

**JICARILLA APACHE TRIBE
ORDINANCE OF THE TRIBAL COUNCIL**

ORDINANCE NO. 94-0-285-1

Section 1. In addition to otherwise applicable regulations of the Minerals Management Service, the following valuation formula shall be the minimum standard valuation methodology to be applied to all other agreements entered into to develop Jicarilla Apache Tribal oil and gas reserves after the effective date of this ordinance;

The average of the low prices for spot gas delivered to pipelines for the current month as reported in the first issue each month for "El Paso Natural Gas Co.-San Juan Basin" from Inside F.E.R.C.'s Gas Market Report ("Inside FERC") published by McGraw-Hill, and for "El Paso San Juan" from Natural Gas Intelligence Price Index ("Natural Gas Intelligence") published by Intelligence Press, plus seventy-five percent of the difference between the averages of the high prices and the averages of such low prices for spot gas delivered from those two publications for the same pipeline and location.

That is, this formula can also be depicted as follows:

AL = Inside FERC low price per MMBtu for spot gas delivered to El Paso Natural Gas Co. as to the San Juan Basin

AH = Inside FERC high price per MMBtu for spot gas delivered to El Paso Natural Gas Co. as to the San Juan Basin

BL = Natural Gas Intelligence low price per MMBtu for spot gas delivered to El Paso natural Gas Co. as to the San Juan Basin

BH = Natural Gas Intelligence high price per MMBtu for spot gas delivered to El Paso Natural Gas Co. as to the San Juan Basin

FORMULA:

$$\left[\left(\frac{AH + BH}{2} \right) - \left(\frac{AL + BL}{2} \right) \right] \times .75 + \left(\frac{AL + BL}{2} \right) =$$

MMBtu VALUE at the well head

Section 2. As to all such leases or agreements, royalty valuation, payment, and computation based upon the highest of either gross proceeds (less applicable deductions) or the formula set forth in the preceding paragraph is in lieu of "major portion" or any other valuation method which the Secretary of the Interior or the Jicarilla Apache Tribe may otherwise choose to use. Notwithstanding the foregoing, however, and in addition to the higher of either the formula or gross proceeds less applicable deductions, dual accounting shall be performed using the value as set forth above (higher of either gross proceeds or the formula), and pay royalties based on the higher of the two values resulting from dual accounting calculations. Dual accounting calculations for this purpose shall be performed in accordance with the requirements as contained at 30 C.F.R. § 206.155 (7-1-92 Edition). In the dual accounting calculations, a deduction applicable to transportation and processing allowances may be taken.

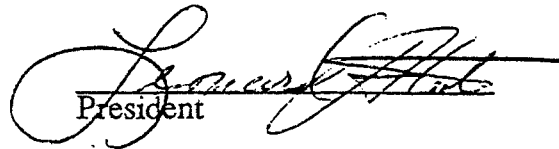
Section 3. If either Inside FERC or Natural Gas Intelligence ceases publication or ceases to issue the respective reports for purchases of spot gas delivered to El Paso Natural Gas Co. as identified in the preceding section 1 above, then the Tribe shall identify by Council action a source or sources of monthly price quotes as nearly comparable as possible to the spot gas price quotes that are no longer published. If, however, within 90 days after both the Natural Gas Intelligence and/or Inside FERC referenced price quotes have ceased to be published, such Council action does not occur identifying another source or sources for monthly price quotes, then gas royalty valuations as to all such leases or agreements shall be determined in accordance with the lease or agreement terms and the applicable valuation regulations then in existence.

Section 4. Oil and gas operators or payors (as that term is defined by the Minerals Management Service) may, in lieu of payment based on dual accounting calculations, compute and pay royalties due and owing to the Jicarilla Apache Tribe pursuant to an oil and gas lease or agreement based on the (a) formula specified in section 1 above plus an additional 12% of the sum so computed or (b) gross proceeds realized from the sale of the gas plus 12% of the Tribe's share of the gross proceeds.

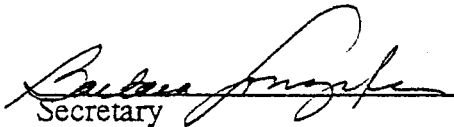
Section 5. No agreement for the development of Jicarilla Apache Tribal oil and gas reserves shall be valid unless it complies with or exceeds the foregoing minimum valuation standards.

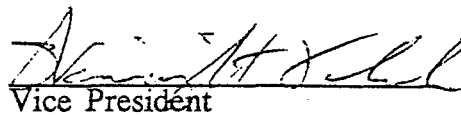
CERTIFICATION

The foregoing ordinance was enacted by the Tribal Council of the Jicarilla Apache Tribe on the 19th day of January, 1994, by a vote of 8 for, 0 against, and 0 abstaining at a duly called meeting at which a quorum of the Tribal Council members was present.


President

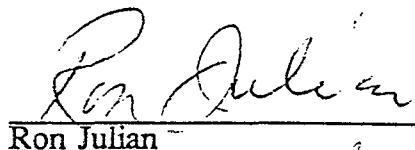
ATTEST:


Secretary

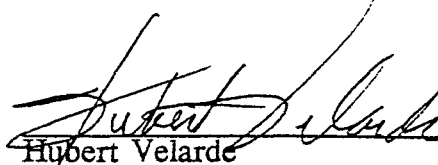

Vice President

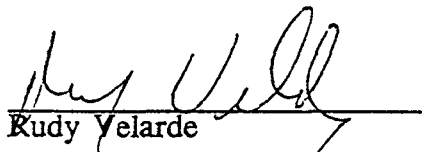
Members of the Tribal Council


Loretta Vicenti

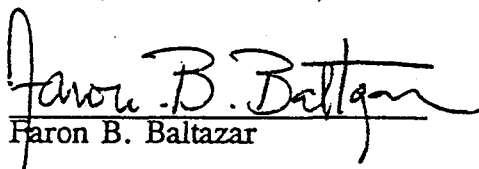

Ron Julian

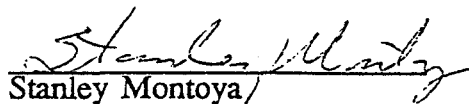

Frieda Havens


Hubert Velarde


Rudy Velarde


Edward Velarde


Faron B. Baltazar


Stanley Montoya