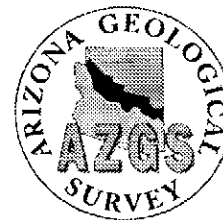


Jane Dee Hull
Governor

State of Arizona
Arizona Geological Survey

416 W. Congress, Suite 100
Tucson, Arizona 85701
(520) 770-3500



Larry D. Fellows
Director and State Geologist

**NOTICE OF COMBINED PUBLIC MEETING FOR THE PURPOSE OF RATIFYING PAST ACTION
TAKEN IN VIOLATION OF OPEN MEETING LAW AND EXECUTIVE SESSION**

OIL AND GAS CONSERVATION COMMISSION

Pursuant to A.R.S. §§ 38-431.02 and 38-431.05, notice is hereby given to the members of the Oil and Gas Conservation Commission (Commission) and to the general public that the Commission will hold a meeting open to the public on July 26, 2002, at 10:00 a.m. in Room 321 of the State Land Department Building located at 1616 West Adams Street, Phoenix, Arizona 85007.

One of the purposes of the meeting is to discuss and ratify an action of the Commission that may have been taken in violation of the Open Meeting Law. This action involved a review by the Oil and Gas Conservation Commissioners of the attached letter dated June 18, 2002, to the State Land Commissioner, stating an opinion that an abandoned, unplugged oil or gas hole was a liability not an improvement. The action was taken in response to a disagreement between a current oil and gas lessee, High Plains Petroleum, and a previous oil and gas lessee, Ridgeway Arizona Oil Corp. A draft copy of the letter was emailed to the Commissioners for review on June 14, 2002. The Commissioners had telephoned or emailed agreement with the letter as written by June 18, 2002.

The public may obtain a detailed written description of the action to be ratified, and all deliberations, consultations, and decisions by members of the Commission that preceded and relate to this action to be ratified at 416 West Congress, Suite 100, Tucson Arizona at least 72 hours in advance of the meeting.

The agenda for the meeting is as follows:

1. Call to Order
2. Approval of Minutes of Meeting of April 19, 2002
3. Executive Session pursuant to A.R.S. § 38-431.03(A)(3) to consult with counsel about open meeting law issues
4. Ratify decision to send the attached letter of June 18, 2002. The Commission will discuss the issue and may vote to authorize the Chairman to advise the State Land Commissioner of its position.
5. Status report of the Director and State Geologist on matters relating to the Commission
6. Status report of Oil & Gas Administrator about oil and gas activity in Arizona
7. Call to the public
8. Announcements on upcoming meetings and events of the Commission
9. Adjournment

A copy of the agenda background material provided to Commission members (with the exception of material relating to the executive session) is available for public inspection at the Oil and Gas Administrator's office, 416 West Congress, Suite 100, Tucson, Arizona 85701.

The public will be afforded an opportunity to comment on any item on the agenda; however, at the beginning of the meeting, the Commission may vote to set up a time limit on individual comments.

Dated this 19th day of July 2002

OIL AND GAS CONSERVATION COMMISSION

A handwritten signature in cursive script that reads "Steven L. Rauzi".

Steven L. Rauzi
Oil and Gas Administrator

Persons with a disability may request a reasonable accommodation such as a sign language interpreter, by contacting Steve Rauzi at (520) 770-3500. Requests should be made as early as possible to allow time to arrange the accommodation. This document is available in alternative formats by contacting Steve Rauzi at (520) 770-3500.

OIL AND GAS CONSERVATION COMMISSION

416 West Congress #100
Tucson, Arizona 85701

Minutes of Meeting
April 19, 2002

Present:

Dr. J. Dale Nations, Chairman
Mr. Robert L. Jones, Vice-Chairman
Mrs. Michele P. Negley, Member
Mr. Robert L. Wagner, Member
Dr. Larry D. Fellows, Director and State Geologist
Mr. Steven L. Rauzi, Oil and Gas Administrator

The regular Commission Meeting of April 19, 2002, was called to order by Dr. J. Dale Nations, Chairman, at 10:00 a.m. in Room 321, State Land Department Building, Phoenix, Arizona.

Dr. Nations welcomed Mr. Wagner to the Commission and presented him with the Governor's Certificate of Appointment. Mr. Wagner said a few words about his background. Dr. Nations announced that Mr. Joe Lane had been appointed to replace Mr. Veale but was not able to make the meeting because of a prior meeting conflict.

APPROVAL OF THE MINUTES OF THE MEETING OF JANUARY 18, 2002

Mr. Jones moved, seconded by Dr. Nations:

THAT THE MINUTES OF THE MEETING OF JANUARY 18, 2002, BE
ACCEPTED AS PRESENTED

Motion carried unanimously.

STATEMENT OF DIRECTOR AND STATE GEOLOGIST

Dr. Fellows described the sunset review process and reported that the Agency was continued for another 10 years. He reported this was the worst budget year he'd seen since 1979 and that any fiscal 2003 budget cuts would need to come out of salaries. Dr. Fellows talked about microfilming the oil and gas records, the release of Circular 29 about oil and gas and Circular 30 about salt, and an article by Dr. Nations in the next issue of Arizona Geology.

REPORT OF THE OIL AND GAS ADMINISTRATOR

The activity report of Mr. Rauzi was sent to the Commissioners and has been made a part of these minutes. He described the semi-annual inspections at the LPG-storage facilities and indicated that Ferrellgas may construct three new caverns near Adamana. He reported that the

oil and gas records were being microfilmed for disaster recovery and would be stored in the State Records Center vault. He explained that was why they were not being scanned in digital format. He indicated he would check the Records Center's cost for making duplicate copies.

STATUS OF RIDGEWAY'S CO₂ PROJECT

Mr. White reported that the CO₂ compressor had been delivered from Texas but the building to house the plant was not yet constructed. He indicated that production would start at 150 to 250 tons a day soon after the plant building was constructed.

STATUS OF GAS STORAGE PROJECTS

Mr. Rauzi reported that he had issued a permit to Aquila Energy for a stratigraphic test north of Kingman just north of the Red Lake Playa. He reported that both Aquila and Desert Crossing were investigating the feasibility of storing natural gas in the Red Lake salt deposit. He noted that he had written a short article about that for the Oil & Gas Journal.

Mr. Reid reported that Copper Eagle was evaluating information from its stratigraphic test near Indian School and Cotton Lane and may drill two more stratigraphic tests in that area. He reported that they planned to submit an application to the FERC by September and, depending on approval, start construction of the storage facility by mid 2003.

Mrs. Negley reported that more interest was expressed in the southern part of the Desert Crossing pipeline system than in the northern part.

ORAL PROCEEDING TO ADOPT AMENDED RULES

Mr. Rauzi reported that the notice of proposed rulemaking was published in the February 15, 2002, Arizona Administrative Register. He reported that no oral or written comments were received on the proposed rulemaking.

Dr. Nations opened the floor for discussion from the public. There was none.

Mrs. Negley moved, seconded by Mr. Jones:

THAT THE PROPOSED RULES BE ADOPTED AS PUBLISHED IN
THE FEBRUARY 15, 2002, ARIZONA ADMINISTRATIVE REGISTER

Motion carried unanimously.

CALL TO THE PUBLIC

Mr. Somers handed out some maps he put together and described his Navajo Anticline helium prospect near the old helium-producing area in Apache County. He reported that he had

encountered some mineral estate problems because of recent land transfers to the Navajo Nation.

Mr. Buff discussed the status of Premco Western's activities in northwestern Arizona. He reported that Desert Crossing planned to do some geophysical work near Red Lake and would require a special land use permit to drill any stratigraphic tests related to the disposal of brine on federal lands.

ANNOUNCEMENTS

The Commission scheduled its next meeting at 10:00 a.m. on September 13, 2002, in Room 321 at the State Land Department Building in Phoenix.

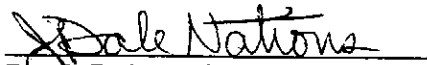
ADJOURNMENT

Mrs. Negley moved, seconded by Mr. Wagner:

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 11:30 a.m.

APPROVED


Dale Nations
Chairman

GUESTS IN ATTENDANCE

| | |
|---------------|----------------------------------|
| Richard Ahern | State Land Department |
| Paul Buff | U.S. Bureau of Land Management |
| Jim Maloney | Praxair |
| Mark Osborn | R & R Partners |
| Matt Reid | Copper Eagle Gas Storage, LLC |
| Mike Rice | State Land Department |
| John Somers | High Plains Petroleum |
| Scott Somers | High Plains Petroleum |
| Thomas White | Ridgeway Arizona Oil Corporation |



Jane Dee Hull
Governor

State of Arizona
Arizona Geological Survey

416 W. Congress, Suite 100
Tucson, Arizona 85701
(520) 770-3500



Larry D. Fellows
Director and State Geologist

July 19, 2002

To: Oil and Gas Conservation Commissioners

From: ^{SLR} Steven L. Rauzi, Oil and Gas Administrator

Re: Activity Report for the July 26, 2002, Meeting

As you know, our counsel from the Attorney General's Office, Laurie Woodall, has advised us that Dr. Nations' June 18 letter to the State Land Commissioner was prepared in violation of the open meeting law. One of the purposes of your July 26 meeting is to discuss and ratify that letter and to consult with Laurie about open meeting law issues. Each of these issues is covered by a separate agenda item.

Copper Eagle Gas Storage is drilling its #1-19 stratigraphic test to a projected total depth of 9,000 ft or basement near Luke Air Force Base. They cemented 13 3/8" surface casing to a depth of about 2000 ft on July 6. Copper Eagle is drilling the hole to gather subsurface information relative to its natural gas storage project.

Tom White reported that Ridgeway Arizona Oil Corporation started producing carbon dioxide for the liquids plant on July 5. He may be in attendance to report the latest news about Ridgeway's CO₂ project.

The Governor's Regulatory Review Council (GRRC) approved the final rulemaking that you adopted in your last meeting on April 19. The rules will become effective as soon as the GRRC forwards them to the Secretary of State.

The oil and gas records have been microfilmed. The original film is stored in a vault at the State's Record Management Center in Phoenix. A copy of the microfilm is available for viewing at our office in Tucson.

I am working on a map of the Luke salt deposit that will show the outline of the salt relative to major streets and towns. I expect to complete the map by the end of August.

WRITTEN DESCRIPTION OF ACTION TO BE RATIFIED

One of the purposes of the meeting is to discuss and ratify an action of the Oil and Gas Conservation Commission that may have been taken in violation of the Open Meeting Law. This action involved a review by the Oil and Gas Conservation Commissioners of the attached letter dated June 18, 2002, to the State Land Commissioner, stating an opinion that an abandoned, unplugged oil or gas hole was a liability not an improvement. The action was taken in response to a disagreement between a current oil and gas lessee, High Plains Petroleum, and a previous oil and gas lessee, Ridgeway Arizona Oil Corp. A draft copy of the letter was emailed to the Commissioners for review on June 14, 2002. The Commissioners had telephoned or emailed agreement with the letter as written by June 18, 2002.



Jane Dee Hull
Governor

State of Arizona
Arizona Geological Survey
416 W. Congress, Suite 100
Tucson, Arizona 85701
(520) 770-3500



Larry D. Fellows
Director and State Geologist

June 18, 2002

Mr. Michael E. Anable
State Land Commissioner
1616 W Adams
Phoenix AZ 85006

Dear Mike:

The State Land Department granted Mr. John Somers, High Plains Petroleum, an oil and gas lease, #13-107141, in January 2002. There is an abandoned, unplugged, hole, the #12-16-28 State, on the lease parcel. The Oil and Gas Conservation Commission (OGCC) approved Mr. Somers' application to re-enter the #12-16-28 State on March 20, 2002.

A previous lessee (Ridgeway Arizona Oil Corporation) leased the subject parcel in January 1996, drilled the #12-16-28 State in May 1997, and surrendered the lease in January 1999. The previous lessee did not plug the #12-16-28 State hole before it surrendered the lease. The previous lessee had not fulfilled its obligation to plug the abandoned hole as of March 2002.

Mr. Somers wrote to the OGCC on May 29, 2002, that the State Land Department was considering whether or not an abandoned, unplugged oil and gas hole is an improvement, which would require a current lessee to reimburse a previous oil and gas lessee. Aside from any issue of salvageable value, the OGCC considers an abandoned, unplugged hole a liability not an improvement. Statutes explicitly obligate an operator to plug each dry or abandoned well. Statutes further require an operator to post a performance bond to cover just such a liability.

It is the opinion of the OGCC that if a lessee surrenders a lease before plugging each dry or abandoned well, the lessee has left the State a liability, not an improvement. The OGCC believes that a determination that an abandoned, unplugged hole is an improvement would be contrary to statutory intent and detrimental to future oil and gas exploration and development in Arizona.

Sincerely,

Dale Nations
Chairman, Oil and Gas Conservation Commission

C Larry D. Fellows, Director and State Geologist
Commissioners

6-14-02 @ 8:50a

- 1 - Call Bob Jones - lve msg & my phone #
- 2 - Call Joe Lane - Advise of letter & my phone #
- 3 - Call Michele Nesley - lve msg @ office & my phone #
lve msg @ home & my phone #
- 4 Call Bob Wagner - advise of letter & my phone #

6-14-02 @ 11:00a

Joe Lane calls & agrees with content = yes, send letter.

6-14-02 @ 11:28a

Bob Jones emails approval of Dale's letter as written.

6-14-02 @ 2:30p

Michele Nesley calls & requests background of the situation.

what is residual value of a plugged hole? = none.

Value of converting to ww is if plugged back + transferred.

Agrees with intent of letter & will email note to that end.

6-18-02

Bob Wagner emails okay to letter

Subject: RE: Draft letter

Date: Tue, 18 Jun 2002 07:43:35 -0700

From: "Wagner, Bob - Public Works Director" <Bob.Wagner@CI.YUMA.AZ.US>

To: 'Steve Rauzi' <steve.rauzi@azgs.az.gov>

Looks real good to me.

Bob Wagner

-----Original Message-----

From: Steve Rauzi [<mailto:steve.rauzi@azgs.az.gov>]

Sent: Friday, June 14, 2002 8:51 AM

To: J. Dale Nations; Robert Jones; Michele Negley; Robert Wagner; Joe Lane

Subject: Draft letter

Dear Commissioners,

Dale would appreciate your review of the following letter. Please email or telephone your comments to me by next Tuesday, June 18. He will sign and mail the letter to Mike at that time. Thank you.

SLR

Mr. Michael E. Anable
State Land Commissioner
1616 W Adams
Phoenix AZ 85007

Re: Abandoned, unplugged oil and gas wells

Dear Mike:

The State Land Department granted Mr. John Somers, High Plains Petroleum, an oil and gas lease, #13-107141, in January 2002. There is an abandoned, unplugged, hole, the #12-16-28 State, on the lease parcel. The Oil and Gas Conservation Commission (OGCC) approved Mr. Somers' application to re-enter the #12-16-28 State on March 20, 2002.

A previous lessee (Ridgeway Arizona Oil Corporation) leased the subject parcel in January 1996, drilled the #12-16-28 State in May 1997, and surrendered the lease in January 1999. The previous lessee did not plug the #12-16-28 State hole before it surrendered the lease. The previous lessee had not fulfilled its obligation to plug the abandoned hole as of March 2002.

Mr. Somers wrote to the OGCC on May 29, 2002, that the State Land Department was considering whether or not an abandoned, unplugged oil and gas hole is an improvement, which would require a current lessee to reimburse a previous oil and gas lessee. Aside from any issue of salvageable value, the OGCC considers an abandoned, unplugged hole a liability not an improvement. Statutes explicitly obligate an operator to plug each dry or abandoned well. Statutes further require an operator to post a performance bond to cover just such a liability.

It is the opinion of the OGCC that if a lessee surrenders a lease before plugging each dry or abandoned well, the lessee has left the State a liability, not an improvement. The OGCC believes that a determination that an abandoned, unplugged hole is an improvement would be contrary to statutory intent and detrimental to future oil and gas exploration and development in Arizona.

Subject: RE: Draft letter

Date: Fri, 14 Jun 2002 14:38:39 -0700

From: mpnegley@newwestenergy.com

To: <steve.rauzi@azgs.az.gov>, <dale.nations@nau.edu>, <jobobaz@aol.com>, <MPNEGLE@newwestenergy.com>, <Bob.Wagner@ci.yuma.az.us>, <Cowchip438@aol.com>

After my discussion to learn more from Steve, I approve this letter with no suggested changes.

-----Original Message-----

From: Steve Rauzi [mailto:steve.rauzi@azgs.az.gov]

Sent: Friday, June 14, 2002 8:51 AM

To: J. Dale Nations; Robert Jones; Michele Negley; Robert Wagner; Joe Lane

Subject: Draft letter

Dear Commissioners,

Dale would appreciate your review of the following letter. Please email or telephone your comments to me by next Tuesday, June 18. He will sign and mail the letter to Mike at that time. Thank you.

SLR

Mr. Michael E. Anable
State Land Commissioner
1616 W Adams
Phoenix AZ 85007

Re: Abandoned, unplugged oil and gas wells

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It is the opinion of the OGCC that if a lessee surrenders a lease before plugging each dry or abandoned well, the lessee has left the State a liability, not an improvement. The OGCC believes that a

Re: Draft letter

Subject: Re: Draft letter

Date: Fri, 14 Jun 2002 14:28:58 EDT

From: JOBOBAZ@aol.com

To: steve.rauzi@azgs.az.gov

Steve,

I approve Dale's letter to the State Land Commissioner as written.

Bob Jones

Subject: Draft letter

Date: Fri, 14 Jun 2002 08:51:07 -0700

From: Steve Rauzi <steve.rauzi@azgs.az.gov>

Organization: Arizona Geological Survey

To: "J. Dale Nations" <dale.nations@nau.edu>, Robert Jones <jobobaz@aol.com>, Michele Negley <mpnegley@newwestenergy.com>, Robert Wagner <Bob.Wagner@ci.yuma.az.us>, Joe Lane <Cowchip438@aol.com>

Dear Commissioners,

Dale would appreciate your review of the following letter. Please email or telephone your comments to me by next Tuesday, June 18. He will sign and mail the letter to Mike at that time. Thank you.

SLR

Mr. Michael E. Anable
State Land Commissioner
1616 W Adams
Phoenix AZ 85007

Re: Abandoned, unplugged oil and gas wells

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It is the opinion of the OGCC that if a lessee surrenders a lease before plugging each dry or abandoned well, the lessee has left the State a liability, not an improvement. The OGCC believes that a determination that an abandoned, unplugged hole is an improvement would be contrary to statutory intent and detrimental to future oil and gas exploration and development in Arizona.

Sincerely,

J. Dale Nations
Chairman, Oil and Gas Conservation Commission



High Plains Petroleum Corporation

3860 Carlock Dr. Boulder, CO 80305 303-494-4529

May 29, 2002

Mr. Steven L. Rauzi
Oil and Gas Administrator
Arizona Geological Survey
416 W. Congress, Suite 100
Tucson, Arizona 85701

Facsimile Letter to: 520-770-3505

Re: State 12-16-28
Permit No. 902

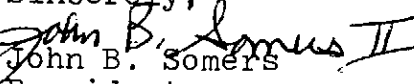
Dear Steve,

This morning, I spoke with Richard Ahern, who informed me that an attorney with the Attorney General's office has rendered an opinion, which is adverse to High Plains and completely contrary to standard industry practise. Since you are the only person with the state with oil industry experience, Richard suggested that I make you aware of the problem before a formal opinion is issued and before the State Land Department withdraws, or suspends its approval of High Plains' Plan of Operation.

The opinion was that a subsequent lessee should reimburse the previous lessee for improvements, which comes from Statute No. 27559, which requires a subsequent grazing lessee to reimburse the prior lessee for improvements made to state land. Such an interpretation is neither appropriate, nor justified for an oil lease, or an oil and gas well, and both the State Land Department and Attorney General's office need to know that. A windmill, a tank or a corral can be valued, and there is no risk associated with the assumption of those improvements. In the case of an abandoned well, like State 12-16-28, a liability, the plugging expense is being assumed, there are substantial risks involved and there is no assurance that the hole has any value. The initial testing may have condemned the hole, or a bad cement job could prevent recompletion and testing, as in the case of State 12-16-28, in which no cement bond log was run. Since Ridgeway has refused to cooperate and provide us with the well file, we really don't know what to expect downhole. It's not like a grazing lessee's surface improvement where "what you see is what you get".

*actually
no
AG
opinion*

The Arizona Oil & Gas Commission needs to know about the pending opinion, because it would most certainly discourage leasing, drilling and exploration activity in Arizona. It comes from lack of familiarity with industry practise, so it is imperative that either you, or the commission take immediate action.

Sincerely,

John B. Somers
President
High Plains Petroleum

cc: Mr. Michael J. Rice
Manager of Minerals Section
Arizona State Land Dept.

Arizona Oil & Gas Commission

The Phoenix Plaza
21st Floor
2929 North Central Avenue
Phoenix, Arizona 85012-2794



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ATTORNEYS AT LAW

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tglowe@omlaw.com

P.O. Box 36379
Phoenix, Arizona 85067-6379

Telephone 602-640-9000
Facsimile 602-640-9050

June 27, 2002

VIA FACSIMILE

Michael B. Lavinsky
1630 Welton Street, Suite 200
Denver, Colorado 80202

Re: High Plains Petroleum Corporation

Dear Michael:

In light of the continuing correspondence from High Plains Petroleum Corporation regarding Ridgeway's well and related improvements in Section 16, Township 12 North, Range 28 East, GSRBM (the "Well"), we write to reiterate that High Plains has no right to reenter or otherwise with respect to the Well.

Arizona Revised Statutes Section 27-559.B. provides that

If any well drilled for oil or gas on a lease issued pursuant to this article fails to develop oil or gas in paying quantities but develops fresh water, the department shall have the option to take over the well if the lessee determines to abandon it as an oil or gas well upon payment by the department to the lessee of the reasonable value of the well casing and other materials necessary to be left in the well, and the lessee shall there upon be relieved of all further obligations with respect to the well, its completion or abandonment.

Section 9 of Lease No. 13-101344 (Ridgeway's lease of Section 16, together with other land) provides that

If the Lessee shall drill any well on leased lands for the purpose of discovering oil and gas, and such well shall fail to discover oil or gas, but shall develop fresh water, the Lessee shall, before abandoning such well, notify the Lessor in writing of the Lessee's intention so to do. Within five

(5) days after receipt of such notice, the Lessor shall notify the Lessee in writing as to whether the Lessor desires to take over such well. If so, the Lessor or surface or *subsequent Lessee* shall promptly pay the Lessee the reasonable salvage value of the casing and other materials which the Lessor designates as necessary to be left in such well to operate it as a fresh water well.

Emphasis added.

The above cited provisions are consistent with Arizona law generally governing improvements made on State land by persons having an interest in said lands. Arizona Revised Statutes Section 37-321 provides that a person having a legal interest in State lands, who, with the State Land Department's permission, makes improvements on State land, is entitled to compensation or reimbursement for the said improvements.

High Plains appears to rely on a March 20, 2002 Permit to Re-Enter. We understand that this Permit was issued based upon High Plains' representations that it had acquired, or was in the process of acquiring, rights to the Well from Ridgeway. This is not the case (although Ridgeway is willing to discuss a consensual transfer of the Well to High Plains). Moreover, for the obvious reason that Ridgeway still owns the Well, no notice of well transfer required by Arizona Revised Statutes Section 27-506.C. has been given. Under the circumstances, the Permit is of no force or effect.

As noted above, Ridgeway is willing discuss the terms of transfer of the Well to High Plains. Please let us know if High Plains is interested in exploring this option.

Ridgeway reserves its rights as they exist, including without limitation its right to plug the Well, remove related improvements and/or convey its interest in the Well.

Yours truly,


Thayne Lowe

TL:lpm

cc: Walter Ruck
Tom White
Mike Rice

404625

RECEIVED JUL 20 2002

J Bar Cane, Inc.

Oil & Gas Properties

Petroleum and Mineral Land Services

P. O. Box 16 ■ 3660 State Hwy. 41 ■ Stanley, NM 87056 ■ Phone [505] 832-1478 ■ Fax 832-1479
e-mail address jmr@jbarcane.com

July 17, 2002

High Plains Petroleum Corporation
John B. Somers II
3860 Carlock Drive
Boulder, CO 80305

**Re: Your Overriding Royalty Interest
Township 10 North, Range 30 East, GSRBM
Apache County, AZ**

Dear John,

I spoke with the group of investors that I had been representing regarding the acquisition of your Overriding Royalty Interest (ORRI). I knew that they were all stockholders in Ridgeway, but thought that they were acting independently. As it turns out, their intention was to assign the interest back into Ridgeway and merge the ORRI into the working interest so as to yield a better net revenue interest throughout their St. John's prospect. I have spoken to Ridgeway regarding this matter and Ridgeway would like to achieve the same end by proposing exchange assignments as follows. Ridgeway will tender a transfer of Ridgeway's well in Section 16, Township 12 North, Range 28 East, GSRBM on the prescribed State Land Office Form, a well bore assignment for recording at the county level and any and all equipment, casing, improvements, rights of way, access and information pursuant to said well (estimated value of \$250,000.00) for an assignment of all of your right title and interest of what so ever nature as it pertains to the ORRI owned by you, your heirs or assigns in Township 10 North, Range 30 East, GSRBM. This offer is good for 30 days from this date. Unless otherwise directed by you, Ridgeway will proceed to plug and abandon this well at that time. Should you need any additional information concerning this proposal, please advise.

Sincerely,

J Bar Cane, Inc.



John Michael Richardson, CPL

President

JMR/ms:

Cc: Tom White RAOC

AOGCC MTG

7-26-02

| <u>Name</u> | <u>Representing</u> |
|---------------------|-----------------------|
| John Somers | High Plains Petroleum |
| Scott Somers | High Plains Petroleum |
| Laurel Woodall | AG |
| Yale Rogers | Grazing Lessee |
| Paul Myff | BLM |
| Thayne Lowe | Ridgeway Petroleum |
| Mike Rice | State Land |
| Richard Albery | State Land |
| Thomas White | Ridgeway AZ |
| Marc Osborn | " " |
| Gordon LeBlanc, Jr. | LeBlanc Petroleum |

Yale Rogers
1900 E. Julie Dr
Tempe, Az 85283