#### RICHARDSON OPERATING COMPANY

1700 Lincoln, Suite 1700 Denver, Colorado 80203 (303) 83 FAX (303) 830-8009

February 27, 2002

Dr. William A. Hall 416 N. Behrend Farmington, NM 87401

Certified Mail 7000 1670 8579 2459 Return Receipt Requested

RE:

Fruitland Coal and Pictured Cliffs Well Proposal

Easton White #2 well

Section 20, Township 29 North, Range 13 West, N.M.P.M.

San Juan County, New Mexico

Dear Dr. Hall:

Under cover of letter dated January 29, 2002 you were offered an option of participating in the drilling and completion of referenced well, selling your mineral interest for \$100.00 per net mineral acre or leasing your net mineral interest to Richardson Production Company for \$50.00 per net mineral acre.

The body of the letter had indicated the spacing unit for this well for the Fruitland Coal formation was the E/2 of Section 20 and the Authority for Expenditure included with the January 29 letter indicated the N/2 of Section 20 was the spacing unit for the Fruitland Coal. The correct legal description for the spacing unit for the Fruitland Coal is the N/2 of Section 20. Please pardon any confusion this typographical error in the body of the letter may have caused.

I have discussed your proposal for leasing your minerals, as well as the minerals of First National Bank of Iowa City, Iowa, Trustee ut/a dated August 6, 1966 in San Juan County to Richardson Production Company ("RPC") and at this time RPC cannot accept your terms. Should you have any additional questions please contact me at the letterhead address, by telephone at (303) 830-8000 or by e-mail at <a href="mailto:rvanblaricom@richardsonoil.com">rvanblaricom@richardsonoil.com</a>.

Very truly yours,

Rebecca E. Van Blaricom

Releven & law Beaucon

Land Manager

5459	CERTIFIED (Damestic Mail O		nce Covera	
	30000			
579	⊃ostage	:		
8.5	Centiled Fee			Postmark
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7000	Restricted Delivery Fee Encorsement Reduired)		:	
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1670	Sent To			
	Street, Apt. No.; or PO B	эх No.		
7000	City, State, ZIP+4	·····		
	PS Form 3900 May 2000	A STATE OF THE STA	· S	sa Gaverse for Instruction

U.S. Postal Service

Ou Conservation no. 7

Case No. 12835 Exhibit No. 21

Case No. 12835 Exhibit Narch 21

Submitted By: Operating 2002

Richardson March 21

Hearing Date: March 21

## RICHARDSON PRODUCTION COMPANY

1700 Lincoln, Suite 1700 Denver, Colorado 30203 (303) 330-8000 Fax: 303) 330-3009

January 29, 2002

Dr. William A. Hall 416 N. Behrend Farmington, NM 87401

PS Form 3811, July 1999

Certified Mail 7000 1670 0006 8579 2695 Return Receipt Requested

:02595-00-M-0952

Under cover of letter dated November 16, 2001 Richardson Promoted an Authority for Expenditure ("AFE") for the proposed Eaton 20, Township 29 North, Range 13 West. The county mineral interest within the spacing unit. There was an error Fruitland Coal formation costs and the Pictured Cliffs formation Provided interest in each formation. In the event you wish to attempt please return an executed copy of the AFE to the under of you executed AFE, or by prior written request, we will for of you executed AFE, or by prior written request, we will for Posture and executed copy of the AFE to the under them 4 if Restricted Delivery is desired.  SENDER: COMPLETE THIS SECTION  Complete items 1, 2, and 3, Also complete item 4 if Restricted Delivery is desired.  Print you name and address on the reverse so that we can return the card to you.  Attain this card to the back of the mailpiece or on the front if space permits.  DR William ALALL  HIG. N. Behrend.  Furning for NM 87401  Complete items 1, 2, and 3, Also complete item 4 if Restricted Delivery is desired.  DR William ALALL  HIG. N. Behrend.  Furning for NM 87401  Complete items 1, 2 and 3, Also complete item 4 if Restricted Delivery is desired.  C. Signature  Complete items 1, 2 and 3 and complete item 4 if Restricted Delivery is desired.  C. Signature  Complete items 1, 2 and 3 and complete item 4 if Restricted Delivery is desired.  C. Signature  Complete items 1, 2 and 3 and complete item 4 if Restricted Delivery is desired.  C. Signature  Complete items 1, 2 and 3 and complete item 4 if Restricted Delivery is desired.  A general Posture 4 Fees S  Complete items 1, 2 and 3 and complete item 4 if Restricted Delivery is desired.  C. Signature  Complete items 1, 2 and 3 and complete item 4 if Restricted Delivery is desired.  C. Signature  Complete items 1, 2 and 3 and complete item 4 if Restricted Delivery is desired.  C. Signature  Complete items 1, 2 and 3 and complete item 4 if Restricted Delivery is desired.  C. Signature  Complete items 1, 2 and 3 and complete item	RE:	Fruitland Coal and Pictured Cliffs V Eaton White #2 well E/2 Section 20, Township 29 North, San Juan County, New Mexico	Range 13 West in
Under cover of lener dated November 16, 2001 Richardson Promoted Section 20, Township 29 North, Range 13 West. The county mineral interest within the spacing unit. There was an error Fruitland Coal formation costs and the Pictured Cliffs formation or total Postage & Fees \$	Dear D	r. Hail:	<u>-</u>
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:  DR William AHALL  HILL N. Behrend  Farming for NM 57401  COMPLETE THIS SECTION ON DELIVEY  A. Received by (Please Print Clearly)  B. Date of Delivery  A. Received by (Please Print Clearly)  B. Date of Delivery  A. Received by (Please Print Clearly)  B. Date of Delivery  A degent  Addressee  C. Signature  XM   Addressee  D. Is delivery address different from item 1? Yes  If YES, enter delivery address Delow:  NO  RECEIVED FEB 1 2002  3. Service Type  Cartified Mail   Express Mail    Registered   Return Receipt for Merchandise    Insured Mail   C.O.D.  4. Restricted Delivery? Extra Fee!   Yes	an Aut Section minera Fruitla Enclose correct	hority for Expenditure ("AFE") for the n 20. Township 29 North, Range 13 Will interest within the spacing unit. The ind Coal formation costs and the Picture sed for your review is a Revised AFE sted interest in each formation. In the picture of please return an executed copy of the interest of the prior written of the presented AFE or by prior written or	Proposed Eaton  Pest. The county
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:  DR WIlliam ALALL  416 N. Behrend  Farming fon NM 57401  3. Service Type  G. Signature  C. Signature  C. Signature  Addressee  D. Is delivery address ciferent from item 1? Yes  If YES, enter delivery address cerow: No  RECEIVED FEB 4 2002  3. Service Type  Geruffied Mail Storess Mail  Registered Return Receipt for Merchandise  Insured Mail C.O.D.  4. Restricted Delivery? Extra Feel Yes	SENDE	R: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
☐ Insured Mail ☐ C.O.D.  4. Restricted Delivery? Extra Fee: ☐ Yes	item ■ Print so th: ■ Attac or on  1. Article  D R	4 if Restricted Delivery is desired. your name and address on the reverse at we can return the card to you. In this card to the back of the mailpiece. the front if space permits.  Addressed to:  William ALACC  N. Behrend	C. Signature    Agent   Addressee     Is delivery address delow:   No     RECEIVED FEB   1 2002
<u> </u>		-	☐ Registered ☐ Return Receipt for Merchandise ☐ Insured Mail ☐ C.O.D.
7000 1670 0006 8579 2695	2. Article		4. Hestricted Delivery? Extra Fee! Yes

Domestic Return Receipt

1700 Lindain, Suite 1700 Denver Calorado 80203 (383) 330-3000 Fax 303) 330-3609

January 29, 2002

Dr. William A. Hail 416 N. Behrend Farmington, NM 87401

> Certified Mail 7000 1670 0006 8579 2695 Return Receipt Requested

RE: Fruitland Coal and Pictured Cliffs Well Proposal
Eaton White #2 well
E/2 Section 20, Township 29 North, Range 13 West, NMPM
San Juan County, New Mexico

Dear Dr. Hall:

Under cover of letter dated November 16, 2001 Richardson Production Company ("Richardson") submitted an Authority for Expenditure ("AFE") for the proposed Eaton White #2 well located in the NW/4NE/4 of Section 20, Township 29 North, Range 13 West. The county records reflect you own a 5.0 net unleased mineral interest within the spacing unit. There was an error in the interest credited to you in both the Fruitland Coal formation costs and the Pictured Cliffs formation costs.

Enclosed for your review is a Revised AFE itemizing the estimated costs for the well and reflecting your corrected interest in each formation. 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 12, 2002. Upon receipt of you 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% non consent penalty and \$5000 drilling/\$500 producing overhead rates. Should you elect to participate Richardson wants you to be aware not only are you participating in the drilling and completing of the well, but also the operating costs of the well, including all plugging liabilities when the well is abandoned.

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 \$50.00 per net acre and a 12.5% royalty in the event of production.
- 2. Sell all of your mineral interest for \$100.00 per net mineral acre.

Should you have any questions, please contact me at either the letterhead address, by telephone at (303) 830-8000 or by e-mail at <a href="mailto:rvanblaricom@richardsonoil.com">rvanblaricom@richardsonoil.com</a>.

Very truly yours,

Dr. William A. Hall

Rebecca E. Van Blaricom
Land Manager

On this		02, we/I elect the following:
	Participate in the proposed dril herewith.	ing and completion attempt, executed AFE is returned
		or \$50.00 per net mineral acre, with lease to provide for a 2.5% royalty in the event of production.
<del></del>	Sell mineral rights for \$100.00	per net mineral acre.

Well Name: Eaton White #2 (PC) & (FC) well

11/16/01

Location: T29N R13W Section 20 NE/4

Spacing: Pictured Cliffs NE/4; Fruitland CL N/2

**Objective Formation:** 

Date:

Proposed Depth: 1100' Fruitland CL; 1200' Pictured Cliffs

Commingled Pictured Cliffs and Fruitland Coal

τ.	Drilling Costs (Included Run Casing)	Tangible	Intangible	Total	Fruitiand Coal	Pictured Cliffs
	Survey and Permits		10,000		5,000	5,000
	Title Opinion		11,000		5,500	5,50
	Damages		9,000		4,500	4,50
×	* Drilling (Incl. water & mud) 1200' @ 15.00/ft.		18,000		8,250	9,75
	BOP Rental		750		375	37
	Dirt Work		8,000		1,000	4,00
	Pit Lining		2,000		1,000	
	Surface Casing 200' @ 7.65/ft	- 1,530			765	76
	Casing Head				1,000	1,00
	Cement Surface		1,500		750	75
	Power Tongs		1,000		500	50
	Casing 1200' @ 5.00/ft	4		•	2,750	3,25
	Trucklng		3,000		1,500	· ·
	Logs		5,000		2,500	1
	Englneering		5,500		2,750	1
	Cement Longstring		5,000		2,300	1
	Total Cost to Run Casing		·	89,280	43,440	
	10% Contingency	•	1 7,750	8,928	4,344	1
	Grand Total to Run Casing		1 }			
	5	·		98,208	47,784	50,42
	Completion Costs Rig Anchors	1	750		775	-
			750		375	1
	Logs		2,500		1,250	
	Perf		3,000		1,500	1
	Wellhead & Fittings		1		1,500	
	Tubing 1200' @ 2.10/ft		1		1,155	
	Stimulation		50,000		25,000	1
	Tool Rental		2,000		1,000	1
	Trucking		3,000		1,500	•
	Battery Installation		4,000		2,000	1
	Restore Location		9,000		4,500	1
	Englneering	 1	5,000		2,500	
	Treator, Separator		L i		3,000	
	Flowline	· ·	1 (		2,000	1
	Tank & Fittings		1 '		2,500	
	Gravel				1,500	1
	Workover Rlg		12,000		6,000	6,0
	Completion Fluids		2,000		1,000	1,0
	Plpeline Hookup	- <b>-</b> -	13,000		6,500	6,5
	Division Order Opinion		3,000		1,500	1
	Frac Tank Rental		2,000		1,000	
	Flowback		2,000		1,000	
	Fence Location	- 5,000	1		2,500	1
	Total Completion Costs			141,770		
	10% Contingency		1	14,177	7,078	
	Drilling Costs		}	98,208		
	-		}			
	Grand Total Well Costs		ţ	254,155	125,642	128,5

FRUITLAND COAL	DATE:	Approved BY:	Costs: WI %
1.5625% William Hall	<u></u>		\$1,963.16
98.4375% Richardson Operating Company et als	<del></del> <del></del>		\$123,678.84
		Total FC Costs	\$125,642.00
PICTURED CLIFFS	•		
2 S 15625% William Hall	·		\$2,008.02
98.4375% Richardson Operating Company et als	<u></u>		\$126,504.98
nd I ag mungler	W	Total PC Costs	\$128,513.00
and lea mins	- K	Total Costs of Commingled PC/FC Well:	

ATE routs & pay

re-send who mens with 12.50% rough.

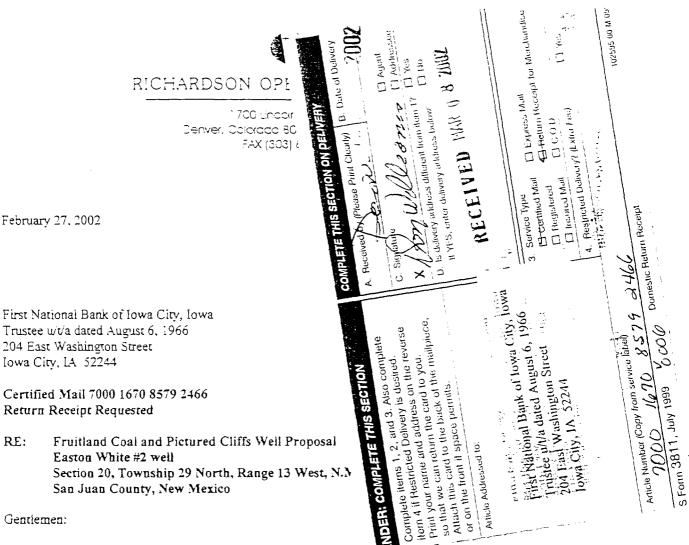
no provider moto 12.50% rough.

no provider moto 12.50% rough.

Are now

William Hall Richardson Operating Company et als

\$3,971.17 \$250,183.83 \$254,155.00



RE:

February 27, 2002

Iowa City, IA 52244

Fruitland Coal and Pictured Cliffs Well Proposal

Easton White #2 well

Section 20, Township 29 North, Range 13 West, N.N.

San Juan County, New Mexico

#### Gentlemen:

completion of referenced well, selling your mineral interest for \$100.00 per net mineral acre or leasing your net mineral interest to Richardson Production Company for \$50.00 per net mineral acre.

The body of the letter had indicated the spacing unit for this well for the Fruitland Coal formation was the E/2 of Section 20 and the Authority for Expenditure included with the January 29 letter indicated the N/2 of Section 20 was the spacing unit for the Fruitland Coal. The correct legal description for the spacing unit for the Fruitland Coal is the N/2 of Section 20. Please pardon any confusion this typographical error in the body of the letter may have caused.

If you have any questions concerning the offer to participate in the well, sell your mineral interest or lease you mineral interest to Richardson Production Company please contact me at the letterhead address, by telephone at (303) 830-8000 or by e-mail at rvanblaricom@richardsonoil.com.

Very truly yours,

Rebecca E. Van Blaricom Land Manager

Lelecca E. Van Blaucum

**CERTIFIED MAIL RECEIPT** (Domestic Mail Only; No Insurance Coverage Provided) 8579 Dertified Fee Postmark Return Receipt Fee Restricted Delivery Fee Endorsement Required 1670 Total Postage & Fees et. Apt. No.; or PO Box No

**U.S. Postal Service** 

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

January 29, 2002

First National Bank of Iowa City, Iowa Trustee u/t/a dated August 6, 1966

	t Washington Street	<b>700</b>			
Iowa Cir	ry, IA 52244				~ ·
		SENDER: COMPLETE THIS SEC	TION	COMPLETE THIS SECTION	ON DELIVERY
2.5		<ul> <li>Complete items 1, 2, and 3. Als item 4 if Restricted Delivery is d</li> <li>Print your name and address or so that we can return the card t</li> <li>Attach this card to the back of t</li> </ul>	esired. I the reverse o you.	A. Received by (Please Print) C. Signature	FEB - 1 2002 ☐ Agent
RE:	Fruitland Coal and F Eaton White #2 well E/2 Section 20, Town San Juan County, No	of off the front if space permits:	of Fourt City	D. Is delivery address differently address of YES, enter delivery address of RECEIVED	dress below:   No
Dear Mr	t and Mrs. Havens:			2.0	
an Auth Section	20. Township 29 Norti	" IOWA COY IA JJJ h	uu	☐ Registered ☐ R	xoress Mail eturn Receipt for Merchandise 0.0.
	interest within the spa d Coal formation costs			4. Restricted Delivery? (Ext.	ra Feei 🔲 Yes
corrected attempt, of you of Agreeme penalty wants you operatin	please return an executed AFE, or by pent for your review an and \$5000 drilling/\$500 to be aware not only g costs of the well, inclined	125 Form 3811, July 1999	Domestic Reforward an AAP nong other things Should you eleminate the well is at U.S. Post	L Form 610 Joint Ope. 5. a 300%/100% non coect to participate Richa eting of the well, but also and oped. 6. Service:	onsent rdson so the
options a	as to your interest:		20 °°°	ail Only; No Insurance Co	er age
			Cartrie Ca Return Receit Redorsement Rec	or Fee	.Роѕтак не <b>ч</b>
			Restricted Delive. Endorsement Rec	ry fiee : : : : : : : : : : : : : : : : : :	
			Street, Apr. No.		

1700 Lincoln, Suite 1700 Denver, Colorado 80203 (303) 830-8000 Fax 1303) 830-8009

January 29, 2002

First National Bank of Iowa City, Iowa Trustee u/Va dated August 6, 1966 204 East Washington Street Iowa City, IA 52244

> Certified Mail 7000 1670 0006 8579 2688 Return Receipt Requested

RE: Fruitland Coal and Pictured Cliffs Well Proposal

Eaton White #2 well

E/2 Section 20, Township 29 North, Range 13 West, NMPM

San Juan County, New Mexico

Dear Mr. and Mrs. Havens:

Under cover of letter dated November 16, 2001 Richardson Production Company ("Richardson") submitted an Authority for Expenditure ("AFE") for the proposed Eaton White #2 weil located in the NW/4NE/4 of Section 20, Township 29 North, Range 13 West. The county records reflect you own a 5.0 net unleased mineral interest within the spacing unit. There was an error in the interest credited to you in both the Fruitland Coal formation costs and the Pictured Cliffs formation costs.

Enclosed for your review is a Revised AFE itemizing the estimated costs for the well and reflecting your corrected interest in each formation. 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 12, 2002. Upon receipt of you 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% non consent penalty and \$5000 drilling/\$500 producing overhead rates. Should you elect to participate Richardson wants you to be aware not only are you participating in the drilling and completing of the well, but also the operating costs of the well, including all plugging liabilities when the well is abandoned.

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 \$50.00 per net acre and a 12.5% royalty in the event of production.
- 2. Sell all of your mineral interest for \$100.00 per net mineral acre.

Should you have any questions, please contact me at either the letterhead address, by telephone at (303) 830-8000 or by e-mail at rvanblaricom@richardsonoil.com.

Very truly yours,

Rebecca E. Van Blaricom
Land Manager

On this	day of, 2002, we/I elect the following:
<del></del>	Participate in the proposed drilling and completion attempt, executed AFE is returned herewith.
	Enter into Oil and Gas Lease for \$50.00 per net mineral acre, with lease to provide for a three-year primary term and a 12.5% royalty in the event of production.
	Seil mineral rights for \$100.00 per net mineral acre.

First National Bank of Iowa City, Iowa Trustee wt/a dated August 6, 1966

Well Name: Eaton White #2 (PC) & (FC) well

Location: T29N R13W Section 20 NE/4

Spacing: Pictured Cliffs NE/4; Fruitland CL N/2

Proposed Depth: 1100' Fruitland CL; 1200' Pictured Cliffs

Date:

11/16/01

**Objective Formation:** 

Commingled Pictured Cliffs and Fruitland Coal

Drilling Costs (Included Run Casing)	Tangible	Intangible	Total	Fruitland Coal	
Survey and Permits		10,000		5,000	5,000
Title Opinion		11,000	ĺ	5,500	5,500
Damages	•	9,000	į	4,500	4,500
' Drilling (incl. water & mud) 1200' @ 15.00/ft		18,000	1	8,250	9,750
BOP Rental	1	750		375	37!
Dirt Work		8,000	1	4,000	4,000
Plt Lining		2,000		1,000	•
Surface Casing 200' @ 7.65/ft	1,530	1		765	ž
Casing Head	2,000	1		1,000	1
Cement Surface	!	1,500		750	750
Power Tongs		1,000	Į	500	500
Casing 1200' @ 5.00/ft	6,000			2,750	3,250
Trucking		3,000		1,500	1,500
Logs		5,000		2,500	
Englneering		5,500		2,750	2,75
Cement Longstring		5,000		2,300	2,70
Total Cost to Run Casing	9,530	79,750	89,280	43,440	45,84
10% Contingency	- '	Ĺ	8,928	4,344	4,58
Grand Total to Run Casing	- '		98,208	47,784	50,42
Completion Costs	!		,	•	
RIg Anchors	-	750	1	375	37
Logs		2,500		1,250	l
Perf		3,000		1,500	1
Wellhead & Fittings	3,000	1		1,500	
Tubing 1200' @ 2.10/ft	2,520	1	1	1,155	1
Stimulation		50,000		25,000	
Tool Rental		2,000		1,000	ł
Trucking		3,000		1,500	ľ
Battery Installation		4,000		2,000	1
Restore Location		9,000		4,500	
Engineering		5,000		2,500	l ·
Treator, Separator	6,000	1 1		3,000	
Flowline	4,000	1		2,000	1
Tank & Fittings	5,000	I I		2,500	L.
Gravel	3,000			1,500	1
Workover Rig		12,000		6,000	
Completion Fluids	-	2,000	•	1,000	1
Pipeline Hookup	-	13,000	j	6,500	1
Division Order Opinion		3,000		1,500	1
Frac Tank Rental		2,000		1,000	i .
Flowback	· <u>-</u>	2,000		1,000	
Fence Location	5,000	•		2,500	•
Total Completion Costs	28,520		141,770	70,780	
<u></u>		1	14,177	7,078	7
10% Contingency		1	98,208	47,784	
Drilling Costs		<b>-</b>			
Grand Total Well Costs		با	254,155	125,642	128,5

			Costs: WL %
RUITLAND COAL	DATE:	Approved BY:	
1.5625% 1st National Bk of Iowa City, Tree UTA Dtd 8/6/1966		•	\$1,963.16
98,4375% Richardson Operating Company et als			\$123,678.84
, , , ,		Total FC Costs	\$125,642.00
PICTURED CLIFFS			
3.1250% 1st National Bk of Iowa City, Thee UTA Dtd 8/6/1966			\$4,016.03
96.8750% Richardson Operating Company et als			\$124,496.97
, <b>,</b> ,		Total PC Costs	\$128,513.00
			1220/02

Total Costs of Commingled PC/FC Well:

1st National Bk of Iowa City, Thee UTA Dtd 8/6/1966
Richardson Operating Company et als

\$5,979.19 \$248,175.81 \$254,155.00 1700 Lincoln, Suite 1700 Denver, Ociorado 80203 (303) 330-8000 Fax (303) 830-8009

February 27, 2002

Las Tierras Partnership, a New Mexico partnership P O Box 107 Farmington, NM 87499

Certified Mail 7000 1670 8579 2473 Return Receipt Requested

RE:

Fruitland Coal and Pictured Cliffs Well Proposal

Easton White #2 well

Section 20, Township 29 North, Range 13 West, N.I.

San Juan County, New Mexico

E / L J	(Domestic Mail C	ing No ins	Account of Account	lage Provided)
	⊃ostage	: _ \$	:	
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Į	Sent To			
I	Street, Apt. No., or PO Bo	x No.		***************************************
1	City, State, Z'P+4		***************************************	

#### Gentlemen:

Under cover of letter dated January 29, 2002 you were offered an option of participating in the drilling and completion of referenced well, selling your mineral interest for \$100.00 per net mineral acre or leasing your net mineral interest to Richardson Production Company for \$50.00 per net mineral acre.

The body of the letter had indicated the spacing unit for this well for the Fruitland Coal formation was the E/2 of Section 20 and the Authority for Expenditure included with the January 29 letter indicated the N/2 of Section 20 was the spacing unit for the Fruitland Coal. The correct legal description for the spacing unit for the Fruitland Coal is the N/2 of Section 20. Please pardon any confusion this typographical error in the body of the letter may have caused.

If you have any questions concerning the offer to participate in the well, sell your mineral interest or lease you mineral interest to Richardson Production Company please contact me at the letterhead address, by telephone at (303) 830-8000 or by e-mail at <a href="mailto:rvanblaricom@richardsonoil.com">rvanblaricom@richardsonoil.com</a>.

Relecca E. Diw Blaccum

Rebecca E. Van Blaricom

Land Manager

## RICHARDSON PRODUCTION COMPANY

1700 Undain, Suite 1700 Denver, Daiorado 30203 (303) 330-3000 Fax (303) 330-3609

January 29, 2002

Las Tierras Partnership, a New Mexico partnership P O Box 107 Farmington, NM 87499

Attn: Mr. William A Forina SENDER: COMPLETE THIS S	
Complete items 1, 2, and 3. A item 4 if Restricted Delivery is	COMPLETE TO
item 4 if Restricted Delivery is  Print your name and address.	COMPLETE THIS SECTION ON DELIVERY  Gesired  A Received
so that we and address	ocsilled.
so that we can return the card or on the front if space permits	to you.
Fores White do well on the front if space	the mailpiece
E/2 Section 20, Town  1. Article Addressed to:	- IL Calgar 1.1 21 -
San Juan County, N	D. is delivery address different from item 1?  Yes
· hus lerras Par	If YES, enter delivery address below:   No  No
Gentlemen: PO Box 107	No
San Juan County, N Las Tierras Par Gentlemen: PO Box 107  Under cover of larger dated N = 5	
Onder cover or letter dated it	
an Authority for Expenditure	87499 3 Son
23.	FI Comp
downhole commingled Fruit	Hegistered — Whiess Mail
reflect you currently own in	Insured Mail
in the interest credited Basic 2. Article Number (Copy from service label) formation costs.	4. Restricted Delivery? (Extra Fee)
PS Form 2914 606 G	- (66)
formation costs.  7000   120   6006  PS Form 3811, July 1999  Enclosed for your review   5000	33/7 2/60
corrected interest in each formation. In the event year	Domestic Return Receipt
attempt, please return an executed copy of the AFE to the unde	
of you executed AFE, or by prior written request, we will for	
Agreement for your review and execution, providing for, amo	
penalty and \$5000 drilling \$500 producing overhead rates.	
wants you to be aware not only are you participating in the dri	
operating costs of the well, including all plugging liabilities wh	
	(Domestic Mail Only, No Insurance Coverage Provided):
In the event you do not wish to participate, Richardson respect	
options as to your interest:	
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	. Street, Pat, Mal, or PO Bax Na. □

1700 Lincoln, Suite 1700 Denver, Opiorado 30203 (303) 330-8000 Fax (303) 330-8009

January 29, 2002

Las Tierras Partnership, a New Mexico partnership P O Box 107 Farmington, NM 87499

Attn: Mr. William A Forina

Certified Mail 7000 1670 0006 8579 2657 Return Receipt Requested

RE: Fruitland Coal and Pictured Cliffs Well Proposal

Eaton White #2 well

E/2 Section 20, Township 29 North, Range 13 West, NMPM

San Juan County, New Mexico

#### Gentlemen:

Under cover of letter dated November 16, 2001 Richardson Production Company ("Richardson") submitted an Authority for Expenditure ("AFE") for the proposed Eaton White #2 weil located in the NW/4NE/4 of Section 20, Township 29 North, Range 13 West to Basin Packing Co. Richardson proposes to drill a downhole commingled Fruitland Coal and Pictured Cliffs well on the captioned lands. The county records reflect you currently own the 2.39 net unleased mineral interest within the spacing unit. There was an error in the interest credited Basin Packing Co. in both the Fruitland Coal formation costs and the Pictured Cliffs formation costs.

Enclosed for your review is a Revised AFE itemizing the estimated costs for the well and reflecting your corrected interest in each formation. 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 12, 2002. Upon receipt of you 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% non consent penalty and \$5000 drilling/\$500 producing overhead rates. Should you elect to participate Richardson wants you to be aware not only are you participating in the drilling and completing of the well, but also the operating costs of the well, including all plugging liabilities when the well is abandoned.

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 \$50.00 per net acre and a 12.5% royalty in the event of production.
- 2. Sell all of your mineral interest for \$100.00 per net mineral acre.

Should you have any questions, please contact me at either the letterhead address, by telephone at (303) 830-8000 or by e-mail at <a href="mailto:rvanblaricom@richardsonoil.com">rvanblaricom@richardsonoil.com</a>.

Very truly yours,

Rebecca E. Van Blancom

Las Tierras Partnership, a New Mexico partnership

Land Manager

On this	day of 2002, we/I elect the following:
	Participate in the proposed drilling and completion attempt, executed AFE is returned herewith.
	Enter into Oil and Gas Lease for \$50.00 per net mineral acre, with lease to provide for three-year primary term and a 12.5% royalty in the event of production.
	Sell mineral rights for \$100.00 per net mineral acre.

Well Name: Eaton White #2 (PC) & (FC) well

Location: T29N R13W Section 20 NE/4

Spacing: Pictured Cliffs NE/4; Fruitland CL N/2

Proposed Depth: 1100' Frultland CL; 1200' Pictured Cliffs

Date:

11/16/01

**Objective Formation:** 

Commingled Pictured Cliffs and Fruitland Coal

I.	Drilling Costs (Included Run Casing)	Tangible	Intangible	Total	Fruitiand Coal	Pictured Cliffs
	Survey and Permits		10,000		5,000	5,000
	Title Opinion		11,000		5,500	5,500
	Damages	-	9,000		4,500	4,500
	* Drilling (Incl. water & mud) 1200' @ 15.00/ft		18,000		8,250	9,750
	BOP Rental		750		375	375
	Dirt Work		8,000		4,000	4,000
	Pit Lining		2,000		1,000	1,000
	Surface Casing 200' @ 7.65/ft	1,530			765	765
	Casing Head	2,000			1,000	1,000
	Cement Surface		1,500		750	750
	Power Tongs	-	1,000		500	500
	Casing 1200' @ 5.00/ft	6,000			2,750	3,250
	Trucking		3,000		1,500	1,500
	Logs		5,000		2,500	2,500
	Englneering		5,500		2,750	2,750
	Cement Longstring		5,000		2,300	2,700
	Total Cost to Run Casing	9,530	79,750	89,280	43,440	
	10% Contingency	-		8,928	4,344	4,584
	Grand Total to Run Casing	-	<b>1</b>	98,208	47,784	50,424
II.	Completion Costs			30,200	.,,,,,,,,,,	30,121
	Rlg Anchors	_	750		375	375
	Logs		2,500		1,250	1,250
	Perf		3,000		1,500	1,500
	Wellhead & Fittings	3,000	3,000		1,500	1,500
	Tubing 1200' @ 2.10/ft	2,520			1,155	1,365
	Stimulation		50,000		25,000	
	Tool Rental		2,000		1,000	
	Trucklng		3,000		1,500	1,500
	Battery Installation		4,000		2,000	2,000
	Restore Location	_	9,000		4,500	•
	Engineering		5,000		2,500	3
	Treator, Separator	6,000			3,000	
	Flowline	1,000			2,000	
	Tank & Fittings	5,000			2,500 2,500	
	Gravel	3,000			1,500	
	Workover Rig	•	12,000		6,000	
	Completion Fluids		2,000		1,000	
	Pipeline Hookup		13,000		6,500	
	Division Order Opinion	-	3,000		1,500	1
	Frac Tank Rental	_	2,000		1,000	
	Flowback	_	2,000		1,000	1
	Fence Location	5,000	1 1		2,500	
	Total Completion Costs	28,520		141,770	70,780	·
			113,230			
	10% Contingency		1	14,177	7,078	
	Drilling Costs		<u> </u>	98,208		
	Grand Total Well Costs		į	254,155	125,642	128,513

			Costs: WI %
FRUITLAND COAL	Date:	Approved By:	
0.7469% Las Tlerras Partnership, a New Mexico partnership			\$938.39
99.2531% Richardson Operating Company et als			\$124,703.61
		Total FC Costs	\$125,642.00
PICTURED CLIFFS			
1.4938% Las Tierras Partnership, a New Mexico partnership			\$1,919.66
98.5063% Richardson Operating Company et als			\$126,593.34
		Total PC Costs	\$128,513.00

Total Costs of Commingled PC/FC Well:

Las Tierras Partnership

Richardson Operating Company et als

\$2,858.05 \$251,296.95

\$254,155.00 **Total Costs:** 

102595-00-M-0952

☐ Yes

U.S. Postal Service

Dear Mr. and Mrs. Havens:

Farmington, NM 87401

Return Receipt Requested

Certified Mail 7000 1670 8579 2480

Easton White #2 well

San Juan County, New Mexico

Fruitland Coal and Pictured Cliffs Well Proposal

Section 20, Township 29 North, Range 13 West, N.M.P.

February 27, 2002

1707 E 30th

RE:

Under cover of letter dated January 29, 2002 you were offered an option of participating in the drilling and completion of referenced well, selling your mineral interest for \$100.00 per net mineral acre or leasing your net mineral interest to Richardson Production Company for \$50.00 per net mineral acre.

The body of the letter had indicated the spacing unit for this well for the Fruitland Coal formation was the E/2 of Section 20 and the Authority for Expenditure included with the January 29 letter indicated the N/2 of Section 20 was the spacing unit for the Fruitland Coal. The correct legal description for the spacing unit for the Fruitland Coal is the N/2 of Section 20. Please pardon any confusion this typographical error in the body of the letter may have caused.

If you have any questions concerning the offer to participate in the well, sell your mineral interest or lease you mineral interest to Richardson Production Company please contact me at the letterhead address, by telephone at (303) 830-8000 or by e-mail at rvanblaricom@richardsonoil.com.

Very truly yours,

Rebecca E. Van Blaricom Land Manager

Relecca E. Di Blancom

	CERTIFIED (Domestic Mail C		RECEIPT ance Coverage Provided)		
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☐ Agent☐ Addres

Addressee



### RICHARDSON PRODUCTION COMPANY

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

January 29, 2002

	Havens and Sonda J				
1707 E 30 <sup>th</sup>	343	ENDER: COMPLETE THIS S	ECTION	COMPLETE THIS SE	CTION ON DELIVERY
ramington,	•	Complete items 1, 2, and 3. A item 4 if Restricted Delivery is Print your name and address so that we can return the card Attach this card to the back or on the front if space perminates.	desired. on the reverse i to you. f the mailpiece,	A. Received by (Please  C. Signature  X  D. Is delivery address	Agent   Addressee
Ear E/2	uitland Coal and Pi ton White #2 well 2 Section 20, Towns n Juan County, Nev	William S. Haven Sorda I HAVE,	s + us	1	ery address below:   No
Dear Mr. an	d Mrs. Havens:	1707 E. 304	ļ	3. Service Type	
	r of letter dated Nove y for Expenditure (*:	FARMINGTON NMS;	461	☐ Registered ☐ Insured Mail	☐ Express Mail  ☐ Return Receipt for Merchandise ☐ C.O.D.
	Township 29 North.			4. Restricted Deliver	y? (Extra Fee) ☐ Yes
	erest within the spactorial formation costs at	2. Article Number (Copy from service 700) () 16.70	e ladei) 0006 85	529 2664	**
<b>5</b> 1 1 5		PS Form 3811, July 1999	Domestic Re		102595-00-M-0952
	r your review is a R	on. In the event you wish t	O participate in the	e drilling and sog	anlarion
aftempt, plea of you exect Agreement f penalty and wants you to operating con	ase return an executed suted AFE, or by prior for your review and ex \$5000 drilling/\$500 po be aware not only are sets of the well, including	copy of the AFE to the under written request, we will for ecution, providing for, amorpoducing overhead rates, you participating in the dring all plugging liabilities w	ersigned by Februar brward an AAPL fong other things, a Should you elect lling and complete U.S. Postal	ry 12, 2002. Upon Form 610 Joint Or 300%/100% non to participate Rici	receipt perating consent hardson
	you do not wish to pai your interest:	rticipate, Richardson resper	(Damestic Mail	l Only, No Insurance	Coverage Provided)
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			Street, Apr. No., or r	>O Box No.	
			PS Form 3800, May	2000.	Sea Reverse for Instructions

1700 Eindain, Suite 1700 Denver Os orado 30203 (3031 330-3000 Fax (3031 330-3009

January 29, 2002

William S Havens and Sonda J Havens, h/w jts 1707 E 30<sup>th</sup> Farmington, NM 87401

Certified Mail 7000 1670 0006 8579 2664 Return Receipt Requested

RE: Fruitland Coal and Pictured Cliffs Well Proposal

Eaton White #2 well

E/2 Section 20, Township 29 North, Range 13 West, NMPM

San Juan County, New Mexico

Dear Mr. and Mrs. Havens:

Under cover of letter dated November 16, 2001 Richardson Production Company ("Richardson") submitted an Authority for Expenditure ("AFE") for the proposed Eaton White #2 well located in the NW/4NE/4 of Section 20, Township 29 North, Range 13 West. The county records reflect you own an 8.0 net unleased mineral interest within the spacing unit. There was an error in the interest credited to you in both the Fruitland Coal formation costs and the Pictured Cliffs formation costs.

Enclosed for your review is a Revised AFE itemizing the estimated costs for the weil and reflecting your corrected interest in each formation. 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 12, 2002. Upon receipt of you 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% non consent penalty and \$5000 drilling/\$500 producing overhead rates. Should you elect to participate Richardson wants you to be aware not only are you participating in the drilling and completing of the well, but also the operating costs of the well, including all plugging liabilities when the well is abandoned.

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 \$50.00 per net acre and a 12.5% royalty in the event of production.
- 2. Sell all of your mineral interest for \$100.00 per net mineral acre.

Should you have any questions, please contact me at either the letterhead address, by telephone at (303) 830-8000 or by e-mail at <a href="mailto:rvanblaricom@richardsonoil.com">rvanblaricom@richardsonoil.com</a>.

Very truly yours,

Pluesea & Law Bluecom

Rebecca E. Van Blaricom

Land Manager

On this	day of	2002, we/I elect the following:
	Participate in the pherewith.	oposed drilling and completion attempt, executed AFE is returned
<del></del>		Gas Lease for \$50.00 per net mineral acre, with lease to provide for a erm and a 12.5% royalty in the event of production.
	Seil mineral rights	or \$100.00 per net mineral acre.
		· · · · · · · · · · · · · · · · · · ·
William S. H	avens	Sonada J Havens

Well Name: Eaton White #2 (PC) & (FC) well

Location: T29N R13W Section 20 NE/4

Spacing: Pictured Cliffs NE/4; Fruitland CL N/2

Proposed Depth: 1100' Fruitland CL; 1200' Pictured Cliffs

Date:

11/16/01

**Objective Formation:** 

Commingled Pictured Cliffs and Fruitland Coal

Drilling Costs (Included Run Casing)	Tangible	Intangible	Total	Fruitland Coal	Pictured Cliffs
Survey and Permits		10,000		5,000	5,000
Title Opinion	-	11,000		5,500	5,500
Damages	-	9,000		1,500	4,50
* Drilling (Incl. water & mud) 1200' @ 15.00/ft		18,000		8,250	9,75
BOP Rental		750		375	37
Dirt Work		8,000		4,000	4,00
Plt Lining		2,000		1,000	1,00
Surface Casing 200' @ 7.65/ft	1,530			765	76
Casing Head	2,000			1,000	1,00
Cement Surface		1,500		750	75
Power Tongs		1,000		500	50
Casing 1200' @ 5.00/ft	6,000			2,750	3,25
TruckIng		3,000		1,500	1,50
Logs		5,000		2,500	2,500
Englneering		5,500		2,750	2,750
Cement Longstring		5,000		2,300	2,70
Total Cost to Run Casing	9,530	79,750	89,280	43,440	45,84
10% Contingency	-		8,928	4,344	4,58
Grand Total to Run Casing	~		98,208	47,784	50,42
Completion Costs			·	·	,
Rlg Anchors	-	750		375	37
Logs		2,500		1,250	1,25
Perf	-	3,000		1,500	1,50
. Wellhead & Fittings	3,000			1,500	ſ
Tubing 1200' @ 2.10/ft	2,520			1,155	1,36
Stimulation	-	50,000		25,000	25,00
Tool Rental	-	2,000		1,000	1,000
Trucking		3,000		1,500	1,50
Battery Installation	~	4,000		2,000	
Restore Location		9,000		4,500	
Englneering	-	5,000		2,500	
Treator, Separator	6,000			3,000	
Flowline	4,000			2,000	2,00
Tank & Fittings	5,000			2,500	
Gravel	3,000			1,500	<i>t</i>
Workover Rig		12,000		6,000	•
Completion Fluids		2,000		1,000	· ·
Pipeline Hookup		13,000		6,500	
Division Order Opinion		3,000		1,500	
Frac Tank Rental		2,000		1,000	[
Flowback		2,000		1,000	
Fence Location	5,000			2,500	
Total Completion Costs	28,520		141,770	70,780	
10% Contingency			14,177	7,078	<del>,</del>
Drilling Costs			98,208	47,784	1
Grand Total Well Costs		<u> </u>	254,155		<del></del>
Grand Total Well Costs		L	23,1733	123,042	120,3

			Costs: WI %
FRUITLAND COAL	DATE:	Approved BY:	
2.5000% Willliam and Sonda Havens			\$3,141.05
97.5000% Richardson Operating Company et als			\$122,500.95
		Total FC Costs	\$125,642.00
PICTURED CLIFFS			
5.0000% William and Sonda Havens			\$6,425.65
95.0000% Richardson Operating Company et als			\$122,087.35
. ,		Total PC Costs	\$128,513.00

Total Costs of Commingled PC/FC Well:

William and Sonda Havens Richardson Operating Company et als \$9,566.70 **\$244,588.3**0

\$244,588.30 \$254,155.00