

500 North Coraine Midland TK 19701

PIO Box 0109 Midland TK 79702

RECEIVED

MIDLAND LAND DEF

October 9, 1996

CERTIFIED MAIL RETURN RECEIPT REQUESTED

TO: ALL WORKING INTEREST OWNERS (See Attached Addressee List)

NM206621 - Rhodes "23" Federal Com. No. 1 Lea County, New Mexico

Ladies and Gentlemen:

Texaco Exploration and Production Inc. (TEPI) proposes the drilling of the captioned horizontal well at a surface location 660' FSL and 1100' FWL of Section 23, T-26-S, R-37-E and a bottom hole location of 1980' FSL and 660' FWL of Section 23, T-26-S, R-37-E. Vertical depth will be approximately 3,200 feet. We anticipate a lateral in Sand 4 of the Middle Yates of approximately 500 feet. We plan an additional lateral in Sand 6 of the Middle Yates of approximately 1400 feet. The proration unit for the well will be the SW/4 of Section 23. TEPI owns the W/2 SW/4 and our records reflect that you are an owner in the E/2 SW/4 as set out in the attachment hereto.

If you would like to join us in the drilling of this well, please execute one original of the attached AFE and return it to me at your earliest convenience. I will then forward an Operating Agreement for your review. If you elect not to join in the drilling of the well, please consider the following options:

- TEPI will purchase your interest for a cash consideration of \$300 per net acre.
- TEPI will purchase a one year term assignment of your interest for \$100 per net acre assuming you can deliver a 75% net revenue interest. You would in turn retain an overriding royalty equal to the difference between 75% and existing burdens.

Please let me hear from you as soon as possible regarding your decision. We anticipate filing a force pooling action with the New Mexico Oil Conservation Division in the very near future.

Please give me a call at (915) 688-4445 if you have any questions.

Very truly yours,

Ronald W. Lanning

BEFORE THE OIL CONSERVATION DIVISION

Case No. 11678 Exhibit No.

Submitted By:

Burlington Oil & Gas Company Hearing Date: December 19, 1996

RWL:

ADDRESS LIST

Ms. Leslyn M. Swierc
Burlington Resources Oil & Gas Company
P.O. Box 51810
Midland, Texas 79710

Larry A. Nermyr HC-57 Box 4106 Sidney, Montana 59270

James E. Burr 3803 Wedgewood Ct. Midland, Texas 79707

Ruth Sutton 2826 Moss Midland, Texas 79705

Oil and Gas Leasehold Estate

W/2 SW/4 of Section 23, T26S, R37E

Texaco Exploration and Production Inc.

100.00000%

E/2 SW/4 of Section 23, T26S, R37E

Burlington Resources Oil & Gas Company 96.09375% or 76.875 acres

Larry A. Nermyr 1.56250% or 1.250 acres

James E. Burr 1.56250% or 1.250 acres

Ruth Sutton 0.78125% or 0.625 acres

Proration Unit: SW/4 of Section 23, T26S, R37E

Texaco Exploration and Production Inc. 50.000000%

Burlington Resources Oil & Gas Company 48.046875%

Larry A. Nermyr 0.781250%

James E. Burr 0.781250 %

Ruth Sutton 0.390625%

TEXACO EXPLORATION AND PRODUCTION INC.

DENVER PRODUCING DIVISION
DRILLING/COMPLETION WELL COST ESTIMATE

LEASE NAME & NO.:	Rhodes "23" Federal Com #1		DATE:	10/03/96
FIELD:	Rhodes Yates COUNTY: Lea		WELL CLASS:	Development
AREA:	Hobbs OBJECTIVE HORIZON:	Grayburg/SA	STATE:	New Mexico
LOCATION CALL:	Surface: 660' FSL, 1100' FWL, Section 23, T26	6S, R37E	שענ	3200'
	Bottom: 1980' FSL, 660' FWL, Section 23, T26	SS, R37E	MD	3332' (Lat 1)
	ESTIMATE #: FRSID #:		MD	4336' (Lat 2)
	WELL COST DET			
WELL AND LEASE EO	UIPMENT	DRY HOLE	COMPLETION	TOTAL
WELL HEAD &	DAYS:	21	5	26
MISC. EQUIP.	8 5/8" X 5 1/2" x 2 3/8" 3000 psi WP			
	H2S Flanged, Producer	\$ 3,000	4,000	7,000
	" CONDUCTOR	\$		
	" Casing	\$		
1,055	• • • • • • • • • • • • • • • • • • •	\$ 9,000		9,000
3,200	5 1/2" " Casing, 15.5#, J55, LTC	\$	18,000	18,000
	' " Casing	\$		
	Casing	\$	·	
3,100	- 	\$	7,000	7,000
	TOTAL TANGIBLE COSTS	\$ 12,000	29,000	41,000
		··· · · · · · · · · · · · · · · · · ·		
INTANGIBLE DRILLING	G COSTS			
60 - Transportation		\$ 5,000	5,000	10,000
61 - Roads, Dirt Work		\$ 10,000		10,000
62/63/64 - Rig	(RT@9.70\$/ft,\$4.3M/DAY,SU \$1.5)	\$ 100,000	8,000	108,000
65 - Bits		\$ 25,000		25,000
67 - Tx. Sal. Non Rig	(MOH)	\$ 4,000	4,000	8,000
69 - Drill Pipe Rental		\$ 15,000	• •	15,000
70 - Directional Tools	·	\$ 105,000		105,000
71 - Fishing Tools & S		\$	·	
72 - Other Rental & E		\$ 25,000	15,000	40,000
73 - Drlg Mud, Additiv		\$ 10,000		10,000
74 - Cement & Cemer	nting Services	\$ 4,000	8,000	12,000
75 - Water		\$ 10,000	5,000	15,000
76 - Fuel		\$ 3,000		3,000
77 - Coring		\$		
78 - Testing		•	4,000	4,000
79 - Perforating		\$		
BO - Stimulation	(Cleanout acid - Yates only)	\$	30,000	30,000
81 - Electric Logging 8	& Surveys	\$ 12,000		12,000
82 - Waste Disposal		\$ 3,000		3,000
83 - Damages		\$ 4,000		4,000
89 - Other Drilling Cos	sts 5%	\$ 20,000	10,000	30,000
93 - Pollution control	- Other	\$		
		\$		
		\$		
	TOTAL INTANGIBLE COSTS	\$ 355,000	89,000	444,000
TOTAL DRILLING/CO	MPLETION COSTS (Est. No)	\$ 367,000	118,000	485,000
ESTIMA	TED PRODUCTION EQUIPMENT COST			\$
	TOTAL COST			\$ 485,000
APPROVAL	DATE		Texaco	Texaco
			Gross Int	Gross Int
Drig. Prepared by	R. Scott Elkington 10/3/96	W&L\$		
		IDC		
Comp. Prepared by	R. Scott Elkington 10/3/96	Totals		
	(1)2			
Orlg. Team Leader	10/3-196	Costs, Production	on, and Reserves ar	re estimates only.
	•	Approved this _	day of	, 19
Asst. Div. Manager				
		nv.		
Other		TITLE:		

TEXACO EXPLORATION AND PRODUCTION INC.

DENVER PRODUCING DIVISION
DRILLING/COMPLETION WELL COST ESTIMATE

LEASE NAME & NO.	: Anodes 23 Federal Com # I		DATE.	10/03/90
FIELD:	Rhodes Yates COUNTY: Lea		WELL CLASS:	Development
AREA:	Hobbs OBJECTIVE HORIZON:	Grayburg/SA	STATE:	New Mexico
LOCATION CALL:	Surface: 660' FSL, 1100' FWL, Section 23, T26S		170	3200'
2007111071 07142.	Bottom: 1980' FSL, 660' FWL, Section 23, T26S		MD	3332' (Lat 1)
	ESTIMATE #: FRSID #:		MD	4336' (Lat 2)
			_	
	WELL COST DETA	II		
WELL AND LEASE E		DRY HOLE	COMPLETION	TOTAL
	DAYS:			
WELL HEAD &		21	5	26
MISC. EQUIP.	8 5/8" X 5 1/2" x 2 3/8" 3000 psi WP		4.000	7.000
	H2S Flanged, Producer	3,000	4,000	7,000
	" CONDUCTOR	·		
	Casing			
1,055		9,000		9,000
3,200			18,000	18,000
	" Casing	·		
	' Casing	}		
3,100	2-3/8" Tubing,4.7#,J55,EUE		7,000	7,000
	TOTAL TANGIBLE COSTS	12,000	29,000	41,000
INTANGIBLE DRILLIN	IG COSTS			
60 - Transportation	\$	5,000	5,000	10,000
61 - Roads, Dirt Wor	k, Pits	10,000		10,000
62/63/64 - Rig	(RT@9.70\$/ft,\$4.3M/DAY,SU \$1.5)	100,000	8,000	108,000
65 - Bits				25,000
67 - Tx. Sal. Non Rig	(MOH)		4,000	8,000
69 - Drill Pipe Rental	,			15,000
70 - Directional Tools	s & Servicies	105,000		105,000
71 - Fishing Tools &		}	· · · · · ·	
72 - Other Rental & I		25,000	15,000	40,000
73 - Drlg Mud, Addit	· ·	10,000	,	10,000
74 - Cement & Ceme		4,000	8,000	12,000
75 - Water		10,000	5,000	15,000
76 - Fuel	,		3,000	3,000
76 - Fuel 77 - Coring				3,000
77 - Coring 78 - Testing			4,000	4,000
		` 	4,000	4,000
79 - Perforating		. ———		
80 - Stimulation	,		30,000	30,000
81 - Electric Logging				12,000
82 - Waste Disposal	•			3,000
83 - Damages		\$ 4,000		4,000
89 - Other Drilling Co	osts 5%	\$ 20,000	10,000	30,000
93 - Pollution control	l - Other	\$		
	•	\$		
		\$		
	TOTAL INTANGIBLE COSTS	\$ 355,000	89,000	444,000
TOTAL DRILLING/CO	MPLETION COSTS (Est. No.	\$ 367,000	118,000	485,000
	ATED PRODUCTION EQUIPMENT COST	— ————————————————————————————————————		\$
	TOTAL COST			\$ 485,000
APPROVAL	DATE		Texaco	Texaco
· · · · · · · · · · · · · · · · · · ·			Gross int	Gross Int
Drig. Prepared by	R. Scott Elkington 10/3/96	W&L\$		
- 5 , -,		IDC		
Comp. Prepared by	R. Scott Elkington 10/3/96	Totals		
Comp. I repared by	())	rotala		
Orla Tasm Lander	(3) h 10/2 kg	Conta Bradinata	n and Daggiora	o ontimatanl.
Drlg. Team Leader	10/3-196		n, and Reserves ar	
Annt Div Adminis				
Asst. Div. Manager			·	
				make track a second of the sec
Other		TITLE:		

CAMPBELL, CARR, BERGE & SHERIDAN, P.A. LAWYERS

MICHAEL B. CAMPBELL WILLIAM F CARR

MICHAEL H FELDEWERT TANYA M. TRUJILLO PAUL R. OWEN

BRADFORD C. BERGE

MARK F SHERIDAN

JACK M. CAMPBELL

OF COUNSEL

AND DEPT

JEFFERSON PLACE

SUITE ! - IIO NORTH GUADALUPE POST OFFICE BOX 2208 SANTA FE, NEW MEXICO 87504-2208

TELEPHONE. (505) 988-4421

TELECOPIER: (505) 983-5043 October 31, 1996

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Burlington Resources Oil & Gas Company Post Office Box 51810 Midland, TX 79710

> Amended Application of Texaco Exploration and Production Inc. for Re:

compulsory pooling, an unorthodox surface location and directional drilling.

Lea County. New Mexico

Gentlemen:

This letter is to advise you that Texaco Exploration and Production Inc. has filed the enclosed amended application with the New Mexico Oil Conservation Division seeking the force pooling of certain mineral interests in all formations from the surface to the base of the Yates formation, in and under the SW/4 of Section 23, Township 26 South, Range 37 East, N.M.P.M., Lea County, New Mexico. Texaco Exploration and Production Inc. proposes to dedicate the referenced pooled unit as a project area to its Rhodes "23" Fed Com No. 1 Well. which will be directionally drilled in a northwesterly direction as two high angle laterals in the Yates formation, Rhodes Yates-Seven Rivers Gas Pool, from an unorthodox surface location 660 feet from the South line and 1100 feet from the West line of said Section 23.

This matter has been set for hearing before a Division Examiner on November 21, 1996. You are not required to attend this hearing, but as an owner of an interest that may be affected by the order entered in this case, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

> **BEFORE THE OIL CONSERVATION DIVISION**

Case No. 11678 Exhibit No. 2

Submitted By:

Burlington Oil & Gas Company Hearing Date: December 19, 1996 Burlington Resources Oil & Gas Company October 31, 1996 Page 2

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,

WILLIAM F. CARR

ATTORNEY FOR TEXACO EXPLORATION AND PRODUCTION INC.

WFC:mlh

Enc.

cc: Ronald W. Lanning



BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE AMENDED APPLICATION OF TEXACO EXPLORATION AND PRODUCTION INC. FOR COMPULSORY POOLING, AN UNORTHODOX SURFACE LOCATION AND DIRECTIONAL DRILLING LEA COUNTY, NEW MEXICO.

N 197 3 9 1996
SH Geneen/mich 2 Bion
CASE NO.

AMENDED APPLICATION

TEXACO EXPLORATION AND PRODUCTION INC. ("TEXACO"), by its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat.Ann. § 70-2-17, (1978), for an order (1) pooling all mineral interests in the SW/4 of Section 23, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico: (2) for approval of an unorthodox surface location; and (3) for directional drilling and in support thereof states:

- 1. Texaco is a working interest owner in the SW/4 of Section 23 and has the right to drill thereon.
- 2. Texaco proposes to dedicate this spacing unit as the "project area" for its Rhodes "23" Fed. Com No. 1 Well which it seeks authority to directionally drill from an unorthodox surface location 660 feet from the South line and 1100 feet from the West line (Unit M) of Section 23, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico. Texaco proposes to initially drill a vertical hole to a measured depth of

approximately 3200 feet and then, using short radius drilling techniques, directionally drill two high angle laterals along a northwesterly azimuth in the Yates formation. Rhodes Yates-Seven Rivers Gas Pool, until approximately 1392 feet of lateral distance is attained. Texaco proposes a lateral in Sand 4 of the Middle Yates of approximately 500 feet and a lateral in Sand 6 of the Middle Yates of approximately 1392 feet. The wellbore will not be closer than 660 feet to the outer boundary of the project area and the projected bottomhole location for the well at the end of the lateral distance is 1980 feet from the South line and 660 feet from the West line of said Section 23.

- 3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the SW/4 of said Section 23.
- 4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.
- 5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Applicant should be designated the operator of the well to be drilled thereon.

WHEREFORE, Texaco Exploration and Production Inc., requests that this amended application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on November 21, 1996, and after notice and hearing as required by law, the Division enter its order (1) pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling Amended Application.

Page 2

and after completion, including overhead charges. imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well: (2) approving an unorthodox surface location for the well 660 feet from the South line and 1100 feet from the West line of Section 23, Township 26 South, Range 37 East: and (3) authorizing the directional drilling of two high angle laterals for said well in the Yates formation until approximately 1392 feet of lateral distance is attained.

Respectfully submitted.

CAMPBELL, CARR, & BERGE, & SHERIDAN, P.A.

3y: **←**

WILLIAM F. CARR

Post Office Box 2208

Santa Fe. New Mexico 87504

Telephone: (505) 988-4421

ATTORNEYS FOR TEXACO EXPLORATION AND PRODUCTION INC.

Amended Application, Page 3

BURLINGTON RESOURCES

MID-CONTINENT DIVISION

November 19, 1996

Mr. Ron Lanning Texaco Exploration and Production Inc. P. O. Box 3109 Midland, Texas 79702

Re: Rhodes "23" Fed Com No. 1 Well 660' FSL & 1100' FWL Section 23, T-26-S, R-37-E Lea County, New Mexico

Dear Ron:

Burlington Resources Oil & Gas Company ("BR") is reviewing Texaco Exploration and Production Inc's ("Texaco") proposal of the multi-lateral horizontal well in the Middle Yates interval referenced above. Because the cost estimate of this wellbore is more than twice the projected cost of a vertical wellbore, BR is having difficulty understanding the economic advantage of developing our combined asset in the manner in which you propose. We have discussed the potential of horizontal development on numerous occasions, but frankly, were unaware of the complexity and expense of the multi-lateral well which you have proposed. BR is continuing to evaluate our participation in your multi-lateral horizontal well and in order to fairly complete our evaluation, a drilling prognosis and wellbore schematic would expedite the process. Please fax same to the undersigned at (915) 688-6010 at your earliest possible convenience.

Given the above facts, BR suggests an alternative to Texaco's more expensive, multi-lateral horizontal well and hereby proposes the drilling of the Dublin "23" Federal No. 1, a vertical Yates test to be drilled at a legal location in the SW/4 SW/4 Section 23, T-26-S, R-37-E, Lea County, New Mexico. For your review and approval, enclosed please find an AFE in the amount of \$234,735 which represents the costs of drilling, completing and equipping the Dublin "23" Federal No. 1. Pending the results of this well, a second well could be drilled at a later date at similar costs. A higher economic return could be realized by drilling two vertical wells at BR's costs and ensure the protection of correlative rights without the mechanical risk of a multi-lateral horizontal well. Please realize also, that BR's AFE includes the cost of facilities which your AFE has not represented.

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 11678 Exhibit No. 3
Submitted By:
Burlington Oil & Gas Company
Hearing Date: December 19, 1996

Mr. Ron Lanning Texaco Exploration and Production Inc November 19, 1996 Page 2

We have received your Amended Application for Compulsory Pooling an unorthodox surface location and are advised that it has been set for the December 5th hearing. Rather than appearing before the NMOCD regarding a compulsory pooling of a horizontal well, please consider the viability of drilling the vertical wells as stated herein. You may contact me at 688-6928 if you wish to discuss this proposal in further detail.

Very truly yours,

BURLINGTON RESOURCES OIL & GAS COMPANY

Leslyn M. Swierc, CPL Senior Staff Landman

LMS/bgm Attachment

cc: Tom Kellahin

Mid-Continent Division
Post Office Box 51810
Midland, Texas 79710-1810
915) 688-6800

Date: <u>11/12/96</u> AFE No.:

BURLINGTON RESOURCES OIL & GAS AUTHORITY FOR EXPENDITURE

					Poreman Area DP Number:	Kermit
Lease/Well Nai		Dublin Federal			Property Number	r
Field Prospect:		Rhodes Gas Po			Region:	Mid-Continent
Location:	M Section 23 T		County:	Lea	State:	NM_
AFE Type:	Development 0	- -	X Supplement _	Addendum	_ API Well Type	
Operator: _	Burlington Reso					
Objective Form	nation:	Yates			al Depth (Feet):	3.200'
Project Descrip	tion:	Drill, complete	and equip new gas	well.		
Estimated Stan	t Date:	1/1/97		Prepared By:	C. J. Settle	<u> </u>
Estimated Com		1/20/97				
		G	ROSS WELL DAT			
		_	-			
			lling	Workover/	Construction	
		Dry Hole	Suspended	Completion	Facility	Total
	Days:	6	6	5	2	19
	This AFE:	\$123,300	\$139,400	\$76,335	\$19,000	\$234,735
	Prior AFE's:					\$0
	Total Costs:	\$123,300	\$139,400	\$76,335	\$19,000	\$234,735
		JOIN	T INTEREST OW	NERS		
			Working Interest			
	Company:		Percent		Dry Hole \$	Completed \$
	Texaco	-	50.00000 %	_	\$0	\$117,368
	Other	-	1.95313 %	-	\$1,157	\$4,585
	•	-			\$0	\$0
		-			<u> </u>	\$0
	Burlington Reso	ources -	48.04688 %		\$59,242	\$112,783
	AFE TOTAL:	-	100.00000 %	<u> </u>	\$123,300	\$234,735
		BURLINGT	ON RESOURCES	APPROVAL		
_					_	
	l:			-	L)ate:
Recommended	l:	Date:	Approved:		:)ate:
Recommended	l:	Date:	Approved:)ate:
		P#	ARTNER APPROV	/AL	-	
		<u></u>				
Company Nam	e:					
Authorized By:					Date:	
Title:						

MERIDIAN OIL INC. DRILLING WELL COST ESTIMATE

ASE WELL		PREPARED BY:		CAT	
		APPROVED BY:		CAT	E:
ROPOSED T	TOTAL DEPTH: 3.200	AFE TYPE:	Development Drilli	ng	
OOTAGE TO	OTAL DEPTH: 3.200				
CCT	AFE NOMENCLATURE		DRYHOLE COST		SUSPENDED COST
18- INT	ANGIBLE DRILLING COSTS	DAYS:	Ó	1	6
2 Env	vironmental Studies	2	:11.000	2	\$11,000
3 Cor	nstruction (location, roads, etc)	3	\$36.500	3	\$36,500
ս Sur	face restoration	4		4	
5 Mo	ve in, move out	5		5	
∋ Cor	ntractor Fees-Footage; \$1 foot: \$11.00	6	335.200	6	\$35,200
7 Cor	ntractor Fees-Daywork; \$ day: \$4,600.00	7	32,300	7	\$2,300
3 Env	vironmental fire and safety	8	31,700	8	\$1,700
9 Drill	lling fluids	9	\$2.800	9	\$2,800
	s and Air Drilling	10		10	
	lling fluids - Processing & Maint, equip	11		111	
	ecialty fluids and chemicals	12		12	
	gineering services-fluids and chemicals	13		13	
_	t/brine water	14		. [*2.000
		15	72,000	14	\$2.000
	t water disposal	1		15	
16 War		16		16	\$2,000
	s, reamers and stabilizers	17		17	
	mary cement, services and accessories	18		18	\$13,000
	ueeze cement, services and accessories	19		191	
	d logging/paleo	20	\$1,600	20	\$1,600
	reline logging	21	\$4,400	21	\$4,400
22 Cor	ring and analysis	22		22	
2 3 Fue	el	23		23	
24 BOF	P's and weilhead rentals - surface	24		24	
25 Drill	II/work string rentals - subsurface	25		25	
26 Fish	hing tool rentals	26		26	
	nk rentals	27		27	
	ner rentals	28		28	
29 Trai	insportation	29	\$1,500	29	\$1,500
	posal services (offsite)	30		30	
	I stem tests	31		31	
_	ectional drilling	32	l ————	32	
	oular inspection	33		. 33	\$700
		34		34	3700
	sed hole logs	40		•	
	sing crews and laydown services	43	l —————	40	
	nsultants			. 43	
	ustabout and contract labor	45		45	\$500
	scellaneous	46		. 46	\$300
	vironmental compliance	62		62	
72 Con	mpany supervision and overhead	72	\$3,600	72	\$3,600
TOT	TAL INTANGIBLE COST		\$116,100		\$119,100
	ALCOR E DRU LINC COST	<u> </u>		•	
	NGIBLE DRILLING COST	80	7	80	7
30 Cas		30		100	ľ
	550 ft. o 8 5/8 in. \$10.40 ft (SURFACE)		\$5,700	.	\$5.700
	ft. of			-	
3.	.200 ft. 0 412 In. 3410 ft (PRODUCTION)			-	\$13,100
	ft. of In. ft LINER)			.	
	wnnole equipment (packers, bridge plugs)	82		82	
	wnhole equipment accessories	84		. 84	
36 Wei	ilhead equipment.	86		. 86	\$1.500
37 Mis	scellaneous	87		87	
TOT	TAL TANGIBLE COST		17 200		320.300
				•	
	TOTAL DRILLING COST ESTIMATE		123.300	1	3139.400
			338.53	ft.	\$43.5€

BURLINGTON RESOURCES OIL & GAS Completion Estimate

il Name:	Dublin Federal 23 #1 Prepared By:	C J Settle
cation:	M Section 23 T26S R37E Date:	11/12/96
E Type:	Development 01 Approved By:	
mation:	Yates	
mauon.	Intangible Costs	
	Estimated Days: 5	Estimated
Acct No.	249	Cost
02	Location, Roads or Canals	0
0 3	Construction and Maintenance	0
04	Surface Restoration	0
05	Move-in, Move-out	0
07	Fees of Contractor - Daywork 5 Days	6,000
0 9	Drilling Fluid System - Liquids	0
10	Gas and Air Unling	0
12	Specialty Fluids and Chemicals	0
15	Onsite Disposal Svc.	0
16	Fresh Water	3,500
17	Bits	0
18	Primary Cement	0
19	Remedial Cementing	0
20	Mud Logging	0
21	Mud Logging Open Hole Logs	0
2 2	Open Hole Logs	0
	Coring and Analysis	0
23	Fuel/Electricity	
24	BOP & Wellhead Rentals(Surface)	1,000
25	Drill Work String Rentals (Surface)	1,000
26	Fishing Tool Rentals	0
27	Tank Rentals	1,100
28	Other Rental	0
29	Transportation	0
30	Offsite Disposal Service	0
33	Tubular Inspection	0
34	Cased Hole Services	3,500
3 6	Production Testing	1,500
37	Swabbing & Coiled Tubing	0
38	Stimulation	3,500
39	Sraditing.	37,500
40	Casing Crew and Laydown	0
42	ROP Testing	0
43	BOP Testing Consultants	0
	Technical Contract Svc.	0
44	Roustabout Labor	**********************
45		1,500
46	Miscellaneous	0
49	Packer Rental	1,000
50	Pumping Charges	0
6 8	Direct Labor	0
72	Company Supervision and Overhead	7,000
74	Employee Expense	0
	Total Intangibles	68,100
	Tangible Costs	_
80	Casing 0' @4.84 /ft Tubing 2-3/8" J-55 Yellow 3150' @2.60 /ft 0' @2.30 /ft Packers and Bridge Plugs	0
81	Tubing 2-3/8" J-55 Yellow 3150' @2.60 /ft	8,235
	0' @2.30 /ft	
82	Packers and Bridge Plugs	0
84	Casing/Liner Equipment	0
8 5	Tubina Equipment	0
86	Wellhead Equipment & Tree	0
		8,235

BURLINGTON RESOURCES OIL & GAS Facilities / Production Estimate

_	Dublin Federal 23 #1 M Section 23 T26S R37E		Prepared By: Date:	11/12/96
_	Development 01		Approved By:	11/12/90
_	Yates		Approved by.	
_	247			Estimated
-	Intangible	Production	Facilities	Cost
	Install Labor 2 Days	0		
	Labor	0	6.000	6,000
	Dirt Work	0	3.000	
		<u> </u>	2,000	
	Painting	- ·······	1,000	0
	Company Vehicles		0	0
	Location, Roads & Canals	<u>0</u>	0	
	Overhead	0	0	0
	Damages, Property Losses	0	0	0
	Safety	0	0	0
	Technical Contract Svc.	0	0	0
	Rental Compressors & Maintenance	0	0	0
	Rental Equipment	0	0	0
	Cathodic Protection	0	0	0
	Right Of Way @ \$/rod	0	0	0
	Pulling Unit Costs 0 \$/Day	0	0	C
1	Env. Compliance-Assessment	0	0	C
j	Env. Compliance (Remediation)	0	0	O
Ï	Direct Labor	0	1,000	1,000
	Freight /Transportation	0	1,000	1,000
;	Total Intangible	0	8,000	8,000
	Tangible			-
1	Equip. Coating and Insulation	0	0	0
	SWD Filtering	0	0	0
	Separators Total	0	3,000	3,000
•	Unfired	0	3,000	******************************
•	Fired	0	0	
	Gas Sweetening	0	0	O
	Pumping Units	0	0	0
•	Prime Mover	0	0	······································
	Tanks Battery Total	0	4,000	4,000
•	Oil Tank 500 bbl@	0	0	
-	Wtr Tank 1 500 bbl@	0	4,000	
	Tank Walkway	<u> </u>	0	
	Metering Equipment	<u>0</u>	0	(
	Lact Unit	<u>0</u>	0	
	Compressors - Company Owned	<u> </u>	0	
•	Buildings	0	0	
	Flowlines, Piping, Valves & Fittings	0	4,000	4,000
	Minor Pipelines	0	7,000	7,000
	Surface Pumps		0	
	Electrical Accessones	<u></u>	0	***************************************
	Miscellaneous-Facility Expense	<u>.</u>	0	***************************************
	Tubing	<u>0</u>	0	***************************************
		0	0	•••••••••••••••••••••••••••••••••••••••
	Rods	0		
	Downhole Pumps	·····	0	***************************************
	Alternative Artificial Lift Equip. POC	0	0	***************************************
	Convent Artificial Lift Wellhead Equip.	0	0	
	Gas Dehydrator	0	11.000	11.000
	Total Tangible	0	11,000	11,000
	Total Facility Cost	0	19,000	19,000

	TRANSACTION REPORT	P. 01 NOV-20-96 WED 14:18
		110V 20-30 WED 14:16
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BURLINGTON RESOURCES

MID-CONTINENT DIVISION

November 27, 1996

Larry A. Nermyr

HC-57

Box 4106

Sidney, MT 59270

Ruth Sutton

2826 Moss

Re:

Midland, TX 79705

James E. Burr 3803 Wedgewood Ct.

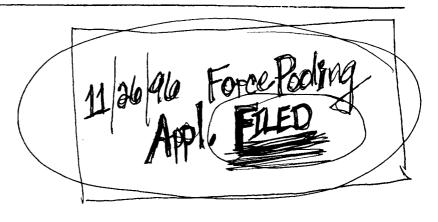
Midland, Texas 79707

Rhodes "23" Fed Com No. 1

T-26-S, R-37-E

Section 23: SW/4

Lea County, New Mexico



\$4-7 bb/year

Ladies and Gentlemen:

Attached please find a letter which was forwarded to Texaco Exploration & Production Inc. on November 19, 1996. In said letter, Burlington Resources Oil & Gas Company ("BR") expressed its concerns about the greater risk and expense associated with drilling the multi-lateral horizontal well which was proposed by Texaco. As an alternative, BR proposed the drilling of the Dublin "23" Federal No. 1 as a less expensive vertical well which would realize greater economic return for all participants.

Attached for your review and execution, please find an AFE in the amount of \$234,735 to drill, complete and equip the Rhodes "23" Fed Com No. 1, formerly proposed to Texaco as the Dublin "23" Federal No. 1. Should you agree to participate in the drilling of same, please execute the AFE and return to the undersigned by December 17th. A Communitization Agreement and Joint Operating Agreement will be forwarded you at a later date for your review and execution.

As Texaco is scheduled for hearing on December 5, 1996 for compulsory pooling of their horizontal Rhodes "23" Fed. Com No. 1, BR has also applied for compulsory pooling of its vertical Rhodes "23" Fed Com No. 1. BR's hearing should appear on the December 19, 1996 docket.

BEFORE THE

OIL CONSERVATION DIVISION

Case No. 11678 Exhibit No. 4
Submitted By:

Burlington Oil & Gas Company
Hearing Date: December 19, 1996

3300 N. "A" St., Bldg. 6, 79705-5406, P.O. Box 51810, Midland, Texas 79710-1810, Telephone 915-688-6800

Larry A. Nermyr James E. Burr Ruth Sutton November 27, 1996 Page 2

Please review the attached documents and please feel free to contact me at (915) 688-6928 should you have any questions.

Very truly yours,

BURLINGTON RESOURCES OIL & GAS COMPANY

Leslyn M. Swierc, CPL Senior Staff Landman

LMS/bgm

LMS/bgm Enclosures

cc: Tom Kellahin Chris Settle Don Davis Mike Wallace Mid-Continent Division

Post Office Box 51810

Midland, Texas T9710-1810

915) 688-6800

⊇ate:	· · /12/96
FE No.:	

BURLINGTON RESOURCES OIL & GAS AUTHORITY FOR EXPENDITURE

Docation: M Section 23 T26S R37E County: Lea State: NM AFE Type: Development 01 Onginal X Supplement Addendum API Well Type						Foreman Area OP Number:	≺ermit
M Section 23 T26S R37E	_ease/Well Nai	me:	Rhodes "23"	Fed Com No. 1		Property Number	·
APE Type: Development 01 Onginal Bunington Resources Authonized Total Depth (Feet): 3.200*	Field Prospect:			2001		Region:	Mid-Continent
Surrington Resources	_ocation:	M Section 23 T2	6S R37E	County:	Lea	State:	NM
Directive Formation: Yates	AFE Type:	Development 01	Onginal	X Supplement	Addendum	API Well Type	
Stimated Start Date: 1/197	Operator:	Burnington Resor	urces	-			
Stimated Start Date: 1/197				-		tal Depth (Feet):	3.20 0
Section Part	Project Descrip	otion:	Onll. complete	e and equip new gas	well.		
Drilling	Estimated Star	t Date:	1/1/97		Prepared By:	C. J. Settle	
Days:	Estimated Con	ipletion Date:	1/20/97	-			
Days				GROSS WELL DAT	Α		
Days			5	Drilling	Workover/	Construction	
Days: 3 5 5 2 19 This AFE: \$123,300 \$139,400 \$76,335 \$19,000 \$234,735 Prior AFE's:							Total
Prior AFE's:		Days:	5		5		
Total Costs: \$123,300 \$139,400 \$76,335 \$19,000 \$234,735		This AFE:	\$123,300	\$139.400	\$76,335	\$19,000	\$234,735
Norting Interest		Prior AFE's:					\$0
Company:		Total Costs:	\$123,300	\$139,400	\$76,335	\$19.000	\$234,735
Company:			70	INT INTEREST OW	NERS		
Company:				Working Interest			
Texaco		Company:		-		Dry Hole \$	Completed \$
S0 S0 S0 S0 S0 S0 S0 S0		-		50.00000 %		\$0	\$117,368
Burlington Resources		Other		1.95313 %	<u></u>	\$1,157	
Burlington Resources 48.04688 % \$59,242 \$112,783 BURLINGTON RESOURCES APPROVAL Recommended: Date: Approved: Date: Recommended: Date: Approved: Date: Recommended: Date: Approved: Date: PARTNER APPROVAL Authonzed By: Date: Date:							
### AFE TOTAL: 100.00000 % \$123,300 \$234,735 #### BURLINGTON RESOURCES APPROVAL Recommended:							
Recommended: Date: Approved: Date: Approved: Date: Approved: Date: Approved: Date: Partner Approved: Date: Approved: Date: Approved: Date: Approved: Date: Approved: Date: Dat		~	ources				
Recommended: Date: Approved: Date:		AFE TOTAL:		100.00000 %		5123,300	\$234,735
Recommended: Date: Approved: Date: PARTNER APPROVAL Company Name: Date:			BURLING	GTON RESOURCES	APPROVAL		
Recommended: Date: Approved: Date:	Recommende	ed:	Date:	Approved:			Date:
PARTNER APPROVAL Company Name: Authorized By: Date:	Recommende	ed:	Date:	Approved:			Date:
PARTNER APPROVAL Company Name: Authorized By: Date:	Recommende			Approved:			Date:
Company Name:				······································		-	
Authorized By: Date:				PARTNER APPRO	VAL	 	· · · · · · · · · · · · · · · · · · ·
	Company Na	me: _					
Title	Authonzed Br	y: _					
	-:!le			<u> </u>			· · · · · · · · · · · · · · · · · · ·

MERIDIAN OIL INC. DRILLING WELL COST ESTIMATE

ASE MELL Rhodes "23" Fed Com No.	1 PREPARED SY .	= Bindrair IA	TE
CINTY STATE: Lea. New Mexico	LPPROVED BY -		TE
OPOSED TOTAL DEPTH: 100	AFE TYPE TO	everopment Criting	
STAGE TOTAL SEPTH: : 200			
	-	TRUE GOST	SUSPENDED COS
	JAYS.		3037611060 003
Environmental Studies	21		211 00
Construction (location, roads, etc)		36 50 0	3 36.50
- Surface restoration	÷ 1		1
: Move in, move out	51_		5
e Contractor Fees-Footage; \$1 100t;	<u> </u>		6 35.2
Contractor Fees-Daywork: Siday:	4 600.00	72.30 0	7 52.3
Environmental fire and safety	a ! _	31 70 0	8 31.7
3 Drilling fluids	3 L	2.800	9 52.8
C Gas and Air Drilling	.01		0
Drilling fluids - Processing & Maint, equip	• 11		11
2 Specialty fluids and chemicals	. 21		12
3 Engineering services-fluids and chemicals	131		13
4 Sait/brine water	1.4		14. 52.0
	: : : : : : : : : : : : : : : : : : : :		151
5 Sait water disposal	51		32.0
5 Water	• 71		
Bits, reamers and stabilizers	i i		17]
3 Primary cement, services and accessories			18 513.0
19 Squeeze cement, services and accessorie			19
20 Mud logging/paleo	20		20 51.6
31 Wireline logging	21		21 54,4
22 Coring and analysis	22		22
23 Fuel	23		23
24 80P's and wellhead rentals - surface	24		24
25 Drill/work string rentals - subsurface	25		25
26 Fishing tool rentals	26		26
27 Tank rentals	27		27
30 Ochoc contain	28		28
29 Transportation		31 500	29 51.
30 Disposal services (offsite)	GIBLE 30		30
31 Orill stem tests	. CIIII III		31
32 Directional drilling	321		32
	331	:700	33
33 Tubular inspection	341		34
34 Cased hole logs	401		40
40 Casing crews and laydown services	43		43
43 Consultants	45		\
45 Roustabout and contract labor		3500	
46 Miscellaneous	46	5 300	
62 Environmental compliance	621		62
72 Company supervision and overhead	721	3.600	72 53
TOTAL INTANGIBLE COST		5116 100	5119
TOTAL NETANGIBLE COST			
TANGIBLE DRILLING COST			
io Casing	30		801
550 ft. 0 3 5 8 in 110 40 ft	CURFACE) :	:5 700	55
it. of n. ft	NTERMEDIATE)		
1200 tt. 0 4 12 n. 4 10 ft	PRODUCTIONS		513
1t. of ft	_ NER)		
2 Cownnoie equipment packers, pridge pr	ugsi 32		82
4 Cownnois equipment accessories	34	·	841
-5 Weilhead equipment	36		96
	3.7	·	371
*Aiscenaneous		· 	<u> </u>
TOTAL TANGIBLE COST			
	CTIMATE		33
TOTAL DRILLING COST E	STIMATE	13 120 1	• • •
		, <u>, , , , , , , , , , , , , , , , , , </u>	7

BURLINGTON RESOURCES OIL & GAS

Completion Estimate

Jeil Name:	Rhodes "23" Fed Com No. 1 Prepared By	: 0.J. Settle
cation:	'A Section 23 T26S R37E Cate	
E Type:	Development 01 Approved By	
mation:	Yates	
illauoii.	ntangible Costs	
	Estimated Days: 5	Estimated
t and Alm		
Acct No.	249	Cost
2	Location. Roads or Canals	0
3 3	Construction and Maintenance	0
04	Surface Restoration	0
05	Move-in, Move-out	0
07	Fees of Contractor - Daywork 5 Day	s 6.000
9	Drilling Fluid System - Liquids	0
:0	Gas and Air Onlling	0
12	Specialty Fluids and Chemicals	0
:5	Onsite Disposal Svc.	0
16	Fresh Water	3,500
17	Bits	0
18	Primary Cement	0
:9	Remedial Cementing	0
20	Mud Logging	0
	Open Hole Logs	<u>0</u>
21	Conng and Analysis	0
22	Fuel/Electricity	<u>0</u>
23	BOP & Wellhead Rentals(Surface)	1,000
24		1,000
25	Drill Work String Rentals (Surface) Fishing Tool Rentals	0.000
2 6	Tank Rentals	1,100
27	, , , , , , , , , , , , , , , , , , ,	· · · · · · · · · · · · · · · · · · ·
28	Other Rental	0
29	Transportation	0
30	Offsite Disposal Service	0
3 3	Tubular Inspection Cased Hole Services	3,500
34	Production Testing	1,500
36		1,500
37	Swabbing & Coiled Tubing	
3 8	Stimulation	3,500
39	Fracturing	37,500
40	Casing Crew and Laydown	
42	BOP Testing	
43	Consultants	
44	Technical Contract Svc.	1.604
45	Roustabout Labor	1.50
46	Miscellaneous	1.00
49	Packer Rental	1,000
50	Pumping Charges	
6 8	Direct Labor	7.00
72	Company Supervision and Overnead	7,00
74	Employee Expense	
	Total Intangibles Tangible Costs	68,10
20	Casing 0' @4.84 /ft	
30	Tubing 2-3/8" J-55 Yellow 3150" @2.60 /ft	8.23
31	0' @2.30 /ft	4.23
~~	Packers and Endge Plugs	
82		
34	Casing/Liner Equipment	
35	Tubing Equipment	
₹6	Wellhead Equipment & Tree	8.23
	Total Tangibles	3.23
	Total Completion Cost	76,33
	(OM) Completion Cost	, 6,33

BURLINGTON RESOURCES OIL & GAS

Facilities / Production Estimate

· ·	Rhodes "23" Fed Com No. 1		Prepared By:	C. J. Settle
	4 Section 23 T26S R37E		Cate:	1/12/96
	evelopment 01		Approved By:	
_	ates			
	47			Estimated
ir	ntangible	Production	<u>Faculties</u>	Cost
· t	nstall Lapor 2 Davs	3	5.000	6.00
	abor	<u> </u>		9.00
			3.000	
	Dirt Work	<u> </u>	2.000	
	Painting		1.000	
	Company Vehicles	0	0	
Ĺ	ocation, Roads & Canals	<u>)</u>	0	
Ċ	Overnead	0	0	
Ė	Damages, Property Losses	0	0	
	Safety	0		
	Fechnical Contract Svc.	0		·
			0	
	Rental Compressors & Maintenance	0	0	
	Rental Equipment	0	0	
	Cathodic Protection	0	0	
۶	Right Of Way @ \$/rod	0	0	
	Pulling Unit Costs 0 S/Day	<u> </u>	0	
	Env. Compliance-Assessment	0	0	
	Env. Compliance (Remediation)	0	0	
	Direct Labor	<u> </u>	1,000	1,0
	Freight /Transportation	0		
			1,000	1,0
	Total Intangible	0	8,000	8,0
	Tangible Tangible			
	Equip. Coating and Insulation	0	0	
	SWD Filtering	0		
	Separators Total		3,000	3,0
	Unfired	0		<u> </u>
		·····	3,000	
	Fired	0	- ····	
	Gas Sweetening	0	· ···	
	Pumping Units	0	0	
	Prime Mover	0	0	
	Tanks Battery Total	0	4,000	4,0
	Oil Tank 500 bbl@	0		
	Wir Tank 1 500 bbl@	0		
	Tank Walkway			
	Metering Equipment			
	Lact Unit			
	Compressors - Company Owned	C		
	Buildings			
	Flowlines, Piping, Valves & Fittings	C	4,000	4,
	Minor Pipelines		0	·
	Surface Pumps	(0	
	Eleancal Accessones	(0	
	Miscellaneous-Facility Expense	(0	
	Tubing		0	
	Rods	·	3 0	
	Cownnote Pumps		0	
	Alternative Artificial Lift Equip. POC	<u></u>	0	,
	Convent Artificial Lift Wellhead Equip.	· · · · · · · · · · · · · · · · · · ·	0	
	Gas Dehvdrator		0	
	Total Tangible		1 000	11
	0.2			

of Delegans	X A December 1994	6. Signature: (Addressee or Agent)	5. Received By: (Print Name)		milland TX 79707	200) 10 cm	her a Welson	Jumer. In		3. Article Addressed to:	delivered	 Write 'Return Receipt Requested' on the mailpiece below the article number. The Return Receipt will show to whom the article was delivered and the date 	• Attach this form to the front of the maliplece, or on the back if space does not parmit.	Print your name and address on the reverse of this form so that we can return this card to you.	Complete iteme 1 and/or 2 for additional services Complete items 3, 4s, and 4b.	SENDER:
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- 30 Mortino (no reille 1997) - 10 George (no reille 1997) Marand Trino (1997) - 10 de no reille 1997) - 1977)

November 21, 1996

Ms. Leslyn M. Swierc Burlington Resources Oil & Gas Company P.O. Box 51810 Midland, Texas 79710 NOV 2 2 1996

LAND OSP

NM206621 - Rhodes '23' Fed. Com. No. 1 Well

Lea County, New Mexico SW/4 Section 23, T26S, R37E

Dear Leslyn:

We have reviewed your November 19, 1996 letter regarding our proposal to drill the captioned well and your counter proposal. We have the following comments:

- Meridian Oil Inc., your predecessor in title, acquired its interest in this proration unit effective April 1, 1996 in conveyances from Doyle Hartman, et al. At that time, the acreage was subject to an Operating Agreement dated April 1, 1996 between Doyle Hartman, as Operator, and Texaco Exploration and Production Inc., et al, as Non-Operators. The agreement provided for the drilling of the Dublin Rhodes Fed. Com. with a commencement date on or before August 1, 1996. This well was never drilled by Hartman or Meridian and the Operating Agreement is no longer in effect.
- We met with you and other representatives from Burlington on August 14, 1996 regarding the drilling of a well(s) in this proration unit. At that meeting and in a subsequent telephone call we agreed to give Burlington until September 13, 1996 to propose the drilling of one horizontal or two vertical wells in the proration unit. We never heard from you regarding a proposal.
- We then proceeded with our own plans and proposed the captioned well to you and the other working interest owners on October 9, 1996.
- If Burlington does not wish to join us in the drilling of this well, we are still interested in acquiring your interest as set out in our letter of October 9, 1996. If these options are not acceptable, we will discuss any other type of trade with you.

Texaco has been attempting to get a well drilled on this acreage since August of 1995. We have given you and your predecessors in title numerous opportunities to drill and operate a well on this

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 11678 Exhibit No. 5
Submitted By:
Burlington Oil & Gas Company
Hearing Date: December 19, 1996

Leslyn M. Swierc Burlington Resources Oil & Gas Company November 21, 1996 Page 2

acreage. We now intend to proceed as necessary with our plans to drill and operate the captioned well.

Sincerely,

Ronald W. Lanning

RWL:

cc: William F. Carr

LARGE FORMAT EXHIBIT HAS BEEN REMOVED AND IS LOCATED IN THE NEXT FILE