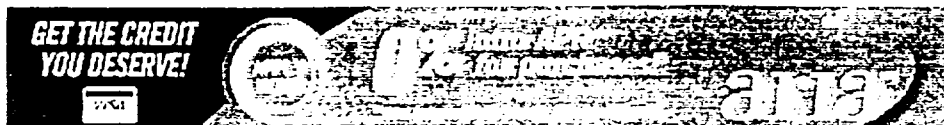
Printed Name: _____ Printed Name: _____

9. Lowell E. Renfro and Callie P. Renfro,
a married couple, j/t
#2 County Road 6212
Kirtland, NM 87417
(description in WD 1223-896)
10. Myron E. Shorty, an unmarried man and Vangie
Randall, an unmarried woman, j/t
#1 County Road 6212
Kirtland, NM 87417
(description in WD 1236-211)
11. 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.
13. 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.
15. ➡ Jessie C. Crowe and Mrs. Archie Lee Crowe, his wife
(No address--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
#3 County Road 6212
Kirtland, NM 87417
Paramount Subdivision - Lot 6

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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:

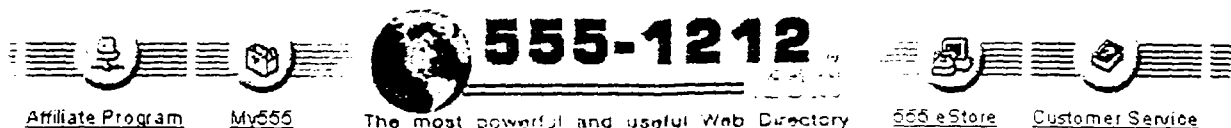
Expiration Year:

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DIRECTORS

Date Election of Directors:

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Yucca Telecommunications Systems Inc
 201 W 2nd St
 PORTALES, NM

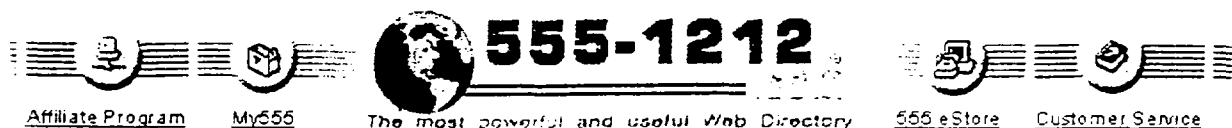
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