



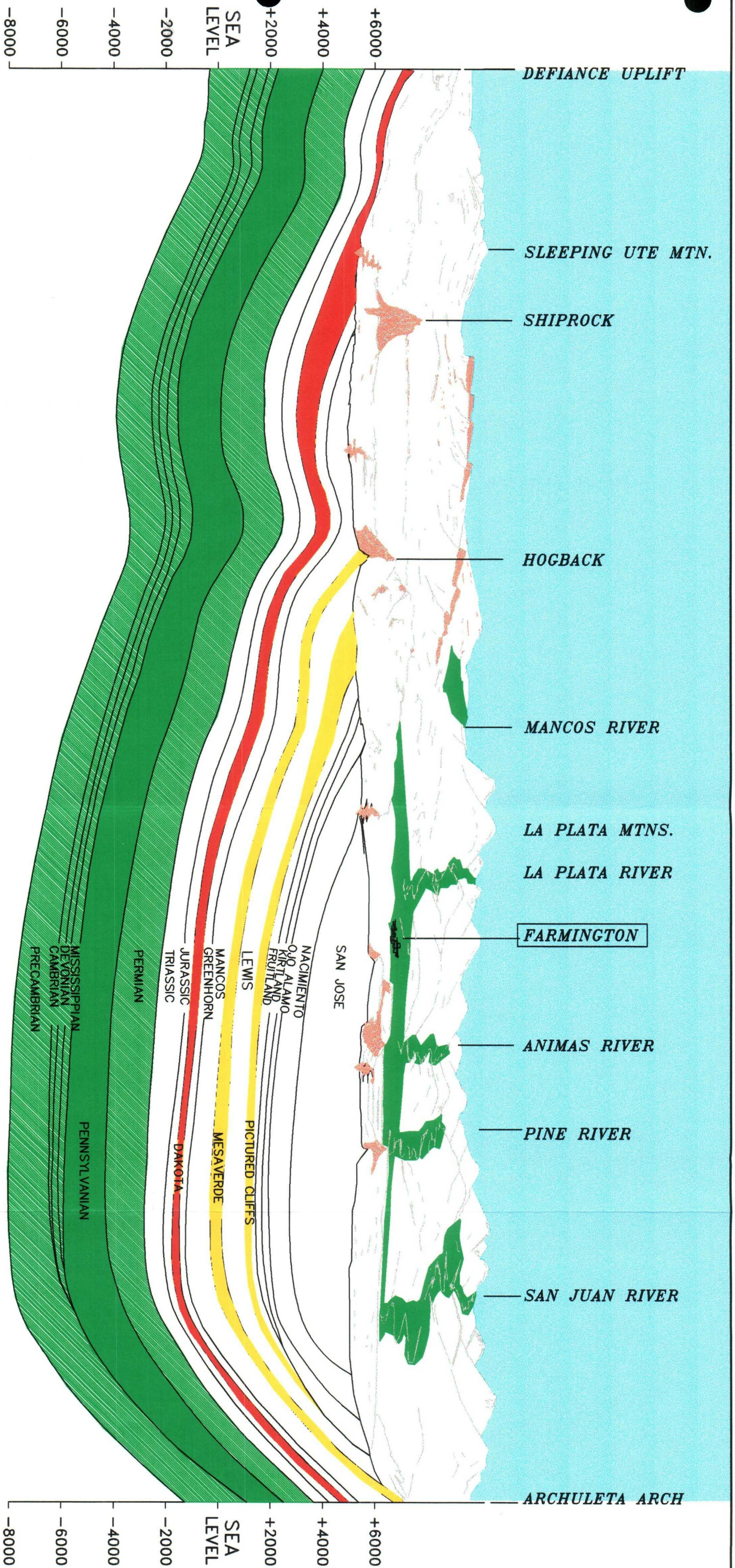
Chronology of Contact
San Juan 29-7 Unit 80B & 80M Wells

	Date of Letter	Date of Receipt	Content of Letter	Phone contact
Douglas Cameron McLeod 518 17th Street, Suite 1455 Denver, CO 80202	22-Aug-03	25-Aug-03	Proposal to participate in wells, elect to go non-consent or an option to Lease;	
	3-Dec-03	5-Dec-03	Notice Letter of Intent to Force Pool;	Called for Mr. McLeod at PetroGulf Corporation and was referred to Ms. Janet Paul (303-893-5400 /ext18); They wanted Burlington to market their gas if they participated and I informed her we couldn't; In a subsequent conversation she said that Mr. McLeod would elect to participate however we have not received an election in writing;

1/23/04 - Called Janet Paul to discuss their options in the wells;

Chronology of Contact
San Juan 29-7 Unit 80B & 80M Wells

	Date of Letter	Date of Receipt	Content of Letter	Phone
Leslie Hardwick O'Shea 120 E, 79th Street, Apt. 11E, NY, NY 10021 212-570-6587/ fax 212-570-6587	22-Aug-03	23-Aug-03	Proposal to participate in wells, elect to go non-consent or an option to Lease;	
	1-Oct-03		Faxed copy of Letter;	October 1, 2003- Spoke with her and she had misplaced the Aug. 22, 2003 letter; Faxed additional copy;
	16-Oct-03	not certified	Faxed copy of lease;	October 16, 2003- Spoke with her and she said she had misplaced a copy of the lease which was supplied in Aug. 22, 2003 letter; Faxed additional copy;
	21-Oct-03	not certified	Mailed additional copy of lease;	
	3-Dec-03	4-Dec-03	Notice Letter of Intent to Force Pool;	
	18-Dec-03	not certified	Proposal to purchase mineral interest.	Mailed and faxed on 12/18/03.
				January 21, 2004- Spoke with her by phone; She said she would sign lease;
				January 29, 2004- Left detailed message on her answering machine requesting a response;



DIAGRAMMATIC CROSS SECTION OF THE SAN JUAN BASIN N. M.

BURLINGTON
RESOURCES

BURLINGTON RESOURCES

SAN JUAN DIVISION

August 22, 2003

CERTIFIED MAIL

Douglas Cameron McLeod
518 17th St Ste 1455
Denver, CO 80202

RE: 2003 NEW DRILL PROPOSALS
San Juan 29-7 Unit – Two (2) Wells
Mesaverde and Dakota Commingle
Rio Arriba County, New Mexico

Dear Mr. McLeod:

Burlington Resources Oil & Gas Company LP (Burlington) hereby proposes drilling, completing and facilitating the following Mesaverde/Dakota commingle wells in the San Juan 29-7 Unit:

Well Name	Location
San Juan 29-7 Unit 80B	NW/4, Section 9, T29N, R07W
San Juan 29-7 Unit 80M	SW/4, Section 9, T29N, R07W

Our records indicate you own 5.333333 acres of Unleased Mineral interest, as successor in interest to Adolph Soens. Adolph Soens acquired a ½ interest in the N/2NW/4, SE/4NW/4 and the NE/4SW/4, of Section 9-29N-7W, from Matias Montoya and Rebecca Montoya by mineral deed dated April 3, 1931.

Adolph Soens and J. Christine Soens, his wife, granted an Oil and Gas Lease, dated September 28, 1955 to J. A. Pierce. The Oil and Gas Lease covered the above-described lands and was limited in depth from the surface of the earth to the base of the Mesaverde Formation. The Oil and Gas lease was later committed to the San Juan 29-7 Unit by Western Natural Gas, the successor to J. A. Pierce. By Ratification and Joinder of Unit Agreement dated December 19, 1955, Adolph Soens and J. Christine Soens committed both their royalty interest and Unleased Mineral Interest to the San Juan #29-7 Unit.

I have been unable to determine if the Soen's ever executed or ratified the Unit Operating Agreement for the San Juan 29-7 Unit, therefore, your Unleased Mineral is apparently not subject to the Unit Operating Agreement.

Since there is apparently no Unit Operating Agreement covering your Unleased Mineral Interest, Burlington is offering the following elections:

1. **Ratify the San Juan 29-7 Unit Operating Agreement and elect to participate in drilling, completing and facilitating the wells, by paying your full share of the costs, pursuant to the attached Authorities for Expenditure (AFE's).**

- 1.1. Be advised that the AFEs are an "estimate only" and as a working interest owner, you will be responsible for any amount over this AFE.

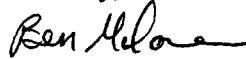
- 1.2. Your share of the cost to drill, complete and facilitate these wells is estimated to be \$5,709.00. Your monthly lease operating expenses will be \$10.00.
- 1.3. If and when the Dakota formation is productive, you will be responsible for marketing your share of production as well as paying monthly Lease Operating Expenses.
- 1.4. If the Dakota Formation is non-productive, you will be responsible for the drilling and plugging costs associated with this project and receive no revenue whatsoever.
2. **Ratify the San Juan 29-7 Unit Operating Agreement and elect a Non-consent position in the drilling of the well:**
 - 2.1. Burlington Resources will pay your portion of the costs to drill, complete and facilitate the wells. If the Dakota formation is productive, Burlington will be entitled to recoup 300% of the costs of drilling and completing, 100% of the facilities costs and 100% of the monthly Lease Operating Expenses from 87.5% of your Working interest. You will receive your proportionate share of a 1/8 royalty.
 - 2.2. Once Burlington recoups the costs, you will be entitled to receive and market your full share of gas production from the Dakota Formation and be responsible for paying your monthly Lease Operating Expenses.
3. **Grant Burlington an Oil and Gas Lease of your Unleased Minerals for \$75.00 per acre with a 1/8th royalty and a 5-year term. This will amount to a Lease Bonus of \$400.00 to you. Any owner electing to grant Burlington an Oil and Gas Lease will be entitled to their proportionate share of 1/8 royalty from the Dakota Formation and not be responsible for any capital expenses at any time.**

To assist you in your election, you will find enclosed for your review:

- 1) A copy of the "Unit Agreement for the Development and Operation of the San Juan 29-7 Unit Area" dated December 7th, 1953.
- 2) A copy of the "Unit Operating Agreement" dated December 7th, 1953.
- 3) A copy of the "Amendment and Supplement to San Juan 29-7 Unit Operating Agreement" dated January 1, 1960.
- 4) A "Ratification of Operating Agreement", for execution.
- 5) Burlington's Model Form of Oil and Gas Lease, for execution, should you choose to grant a Lease on your mineral interest.

If you have any questions or concerns, please contact me at (505) 326-9749.

Sincerely,



Ben Malone, CPL
Senior Landman

Enclosures

WBM/mjb

cc: San Juan 29-7 Unit 3.0 (2003 New Drill)

The undersigned this _____ day of _____, 2003 elects to:

- _____ Ratify the San Juan 29-7 Unit Operating Agreement* and to participate in the development of the San Juan 29-7 Unit 80B and the San Juan 29-7 Unit 80M Mesaverde/Dakota commingle wells during 2003 and pay our proportionate share of the costs of drilling, completing and facilitating the wells, and pay Monthly Operating Expenses.
- _____ Ratify the San Juan 29-7 Unit Operating Agreement and elect a Non-Consent Position with a 300% Non-consent penalty of the costs associated with the drilling, completing and facilitating the wells and 100% of Monthly Operating Expenses of the well, "back-in" for my full working interest in the well upon payout.
- _____ Grant an "Oil and Gas Lease*" to Burlington for \$75.00/acre bonus, reserving a 1/8 royalty with a five (5) year term, by executing and returning the enclosed Oil and Gas Lease. Upon receipt of the executed Oil and Gas Lease, Burlington will initiate preparation of a check in the amount of \$400.00 and forward as soon as possible.

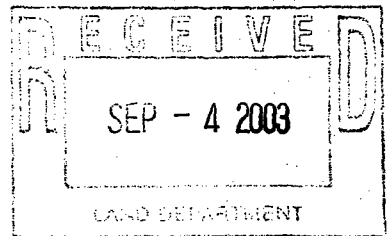
Name: _____

Date: _____

*** Execution of either the "Ratification of Unit Operating Agreement" or The "Oil and Lease" requires that you (and your spouse if listed), in the presence of a Notary Public, sign your name (names) exactly as it (they) appears in the space provided in either document.**

BURLINGTON RESOURCES

San Juan Division
Post Office Box 4289
Farmington, New Mexico, 87499

**AUTHORITY FOR EXPENDITURE**

AFE No.: _____ Property Number: _____ Date: 2/26/2003

Lease/Well Name: San Juan 29-7 Unit 80B DP Number: _____

Field Prospect: Basin Dakota Division: Farmington

Location: Unit E, Section 9, T29N, R7W County: Rio Arriba State: New Mexico

AFE Type: Development (01) Original ☒ Supplement _____ API Well Type _____

Operator: BURLINGTON RESOURCES

Objective Formation: Basin Dakota Authorized Total Depth: 7443'

Project Description: Drill, Complete and add facilities.

Estimated Start Date: Jul-03 Prepared By: L. J. Biemer Jr.

Estimated Completion Date: Jul-03

GROSS WELL DATA

	Drilling		Workover/ Completion	Construction Facility	Total
	Dry Hole	Suspended			
Days:		10	12	2	24
This AFE:		\$187,402	\$127,614	\$27,515	\$342,531
Prior AFE's:					\$0
Total Costs:	\$0	\$187,402	\$127,614	\$27,515	\$342,531

JOINT INTEREST OWNERS

Company:	Working Interest Percent	Dry Hole \$	Completed \$
BR Oil & Gas Co.:	68.055555%	\$0	\$233,111
TRUST	0.000000%	\$0	\$0
Others:	31.944445%	\$0	\$109,420
AFE TOTAL:	100.000000%	\$0	\$342,531

BURLINGTON RESOURCES APPROVAL

Recommended: [Signature] Date: 2/27/03 Recommended: [Signature] Date: 2/27/03
Implementation Team Implementation Team

Approved: [Signature] Date: 3/4/03 Approved: [Signature] Date: 3/5/03
Asset Manager Land Advisor

PARTNER APPROVAL

Company Name: _____

Authorized By: _____ Date: _____

Title: _____

Burlington Resources
Facility Cost Estimate
Mesaverde / Dakota Commingle
Single Facility Set

Well Name: San Juan 29-7 Unit 80B
 Location: Unit E, Section 9, T29N, R7W
 AFE No: Development (01)
 Formation: Blanco Mesaverde / Basin Dakota

Prepared By: LJB
 Date: 2/26/2003
 Approved By: _____
 Date: _____

Account Number	Description	Mesaverde Cost	Dakota Cost	Total Estimated Cost
247				
Tangible Costs				
02	Contract Labor	4,800	4,800	9,600
03	Company Vehicles	75	75	150
08	Location, Roads	500	500	1,000
12	Overhead	0	0	
17	Property Losses	0	0	
20	Coating And Insulation	400	400	800
21	Environmental	0	0	0
26	Water Filtering	0	0	
27	Separators	8,750	8,750	17,500
28	Gas Sweetening	0	0	
29	Pumping Units	0	0	
31	Prime Mover	0	0	
32	Tanks	1,750	1,750	3,500
33	Metering Equipment	750	750	1,500
34	Flowlines, Piping, Valves & Fittings	3,000	3,000	6,000
35	Compressors	0	0	
36	Building	0	0	
43	Safety	75	75	150
44	Technical Contract Services	500	500	1,000
46	Miscellaneous-Facility Expense	0	0	0
47	Rental Compressor & Maintenance	0	0	
48	Rental Equipment	0	0	
49	Cathodic Protection	3,000	3,000	6,000
50	Right Of Way	0	0	
51	Minor Pipelines	0	0	
53	Surface Pumps	0	0	
54	Electrical Accessories	0	0	
57	Pulling Unit Cost	0	0	
60	Operator Owned Equip. / Facilities (District Tools)	0	0	
62	Env. Compliance (Assessment)	0	0	
63	Env. Compliance (Remediation)	0	0	
68	Direct Labor	350	350	700
69	Benefits	75	75	150
70	Payroll Taxes and Insurance	40	40	80
72	Employee Expenses	0	0	
73	Freight / Water Transportation	0	0	
81	Tubing	0	0	
82	Rods	0	0	
83	Downhole Pumps	0	0	
84	Alternative Artificial Lift Equip.	3,250	3,250	6,500
86	Convent Artifical Lift Wellhead Equip.	0	0	
88	Communication Systems	200	200	400
96	Gas Dehydrator	0	0	
Total Tangible Costs		27,515	27,515	55,030

Burlington Resources
Cost Estimate

Well Name: San Juan 29-7 Unit 80B
Location: Unit E, Section 9, T29N, R7W
AFE Type: New Drill (248)
Formation: Mesa Verde / Dakota
Proposed TD: 7443'

Prepared By: Eric Giles
Date: 2/6/2003
Approved By: [Signature]
Date: 2/12/03
Int. TD: 3168'
Cost/ft: \$44.46

Intangible Costs

Account Number	Estimated Days: 11.0	Mesa Verde		Total Estimated
		Cost	Dakota Cost	
03	Location Cost	15,144	15,144	30,288
05	Move-in, Move-out	4,892	4,892	9,784
07	Rig Cost (11 days @ \$7,000/day)	30,800	46,200	77,000
08	Safety Equipment	0	0	0
09	Drilling Fluid	18,894	28,340	47,234
16	Stimulation Fluids	3,370	3,370	6,739
17	Bits	4,013	6,020	10,033
18	Cementing	8,653	12,979	21,632
22	Coring and Analysis	0	0	0
23	Fuel	5,184	5,184	10,367
25	Rentals	1,150	1,150	2,300
26	Fishing	0	0	0
28	Other Rentals	1,820	1,820	3,640
29	Transportation	3,542	3,542	7,083
32	Directional Service	269	269	537
33	Inspection	2,379	2,379	4,758
34	Logging Services	0	0	0
36	Production Testing	0	0	0
37	Swabbing, Snubbing, Coiled Tubing	0	0	0
39	Stimulation	0	0	0
43	Consultants (11 days @ \$650/day)	2,860	4,290	7,150
44	Technical Services	0	0	0
45	Roustabout Labor	2,896	4,344	7,240
46	Miscellaneous (Contingency for intermediate loss circulation & hole trouble)	0	0	0
49	Packer Rentals	0	0	0
53	Environmental Costs	0	0	0
54	Disposal Costs	84	126	210
60	District Tools	1,714	2,570	4,284
72	Overhead (11 days @ \$200/day)	880	1,320	2,200
	Total Intangibles	108,541	143,938	252,479

Tangible Costs

80	Casing			76,490
	9-5/8" 32.3# WC-50	120'	@ \$14.69/ft	881
	7.0" 20.0# J-55	3168'	@ \$10.22/ft	16,188
	4-1/2" 10.5# J-55	7443'	@ \$5.69/ft	16,940
	4-1/2" 11.6# N-80 required over 7800'	0'	@ \$7.23/ft	0
				0
81	Tubing			0
84	Casing & Tubing Equipment			0
86	Wellhead Equipment			984
	Total Tangibles			34,994

Total Cost	143,535	187,402	330,937
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Burlington Resources
Cost Estimate
Mesaverde / Dakota Commingle

Well Name: San Juan 29-7 Unit 80B
Location: Unit E, Section 9, T29N, R7W
Type: Development (01)
Field: Blanco Mesaverde / Basin Dakota

Prepared By: LJB
Date: 2/26/2003
Approved By: _____
Date: _____

Account Number	Description		Mesaverde Cost	Dakota Cost	Total Estimated Cost
249	Tanks Required For Stimulation:	21			
	Days Required For Stimulation:	2			
	Days Required For Completion Rig:	12			
Intangible Costs					
02	Location Cost		2,550	2,550	5,100
05	Move-in, Move-out		4,000	4,000	8,000
07	Rig Cost		21,600	14,400	36,000
08	Safety Equipment		132	88	220
10	Air Drilling Fluid		12,960	8,640	21,600
16	Stimulation Fluids		15,120	10,080	25,200
17	Bits		300	200	500
18	Cementing				0
22	Coring and Analysis				0
23	Fuel		3,000	2,000	5,000
25	Rentals (Subsurface)		2,010	1,340	3,350
26	Fishing				0
28	Other Rental (Surface)		540	360	900
29	Transportation		4,980	3,320	8,300
32	Directional Svc.				0
33	Inspection		900	600	1,500
34	Logging Services		14,820	9,880	24,700
36	Production Testing				0
37	Swabbing, Snubbing, Coiled Tubing			0	0
39	Stimulation		76,358	33,643	110,000
43	Consultants		4,320	2,880	7,200
44	Technical Contract Svc.		600	600	1,200
45	Roustabout Labor		3,900	2,600	6,500
46	Miscellaneous		420	280	700
49	Packer Rental		2,400	1,600	4,000
53	Env. Cost				0
54	Disposal Cost		360	240	600
60	District Tools		2,570	1,714	4,284
68	Direct Labor		600	400	1,000
72	OH Rig Days		965	643	1,608
	Total Intangibles		175,405	102,057	277,462
Tangible Costs					
80	Casing				
81	Tubing (7243 ft of 2-3/8 4.7#)		10,053	15,080	25,133
84	Casing & Tubing Equip.		400	400	800
86	Wellhead Equipment		4,000	4,000	8,000
	Total Tangibles		14,453	19,480	33,933
	Sub-Total		189,858	121,537	311,395
01	Contingency 5.0%		9,493	6,077	15,570
	Total		199,351	127,614	326,965

SEP - 4 2003

AUTHORITY FOR EXPENDITURE

A/E No.: _____ Property Number: 0079800 XX Date: 7/30/2003
Lease/Well Name: San Juan 29-7 Unit 80M AIN: _____
Field Prospect: Basin Dakota Division: Farmington
Location: Unit M, Section 9, T29N, R07W County: Rio Arriba State: New Mexico
AFE Type: Development (01) Original X Supplement _____ API Well Type _____
Operator: BURLINGTON RESOURCES
Objective Formation: Basin Dakota Authorized Total Depth: 7985'
Project Description: Drill, Complete and add facilities.
Estimated Start Date: Jul-02 Prepared By: L. J. Biemer Jr.
Estimated Completion Date: Jul-02

GROSS WELL DATA

	Drilling	Workover/ Completion	Construction Facility	Total
	Dry Hole	Suspended		
Days:				0
This AFE:		\$213,215	\$129,170	\$369,900
Prior AFE's:				\$0
Total Costs:	\$0	\$213,215	\$129,170	\$369,900

JOINT INTEREST OWNERS

Company:	Working Interest Percent	Dry Hole \$	Completed \$
BR Oil & Gas Co.:	68.055555%	\$0	\$251,738
TRUST	0.000000%	\$0	\$0
Others:	31.944445%	\$0	\$118,163
AFE TOTAL:	100.000000%	\$0	\$369,900

BURLINGTON RESOURCES APPROVAL

Recommended: _____ Date: _____ Recommended: _____ Date: _____
Implementation Team Implementation Team
Approved: _____ Date: _____ Approved: _____ Date: _____
Asset Manager Compliance Manager

PARTNER APPROVAL

Company Name: _____
Authorized By: _____ Date: _____
Title: _____

Mesaverde / Dakota Commingle w/o Pumping Unit

Well Name: San Juan 29-7 Unit 80M
 Location: Unit M, Section 9, T29N, R07W
 AFE Type: Development (01)
 Formation: Blanco Mesaverde / Basin Dakota

Prepared By: LJB
 Date: 7/30/2003
 Approved By: _____
 Date: _____

Account Number	Description	Mesaverde Cost	Dakota Cost	Total Estimated Cost
247	Tangible Costs			
02	Contract Labor	4,800	4,800	9,600
03	Company Vehicles	75	75	150
08	Location, Roads	500	500	1,000
12	Overhead			
17	Property Losses			
20	Coating And Insulation	400	400	800
21	Environmental			
26	Water Filtering			
27	Separators	8,750	8,750	17,500
28	Gas Sweetening			
29	Pumping Units			
31	Prime Mover			
32	Tanks	1,750	1,750	3,500
33	Metering Equipment	750	750	1,500
34	Flowlines, Piping, Valves & Fittings	3,000	3,000	6,000
35	Compressors			
36	Building			
43	Safety	75	75	150
44	Technical Contract Services	500	500	1,000
46	Miscellaneous-Facility Expense			
47	Rental Compressor & Maintenance			
48	Rental Equipment			
49	Cathodic Protection	3,000	3,000	6,000
50	Right Of Way			
51	Minor Pipelines			
53	Surface Pumps			
54	Electrical Accessories			
57	Pulling Unit Cost			
60	Operator Owned Equip. / Facilities (District Tools)			
62	Env. Compliance (Assessment)			
63	Env. Compliance (Remediation)			
68	Direct Labor	350	350	700
69	Benefits	75	75	150
70	Payroll Taxes and Insurance	40	40	80
72	Employee Expenses			
73	Freight / Water Transportation			
81	Tubing			
82	Rods			
83	Downhole Pumps			
84	Alternative Artificial Lift Equip.	3,250	3,250	6,500
86	Convent Artificial Lift Wellhead Equip.			
88	Communication Systems	200	200	400
96	Gas Dehydrator			
		27,515	27,515	55,030

Cost Estimate

Well Name: San Juan 29-7 Unit #80M
 Location: Unit M, Section 9, T29N, R07W
 AFE Type: New Drill (248)
 Formation: Mesa Verde / Dakota
 Proposed TD: 7985'

Prepared By: J. Jumonville
 Date: 9/16/2002
 Approved By: _____
 Date: _____
 Int. TD: 3300'
 Cost/ft: \$46.78

Intangible Costs

Estimated Days: 12.0

Account Number		Mesa Verde Cost	Dakota Cost	Total Estimated
248				
03	Location Cost	12,673	12,673	25,345
05	Move-in, Move-out	3,750	3,750	7,500
07	Rig Cost	40,400	60,600	101,000
08	Safety Equipment	25	25	50
09	Drilling Fluid	14,000	21,000	35,000
16	Stimulation Fluids	4,825	4,825	9,650
17	Bits	7,360	11,040	18,400
18	Cementing	15,200	22,800	38,000
22	Coring and Analysis	0	0	0
23	Fuel	6,000	6,000	12,000
25	Rentals	3,000	3,000	6,000
26	Fishing	0	0	0
28	Other Rentals	400	400	800
29	Transportation	3,500	3,500	7,000
32	Directional Service	0	0	0
33	Inspection	1,900	1,900	3,800
34	Logging Services	0	0	0
36	Production Testing	0	0	0
37	Swabbing, Snubbing, Coiled Tubing	0	0	0
39	Stimulation	0	0	0
43	Consultants	2,880	4,320	7,200
44	Technical Services	0	0	0
45	Roustabout Labor	3,200	4,800	8,000
46	Miscellaneous	200	300	500
49	Packer Rentals	0	0	0
53	Environmental Costs	0	0	0
54	Disposal Costs	640	960	1,600
60	District Tools	2,600	3,900	6,500
72	Overhead	2,000	3,000	5,000
	Total Intangibles	124,553	168,793	293,345

Tangible Costs

80	Casing			78,085
	9-5/8" 32.3# WC-50	200'	@ \$14.69/ft)	1,469
	7.0" 20.0# J-55	3300'	@ \$9.65/ft)	15,923
	4-1/2" 10.5# J-55	7800'	@ \$5.38/ft)	16,786
	4-1/2" 11.6# N-80 required over 7800'	185'	@ \$7.23/ft)	535
81	Tubing			803
84	Casing & Tubing Equipment			50
86	Wellhead Equipment			1,000
	Total Tangibles			35,762

Total Cost	160,315	213,215	373,530
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Cost Estimate
Mesaverde / Dakota Commingle

Well Name: San Juan 29-7 Unit 80M
Location: Unit M, Section 9, T29N, R07W
AFE Type: Development (01)
Location: Mesaverde/Basin Dakota/Chacra

Prepared By: LJB
Date: 7/30/2003
Approved By: _____
Date: _____

Account Number	Description	Mesaverde Cost	Dakota Cost	Total Estimated Cost
249				
Intangible Costs				
02	Location Cost	2,550	2,550	5,100
05	Move-in, Move-out	4,000	4,000	8,000
07	Rig Cost	21,600	14,400	36,000
08	Safety Equipment	132	88	220
10	Air Drilling Fluid	12,960	8,640	21,600
16	Stimulation Fluids	15,120	10,080	25,200
17	Bits	300	200	500
18	Cementing			0
22	Coring and Analysis			0
23	Fuel	3,000	2,000	5,000
25	Rentals (Subsurface)	2,010	1,340	3,350
26	Fishing			0
28	Other Rental (Surface)	540	360	900
29	Transportation	4,980	3,320	8,300
32	Directional Svc.			0
33	Inspection	900	600	1,500
34	Logging Services	14,820	9,880	24,700
36	Production Testing			0
37	Swabbing, Snubbing, Coiled Tubing			0
39	Stimulation	76,358	33,642	110,000
43	Consultants	4,320	2,880	7,200
44	Technical Contract Svc.	600	600	1,200
45	Roustabout Labor	3,900	2,600	6,500
46	Miscellaneous	420	280	700
49	Packer Rental	2,400	1,600	4,000
53	Env. Cost			0
54	Disposal Cost	360	240	600
60	District Tools	2,570	1,714	4,284
68	Direct Labor	600	400	1,000
72	OH Rig Days	965	643	1,608
	Total Intangibles	175,405	102,057	277,462
Tangible Costs				
80	Casing			
81	Tubing (7955 ft of 2-3/8 4.7#)	11,042	16,562	27,604
84	Casing & Tubing Equip.	400	400	800
86	Wellhead Equipment	4,000	4,000	8,000
	Total Tangibles	15,442	20,962	36,404
	Sub-Total	190,847	123,019	313,866
01	Contingency	9,542	6,151	15,693
	Total	200,389	129,170	329,559

OIL AND GAS LEASE

AGREEMENT, Made and entered into the _____ day of _____, 200 3, by and between

Douglas Cameron McLeod, a Single Person

518 17th St Ste 1455

Denver, CO 80202

Burlington Resources Oil & Gas Company LP whose address is 3401 East 30th Street Farmington, NM 87402
hereinafter called Lessee:

WITNESSETH, That the Lessor, for and in consideration of TEN AND MORE (\$10.00+) DOLLARS cash in hand paid, the receipt and sufficiency are hereby acknowledged, and the covenants and agreements hereinafter contained, has granted, demised, leased and let, and by these presents does grant, demise, lease and let exclusively unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, and operating for and producing therefrom oil, gas, and other hydrocarbons and all other minerals or substances, whether similar or dissimilar, that may be produced from any well drilled under the terms of this lease, with rights of way and easements for laying pipe lines and servicing or drilling other wells in the vicinity of said lands, and erection of structures thereon to produce, save and take care of said products, all that certain tract of land, together with any reversionary, remaindermen, and

executory rights therein, situated in RIO ARRIBA County, New Mexico, described as follows, to-wit:

TOWNSHIP 29 NORTH, RANGE 7 WEST

Section 9: N/2NW/4, SE/4NW/4, NE/4SW/4

and containing 160.00 acres, more or less, together with all strips or parcels of land (not, however, to be construed to include parcels comprising a regular 40-acre legal subdivision or lot of approximately corresponding size) adjoining or contiguous to the above described land and owned or claimed by Lessor.

1. It is agreed that this lease shall remain in force for a term of Five (5) years from this date and as long thereafter as oil or gas of whatsoever nature or kind is produced from said leased premises or on acreage pooled therewith, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled therewith but Lessee is then engaged in drilling or re-working operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises or on acreage pooled therewith; and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on said land or on acreage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or re-working operations within ninety (90) days from date of cessation of production or from date of completion of dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil or gas is produced from the leased premises or on acreage pooled therewith.
2. This is a PAID-UP LEASE. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered.
3. In consideration of the premises the said Lessee covenants and agrees that royalties to be paid by Lessee are:
 - (a) On oil and other liquid hydrocarbons, one-eighth (1/8th) of that produced and saved from said land, the same to be delivered at the wells, or to the credit of Lessor into the pipeline to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefor prevailing for the field where produced on the date of purchase; and/or
 - (b) On gas and the constituents thereof produced from said land and sold or used off the premises or in the manufacture of products therefrom, the market value at the well of one-eighth (1/8th) of the product sold or used. On product sold at the well, the royalty shall be one-eighth (1/8th) of the net proceeds realized from such sale. All royalties paid on gas sold or used off the premises or in the manufacture of products therefrom will be paid after deducting from such royalty Lessor's proportionate amount of all post-production costs, including but not limited to gross production and severance taxes, gathering and transportation costs from the well head to the point of sale, treating, compression, and processing. Lessee shall have free use of oil, gas, and water from said land, except water from Lessor's wells, streams, lakes, and ponds for all operations hereunder, and the royalty on oil and gas shall be computed after deducting any so used.
4. Where gas from a well capable of producing gas is not sold or used, Lessee may pay or tender as royalty to the royalty owners One Dollar per year per net royalty acre retained hereunder, such payment or tender to be made on or before the anniversary date of this lease next ensuing after the expiration of 90 days from the date such well is shut in and thereafter on or before the anniversary date of this lease during the period such well is shut in. If such payment or tender is made, it will be considered that gas is being produced within the meaning of this lease.
5. If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties (including any shut-in gas royalty) herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.
6. When requested by Lessor, Lessee shall bury Lessee's pipeline below plow depth.
7. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of Lessor.
8. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.
9. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.
10. The rights of Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of record title from Lessor, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.
11. Lessee, at its option, is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described herein and as to any one or more of the formations hereunder, to pool or unitize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or reforming of any unit shall be accomplished by Lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has theretofore been completed or upon which operations for drilling have theretofore been commenced. Production, drilling or re-working operations or a well shut in for want of a market anywhere on a unit which includes all or a part of this lease shall be treated as if it were production, drilling, or re-working operations or a well shut in for want of a market under this lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on production from the unit so pooled royalties only on the portion of such production allocated to this lease; such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, Lessee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to Lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to Lessor shall be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee.
12. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.
13. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor and be subrogated to the rights of the holder thereof, and Lessor hereby agrees that any such payments made by Lessee for the Lessor may be deducted from any amounts of money which may become due the Lessor under the terms of this lease. The undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.
14. Should any one or more of the parties hereinabove named as Lessor fail to execute this Lease, it shall nevertheless be binding upon all such parties who do execute it as

Lessor. The word "Lessor", as used in this lease, shall mean any one or more or all of the parties who execute this lease as Lessor. All the provisions of this lease shall be binding on the heirs, successors and assigns of Lessor and Lessee.
IN WITNESS WHEREOF, this instrument is executed as of the date first above written.

Douglas Cameron McLeod, a Single Person

SS/Tax ID# _____

STATE of _____

ACKNOWLEDGEMENT-INDIVIDUAL

COUNTY of _____

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 200 3,
personally appeared Douglas Cameron McLeod

_____, to me known to be the
identical person _____, described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ he _____ duly executed
same as _____ free and voluntary act and deed for the uses and purposes therein set forth and in the capacity stated therein.

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

My Commission Expires: _____

Notary Public:
Address:

STATE of _____

ACKNOWLEDGEMENT-INDIVIDUAL

COUNTY of _____

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 200 3,
personally appeared _____

_____, to me known to be the
identical person _____, described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ he _____ duly executed
same as _____ free and voluntary act and deed for the uses and purposes therein set forth and in the capacity stated therein.

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

My Commission Expires: _____

Notary Public:
Address:

STATE of _____

ACKNOWLEDGEMENT-CORPORATE

COUNTY of _____

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 200 3,
personally appeared _____ to me known to be the identical person who
subscribed the name of the maker thereof to the foregoing instrument as its _____ and acknowledged to me that _____ he executed
the same as _____ free and voluntary act and deed and as the free and voluntary act and deed of such corporation by authority of its Board of Directors, for
the uses and purposes therein set forth.

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

My Commission Expires: _____

Notary Public:
Address:

**RATIFICATION AND JOINDER OF UNIT OPERATING AGREEMENT
UNDER UNIT AGREEMENT FOR THE DEVELOPMENT AND
OPERATION OF THE SAN JUAN 29-7 UNIT
RIO ARriba COUNTY, NEW MEXICO**

WHEREAS, the undersigned is an owner of an unleased mineral interest, being limited in depth from the base of the Mesaverde Formation to the center of the earth, in the following lands:

TOWNSHIP 29 NORTH, RANGE 7 WEST

Section 9: N/2NW/4, SE/4NW/4 & NE/4SW/4
Rio Arriba, County New Mexico, and
Containing 160 acres more or less,

WHEREAS, Adolph Soens and J. Christine Soens, predecessor in interest to the Undersigned, committed their undivided ½ Unleased Mineral Interest to the "Unit Agreement for the Development and Operation of the San Juan 29-7 Unit Area" by Ratification and Joinder of Unit Agreement dated December 19, 1955.

WHEREAS, Adolph Soens and J. Christine Soens apparently never signed or ratified the San Juan 29-7 Unit Operating Agreement dated December 7, 1953; the Undersigned, desires to adopt, ratify, confirm and Join said Unit Operating Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of are hereby acknowledged, the undersigned does hereby unconditionally accept, join, adopt, ratify and confirm all terms and conditions of the following documents in their entirety:

San Juan 29-7 Unit Operating Agreement dated December 7, 1953;

Amendment and Supplement to the San Juan 29-7 Unit Operating Agreement dated January 1, 1960; and

Gas Balancing Agreement attached to the San Juan 29-7 Unit Operating Agreement.

This Ratification and Joinder of Unit Operating Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding on the undersigned, his or her heirs, personal representatives, successors or assigns, subject to all the terms, provisions and conditions of said San Juan 29-7 Unit Operating Agreement and any and all amendments thereto.

SIGNATURE

Date: _____

Date: _____

APPROVED AND CONSENTED TO:

Burlington Resources Oil & Gas Company LP

Date: _____

2. Article Number		COMPLETE THIS SECTION ON DELIVERY	
		A. Signature <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee	
		B. Received by (Printed Name) [Signature]	
		C. Date of Delivery 8-25-03	
1. Article Addressed to: Douglas Cameron McLeod 518 17th St Ste 1455 Denver, CO 80202		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES enter delivery address below	
		3. Service Type <input checked="" type="checkbox"/> Certified	
		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	

R E C E I V E D
 AUG 28 2003
 LAND DEPARTMENT

PS Form 3811
 3:14 PM 7/31/2003

Domestic Return Receipt
 Code: San Juan 29-7 Unit 80R & 80M

File

BURLINGTON RESOURCES

ssmith3@br-inc.com

SAN JUAN DIVISION
CERTIFIED MAIL - RETURN RECEIPT REQUESTED
Article Number 7110 6605 9590 0007 5562

December 3, 2003

Douglas Cameron McLeod
518 17th Street, Suite 1455
Denver, Colorado 80202

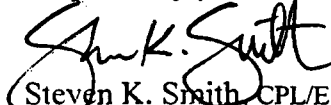
RE: New Well Proposals
San Juan 29-7 Unit 80B
San Juan 29-7 Unit 80M
Rio Arriba County, New Mexico

Dear Mr. McLeod:

Burlington Resources is ready to drill the referenced wells as soon as possible. In that regard should we not hear from you in the near future we will pursue compulsory pooling under the rules and regulations of the State of New Mexico Oil Conservation Division. For your convenience I have enclosed a copy of the San Juan 29-7 Unit Agreement, Unit Operating Agreement and our original proposal letter dated August 22, 2003.

Please call me at 505-326-9848 if you have any questions.

Respectfully yours,


Steven K. Smith, CPL/ESA
Senior Staff Landman

xc: SJ 29-7 Unit 5.0

SENDER:

- Complete items 1, 2 and 3.
- Indicate if restricted delivery is desired.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back, if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return receipt Fee will provide you the signature of the person delivered to and the date of delivery.

I also wish to receive the following service (for an extra fee):

☐ **Restricted Delivery**

Consult postmaster for fee.

1. Article Addressed to:

Douglas Cameron McLeod
518 17th Street, Suite 1455

Denver, CO 80202

2. Article Number

7110 6605 9570 0907 5542

3. Service Type ☒ **CERTIFIED****Date of Delivery**

12-5-03

Received By: (Print Name)

Enter delivery address
if different than item 1.

Signature - (Addressee or Agent)

Douglas Cameron McLeod

PS Form 3811

DOMESTIC RETURN RECEIPT

BURLINGTON RESOURCES

SAN JUAN DIVISION

Steven K. Smith, CPL/ESA
Ph.: 505-326-9848
Fax: 505-324-3829
ssmith3@br-inc.com

February 9, 2004

Douglas Cameron McLeod
518 17th Street, Suite 1455
Denver, Colorado 80202
Attn: Ms. Janet Paul

RE: Proposed San Juan 29-7 Unit 80B & 80M wells
T 29 N - R 7 W, N.M.P.M.
Section 9: W/2
Rio Arriba County, New Mexico

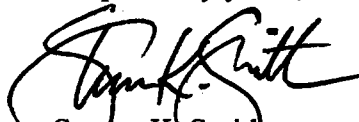
Dear Ms. Paul:

Burlington Resources is in receipt of your February 2, 2004 letter. It has been our policy for several years not to market gas for others, therefore unfortunately, we are unable to provide this service. If Mr. McLeod desires to lease his interest we can extend the same offer to lease Mr. McLeod's mineral interest as we have made to other mineral interest owners of this tract. This offer includes a lease covering depths from the base of the Mesaverde down to all depths below, a \$75 per acre bonus and a 1/8th royalty. Please inform me of this election and I will forward an Oil & Gas Lease for execution.

If Mr. McLeod does not desire to lease his interest under these terms and chooses to ratify the Unit Operating Agreement and elect to participate, or go non-consent, please make the proper election from the choices outlined in Burlington Resources' August 22, 2003 proposal letter. Please have this proposal letter executed and the Ratification and Joinder of Unit Operating Agreement executed and notarized. At your earliest convenience please forward a copy of the Ratification and the August 22, 2003 proposal letter to my attention as soon as possible so that we can dismiss this interest from the Compulsory Pooling Order.

Please call me at 505-326-9848 if you have any questions.

Respectfully yours,



Steven K. Smith

DOUGLAS C. McLEOD

518 17TH STREET, SUITE 1455
DENVER, COLORADO 80202
(303) 893-5400
FAX (303) 893-0519

VIA FACSIMILE & REGULAR MAIL

February 2, 2004

Steven K. Smith, Senior Landman
Burlington Resources
P O Box 4289
Farmington NM 87499-4289

Re: San Juan 29-7 Unit 80B
San Juan 29-7 Unit 80M
W/2 Section 9-T29N-R7W
Rio Arriba County, NM

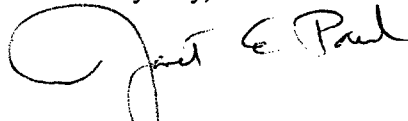
Dear Steve:

Pursuant to our various conversations concerning the unleased mineral interest of Douglas Cameron McLeod, Mr. McLeod is willing to lease his minerals to Burlington as to the Dakota formation only in the W/2 of Section 9-T29N-R7W for a 25% royalty and no bonus consideration. In the alternative, Mr. McLeod will sign the San Juan 29-7 Unit Operating Agreement and both AFE's and participate in the drilling of the above referenced wells if Burlington agrees to market his gas along with its gas. McLeod further agrees to be bound by the same terms, conditions and prices for gas production as Burlington is and will be responsible for disbursing any revenues attributable to him, if applicable.

As we have previously discussed, should Burlington not accept either of these offers, Mr. McLeod will sign the Unit Operating Agreement, go under the 150% non-consent penalty and ultimately petition the Oil Conservation Division of the New Mexico Energy, Minerals & Natural Resources Department for relief under Section 19.15.6.414 of the OCD Rulebook "Gas Sales by less than 100% of the Owners in a Well" (copy attached). This is due to the fact that it is currently not economical for Mr. McLeod to separately market his 1.66667% working interest in the gas produced from the Dakota formation only in the above mentioned wells.

Please review these proposals and advise the undersigned of Burlington's decision at your earliest convenience as Mr. McLeod does not wish to be subject to the compulsory pooling which you have recently filed. Should you have any questions, please do not hesitate to contact the undersigned at (303) 893-5400, Extension 18.

Yours very truly,



Janet E. Paul
Land Administration Manager for
Douglas Cameron McLeod

/jep

BURLINGTON RESOURCES

SAN JUAN DIVISION

August 22, 2003

CERTIFIED MAIL

Leslie Hardwick O'Shea
120 E 79th St. Apt. 11E
New York, NY 10021

RE: 2003 NEW DRILL PROPOSALS
San Juan 29-7 Unit – Two (2) Wells
Mesaverde and Dakota Commingle
Rio Arriba County, New Mexico

Dear Mr. O'Shea:

Burlington Resources Oil & Gas Company LP (Burlington) hereby proposes drilling, completing and facilitating the following Mesaverde/Dakota commingle wells in the San Juan 29-7 Unit:

Well Name	Location
San Juan 29-7 Unit 80B	NW/4, Section 9, T29N, R07W
San Juan 29-7 Unit 80M	SW/4, Section 9, T29N, R07W

Our records indicate you own 16 acres of Unleased Mineral interest, as successor in interest to Adolph Soens. Adolph Soens acquired a ½ interest in the N/2NW/4, SE/4NW/4 and the NE/4SW/4, of Section 9-29N-7W, from Matias Montoya and Rebecca Montoya by mineral deed dated April 3, 1931.

Adolph Soens and J. Christine Soens, his wife, granted an Oil and Gas Lease, dated September 28, 1955 to J. A. Pierce. The Oil and Gas Lease covered the above-described lands and was limited in depth from the surface of the earth to the base of the Mesaverde Formation. The Oil and Gas lease was later committed to the San Juan 29-7 Unit by Western Natural Gas, the successor to J. A. Pierce. By Ratification and Joinder of Unit Agreement dated December 19, 1955, Adolph Soens and J. Christine Soens committed both their royalty interest and Unleased Mineral Interest to the San Juan #29-7 Unit.

I have been unable to determine if the Soen's ever executed or ratified the Unit Operating Agreement for the San Juan 29-7 Unit, therefore, your Unleased Mineral is apparently not subject to the Unit Operating Agreement.

Since there is apparently no Unit Operating Agreement covering your Unleased Mineral Interest, Burlington is offering the following elections:

4. Ratify the San Juan 29-7 Unit Operating Agreement and elect to participate in drilling, completing and facilitating the wells, by paying your full share of the costs, pursuant to the attached Authorities for Expenditure (AFE's).

- 4.1. Be advised that the AFEs are an "estimate only" and as a working interest owner, you will be responsible for any amount over this AFE.

- 4.2. Your share of the cost to drill, complete and facilitate these wells is estimated to be \$17,127.00. Your monthly lease operating expenses will be \$30.00.
- 4.3. If and when the Dakota formation is productive, you will be responsible for marketing your share of production as well as paying monthly Lease Operating Expenses.
- 4.4. If the Dakota Formation is non-productive, you will be responsible for the drilling and plugging costs associated with this project and receive no revenue whatsoever.
5. **Ratify the San Juan 29-7 Unit Operating Agreement and elect a Non-consent position in the drilling of the well:**
 - 5.1. Burlington Resources will pay your portion of the costs to drill, complete and facilitate the wells. If the Dakota formation is productive, Burlington will be entitled to recoup 300% of the costs of drilling and completing, 100% of the facilities costs and 100% of the monthly Lease Operating Expenses from 87.5% of your Working interest. You will receive your proportionate share of a 1/8 royalty.
 - 5.2. Once Burlington recoups the costs, you will be entitled to receive and market your full share of gas production from the Dakota Formation and be responsible for paying your monthly Lease Operating Expenses.
6. **Grant Burlington an Oil and Gas Lease of your Unleased Minerals for \$75.00 per acre with a 1/8th royalty and a 5-year term.** This will amount to a Lease Bonus of \$1,200.00 to you. Any owner electing to grant Burlington an Oil and Gas Lease will be entitled to their proportionate share of 1/8 royalty from the Dakota Formation and not be responsible for any capital expenses at any time.

To assist you in your election, you will find enclosed for your review:

- 6) A copy of the "Unit Agreement for the Development and Operation of the San Juan 29-7 Unit Area" dated December 7th, 1953.
- 7) A copy of the "Unit Operating Agreement" dated December 7th, 1953.
- 8) A copy of the "Amendment and Supplement to San Juan 29-7 Unit Operating Agreement" dated January 1, 1960.
- 9) A "Ratification of Operating Agreement", for execution.
- 10) Burlington's Model Form of Oil and Gas Lease, for execution, should you choose to grant a Lease on your mineral interest.

If you have any questions or concerns, please contact me at (505) 326-9749.

Sincerely,



Ben Malone, CPL
Senior Landman

Enclosures

WBM/mjb

cc: San Juan 29-7 Unit 3.0 (2003 New Drill)

The undersigned this _____ day of _____, 2003 elects to:

- _____ Ratify the San Juan 29-7 Unit Operating Agreement* and to participate in the development of the San Juan 29-7 Unit 80B and the San Juan 29-7 Unit 80M Mesaverde/Dakota commingle wells during 2003 and pay our proportionate share of the costs of drilling, completing and facilitating the wells, and pay Monthly Operating Expenses.
- _____ Ratify the San Juan 29-7 Unit Operating Agreement and elect a Non-Consent Position with a 300% Non-consent penalty of the costs associated with the drilling, completing and facilitating the wells and 100% of Monthly Operating Expenses of the well, "back-in" for my full working interest in the well upon payout.
- _____ Grant an "Oil and Gas Lease*" to Burlington for \$75.00/acre bonus, reserving a 1/8 royalty with a five (5) year term, by executing and returning the enclosed Oil and Gas Lease. Upon receipt of the executed Oil and Gas Lease, Burlington will initiate preparation of a check in the amount of \$1,200.00 and forward as soon as possible.

Name: _____

Date: _____

*** Execution of either the "Ratification of Unit Operating Agreement" or The "Oil and Lease" requires that you (and your spouse if listed), in the presence of a Notary Public, sign your name (names) exactly as it (they) appears in the space provided in either document.**

BURLINGTON RESOURCES

San Juan Division

Post Office Box 4289

Farmington, New Mexico, 87499

AUTHORITY FOR EXPENDITURE

AFE No.: _____ Property Number: _____ Date: 2/26/2003

Lease/Well Name: San Juan 29-7 Unit 80B DP Number: _____

Field Prospect: Basin Dakota Division: Farmington

Location: Unit E, Section 9, T29N, R7W County: Rio Arriba State: New Mexico

AFE Type: Development (01) Original X Supplement _____ API Well Type _____

Operator: BURLINGTON RESOURCES

Objective Formation: Basin Dakota Authorized Total Depth: 7443'

Project Description: Drill, Complete and add facilities.

Estimated Start Date: Jul-03 Prepared By: L. J. Biemer Jr.

Estimated Completion Date: Jul-03

GROSS WELL DATA

	Drilling		Workover/ Completion	Construction Facility	Total
Days:	Dry Hole	Suspended			
This AFE:		10	12	2	24
Prior AFE's:		\$187,402	\$127,614	\$27,515	\$342,531
					\$0
Total Costs:	\$0	\$187,402	\$127,614	\$27,515	\$342,531

JOINT INTEREST OWNERS

Company:	Working Interest Percent	Dry Hole \$	Completed \$
BR Oil & Gas Co.:	68.055555%	\$0	\$233,111
TRUST	0.000000%	\$0	\$0
Others:	31.944445%	\$0	\$109,420
AFE TOTAL:	100.000000%	\$0	\$342,531

BURLINGTON RESOURCES APPROVAL

Recommended: [Signature] 2/27/03 Date: 2/27/03 Recommended: [Signature] Kelly Sutton 2/27/03 Date: 2/27/03

Implementation Team

Approved: [Signature] 3/4/03 Date: 3/4/03 Approved: [Signature] Vinda Dean 3/5/03 Date: 3/5/03

Asset Manager Land Advisor

PARTNER APPROVAL

Company Name: _____

Authorized By: _____ Date: _____

Title: _____

Burlington Resources
Facility Cost Estimate
Mesaverde / Dakota Commingle
Single Facility Set

Well Name: San Juan 29-7 Unit 80B
 Location: Unit E, Section 9, T29N, R7W
 AFE Type: Development (01)
 Formation: Blanco Mesaverde / Basin Dakota

Prepared By: LJB
 Date: 2/26/2003
 Approved By: _____
 Date: _____

Account Number	Description	Mesaverde Cost	Dakota Cost	Total Estimated Cost
247				
Tangible Costs				
02	Contract Labor	4,800	4,800	9,600
03	Company Vehicles	75	75	150
08	Location, Roads	500	500	1,000
12	Overhead	0	0	
17	Property Losses	0	0	
20	Coating And Insulation	400	400	800
21	Environmental	0	0	0
26	Water Filtering	0	0	
27	Separators	8,750	8,750	17,500
28	Gas Sweetening	0	0	
29	Pumping Units	0	0	
31	Prime Mover	0	0	
32	Tanks	1,750	1,750	3,500
33	Metering Equipment	750	750	1,500
34	Flowlines, Piping, Valves & Fittings	3,000	3,000	6,000
35	Compressors	0	0	
36	Building	0	0	
43	Safety	75	75	150
44	Technical Contract Services	500	500	1,000
46	Miscellaneous-Facility Expense	0	0	0
47	Rental Compressor & Maintenance	0	0	
48	Rental Equipment	0	0	
49	Cathodic Protection	3,000	3,000	6,000
50	Right Of Way	0	0	
51	Minor Pipelines	0	0	
53	Surface Pumps	0	0	
54	Electrical Accessories	0	0	
57	Pulling Unit Cost	0	0	
60	Operator Owned Equip. / Facilities (District Tools)	0	0	
62	Env. Compliance (Assessment)	0	0	
63	Env. Compliance (Remediation)	0	0	
68	Direct Labor	350	350	700
69	Benefits	75	75	150
70	Payroll Taxes and Insurance	40	40	80
72	Employee Expenses	0	0	
73	Freight / Water Transportation	0	0	
81	Tubing	0	0	
82	Rods	0	0	
83	Downhole Pumps	0	0	
84	Alternative Artificial Lift Equip.	3,250	3,250	6,500
86	Convent Artificial Lift Wellhead Equip.	0	0	
88	Communication Systems	200	200	400
96	Gas Dehydrator	0	0	
Total Tangible Costs		27,515	27,515	55,030

Burlington Resources
Cost Estimate

Well Name: San Juan 29-7 Unit 80B
Location: Unit E, Section 9, T29N, R7W
AFE Type: New Drill (248)
Formation: Mesa Verde / Dakota
Proposed TD: 7443'

Prepared By: Eric Giles
Date: 2/6/2003
Approved By: EJG
Date: 2/12/03
Int. TD: 3168'
Cost/ft: \$44.46

Intangible Costs

Estimated Days: 11.0

Account Number		Mesa Verde Cost	Dakota Cost	Total Estimated
248				
03	Location Cost	15,144	15,144	30,288
05	Move-In, Move-out	4,892	4,892	9,784
07	Rig Cost (11 days @ \$7,000/day)	30,800	46,200	77,000
08	Safety Equipment	0	0	0
09	Drilling Fluid	18,894	28,340	47,234
16	Stimulation Fluids	3,370	3,370	6,739
17	Bits	4,013	6,020	10,033
18	Cementing	8,653	12,979	21,632
22	Coring and Analysis	0	0	0
23	Fuel	5,184	5,184	10,367
25	Rentals	1,150	1,150	2,300
26	Fishing	0	0	0
28	Other Rentals	1,820	1,820	3,640
29	Transportation	3,542	3,542	7,083
32	Directional Service	269	269	537
33	Inspection	2,379	2,379	4,758
34	Logging Services	0	0	0
36	Production Testing	0	0	0
37	Swabbing, Snubbing, Coiled Tubing	0	0	0
39	Stimulation	0	0	0
43	Consultants (11 days @ \$650/day)	2,860	4,290	7,150
44	Technical Services	0	0	0
45	Roustabout Labor	2,896	4,344	7,240
46	Miscellaneous (Contingency for intermediate loss circulation & hole trouble)	0	0	0
49	Packer Rentals	0	0	0
53	Environmental Costs	0	0	0
54	Disposal Costs	84	126	210
60	District Tools	1,714	2,570	4,284
72	Overhead (11 days @ \$200/day)	880	1,320	2,200
	Total Intangibles	108,541	143,938	252,479

Tangible Costs

80	Casing			76,490
	9-5/8" 32.3# WC-50	120'	@ \$14.69/ft	881
	7.0" 20.0# J-55	3168'	@ \$10.22/ft	16,188
	4-1/2" 10.5# J-55	7443'	@ \$5.69/ft	16,940
	4-1/2" 11.6# N-80 required over 7800'	0'	@ \$7.23/ft	0
				0
81	Tubing			0
84	Casing & Tubing Equipment			0
86	Wellhead Equipment			984
	Total Tangibles			34,994

Total Cost	143,535	187,402	330,937
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Burlington Resources
Cost Estimate
Mesaverde / Dakota Commingle

Well Name: San Juan 29-7 Unit 80B
Location: Unit E, Section 9, T29N, R7W
Type: Development (01)
Formation: Blanco Mesaverde / Basin Dakota

Prepared By: LJB
Date: 2/26/2003
Approved By: _____
Date: _____

Account Number	Description		Mesaverde Cost	Dakota Cost	Total Estimated Cost
249	Tanks Required For Stimulation:	21			
	Days Required For Stimulation:	2			
	Days Required For Completion Rig:	12			
Intangible Costs					
02	Location Cost		2,550	2,550	5,100
05	Move-in, Move-out		4,000	4,000	8,000
07	Rig Cost		21,600	14,400	36,000
08	Safety Equipment		132	88	220
10	Air Drilling Fluid		12,960	8,640	21,600
16	Stimulation Fluids		15,120	10,080	25,200
17	Bits		300	200	500
18	Cementing				0
22	Coring and Analysis				0
23	Fuel		3,000	2,000	5,000
25	Rentals (Subsurface)		2,010	1,340	3,350
26	Fishing				0
28	Other Rental (Surface)		540	360	900
29	Transportation		4,980	3,320	8,300
32	Directional Svc.				0
33	Inspection		900	600	1,500
34	Logging Services		14,820	9,880	24,700
36	Production Testing				0
37	Swabbing, Snubbing, Coiled Tubing			0	0
39	Stimulation		76,358	33,643	110,000
43	Consultants		4,320	2,880	7,200
44	Technical Contract Svc.		600	600	1,200
45	Roustabout Labor		3,800	2,600	6,500
46	Miscellaneous		420	280	700
49	Packer Rental		2,400	1,600	4,000
53	Env. Cost				0
54	Disposal Cost		360	240	600
60	District Tools		2,570	1,714	4,284
68	Direct Labor		600	400	1,000
72	OH Rig Days		965	643	1,608
	Total Intangibles		175,405	102,057	277,462
Tangible Costs					
80	Casing				
81	Tubing (7243 ft of 2-3/8 4.7#)		10,053	15,080	25,133
84	Casing & Tubing Equip.		400	400	800
86	Wellhead Equipment		4,000	4,000	8,000
	Total Tangibles		14,453	19,480	33,933
	Sub-Total		189,858	121,537	311,395
01	Contingency	5.0%	9,493	6,077	15,570
	Total		199,351	127,614	326,965

San Juan Division
Post Office Box 4289
Farmington, New Mexico, 87499

AUTHORITY FOR EXPENDITURE

AFE No.: _____ Property Number: 0079800 XX Date: 7/30/2003
Lease/Well Name: San Juan 29-7 Unit 80M AIN: _____
Field Prospect: Basin Dakota Division: Farmington
Location: Unit M, Section 9, T29N, R07W County: Rio Arriba State: New Mexico
AFE Type: Development (01) Original X Supplement _____ API Well Type _____
Operator: BURLINGTON RESOURCES
Objective Formation: Basin Dakota Authorized Total Depth: 7985'
Project Description: Drill, Complete and add facilities.
Estimated Start Date: Jul-02 Prepared By: L. J. Biemer Jr.
Estimated Completion Date: Jul-02

GROSS WELL DATA

	Drilling		Workover/ Completion	Construction Facility	Total
	Dry Hole	Suspended			
Days:					0
This AFE:		\$213,215	\$129,170	\$27,515	\$369,900
Prior AFE's:					\$0
Total Costs:	\$0	\$213,215	\$129,170	\$27,515	\$369,900

JOINT INTEREST OWNERS

Company:	Working Interest Percent	Dry Hole \$	Completed \$
BR Oil & Gas Co.:	68.055555%	\$0	\$251,738
TRUST	0.000000%	\$0	\$0
Others:	31.944445%	\$0	\$118,163
AFE TOTAL:	100.000000%	\$0	\$369,900

BURLINGTON RESOURCES APPROVAL

Recommended: _____ Date: _____ Recommended: _____ Date: _____
Implementation Team Implementation Team
Approved: _____ Date: _____ Approved: _____ Date: _____
Asset Manager Compliance Manager

PARTNER APPROVAL

Company Name: _____
Authorized By: _____ Date: _____
Title: _____

Mesaverde / Dakota Commingle w/o Pumping Unit

Well Name: San Juan 29-7 Unit 80M
 Location: Unit M, Section 9, T29N, R07W
 AFE Type: Development (Q1)
 Formation: Blanco Mesaverde / Basin Dakota

Prepared By: LJB
 Date: 7/30/2003
 Approved By: _____
 Date: _____

Account Number	Description	Mesaverde Cost	Dakota Cost	Total Estimated Cost
247	Tangible Costs			
02	Contract Labor	4,800	4,800	9,600
03	Company Vehicles	75	75	150
08	Location, Roads	500	500	1,000
12	Overhead			
17	Property Losses			
20	Coating And Insulation	400	400	800
21	Environmental			
26	Water Filtering			
27	Separators	8,750	8,750	17,500
28	Gas Sweetening			
29	Pumping Units			
31	Prime Mover			
32	Tanks	1,750	1,750	3,500
33	Metering Equipment	750	750	1,500
34	Flowlines, Piping, Valves & Fittings	3,000	3,000	6,000
35	Compressors			
36	Building			
43	Safety	75	75	150
44	Technical Contract Services	500	500	1,000
46	Miscellaneous-Facility Expense			
47	Rental Compressor & Maintenance			
48	Rental Equipment			
49	Cathodic Protection	3,000	3,000	6,000
50	Right Of Way			
51	Minor Pipelines			
53	Surface Pumps			
54	Electrical Accessories			
57	Pulling Unit Cost			
60	Operator Owned Equip. / Facilities (District Tools)			
62	Env. Compliance (Assessment)			
63	Env. Compliance (Remediation)			
68	Direct Labor	350	350	700
69	Benefits	75	75	150
70	Payroll Taxes and Insurance	40	40	80
72	Employee Expenses			
73	Freight / Water Transportation			
81	Tubing			
82	Rods			
83	Downhole Pumps			
84	Alternative Artificial Lift Equip.	3,250	3,250	6,500
86	Convent Artifical Lift Wellhead Equip.			
88	Communication Systems	200	200	400
96	Gas Dehydrator			
		27,515	27,515	55,030

Cost Estimate

Well Name: San Juan 29-7 Unit #80M
 Location: Unit M, Section 9, T29N, R07W
 AFE Type: New Drill (248)
 Formation: Mesa Verde / Dakota
 Proposed TD: 7985'

Prepared By: J. Jumonville
 Date: 9/16/2002
 Approved By: _____
 Date: _____
 Int. TD: 3300'
 Cost/ft: \$46.78

Intangible Costs

Estimated Days: 12.0

Account Number		Mesa Verde Cost	Dakota Cost	Total Estimated
248				
03	Location Cost	12,673	12,673	25,345
05	Move-in, Move-out	3,750	3,750	7,500
07	Rig Cost	40,400	60,600	101,000
08	Safety Equipment	25	25	50
09	Drilling Fluid	14,000	21,000	35,000
16	Stimulation Fluids	4,825	4,825	9,650
17	Bits	7,360	11,040	18,400
18	Cementing	15,200	22,800	38,000
22	Coring and Analysis	0	0	0
23	Fuel	6,000	6,000	12,000
25	Rentals	3,000	3,000	6,000
26	Fishing	0	0	0
28	Other Rentals	400	400	800
29	Transportation	3,500	3,500	7,000
32	Directional Service	0	0	0
33	Inspection	1,900	1,900	3,800
34	Logging Services	0	0	0
36	Production Testing	0	0	0
37	Swabbing, Snubbing, Coiled Tubing	0	0	0
39	Stimulation	0	0	0
43	Consultants	2,880	4,320	7,200
44	Technical Services	0	0	0
45	Roustabout Labor	3,200	4,800	8,000
46	Miscellaneous	200	300	500
49	Packer Rentals	0	0	0
53	Environmental Costs	0	0	0
54	Disposal Costs	640	960	1,600
60	District Tools	2,600	3,900	6,500
72	Overhead	2,000	3,000	5,000
	Total Intangibles	124,553	168,793	293,345

Tangible Costs

80	Casing			78,085
	9-5/8" 32.3# WC-50	200'	@ \$14.69/ft)	1,469
	7.0" 20.0# J-55	3300'	@ \$9.65/ft)	15,923
	4-1/2" 10.5# J-55	7800'	@ \$5.38/ft)	16,786
	4-1/2" 11.6# N-80 required over 7800'	185'	@ \$7.23/ft)	535
81	Tubing			803
84	Casing & Tubing Equipment			50
86	Wellhead Equipment			1,000
	Total Tangibles			35,762

Total Cost	160,315	213,215	373,530
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Cost Estimate
Mesaverde / Dakota Commingle

Well Name: San Juan 29-7 Unit 80M
Location: Unit M, Section 9, T29N, R07W
AFE Type: Development (01)
Location: Mesaverde/Basin Dakota/Chacra

Prepared By: LJB
Date: 7/30/2003
Approved By: _____
Date: _____

Account Number	Description	Mesaverde Cost	Dakota Cost	Total Estimated Cost
249				
Intangible Costs				
02	Location Cost	2,550	2,550	5,100
05	Move-in, Move-out	4,000	4,000	8,000
07	Rig Cost	21,600	14,400	36,000
08	Safety Equipment	132	88	220
10	Air Drilling Fluid	12,960	8,640	21,600
16	Stimulation Fluids	15,120	10,080	25,200
17	Bits	300	200	500
18	Cementing			0
22	Coring and Analysis			0
23	Fuel	3,000	2,000	5,000
25	Rentals (Subsurface)	2,010	1,340	3,350
26	Fishing			0
28	Other Rental (Surface)	540	360	900
29	Transportation	4,980	3,320	8,300
32	Directional Svc.			0
33	Inspection	900	600	1,500
34	Logging Services	14,820	9,880	24,700
36	Production Testing			0
37	Swabbing, Snubbing, Coiled Tubing			0
39	Stimulation	76,358	33,642	110,000
43	Consultants	4,320	2,880	7,200
44	Technical Contract Svc.	600	600	1,200
45	Roustabout Labor	3,900	2,600	6,500
46	Miscellaneous	420	280	700
49	Packer Rental	2,400	1,600	4,000
53	Env. Cost			0
54	Disposal Cost	360	240	600
60	District Tools	2,570	1,714	4,284
68	Direct Labor	600	400	1,000
72	OH Rig Days	965	643	1,608
	Total Intangibles	175,405	102,057	277,462
Tangible Costs				
80	Casing			
81	Tubing (7955 ft of 2-3/8 4.7#)	11,042	16,562	27,604
84	Casing & Tubing Equip.	400	400	800
86	Wellhead Equipment	4,000	4,000	8,000
	Total Tangibles	15,442	20,962	36,404
	Sub-Total	190,847	123,019	313,866
01	Contingency	9,542	6,151	15,693
	Total	200,389	129,170	329,559

OIL AND GAS LEASE

AGREEMENT, Made and entered into the _____ day of _____, 200 3, by and between

Leslie Hardwick O'Shea,

120 E 79th St. Apt. 11E

New York, NY 10021

Burlington Resources Oil & Gas Company LP whose address is 3401 East 30th Street Farmington, NM 87402
hereinafter called Lessee:

WITNESSETH, That the Lessor, for and in consideration of TEN AND MORE (\$10.00+) DOLLARS cash in hand paid, the receipt and sufficiency are hereby acknowledged, and the covenants and agreements hereinafter contained, has granted, demised, leased and let, and by these presents does grant, demise, lease and let exclusively unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, and operating for and producing therefrom oil, gas, and other hydrocarbons and all other minerals or substances, whether similar or dissimilar, that may be produced from any well drilled under the terms of this lease, with rights of way and easements for laying pipe lines and servicing or drilling other wells in the vicinity of said lands, and erection of structures thereon to produce, save and take care of said products, all that certain tract of land, together with any reversionary, remaindermen, and

executory rights therein, situated in RIO ARRIBA County, New Mexico, described as follows, to-wit:

TOWNSHIP 29 NORTH, RANGE 7 WEST

Section 9: N/2NW/4, SE/4NW/4, NE/4SW/4

LIMITED IN DEPTH FROM THE BASE OF THE MESAVERDE
FORMATION DOWN TO THE CENTER OF THE EARTH.

and containing 160.00 acres, more or less, together with all strips or parcels of land (not, however, to be construed to include parcels comprising a regular 40-acre legal subdivision or lot of approximately corresponding size) adjoining or contiguous to the above described land and owned or claimed by Lessor.

1. It is agreed that this lease shall remain in force for a term of Five (5) years from this date and as long thereafter as oil or gas of whatsoever nature or kind is produced from said leased premises or on acreage pooled therewith, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled therewith but Lessee is then engaged in drilling or re-working operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises or on acreage pooled therewith; and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on said land or on acreage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or re-working operations within ninety (90) days from date of cessation of production or from date of completion of dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil or gas is produced from the leased premises or on acreage pooled therewith.

2. This is a PAID-UP LEASE. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered.

3. In consideration of the premises the said Lessee covenants and agrees that royalties to be paid by Lessee are:

(a) On oil and other liquid hydrocarbons, one-eighth (1/8th) of that produced and saved from said land, the same to be delivered at the wells, or to the credit of Lessor into the pipeline to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefor prevailing for the field where produced on the date of purchase; and/or

(b) On gas and the constituents thereof produced from said land and sold or used off the premises or in the manufacture of products therefrom, the market value at the well of one-eighth (1/8th) of the product sold or used. On product sold at the well, the royalty shall be one-eighth (1/8th) of the net proceeds realized from such sale. All royalties paid on gas sold or used off the premises or in the manufacture of products therefrom will be paid after deducting from such royalty Lessor's proportionate amount of all post-production costs, including but not limited to gross production and severance taxes, gathering and transportation costs from the well head to the point of sale, treating, compression, and processing. Lessee shall have free use of oil, gas, and water from said land, except water from Lessor's wells, streams, lakes, and ponds for all operations hereunder, and the royalty on oil and gas shall be computed after deducting any so used.

4. Where gas from a well capable of producing gas is not sold or used, Lessee may pay or tender as royalty to the royalty owners One Dollar per year per net royalty acre retained hereunder, such payment or tender to be made on or before the anniversary date of this lease next ensuing after the expiration of 90 days from the date such well is shut in and thereafter on or before the anniversary date of this lease during the period such well is shut in. If such payment or tender is made, it will be considered that gas is being produced within the meaning of this lease.

5. If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties (including any shut-in gas royalty) herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

6. When requested by Lessor, Lessee shall bury Lessee's pipeline below plow depth.

7. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of Lessor.

8. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.

9. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

10. The rights of Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of record title from Lessor, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.

11. Lessee, at its option, is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described herein and as to any one or more of the formations hereunder, to pool or unitize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or reforming of any unit shall be accomplished by Lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has theretofore been completed or upon which operations for drilling have theretofore been commenced. Production, drilling or re-working operations or a well shut in for want of a market anywhere on a unit which includes all or a part of this lease shall be treated as if it were production, drilling, or re-working operations or a well shut in for want of a market under this lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on production from the unit so pooled royalties only on the portion of such production allocated to this lease; such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, Lessee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to Lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to Lessor shall be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee.

12. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

13. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor and be subrogated to the rights of the holder thereof, and Lessor hereby agrees that any such payments made by Lessee for the Lessor may be deducted from any amounts of money which may become due the Lessor under the terms of this lease. The undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

14. Should any one or more of the parties hereinabove named as Lessor fail to execute this Lease, it shall nevertheless be binding upon all such parties who do execute it as

**RATIFICATION AND JOINDER OF UNIT OPERATING AGREEMENT
UNDER UNIT AGREEMENT FOR THE DEVELOPMENT AND
OPERATION OF THE SAN JUAN 29-7 UNIT
RIO ARriba COUNY, NEW MEXICO**

WHEREAS, the undersigned is an owner of an unleased mineral interest, being limited in depth from the base of the Mesaverde Formation to the center of the earth, in the following lands:

TOWNSHIP 29 NORTH, RANGE 7 WEST

Section 9: N/2NW/4, SE/4NW/4 & NE/4SW/4
Rio Arriba, County New Mexico, and
Containing 160 acres more or less,

WHEREAS, Adolph Soens and J. Christine Soens, predecessor in interest to the Undersigned, committed their undivided ½ Unleased Mineral Interest to the "Unit Agreement for the Development and Operation of the San Juan 29-7 Unit Area" by Ratification and Joinder of Unit Agreement dated December 19, 1955.

WHEREAS, Adolph Soens and J. Christine Soens apparently never signed or ratified the San Juan 29-7 Unit Operating Agreement dated December 7, 1953; the Undersigned, desires to adopt, ratify, confirm and Join said Unit Operating Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of are hereby acknowledged, the undersigned does hereby unconditionally accept, join, adopt, ratify and confirm all terms and conditions of the following documents in their entirety:

San Juan 29-7 Unit Operating Agreement dated December 7, 1953;

Amendment and Supplement to the San Juan 29-7 Unit Operating Agreement dated January 1, 1960; and

Gas Balancing Agreement attached to the San Juan 29-7 Unit Operating Agreement.

This Ratification and Joinder of Unit Operating Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding on the undersigned, his or her heirs, personal representatives, successors or assigns, subject to all the terms, provisions and conditions of said San Juan 29-7 Unit Operating Agreement and any and all amendments thereto.

SIGNATURE

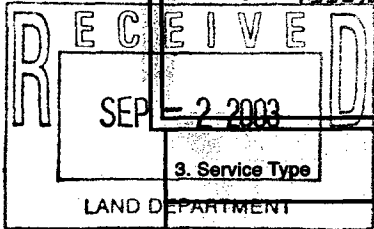
Date: _____

Date: _____

APPROVED AND CONSENTED TO:

Burlington Resources Oil & Gas Company LP

Date: _____

2. Article Number		COMPLETE THIS SECTION ON DELIVERY	
		A. Signature X <i>[Signature]</i>	
		<input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee	
		B. Received by (Printed Name)	C. Date of Delivery <i>8-23-03</i>
		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES enter delivery address below: <i>00000 NASSAU</i>	
1. Article Addressed to: Leslie Hardwick O'Shea 120 E 79th St. Apt. 11E New York, NY 10021		 LAND DEPARTMENT	
		3. Service Type	<input checked="" type="checkbox"/> Certified <input type="checkbox"/> Yes
		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/>	

BURLINGTON RESOURCES

SAN JUAN DIVISION

October 21, 2003

Leslie Hardwick O'Shea
120 E. 79th Street, Apt. 11E
New York, New York 10021

RE: New Well Proposals
San Juan 29-7 Unit 80B
San Juan 29-7 Unit 80M
Rio Arriba County, New Mexico


Dear Ms. O'Shea:

After we spoke on the phone last week I realized that you may not have a copy of the Oil and Gas Lease. Enclosed is an Oil and Gas Lease covering your mineral ownership in Section 9: N/2NW/4, SE/4NW/4 and NE/4SW/4, T29N-R7W, Rio Arriba County, New Mexico, from the base of the Mesaverde formation down to the center of the earth.

If you elect to lease your interest to Burlington Resources please execute the enclosed Oil and Gas Lease, have your signature on the Lease notarized and return the two originals to me at the letterhead address. Upon receipt of the executed Lease I will forward you a check for the bonus amount.

If you have any questions you can contact me at 505-326-9848.

Respectfully yours,


Steven K. Smith, CPL/ESA
Senior Staff Landman

enclosures

OIL AND GAS LEASE

AGREEMENT, Made and entered into the _____ day of _____, 200 3, by and between

Leslie Hardwick O'Shea,

120 E 79th St. Apt. 11E

New York, NY 10021

Burlington Resources Oil & Gas Company LP

whose address is

3401 East 30th Street Farmington, NM 87402

hereinafter called Lessee:

WITNESSETH, That the Lessor, for and in consideration of TEN AND MORE (\$10.00+) DOLLARS cash in hand paid, the receipt and sufficiency are hereby acknowledged, and the covenants and agreements hereinafter contained, has granted, demised, leased and let, and by these presents does grant, demise, lease and let exclusively unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, and operating for and producing therefrom oil, gas, and other hydrocarbons and all other minerals or substances, whether similar or dissimilar, that may be produced from any well drilled under the terms of this lease, with rights of way and easements for laying pipe lines and servicing or drilling other wells in the vicinity of said lands, and erection of structures thereon to produce, save and take care of said products, all that certain tract of land, together with any reversionary, remaindermen, and

executory rights therein, situated in RIO ARRIBA County, New Mexico, described as follows, to-wit:

TOWNSHIP 29 NORTH, RANGE 7 WEST

Section 9: N/2NW/4, SE/4NW/4, NE/4SW/4

LIMITED IN DEPTH FROM THE BASE OF THE MESAVERDE
FORMATION DOWN TO THE CENTER OF THE EARTH.

and containing 160.00 acres, more or less, together with all strips or parcels of land (not, however, to be construed to include parcels comprising a regular 40-acre legal subdivision or lot of approximately corresponding size) adjoining or contiguous to the above described land and owned or claimed by Lessor.

1. It is agreed that this lease shall remain in force for a term of Five (5) years from this date and as long thereafter as oil or gas of whatsoever nature or kind is produced from said leased premises or on acreage pooled therewith, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled therewith but Lessee is then engaged in drilling or re-working operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises or on acreage pooled therewith; and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on said land or on acreage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or re-working operations within ninety (90) days from date of cessation of production or from date of completion of dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil or gas is produced from the leased premises or on acreage pooled therewith.
2. This is a PAID-UP LEASE. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered.
3. In consideration of the premises the said Lessee covenants and agrees that royalties to be paid by Lessee are:
 - (a) On oil and other liquid hydrocarbons, one-eighth (1/8th) of that produced and saved from said land, the same to be delivered at the wells, or to the credit of Lessor into the pipeline to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefor prevailing for the field where produced on the date of purchase; and/or
 - (b) On gas and the constituents thereof produced from said land and sold or used off the premises or in the manufacture of products therefrom, the market value at the well of one-eighth (1/8th) of the product sold or used. On product sold at the well, the royalty shall be one-eighth (1/8th) of the net proceeds realized from such sale. All royalties paid on gas sold or used off the premises or in the manufacture of products therefrom will be paid after deducting from such royalty Lessor's proportionate amount of all post-production costs, including but not limited to gross production and severance taxes, gathering and transportation costs from the well head to the point of sale, treating, compression, and processing. Lessee shall have free use of oil, gas, and water from said land, except water from Lessor's wells, streams, lakes, and ponds for all operations hereunder, and the royalty on oil and gas shall be computed after deducting any so used.
4. Where gas from a well capable of producing gas is not sold or used, Lessee may pay or tender as royalty to the royalty owners One Dollar per year per net royalty acre retained hereunder, such payment or tender to be made on or before the anniversary date of this lease next ensuing after the expiration of 90 days from the date such well is shut in and thereafter on or before the anniversary date of this lease during the period such well is shut in. If such payment or tender is made, it will be considered that gas is being produced within the meaning of this lease.
5. If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties (including any shut-in gas royalty) herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.
6. When requested by Lessor, Lessee shall bury Lessee's pipeline below plow depth.
7. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of Lessor.
8. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.
9. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.
10. The rights of Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of record title from Lessor, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.
11. Lessee, at its option, is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described herein and as to any one or more of the formations hereunder, to pool or unitize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or reforming of any unit shall be accomplished by Lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has theretofore been completed or upon which operations for drilling have theretofore been commenced. Production, drilling or re-working operations or a well shut in for want of a market anywhere on a unit which includes all or a part of this lease shall be treated as if it were production, drilling, or re-working operations or a well shut in for want of a market under this lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on production from the unit so pooled royalties only on the portion of such production allocated to this lease; such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, Lessee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to Lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to Lessor shall be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee.
12. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.
13. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor and be subrogated to the rights of the holder thereof, and Lessor hereby agrees that any such payments made by Lessee for the Lessor may be deducted from any amounts of money which may become due the Lessor under the terms of this lease. The undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.
14. Should any one or more of the parties hereinabove named as Lessor fail to execute this Lease, it shall nevertheless be binding upon all such parties who do execute it as

Lessor. The word "Lessor", as used in this lease, shall mean any one or more or all of the parties who execute this lease as Lessor. All the provisions of this lease shall be binding on the heirs, successors and assigns of Lessor and Lessee.
IN WITNESS WHEREOF, this instrument is executed as of the date first above written.

Leslie Hardwick O'Shea,

SS/Tax ID#

STATE of

ACKNOWLEDGEMENT-INDIVIDUAL

COUNTY of

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 200 3,
personally appeared Leslie Hardwick O'Shea

_____, to me known to be the
identical person _____, described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ he _____ duly executed
same as _____ free and voluntary act and deed for the uses and purposes therein set forth and in the capacity stated therein.

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

My Commission Expires: _____

Notary Public:
Address:

STATE of

ACKNOWLEDGEMENT-INDIVIDUAL

COUNTY of

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 200 3,
personally appeared _____

_____, to me known to be the
identical person _____, described in and who executed the within and foregoing instrument of writing and acknowledged to me that _____ he _____ duly executed
same as _____ free and voluntary act and deed for the uses and purposes therein set forth and in the capacity stated therein.

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

My Commission Expires: _____

Notary Public:
Address:

STATE of

ACKNOWLEDGEMENT-CORPORATE

COUNTY of

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 200 3,
personally appeared _____ to me known to be the identical person who
subscribed the name of the maker thereof to the foregoing instrument as its _____ and acknowledged to me that _____ he executed
the same as _____ free and voluntary act and deed and as the free and voluntary act and deed of such corporation by authority of its Board of Directors, for
the uses and purposes therein set forth.

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

My Commission Expires: _____

Notary Public:
Address:

BURLINGTON RESOURCES

SAN JUAN DIVISION

Steven K. Smith, CPL/ESA

Ph.: 505-326-9848

Fax: 505-324-3829

ssmith3@br-inc.com

December 18, 2003

Leslie Hardwick O'Shea
120 E. 79th Street, Apt. 11E
New York, New York 10021

RE: OFFER TO PURCHASE
T29N-R7W. N.M.P.M.

Section 9: N/2NW/4, SE/4NW/4, NE/4SW/4
Rio Arriba County, New Mexico
From the top of the Dakota formation
down to the center of the earth.

Dear Ms. O'Shea:

To date Burlington Resources Oil & Gas Company LP ("Burlington") has not received an election from you for the drilling of the San Juan 29-7 Unit 80B and 80M wells. Burlington believes compulsory pooling under the rules and regulations of the State of New Mexico Oil Conservation Division in this particular case is not beneficial to either party and would like to encourage you to make an election as outlined in previous correspondence. If you decide not to make an election, in order to avoid the time and expense of the compulsory pooling process, Burlington is interested in purchasing all of your right, title and interest in the referenced lands (the "Interests").

The terms and conditions of Burlington's offer to purchase your Interests are as follows:

2. The purchase price for the Interests shall be EIGHT THOUSAND DOLLARS (\$8,000.00), cash, (the "Purchase Price") payable after Closing (as described in paragraph 4 below).
2. The Interests shall be assigned and conveyed by you to Burlington using a mutually acceptable form of Assignment.
3. The Effective Time of your assignment and conveyance of the Interests to Burlington shall be January 1, 2004.
4. The Closing shall take place by mail. Burlington will forward the following documents to you for execution after our receipt of an executed copy of this letter:

The Assignment that must be properly executed by you and properly notarized;
and

Within 10 (ten) business days after Burlington's receipt of the executed Assignment described above and approval of title, Burlington will, tender its check for the Purchase Price of the Interests to you.

5. In addition to the documents described in paragraph 4 above, you agree to execute and deliver to Burlington such further or additional documents or instruments, which, in the reasonable opinion of Burlington, are necessary to fulfill the intent of this letter agreement and convey the Interests to Burlington as contemplated herein. This offer is subject to Burlington's verification of your title prior to Closing.
6. This offer shall automatically and unconditionally terminate, and be of no further force or effect whatsoever, unless Burlington receives the properly executed (and notarized) document described in paragraph 4 above by **NO LATER THAN 5:00 P.M., MOUNTAIN STANDARD TIME, ON JANUARY 9, 2004.**

If the foregoing is acceptable, please so indicate by signing this letter in the space provided below and returning one executed original of this letter agreement before the deadline set forth above.

**BURLINGTON RESOURCES
OIL & GAS COMPANY LP**


Steven K. Smith
Senior Staff Landman

AGREED TO AND ACCEPTED
THIS ____ DAY OF _____, 200__.

By: _____
Leslie Hardwick O'Shea

BURLINGTON RESOURCES

SAN JUAN DIVISION

Steven K. Smith, CPL/ESA

Ph.: 505-326-9848

Fax: 505-324-3829

ssmith3@br-inc.com

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Article Number 7110 6605 9590 0007 5579

December 3, 2003

Leslie Hardwick O'Shea
120 E. 79th Street, Apt. 11E
New York, New York 10021

RE: New Well Proposals
San Juan 29-7 Unit 80B
San Juan 29-7 Unit 80M
Rio Arriba County, New Mexico

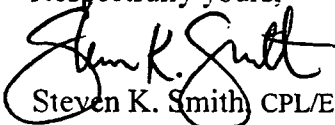
Dear Ms. O'Shea:

Burlington Resources is ready to drill the referenced wells as soon as possible. In that regard should we not hear from you in the near future we will pursue compulsory pooling under the rules and regulations of the State of New Mexico Oil Conservation Division. For your convenience I have enclosed a copy of the San Juan 29-7 Unit Agreement, Unit Operating Agreement and our original proposal letter dated August 22, 2003.

If you desire to sell your mineral interest in these lands please notify me and Burlington Resources will prepare an offer to purchase your interest.

Please call me at 505-326-9848 if you have any questions.

Respectfully yours,


Steven K. Smith, CPL/ESA
Senior Staff Landman

xc: SJ 29-7 Unit 5.0

Steven K. Smith, CPL/ESA

Ph.: 505-326-9848

Fax: 505-324-3829

SENDER:

- Complete items 1, 2 and 3.
- Indicate if restricted delivery is desired.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return receipt Fee will provide you the signature of the person delivered to and the date of delivery.

I also wish to receive the following service (for an extra fee):

☐ **Restricted Delivery**

Consult postmaster for fee.

1. Article Addressed to:

Leslie Hardwick O'Shea
120 East 79th Street, Apt. 11E
New York, NY 10021

2. Article Number

7110 6605 9546 0007 5574

3. Service Type ☒ **CERTIFIED****Date of Delivery**

12-6-03

Received By: (Print Name)

Djokovic FELIX

Signature - (Addressee or Agent)Enter delivery address
if different than item 1.

PS Form 3811

DOMESTIC RETURN RECEIPT

BURLINGTON RESOURCES

SAN JUAN DIVISION

Steven K. Smith, CPL/ESA
Ph.: 505-326-9848
Fax: 505-324-3829
ssmith3@br-inc.com

December 18, 2003

Leslie Hardwick O'Shea
120 E. 79th Street, Apt. 11E
New York, New York 10021

RE: **OFFER TO PURCHASE**
T29N-R7W. N.M.P.M.
Section 9: N/2NW/4, SE/4NW/4, NE/4SW/4
Rio Arriba County, New Mexico
From the top of the Dakota formation
down to the center of the earth.

Dear Ms. O'Shea:

To date Burlington Resources Oil & Gas Company LP ("Burlington") has not received an election from you for the drilling of the San Juan 29-7 Unit 80B and 80M wells. Burlington believes compulsory pooling under the rules and regulations of the State of New Mexico Oil Conservation Division in this particular case is not beneficial to either party and would like to encourage you to make an election as outlined in previous correspondence. If you decide not to make an election, in order to avoid the time and expense of the compulsory pooling process, Burlington is interested in purchasing all of your right, title and interest in the referenced lands (the "Interests").

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3. The Effective Time of your assignment and conveyance of the Interests to Burlington shall be January 1, 2004.
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The Assignment that must be properly executed by you and properly notarized;
and

Within 10 (ten) business days after Burlington's receipt of the executed Assignment described above and approval of title, Burlington will, tender its check for the Purchase Price of the Interests to you.

5. In addition to the documents described in paragraph 4 above, you agree to execute and deliver to Burlington such further or additional documents or instruments, which, in the reasonable opinion of Burlington, are necessary to fulfill the intent of this letter agreement and convey the Interests to Burlington as contemplated herein. This offer is subject to Burlington's verification of your title prior to Closing.
6. This offer shall automatically and unconditionally terminate, and be of no further force or effect whatsoever, unless Burlington receives the properly executed (and notarized) document described in paragraph 4 above by **NO LATER THAN 5:00 P.M., MOUNTAIN STANDARD TIME, ON JANUARY 9, 2004.**

If the foregoing is acceptable, please so indicate by signing this letter in the space provided below and returning one executed original of this letter agreement before the deadline set forth above.

**BURLINGTON RESOURCES
OIL & GAS COMPANY LP**


Steven K. Smith
Senior Staff Landman

AGREED TO AND ACCEPTED
THIS ____ DAY OF _____, 200__.

By: _____
Leslie Hardwick O'Shea