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November 10, 1997

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Miller Law Firm  
P. O. Box 1986  
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MILLER, STRATVENT, TORGERSON  
& SCHLENKER, P.A.  
SANTA FE, NEW MEXICO

Re: NMOCD Case 11809 (Order R-10878)  
Application of Burlington Resources  
Oil & Gas Company for Compulsory Pooling  
Marcotte Well No. 2

Dear Mr. Hall:

I have been involved in hearing at the Division and have not been able to respond until now to your letter dated November 5, 1997 in which you propose a Stipulation and Confidentiality Agreement which your client will sign provided Burlington agrees that:

(a) Minatome's qualified tender of payment was **both timely and properly** made and

(b) is not an issue in contention in this proceedings.

You have attempted to link the resolution of one disputed issue with another disputed issue while your client still attacks the compulsory pooling order and is doing so "under protest and without prejudice to any rights, claims or defenses which it may assert..." This is not acceptable to Burlington who still maintains that Minatome failed to properly and timely elect to participate pursuant to the compulsory pooling order.

EXHIBIT

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Once again, in an effort to settle this matter, Burlington offers Minatome an opportunity to commit its interest in the Marcotte well and resolve its dispute with Burlington by signing Burlington's Joint Operating Agreement.

Minatome's refusal to sign Burlington's proposed Joint Operating Agreement gave Burlington no other choice but to apply to the Division for a compulsory pooling order. Now that the Marcotte well has been drilled, Minatome says it desires to participate in the well, but at the same time has appealed the compulsory pooling order and, among other things, has asked the Division to issue a subpoena for Burlington's confidential data.

As I understand it, Total Minatome's only reason for refusing to sign Burlington's Joint Operating Agreement is because that agreement contains a 400 % non-consent penalty for any **subsequent** operations after drilling the Marcotte well. As you should know, such a subsequent operations percentage penalty is know very common and a search of the Division compulsory pooling case files will disclose to you dozens of examples of joint operating agreement with such penalties. However, the 200 % risk factor penalty in a compulsory pooling order has nothing to do with the 400 % subsequent operations penalty in a joint operating agreement. A compulsory pooling order fails to address subsequent operations, gas balancing, confidentiality and numerous other items.

By its qualified election, Total Minatome asserts it wanted to participate pursuant to the compulsory pooling order in order to avoid the 200 % risk factor penalty imposed in that order for failure to participate in the Marcotte Well.

By signing the Joint Operating Agreement, including its confidential agreement, Total Minatome would be doing the same thing it says it wanted to do with the compulsory pooling order--that is to participate in the Marcotte well without being penalized. If Total Minatome will sign the Burlington's Joint Operating Agreement, Burlington would be agreeable to reducing the 400 % subsequent operations penalty to 300 % which is the equivalent of the Division's penalty of costs plus 200 %.

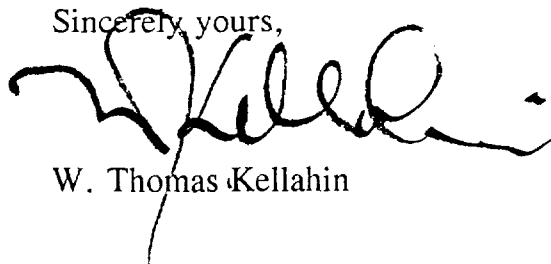
J. Scott Hall, Esq.  
November 10, 1997  
Page 3

Contrary to your contention, Total Minatome has been asked to sign a confidentiality agreement. As you should know, such a confidentiality provision is found at page 14(b) of the Joint Operating Agreement

Your reference to page 5 of Burlington's Response in opposition to Minatome's Stay Motion--"Minatome was asked to do only what all of the consenting working interest owners have already done--to sign a confidential agreement." is not an indication that Burlington will be satisfied with "any confidentiality agreement". I direct your attention to the fact that those interest owners, including Burlington, signed a joint operating agreement and in doing so agreed to be bound by the confidentiality agreement contained in that joint operating agreement.

We again offer your client the same opportunity--to voluntarily participate in the Marcotte well by signing Burlington's Joint Operating Agreement which will resolve this and all other disputed issues.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', with a long horizontal flourish extending to the right.

W. Thomas Kellahin

cc: William J. LeMay, Director OCD  
Lyn Hebert, Esq. Counsel OCC  
Rand Carroll, Esq. Counsel OCD  
Gene Gallegos, Esq.

cc: Burlington Resources  
Attn: John Bemis, Esq.  
Attn: Alan Alexander