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BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

RECEIVED

OCT 23 05

IN THE MATTER OF THE APPLICATION OF
MINERAL RESOURCES, INC. FOR AN ORDER
POOLING INTERESTS IN THE CRETACEOUS
AGE FORMATIONS FROM THE BASE OF THE
DAKOTA TO THE SURFACE LOCATED IN A
PORTION OF THE WATTENBERG FIELD AND
FOR THE MODIFICATION OF THE SIZE OF
CERTAIN DRILLING AND SPACING UNITS FOR
THE PRODUCTION OF OIL AND GAS FROM
CERTAIN OF THE CRETACEOUS FORMATIONS
IN WELD COUNTY, COLORADO

CAUSE NO. ~~318A~~ and 407

DOCKET NO. ____

CAUSE NO. 407

DOCKET NO. ____

ORIGINAL

0701-UP-23(5)

COMES NOW, Mineral Resources, Inc., a Colorado corporation ("Applicant") by and through its attorney, Keith M. Crouch, P.C. and for its application for an order for the involuntary pooling of certain interests in production from the Cretaceous formations in the lands described below pursuant to CRS § 34-60-116 and for an order modifying the size of existing drilling and spacing units implemented pursuant to Cause No. 407 states and alleges as follows:

1. Applicant is duly authorized to conduct business in the State of Colorado and owns an interest in and operates oil and gas leases and mineral interests covering portions of certain lands located in Weld County, Colorado described as follows:

T5N, R65W, 6th P.M., Weld County, Colorado
Section 17: SW1/4

2. The above-described lands are included within the area governed by the Greater Wattenberg Area Special Well Location Rule, Rule 318A of the Commission rules and the Wattenberg spaced area for the production of oil and gas from the Codell and Niobrara formations (See Order No. 407-1 for the Codell formation and Order No. 407-6 for the Niobrara formation). The Sussex, J-Sand and Dakota formations are unspaced as to the lands described above.
3. Pursuant to Rule 318A, effective March 1, 2006, operators are authorized to utilize the designated drilling locations to produce all of the Cretaceous Age formations from the base of the Dakota to the surface, to include but not be limited to the Sussex, Codell, Niobrara, J-Sand and Dakota formations, to include "infill" and "boundary" wells as defined by Rule 318A.
4. Pursuant to orders in Cause No. 407, the Codell and Niobrara formations are to be developed on the basis of 80-acre drilling and spacing units.
5. The lands described above are located in the City of Greeley, Colorado and are in populated areas. Applicant owns a 20-acre, more or less, tract of land in the vicinity of the lands described above (the "Drill Site") and plans to use the Drill Site to drill a planned 5 oil and gas wells directionally from the Drill Site to explore for and produce oil and gas from bottom hole locations under the lands described above. The 5 wells are in addition to 11 directional wells drilled and completed by Applicant from the same Drill Site in the prior calendar year. The wells are included in another drilling program of up to 23 wells that will be drilled by Applicant from the Drill Site as part of a potential 34 well directional drilling program. The planned wells include "5 spot" and boundary well locations for production of oil and gas from the Cretaceous formations in and under the above-described lands. No more than 8 wells will be drilled pursuant to Rule 318A.
6. Rule 318A d. provides that Rule 318A does not alter the size or configuration of drilling units in the Greater Wattenberg Area and as a result, the Codell and Niobrara formations in and under the above-described lands remain subject to the provisions of Cause No. 407 and the requirements thereof unless modified by appropriate order of the Commission.

7. Applicant has received permits to drill 20 of the wells and the Operator/Applicant designated drilling and spacing units for the Codell and Niobrara formations are 80-acre units. Again, the Sussex, J-Sand and Dakota formations are unspaced insofar as the above-described lands are concerned.
8. Consistent with the findings in the rulemaking that resulted in the adapted Rule 318A and in order to protect the correlative rights of the owners of the landowners' and overriding royalty interests in and to production from Sussex, J-Sand, Dakota, Codell and Niobrara formations in and under the lands above described and to ensure that each such owner has the opportunity to recover his or her just and equitable share of the oil, gas and associated hydrocarbons produced and to be produced from the Sussex, J-Sand, Dakota, Codell and Niobrara formations, it is necessary to designate the one 160-acre drilling and spacing unit consisting of the SW/4 of Section 17 described above.
9. As set forth above, Applicant intends to drill 5 wells to test the Sussex, Codell, Niobrara, J-Sand and/or Dakota formations in and under the SW/4 of Section 17 above described and Applicant is proposing one five well package for the Spacing Unit, due to the costs and risks of the overall project.
10. Due to the costs and risks associated with the proposed wells, the creation of one 160-acre drilling and spacing unit for the quarter section is necessary to ensure that each such owner has the opportunity to recover his, her or its just and equitable share of the oil, gas and other associated hydrocarbons produced and to be produced from the Sussex, Codell, Niobrara, J-Sand and/or Dakota formations in and under the SW/4 of Section 17 above described.
11. In addition, Applicant owns and operates oil and gas leases and controls mineral interests covering a total of 130.0185 acres, more or less, in the SW/4 of Section 17 above-described. A plat of the Spacing Unit is attached hereto as Exhibit A.
12. The Spacing Unit consists of a total of 160-acres, more or less. Approximately 29.9815 acres, more or less, in the SW/4 of Section 17 are unleased.
13. According to the title work completed by Applicant, the unleased interests in the SW/4 of Section 17 total 29.9815 acres, more or less, and those interests are owned by the persons identified on Exhibit B attached hereto.
14. More than 30 days prior to the filing of this Application, by letters sent to the persons described in Exhibit B, Applicant offered to lease the interests in the oil and gas owned by those parties in the Spacing Unit. The letters included a proposed lease. A representative sample of the letter is attached hereto as Exhibit C.
15. The offer to lease was made pursuant to C.R.S. § 34-60-116(7) c and Rule 530 of the rules of the Commission and the terms thereof comply with the requirements of the statute and rule.
16. In addition, the letter containing the offer to lease described in paragraph 13, Applicant included the opportunity for each owner identified on Exhibit B to bear his, her or its proportionate share of the costs and risks of the drilling and operating the five wells currently planned for each Spacing Unit. The letters included the following information as required by Rule 530 of the Commission's rules:

The location and objective depths of the five wells to be drilled in the Spacing Unit,

The estimated drilling and completion costs of the five wells to be drilled in the Spacing Unit,

The estimated spud dates for the wells to be drilled in the Spacing Unit or range of time within which the spudding is to occur and

An AFE prepared by the Applicant and containing the information described above.

17. More than 30 days prior to the filing of this Application, the parties listed on Exhibit B who have not elected to bear his, her or its proportionate share of the costs and risks of the drilling and operating the five wells to be drilled in the Spacing Unit will have become non-consenting owners as defined by C.R.S. § 34-60-116(7) and Rule 530 of the rules of the Commission.
18. In order to prevent waste, protect correlative rights and in the best interests of conservation and to foster, encourage and promote the development, production and utilization of the oil and gas natural resources, all the unleased interests in the Spacing Unit in the J Sand, Dakota, Codell and Niobrara formations owned by the parties listed on Exhibit B should be pooled in accordance with the provisions of C.R.S. § 34-60-116.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing, that notice thereof be given as required by law and that upon such hearing, this Commission enter its order:

- a. That the SW/4 of Section 17 above described be designated as a drilling and spacing unit for production of oil, gas and associated hydrocarbons from the Cretaceous formations from the base of the Dakota formation to the surface, to include, but not be limited to, production from the Sussex, J-Sand, Dakota, Codell and Niobrara formations,
- b. That the unleased interests in the 160-acre drilling and spacing unit consisting of the SW/4 of Section 17 described above in the Cretaceous formations from the base of the Dakota formation to the surface, to include, but not be limited to, production from the Sussex, J-Sand, Dakota, Codell and Niobrara formations owned by the parties listed on Exhibit B who are "non-consenting owners" as defined by Rule 530 of the rules of the Commission be pooled and that such owners be treated as non-consenting owners under C.R.S. § 34-60-116,
- c. Authorizing the production of oil, gas and associated hydrocarbons from the Cretaceous formations from the base of the Dakota formation to the surface to include, but not be limited to, production from the Sussex, J-Sand, Dakota, Codell and Niobrara formations from locations that are permitted by Rule 318A, and
- d. For such other and further relief as this Commission deems just and proper.

EXHIBIT "B"
NON CONSENTING OWNERS

OWNER	OWNER ADDRESS	LEGAL DESCRIPTION	ACRES	ROYALTY	PROPORTIONATE INTEREST
PAULETTE C. DILL	2530 10TH AVENUE COURT GREELEY, COLORADO 80631	LOT 7 OF BLOCK 13, WHEELERS 2ND ADDITION TO THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.159	12.5%	0.0001
BRUCE E. HAHN	2401 10TH AVENUE COURT GREELEY, COLORADO 80631	LOT 21, HACKLEY'S SUBDIVISION OF BLOCK 8, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
CHASE BANK, N.A. AS SUCCESSOR TO CACHE NATIONAL BANK OF GREELEY	PO BOX 1919 WICHITA FALLS, TEXAS 76307	PARCEL A: PART OF SUBURBAN SUBDIVISION DESCRIBED AS FOLLOWS: BEGINNING AT POINT WHICH BEARS NORTH 89 DEGREES 57 MINUTES EAST, 50 FEET FROM THE NORTHWEST CORNER OF SUBURBAN ADDITION, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 214.7 FEET; THENCE SOUTH 0 DEGREES 33 MINUTES EAST, 222 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 214.7 FEET; THENCE NORTH 0 DEGREES 33 MINUTES WEST, 222 FEET TO THE POINT OF BEGINNING.	1.094	12.5%	0.0009
CAROLYN MARIE RUSS	1040 COOKS CROSSING #12 MILFORD, OHIO 45150	LOT 6 OF BLOCK 13, WHEELERS 2ND ADDITION TO THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.159	12.5%	0.0001
CESAR MACIEL	601 27 STREET ROAD GARDEN CITY, COLORADO 80631	PART OF LOT 6 ARLINGTON GARDENS, TOWN OF GARDEN CITY, COUNTY OF WELD, STATE OF COLORADO BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING 208.5 FEET FROM THE NORTHEAST CORNER OF LOT 6, THENCE WEST 176.9 FEET; THENCE SOUTH 50 FEET; THENCE EAST 176.9 FEET; THENCE NORTH 50 FEET TO THE POINT OF BEGINNING, EXCEPT THAT PART OF THE RIGHT OF WAY OF THE COLORADO DEPT. OF HIGHWAYS.	0.183	12.5%	0.0001
DONNA M. REA AND CHARLES REA (HEIRS OF)	2435 10TH AVENUE COURT GREELEY, COLORADO 80631	LOT 28 OF HACKLEY'S SUBDIVISION OF BLOCK 8, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
BULAH M. ISEMINGER AND CHAS H. ISEMINGER	2708 9TH AVENUE GREELEY, COLORADO 80631	LOTS 5 AND 6, COPES SUBDIVISION OF THE WEST-HALF OF BLOCK 17, 1ST ADDITION TO ARLINGTON PARK, TOGETHER WITH THE VACATED EAST 20 FEET OF 9TH AVENUE LYING AND BEING ADJACENT TO SAID LOTS	0.149	12.5%	0.0001
CHEVRON USA	CHEVRON	LOT 1, 2, AND 3 OF BLOCK 13, WHEELERS 3RD ADDITION TO THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO EXCEPT THE WEST 12 FEET OF SAID LOTS	0.464	12.5%	0.0004
CHRIS G. COLLINS	3903 WEST 14TH STREET ROAD GREELEY, COLORADO 80634	LOT 10 OF BLOCK 13, WHEELERS 2ND ADDITION TO THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.159	12.5%	0.0001
CHRISTIAN ESPINOZA	2615 MILL ST #4 BRUSH, COLORADO 80723	LOT 5 OF BLOCK 13, WHEELERS 2ND ADDITION TO THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.159	12.5%	0.0001
COLUMBINE CHURCH OF CHRIST	2403 9TH AVENUE GREELEY, COLORADO 80631	LOTS 1, 2, 3, AND 4 OF BLOCK 9, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.218	12.5%	0.0002
DANIEL WADAS, SUSAN A. WADAS, RODNEY E. WADAS AND SHEILA G. WADAS	2520 9TH AVENUE COURT GREELEY, COLORADO 80631	LOT 5, WHEELER ADDITION, A SUBDIVISION OF BLOCK 12, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001

DAVID L. WERMERSKIRCHEN, KIM D. WERMERSKIRCHEN AND DEANA S WERMERSKIRCHEN	2431 9TH AVENUE GREELEY, COLORADO 80631	LOT 8 OF BLOCK 9, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.218	12.5%	0.0002
DAVID O. SPARKS	913 25TH STREET GREELEY, COLORADO 80631	THE WEST 60 FEET OF LOTS 11 AND 12, BLOCK 9, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.137	12.5%	0.0001
DAVID W. ABSMEIER AND CYNTHIA L. ABSMEIER	2540 10 AVENUE GREELEY, COLORADO 80631	LOT 29 OF BLOCK 12, WHEELERS ADDITION, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
DOLORES MARTINEZ	2716 9TH AVENUE GARDEN CITY, COLORADO 80631	LOTS 10 AND 11 OF COPES SUBDIVISION OF THE WEST-HALF OF BLOCK 17, 1ST ADDITION TO ARLINGTON PARK, CITY OF GARDEN CITY, COUNTY OF WELD, STATE OF COLORADO, TOGETHER WITH THE VACATED EAST 20 FEET OF 9TH AVENUE LYING AND BEING ADJACENT TO SAID LOTS	0.149	12.5%	0.0001
DONALD G. RAINVILLE	24552 HAWKS CIRCLE EVERGREEN, COLORADO 80439	LOT 33 OF HACKLEY'S SUBDIVISION OF BLOCK 8, 1ST ADDITION TO ARLINGTON PARK, EXCEPT THE WEST 5 FEET OF SAID LOT 33, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.158	12.5%	0.0001
DONALD L. SCHMIDT	P.O. BOX 5945 DENVER, COLORADO 80217	LOT 8 OF BLOCK 13, WHEELERS 2ND ADDITION TO THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.159	12.5%	0.0001
DONALD L. ZIMMERMAN, NANCY C. ZIMMERMAN AND SCOTT A. ZIMMERMAN	13827 LEXINGTON PLACE WESTMINSTER, COLORADO 80020	LOT 26 OF HACKLEYS SUBDIVISION OF BLOCK 8, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
DOUGLAS B. DE VOE AND DIANA B. DE VOE	2534 9TH AVENUE COURT GREELEY, COLORADO 80631	LOT 8 OF BLOCK 12, WHEELERS ADDITION TO THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
DOUGLAS G. SPIGHT AND LISA R. SPIGHT	7405 WEST 18TH STREET GREELEY, COLORADO 80634	LOT 21 OF BLOCK 12, WHEELERS ADDITION TO THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
ECH CORP., ET AL	19510 COUNTY ROAD 78 EATON, COLORADO 80615	SEE THE EXHIBIT "A", WHICH IS ATTACHED HERETO AND MADE PART HEREOF	1.552	12.5%	0.0012
EDWARD BOEHM, JR. AND LAVETA R. BOEHM	9801 SIERRA VISTA ROAD LONGMONT, COLORADO 80504	LOT 10 THROUGH LOT 17 OF BLOCK 3, AND THE WEST-HALF OF VACATED 7TH AVENUE LYING AND BEING ADJACENT TO SAID LOTS, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.688	12.5%	0.0005
EDWARD D. WARD	2502 9TH AVENUE COURT GREELEY, COLORADO 80631	LOT 1 OF BLOCK 12, WHEELERS SUBDIVISION TO THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
ELLEN L. HINE	2514 10TH AVENUE COURT GREELEY, COLORADO 80631	LOT 18 OF BLOCK 13, WHEELERS 1ST ADDITION TO THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
EUGENIO SANCHEZ, JR. AND BELINDA SANCHEZ	2506 10TH AVENUE GREELEY, COLORADO 80631	LOT 22 OF BLOCK 12, WHEELERS ADDITION TO THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
EVERARDO LECHUGA AND DELIA M. LECHUGA	2544 10TH AVENUE GREELEY, COLORADO 80631	LOT 30 OF BLOCK 12, WHEELERS ADDITION TO THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
FELIPE RAMIREZ AND MARIA RAMIREZ	2760 SOUTH 8TH AVENUE GARDEN CITY, COLORADO 80631	LOTS 32, 33, AND 34, EXCEPT THE SOUT 3 FEET OF LOT 32, ALL IN BLOCK 3 OF GARDEN CITY, WELD COUNTY, COLORADO	0.206	12.5%	0.0002
FENESSA C. BROWN	2443 10TH AVENUE COURT GREELEY, COLORADO 80631	LOT 30 OF HACKLEY'S SUBDIVISION OF BLOCK 8, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
FLORENE CRAGGS AND LOWELL FERGUSON	2704 7TH AVENUE GREELEY, COLORADO 80631	LOT 5 THE SOUTH HALF OF LOT 4 OF BLOCK 1, GARDEN CITY, WELD COUNTY, COLORADO	0.129	12.5%	0.0001
GABRIEL L. SAENZ	2707 6TH AVENUE LANE GREELEY, COLORADO 80631	THE EAST-HALF OF LOTS 4, 5, 6, AND 7 OF BLOCK 2, 1ST ADDITION TO GARDEN CITY, WELD COUNTY, COLORADO	0.136	12.5%	0.0001

GERMAN BATREZ	2711 6TH AVENUE LANE GARDEN CITY, COLORADO 80631	LOTS 8 AND 9 OF BLOCK 2, 1ST ADDITION TO GARDEN CITY, WELD COUNTY, COLORADO	0.135	12.5%	0.0001
HARMAN MANAGERS INVESTMENT	C/O HARMAN HEIM INC--5544 GREEN STREET MURRAY, UTAH 84123	LOT 4, 5, AND 6 OF BLOCK 10, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.662	12.5%	0.0005
JACK E. KRAMER AND BEVERLEY J. KRAMER	1260 5TH STREET EATON COLORADO 80615	LOT 6 OF BLOCK 13, WHEELERS 1ST ADDIION TO THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
JAIME FERNANDO LECHUGA AND MARISOL LOYA	2410 25TH AVENUE GREELEY, COLORADO 80631	LOTS 11 AND 12 OF BLOCK 9, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO EXCEPT THE WEST 120 FEET OF SAID LOTS 11 AND 12	0.161	12.5%	0.0001
JAMES L. CONLEY	1915 19TH AVENUE GREELEY, COLORADO 80631	THE WEST 150 FEET OF LOT 9 AND 10 OF BLOCK 8, VOLKS ADDITION TO THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.344	12.5%	0.0003
JAMES R. CASPER AND LESLAH A. CASPER	2419 10TH AVENUE GREELEY, COLORADO 80631	LOT 25 OF HACKLEY'S SUBDIVISION OF BLOCK 8, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
JAMIN B. WALTER AND CATHLEEN R. WALTER	2411 10TH AVENUE CT GREELEY, COLORADO 80631	LOT 23 OF HACKLEY'S SUBDIVISION OF BLOCK 8, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
JANCOSEK AND GROEGER, LLC	1845 13TH AVENUE GREELEY, COLORADO 80631	LOTS 5 AND 6 OF BLOCK 13, WHEELERS 3RD ADDITION TO THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO, EXCEPT THE WEST 12 FEET OF SAID LOTS	0.301	12.5%	0.0002
JANET L. CREGO AND DANIEL L. CREGO	1215 42ND AVENUE GREELEY, COLORADO 80631	LOT 10 OF HACKLEYS SUBDIVISION OF BLOCK 8, 1ST ADDITION TO ARLINGTON PARK CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
JANINE R. LYNN	1002 KING DRIVE LOVELAND, COLORADO 80537	LOT 5 OF HACKLEYS SUBDIVISION OF BLOCK 8, 1ST ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
JEREMY LUTZ	2428 10TH AVENUE GREELEY, COLORADO 80631	LOT 17 OF BLOCK 9, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.218	12.5%	0.0002
JESUS ZUBIA	2706 7TH AVENUE GREELEY, COLORADO 80631	LOTS 6 AND 7 OF BLOCK 1, GARDEN CITY, WELD COUNTY, COLORADO	0.169	12.5%	0.0001
JOEY J. ZIEGLER	2534 10 AVENUE COURT GREELEY, COLORADO 80631	LOT 13 OF BLOCK 13, WHEELERS 1ST ADDITION TO CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
JORGE A. MAGANA	2738 6TH AVENUE LANE GARDEN CITY, COLORADO 80631	LOTS 14 AND 15, BLOCK 1, 1ST ADDITION TO GARDEN CITY, WELD COUNTY, COLORADO	0.152	12.5%	0.0001
JOSEPH MAYORGA	2416 10TH AVENUE COURT GREELEY, COLORADO 80631	LOT 17 OF HACKLEY'S SUBDIVISION OF BLOCK 8, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
JOSHUA JACOBS	2420 11TH AVENUE GREELEY, COLORADO 80631	LOT 36 OF HACKLEY'S SUBDIVISION OF BLOCK 8, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
JULIO M. FRANCISCO	2441 10TH AVENUE GREELEY, COLORADO 80631	LOT 9 OF HACKLEY'S SUBDIVISION OF BLOCK 8, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
KAREN GRAY FAWCETT	2511 10TH AVENUE GREELEY, COLORADO 80631	LOT 2 OF BLOCK 13, WHEELERS 1ST ADDITION TO THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
KATIE M. MEIRATH	2519 10TH AVENUE COURT GREELEY, COLORADO 80631	LOT 4 OF BLOCK 13, WHEELERS 2ND ADDITION TO THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.159	12.5%	0.0001
KEVIN C. HOUSER AND LAUREL HOUSER	43997 COUNTY ROAD 37 PIERCE, COLORADO 80650	LOT 26 OF BLOCK 12, WHEELERS ADDITION TO THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001

KEVIN S. AGAN	48033 COUNTY RD 74 ORCHARD, CO 80649	LOT 38, HACKLEYS SUBDIVISION OF BLOCK 8, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
KRISTINE WOODY	2539 10TH AVENUE COURT GREELEY, COLORADO 80634	LOT 9 OF BLOCK 13, WHEELERS 2ND ADDITION TO THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.159	12.5%	0.0001
LEWIS YEDDIS	C/O PHILLIP YEDDIS 4011 S HUDSON WAY, ENGLEWOOD, COLORADO 80113	LOTS 1, 2, AND 3, BLOCK 2, AND THE EAST 1/2 OF THE VACATED ALLEY ADJACENT TO SAID LOTS, AND LOTS 27, 28, 29, 30, 31, 32, 33, AND 34, BLOCK 2, ALL IN THE TOWN OF GARDEN CITY, COUNTY OF WELD, STATE OF COLORADO	0.789	12.5%	0.0006
LILIAN SUSAN MARQUEZ	4118 W 30TH STREET GREELEY, COLORADO 80634	THE WESTERLY 120 FEET OF LOT 14 OF BLOCK 9, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.137	12.5%	0.0001
LORRETTA CHAVEZ AND LLOYD CHAVEZ	2510 10TH AVENUE COURT GREELEY, COLORADO 80631	LOT 19 OF BLOCK 13, WHEELERS 1ST ADDITION, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
LOWRIE LIMITED PARTNERSHIP	1555 RIDGE WEST DRIVE WINDSOR, COLORADO 80550	LOT 21 OF BLOCK 9, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.218	12.5%	0.0002
LUCILA DIAZ	2439 10TH AVENUE COURT GREELEY, COLORADO 80631	LOT 29 OF HACKLEY'S SUBDIVISION, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
LIVERNE I. LARSON, MARK LARSON, L. MAUREEN LARSON AND ELLEN JUNE LARSON	2633 14TH AVENUE COURT GREELEY, COLORADO 80631	THE EAST 65 FEET OF LOTS 23 AND 24 OF BLOCK 9, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.149	12.5%	0.0001
MARDI GRAS PROPERTIES, LLC	1102 9TH STREET GREELEY, COLORADO 80631	LOT 1 AND THE NORTH-HALF OF LOT 2, BLOCK 10, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.331	12.5%	0.0003
MARION K DOERR ALLES	2131 SPRINGS PLACE LONGMONT, COLORADO 80504	LOT 3 BLOCK 13, WHEELERS 1ST ADDITION, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
MARK DAVID AVERY	5510 W 1ST STREET GREELEY, COLORADO 80634	LOT 40 OF HACKLEY'S SUBDIVISION OF BLOCK 8, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
MARK R. MIDDLETON	2421 9TH AVENUE GREELEY, COLORADO 80631	LOT 6 OF BLOCK 9, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.218	12.5%	0.0002
MARTIN MEDINA AND MAUREEN TORO	2606 7TH AVENUE GARDEN CITY, COLORADO 80631	LOT 3 OF BLOCK 4, 2ND ADDITION TO GARDEN CITY, WELD COUNTY, COLORADO	0.148	12.5%	0.0001
MARVIN ZIGMAN TRUST AND BEBE LOIS TRUST	MESA REALTY COMPANY 814 MORENA BLVD #303 SAN DIEGO, CALIFORNIA 92110	THE NORTH-HALF FO LOT 14 AND ALL OF LOTS 15 AND 16, BLOCK 2, 2ND ADDITION TO GARDEN CITY, WELD COUNTY, COLORADO TOGETHER WITH THE WEST-HALF OF THE VACATED ALLEY LYING AND BEING ADJACENT TO SAID LOTS	0.2165	12.5%	0.0002
MARY L. MONTOYA	2511 10TH AVENUE COURT GREELEY, COLORADO 80631	LOT 2 OF BLOCK 13, 2ND ADDITION TO WHEELERS SUBDIVISION, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.159	12.5%	0.0001
MARY V. DOWNING	P O BOX 1655 ARCADOA, CALIFORNIA 91077	LOT 1 OF CLASSIC SUBDIVISION OF THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.516	12.5%	0.0004
MAURICIO AGUILAR	2531 9TH AVENUE COURT GREELEY, COLORADO 80631	LOT 14 OF BLOCK 12, WHEELERS ADDITION, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
MCDONALD'S CORPORATION	P O BOX 66351 AMF O'HARE AIRPORT CHICAGO, ILLINOIS 60666	SEE EXHIBIT "A" FOR THE LEGAL DESCRIPTION, WHICH IS ATTACHED HERETO AND MADE PART HEREOF.	1.599	12.5%	0.0012
MEGAN L. BABKES	2429 10 AVENUE COURT GREELEY, COLORADO 80631	LOT 27 OF HACKLEY'S SUBDIVISION OF BLOCK 8, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001

MICHAEL L. NELSON, BRENDA J. NELSON AND NICOLE E. NELSON	2410 10TH AVENUE COURT GREELEY, COLORADO 80631	LOT 18 OF HACKLEY'S SUBDIVISION OF BLOCK 8, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
NICOLAS OCHOA	2542 10TH AVENUE COURT GREELEY, COLORADO 80631	LOT 11 OF BLOCK 13, WHEELERS 1ST ADDITION TO THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
NICOLE E. HOLDWAY	2523 10TH AVENUE GREELEY, COLORADO 80631	LOT 5 OF BLOCK 13, WHEELERS 1ST ADDITION TO THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
NORMA O. HERRERA	115 MAIN STREET LASALLE, COLORADO 80645	LOTS 1 AND 2 OF BLOCK 4, 2ND ADDITION TO GARDEN CITY, WELD COUNTY, COLORADO	0.294	12.5%	0.0002
NOVAR M. GARCIA	417 NORTH WYNDHAM AVENUE GREELEY, COLORADO 80634	LOT 4 OF BLOCK 12, WHEELERS ADDITION TO THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
OMNI ENTERPRISES, INC.	P.O. BOX 1039 WHITE SALMON, WASHINGTON 98672	LOT 17 TO LOT 24 OF BLOCK 11, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	1.744	12.5%	0.0014
PALERMO BCE, LLC AND HALL BCE, LLC	10365 WELD COUNTY ROAD 7 LONGMONT, COLORADO 80504	LOTS 8 AND 9 OF BLOCK 13, WHEELERS 3RD ADDITION TO THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO, EXCEPT THE WEST 12 FEET OF SAID LOTS 8 AND 9	0.297	12.5%	0.0002
PHILIP N. WEISER	2121 74TH AVENUE GREELEY, COLORADO 80631	LOT 15 WHEELERS ADDITION TO THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
RAYMOND J. D ADAMO AND TINA L. D ADAMO	3517 SOUTH MASON FORT COLLINS, COLORADO 80525	LOT 7 OF BLOCK 13, WHEELERS 3RD ADDITION TO THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO EXCLUDING THE WEST 12 FEET OF LOT 7	0.149	12.5%	0.0001
RICK R. RUPE	3500 35TH AVENUE GREELEY, COLORADO 80634	LOT 24 OF BLOCK 12, WHEELERS ADDITION TO THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
SAV-O-MAT, INC	7268 SOUTH TUCSON WAY ENGLEWOOD, COLORADO 80112	LOT 10 OF BLOCK 13, WHEELERS 3RD ADDITION TO THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO, EXCEPT THE WEST 12 FEET OF SAID LOT 10	0.147	12.5%	0.0001
SECURITIZATION LLC, MERRILL LYNCH MORTG	4828 LOOP CENTRAL DR HOUSTON, TEXAS 77081	LOT 9 BLOCK 13, WHEELERS 1ST ADDITION, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
SEVENTH AVE CHURCH OF CHRIST	C/O LARRY WOODS, SR. 256 43RD AVENUE COURT GREELEY, COLORADO 80634	LOT 1 OF BLOCK 9, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO, EXCEPT THE WEST ONE- THIRD OF SAID LOT 1	0.147	12.5%	0.0001
SILVESTRE RUVALCABA	2702 7TH AVENUE GREELEY, COLORADO 80631	LOT 3 AND THE NORTH-HALF OF LOT 4, BLOCK 1, GARDEN CITY, WELD COUNTY, COLORADO	0.129	12.5%	0.0001
SOUTH COYOTE JUNCTION, LLC	15027 WELD COUNTY ROAD 23 1/2 PLATTEVILLE, COLORADO 80651	LOT 5 OF BLOCK 9, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.218	12.5%	0.0002
STEVE DEGENHART AND LOIS PARLOW	P.O. BOX 11555 PUEBLO, COLORADO 81001	LOT 15 OF HACKLEY'S SUBDIVISION OF BLOCK 8, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
STEVEN WAYNE WILSON AND DARYL E. WILSON	711 39TH STREET GREELEY, COLORADO 80631	LOTS 5, 6, 7, AND 8, BLOCK 2, 2ND ADDITION TO GARDEN CITY, WELD COUNTY, COLORADO, TOGETHER WITH THE EAST-HALF OF THE VACATED ALLEY LYING AND BEING ADJACENT TO SAID LOTS.	0.619	12.5%	0.0005
SUPER AMERICA, LLC	1260 W 13TH AVENUE BROOMFIELD, COLORADO 80020	LOTS 1 AND 2 OF BLOCK 16, KENDRICKS 2ND ADDITION TO GARDEN CITY, WELD COUNTY, COLORADO, ALSO THE VACATED SOUTH 10 FEET OF 26TH STREET LYING AND BEING ADJACENT TO SAID LOTS	0.486	12.5%	0.0004

TERRY LEE JOHNSON	2438 10TH AVENUE GREELEY, COLORADO 80631	LOT 15 OF BLOCK 9, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.218	12.5%	0.0002
TERRY TRUEBLOOD	2712 9TH AVENUE GARDEN CITY, COLORADO 80631	LOT 8, COPES SUBDIVISION OF THE WEST-HALF OF BLOCK 17, 1ST ADDITION TO ARLINGTON PARK, TOGETHER WITH THE VACATED EAST 20 FEET OF 9TH AVENUE LYING AND BEING ADJACENT TO SAID LOT	0.074	12.5%	0.0001
THOMAS E. MORENO	602 27TH STREET GREELEY, COLORADO 80631	PART OF LOT 6, ARLINGTON GARDENS ADDITION TO GARDEN CITY, WELD COUNTY, COLORADO DESCRIBED AS FOLLOWS BEGINNING AT THE NORTHEAST CORNER LOT 6; THENCE WEST 208.5 FEET; THENCE SOUTH 208.5 FEET, THENCE EAST 208.5 FEET; THENCE NORTH 208.5 FEET TO THE POINT OF BEGINNING, EXCEPT ALL THAT PART OF LOT 6 DESCRIBED AS: BEGINNING AT A POINT WHICH IS 133.5 FEET WEST OF THE NORTHEAST CORNER OF LOT 6; THENCE WEST 75 FEET; THENCE SOUTH 208.5 FEET; THENCE EAST 75 FEET; THENCE NORTH 208.5 FEET TO THE POINT OF BEGINNING, ALSO EXCLUDING THAT PART CONVEYED TO THE STATE HIGHWAY DEPT. BY WAY OF DEED RECORDED IN BOOK 1316 AT PAGE 272, WELD COUNTY RECORDS, GARDEN CITY, WELD COUNTY COLORADO.	0.482	12.5%	0.0004
THOMAS L. BOWSER, MICHAEL H. BOWSER AND DENISE L. BOWSER	2522 10 AVENUE COURT GREELEY, COLORADO 80631	LOT 16 OF BLOCK 13, WHEELERS 1ST ADDITION, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
TONY DIEDERICH	2416 11TH AVENUE GREELEY, COLORADO 80631	LOT 37 OF HACKLEYS SUBDIVISION OF BLOCK 8, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
TRACI A. MONTOYA	2440 10TH AVENUE COURT GREELEY, COLORADO 80631	LOT 12 OF HACKLEY'S SUBDIVISION OF BLOCK 8, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.165	12.5%	0.0001
UNION FEDERAL BANK INDIANAPOLIS	7500 W JEFFERSON BLVD FORT WAYNE, IN 46804	THE EAST-HALF OF LOTS 1, 2, AND 3 OF BLOCK 2, 1ST ADDITION TO GARDEN CITY, WELD COUNTY, COLORADO	0.102	12.5%	0.0001
VERNON J. MASTERSON AND VERNA M. MASTERSON	2424 10TH AVENUE GREELEY, COLORADO 80631	LOT 18 OF BLOCK 9, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.218	12.5%	0.0002
WELLS FARGO BANK, NA	THE FORUM STE 105 1675 WEST PALM BEACH, FLORIDA 33401	THAT PART OF LOT 3, ARLINGTON GARDENS, GARDEN CITY, WELD COUNTY, COLORADO DESCRIBED AS FOLLOWS: BEGINNING AT A POINT WHICH LIES 265 FEET EAST OF THE NORTHWEST CORNER OF SAID LOT 3; THENCE SOUTH 130 FEET; THENCE EAST 100 FEET; THENCE NORTH 130 FEET; THENCE WEST 100 FEET TO THE POINT OF BEGINNING	0.229	12.5%	0.0002
WELLS FARGO BANK, NA	2420 10TH AVENUE GREELEY, COLORADO 80631	LOT 19 OF BLOCK 9, 1ST ADDITION TO ARLINGTON PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO, EXCLUDING THE NORTH 20 FEET OF THE EAST 60 FEET OF SAID LOT	0.19	12.5%	0.0001
WILLIAM Y. HUBBARD, III AND LINDA S. HUBBARD	5429 ROAD 47 TORRINGTON, WYOMING 82240	LOT 4 THROUGH LOT 8 OF BLOCK 1, 1ST ADDITION TO GARDEN CITY, WELD COUNTY, COLORADO	0.057	12.5%	0.0000
VARIOUS		DEDICATED STREETS AND ROADWAYS	4.2	12.5%	0.0033

EXHIBIT "C"
LETTER



MINERAL RESOURCES, INC.

Mail: P.O. Box 328, Greeley, Colorado 80632 Phone: 970.352.9446 Fax: 800.850.9334

June 30, 2006

RE: Township 5 North, Range 65 West, 6th P.M.
Section 17: SW1/4 (Five Wells)
Section 17: E1/2SW1/4, W1/2SE1/4 (One Well)
Section 17: S1/2SW1/4, Section 20: N1/2NW1/4 (One Well)
Section 17: SE1/4SW1/4, SW1/4SE1/4, Section 20: NE1/4NW1/4, NW1/4NE1/4 (One Well)
City of Greeley, County of Weld, State of Colorado

Dear Mineral Owner:

Mineral Resources, Inc. plans to drill eight oil and gas wells beneath the referenced property in the next 90 days. The wells will be drilled from a common drilling pad on land owned by Mineral Resources or an affiliated entity described below. The wells are being planned as an eight well operation because of the costs and risks associated with the operation. If the program is not successful and if less than the eight planned wells are drilled, all costs and expenses will be accounted for and adjusted accordingly.

You may have already been contacted by Mineral Resources or one of its affiliates with respect to the leasing of your mineral interest to the Mineral Resources or the sale of your mineral interest to a Mineral Resources affiliate.

The purpose of this letter is to offer you the opportunity to bear your proportionate share of the costs and risks of the drilling and operating of the eight wells that Mineral Resources plans to drill under the land described above. This offer is being made pursuant CRS §34-60-116 (7) (a) and rule 530 of the rules and regulations of the Colorado Oil and Gas Conservation Commission.

According to the records of the Weld County Clerk and Recorder's office, you own an interest in the oil and gas under the referenced property, and according to our research, your oil and gas interest is unleased. Mineral Resources owns oil and gas leases covering 80%, more or less, of the referenced property.

Attached to this letter is a plat showing Mineral Resources' drilling plans as of this date. The locations of the wells are depicted on the plat. The objective depth of each of the wells is approximately 8000 feet true vertical depth and may include penetrating the Dakota formation. The wells, if successful, will be completed on any one or more of the Cretaceous formations

under the referenced land. Those formations include, but are not limited to, the Sussex, Codell, Niobrara, J-Sand and Dakota formations.

As depicted on the attached map, your interest will be pooled with adjoining lands to create four spacing units.

Unit 1 is to be designated as the spacing unit for five wells in the SW1/4 of Section 17.

Unit 2 is to be designated as the spacing unit for 1 well in the E1/2SW1/4, W1/2SE1/4 of Section 17.

Unit 3 is to be designated as the spacing unit for 1 well in the S1/2SW1/4 of Section 17 and N1/2NW1/4 of Section 20

Unit 4 is to be designated as the spacing unit for 1 well in the SE1/4SW1/4, SW1/4SE1/4 of Section 17 and NE1/4NW1/4, NW1/4NE1/4 of Section 20

The wells will be drilled directionally from a pad-site located just south of U.S. Highway 34 and east of the Union Pacific Rail Road Right of Way; hence, no drilling operations will take place on the surface of your property or the referenced land.

Operations are scheduled to commence between August 1 and August 30, 2006, but may be either moved up or delayed depending on rig availability and proceedings before the Colorado Oil and Gas Conservation Commission that govern these operations. Mineral Resources plans on drilling all of the wells consecutively, again, depending on the success of the program.

As an owner of a mineral interest in the SW1/4 of Section 17, you have several options from which to choose. The first is to lease your mineral interest in and under the SW1/4 of Section 17 to Mineral Resources. We have enclosed for your review and execution an oil and gas lease. The lease provides for a 12.5% royalty interest in all wells in proportion to your acreage in each of the 2 units described above and a five-year primary term. As consideration for signing the lease Mineral Resources will pay you \$50.00 per acre and a minimum amount of \$15.00 upon the receipt of a signed and notarized oil and gas lease. After signing the lease you should make a copy of it for your records. The terms being offered are consistent with existing leases in the SW1/4 of Section 17 and other lands within the drilling program.

As a second option, you may sell your interest to Richmark Development, LLC, an affiliate company of Mineral Resources, Inc. If a check was previously sent to you, and if that check is in your possession you can still cash it. Richmark Development will issue you a new check if you request if the original check has been lost, destroyed or returned to Richmark Development.

As an alternative to leasing your oil and gas mineral interest to Mineral Resources or selling your mineral interest to Richmark Development, you have the right to participate as a working interest owner in the drilling of the eight wells within the four units described in this letter. Based upon your net acreage to the units, your proportionate share of the costs to drill and complete the wells is estimated to be \$6167.20, based upon the following calculation:

Unit 1:

0.183 (# of your mineral acres in Unit 1) / 160 (total acres in Unit 1) x \$3,370,065 (estimated cost to drill and complete five wells at an average cost of \$674,013 per well) = \$3854.5 (estimated cost for Unit 1 billable to you should you elect to participate as a working interest owner).

Unit 2:

0.183 (# of your mineral acres in Unit 1) / 160 (total acres in Unit 1) x \$674,013 (estimated cost to drill and complete one well) = \$770.9 (estimated cost for Unit 2 billable to you should you elect to participate as a working interest owner).

Unit 3:

0.183 (# of your mineral acres in Unit 1) / 160 (total acres in Unit 1) x \$674,013 (estimated cost to drill and complete one well) = \$770.9 (estimated cost for Unit 2 billable to you should you elect to participate as a working interest owner).

Unit 4:

0.183 (# of your mineral acres in Unit 1) / 160 (total acres in Unit 1) x \$674,013 (estimated cost to drill and complete one well) = \$770.9 (estimated cost for Unit 2 billable to you should you elect to participate as a working interest owner).

Total Cost:

\$3854.5 (estimated cost billable to you for Unit 1) + \$770.9 (estimated cost billable to you for Unit 2) + \$770.9 (estimated cost billable to you for Unit 3) + \$770.9 (estimated cost billable to you for Unit 4) = \$6167.20 (estimated cost billable to you for Units 1 and 2 should you elect to participate as a working interest owner).

Enclosed is an Authority for Expenditure (AFE) for estimated cost one of the eight wells. The AFEs for the other wells are substantially identical. The total estimated cost of the eight wells to be drilled under the referenced land is \$5,392,104. THE COST OF ANY OF THE WELLS MAY BE MORE OR LESS THAN THE AMOUNT OF THE AFE AND IF THE COSTS EXCEED THE AMOUNT OF THE AFE, YOU WILL BE LIABLE FOR YOUR PORPORTIONATE SHARE OF THE EXCESS COST.

If you elect to participate as a working interest owner in the drilling of the wells, please send a letter to Mineral Resources stating your intention to participate and bear the estimated costs billable to you no later than July 30, 2006. Upon receipt of your letter, Mineral Resources will send you a Joint Operating Agreement for your execution; the operating agreement contains terms and conditions pursuant to which Mineral Resources will operate the wells for your account and others who elect to participate. Your total payment will have to be made at the time the signed Joint Operating Agreement is returned to Mineral Resources.

Should you elect not to participate in the drilling of the wells, or lease or sell your interest to Mineral Resources, Mineral Resources, as Operator, will apply to have your interests in the four units described in this letter pooled with the interests of Mineral Resources and others who have elected to participate.

Sincerely,

Collin M. Richardson
Director of Operations