

# BURLINGTON RESOURCES

SAN JUAN DIVISION

Lee Wayne Moore and  
JoAnn Montgomery Moore  
Trustees of the Moore Loyal Trust,  
U/T/A dated August 20, 1979  
403 N. Marienfield  
Midland, TX 79701

April 22, 1997

<b>BEFORE EXAMINER CATANACH</b>	
OIL CONSERVATION DIVISION	
EXHIBIT NO.	R
CASE NO.	11808 + 11809

**RE: Farmout Letter of Intent**  
**Sections 3-10, 15-18: T31N, R10W**  
**Sections 1,2,3,10,11,12,13,14,15,& 23, T31N, R11W**  
**Arch Rock Prospect**  
**San Juan County, New Mexico**

Gentlemen:

Burlington Resources Oil & Gas Company (hereinafter referred to as "Burlington") hereby requests that you grant an Farmout Agreement of the interest of the Moore Loyal Trust listed on Exhibit "A" (collectively referred to as "Farmor"), in Sections 3-10, 15-18: T31N, R10W and Sections 1,2,3,10,11,12,13,14,15 & 23: T31N, R11W, San Juan County, New Mexico, insofar as Farmor's interest covers undeveloped depths below the base of the Mesaverde formation (hereinafter referred to as the "Farmout Lands"), on the following terms and conditions:

- 1) On or before January 1, 1998, Burlington will have the right to commence drilling of an Initial Test Well at a legal location in Section 8, T31N, R10W, San Juan County, New Mexico, and drill said Initial Test Well with due diligence to a depth of 14,000', or a depth sufficient to penetrate and test the Pennsylvanian formation, whichever is the lesser depth. Please see the attached Exhibit "A" identifying Farmor's leasehold acreage and ownership in the farmout lands.
- 2) If the Initial Test Well is completed in the Farmout Lands as a commercial producer of oil and/or gas, Burlington will earn an assignment of 100% of Farmor's interest, if any, within the production unit established for the Initial Test Well, reserving to Farmor an overriding royalty equal to 5% of 8/8 on any lease (but in no event delivering less than an 80% net revenue interest), of all oil, gas and other minerals allocated to production from the farmout lease, proportionately reduced.

- 5) Burlington agrees to use good field practice and industry standards in the drilling of each well. Burlington further agrees to furnish to Farmor the well data as set out in Farmor's Well Data Requirement Sheet (limited to data scheduled to be obtained in Burlington's drilling and completion program).
- 6) Farmor and Burlington agree to enter into a definitive Farmout Agreement that will 1) describe in more detail the terms and conditions under which Farmor is farming out its lands to Burlington, 2) includes as an exhibit an AAPL Model Form 610-1982 Operating Agreement with a 400% non-consent penalty and no preferential right provision.
- 7) Failure of Burlington to drill the Initial Test Well will result in a forfeiture of Burlington's right to earn an assignment of Farmor's leasehold interest under this Agreement.
- 8) In the event Burlington is unable to reach the intended formation in any Initial Test Well or any Option Well, because further drilling becomes impractical, Burlington may commence to drill a substitute well within 90 days and, if completed as a commercial producer, earn the rights that would have been earned by the well for which it is a substitute.
- 9) Burlington may assign part of any, rights and obligations hereunder to Conoco Inc., but may not assign part of any such interest to any other party without the consent of Farmor.

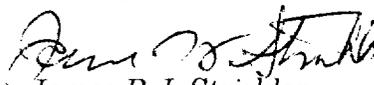
All operations shall be conducted at Burlington's sole expense and in a proper and workmanlike manner and in accordance with all applicable laws and regulations of the

constituted authorities, and Burlington shall defend, indemnify and hold Farmor and its officers, directors, agents, employees and invitees harmless from all liability for damage (including attorney's fees) to the person (including death) and/or property of all persons arising from Burlington's performance or non-performance of operations conducted hereunder.

If this Farmout Letter of Intent meets with your approval, please execute a copy of same and return to the undersigned within thirty (30) days from the date hereof. Please respond sooner if at all possible to allow us time to overcome the regulatory and logistical hurdles necessary to permit and drill the Initial Test Well. . If you should have any questions concerning our Farmout request, please call me at (505) 326-9756.

Yours very truly,

Burlington Resources Oil & Gas Company

  
James R.J. Strickler  
Senior Staff Landman

JRS/ll  
farm\_mor.doc

AGREED TO AND ACCEPTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 1997.

**LEE WAYNE MOORE AND JOANN MONTGOMERY MOORE,  
TRUSTEES OF THE MOORE LOYAL TRUST, U/T/A dated  
August 20, 1979**

By: \_\_\_\_\_

Name: Lee Wayne Moore, Trustee

By: \_\_\_\_\_

Name: JoAnn Montgomery Moore, Trustee

EXHIBIT "A"

Fee Lease Summary

DESC	%INT	GR AC	NET AC
T31N, R11W	6.25%	1,278.87	79.929375
Sec 2: SW $\frac{1}{4}$ NW $\frac{1}{4}$ , NW $\frac{1}{4}$ SW $\frac{1}{4}$			
Sec 3: Lot 1, SE $\frac{1}{4}$ NE $\frac{1}{4}$			
Sec 12: NE $\frac{1}{4}$ SE $\frac{1}{4}$			
Sec 14: SE $\frac{1}{4}$ NE $\frac{1}{4}$ , NE $\frac{1}{4}$ SE $\frac{1}{4}$			
Sec 23: SE $\frac{1}{4}$ NE $\frac{1}{4}$			
T31N, R10W			
Sec 4: Pt of L4 and SW $\frac{1}{4}$ NW $\frac{1}{4}$ lying S of Animas River, less:			
(a) RR ROW			
(b) Beg at pt 431.8 feet N of 1/16th corner stone in SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Sec 4, thence N 1220 feet into Animas River, thence W along River 180 feet, thence S 1325 feet, thence E 180 feet to POB.			
(c) Pt of SW $\frac{1}{4}$ NW $\frac{1}{4}$ "above" Inca Canal			
5: NW $\frac{1}{4}$ SE $\frac{1}{4}$ W of RR ROW, Lot 1 and SE $\frac{1}{4}$ NE $\frac{1}{4}$ N of Animas River, less RR ROW			
6: Lot 1, 6,7, S $\frac{1}{2}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ SE $\frac{1}{4}$			
7: Lots 3,4, S $\frac{1}{2}$ NE $\frac{1}{4}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$ , Pt SE $\frac{1}{4}$ SE $\frac{1}{4}$ E of River			
8: NE $\frac{1}{4}$ NW $\frac{1}{4}$ , SW $\frac{1}{4}$ SW $\frac{1}{4}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ W of Animas River, also:			
(a) Pt of SE $\frac{1}{4}$ NW $\frac{1}{4}$ and NE $\frac{1}{4}$ SW $\frac{1}{4}$ lying E of RR ROW			
(b) Beg at NW corner of SE $\frac{1}{4}$ NW $\frac{1}{4}$ , thence E along N line of said 40, 576 $\frac{1}{2}$ feet to a pt, thence in a Southerly direction parallel with the W line of RR ROW 300 feet to a pt, thence W to W line of said 40, thence N along W line of said 40, 300 fet to POB.			
(c) Pt of SW $\frac{1}{4}$ NW $\frac{1}{4}$ lying N of Sand Arroya and E of Animas River			
(d) Pt of S $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ E of Animas River			
(e) Pt of SW $\frac{1}{4}$ NW $\frac{1}{4}$ W of Animas River			
(f) RR ROW as it crosses E $\frac{1}{2}$ NW $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$ , SW $\frac{1}{4}$ SW $\frac{1}{4}$			
17: S $\frac{1}{2}$ SE $\frac{1}{4}$ , NW $\frac{1}{4}$ NW $\frac{1}{4}$ less RR ROW			
18: Lot 1, NE $\frac{1}{4}$ NW $\frac{1}{4}$ , W $\frac{1}{2}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$ S of Animas River, NE $\frac{1}{4}$ S & E of River, LESS the following:			
(a) Beg at Center of Sec 18, th N on subdiv line 345 feet to Animas River, th along River N55degE 389 feet to waste ditch of Aztec Ditch, th S80deg15'E along S line of said waste ditch 865 feet to Aztec Ditch, th SW along W line of Aztec Ditch to W line of Aztec-Durango public road, th along W line of said road to pt in S line of NE $\frac{1}{4}$ of Sec 18, th W on subdiv line 735 to POB.			
(b) Tr in NE $\frac{1}{4}$ : Beg at intersec of Aztec Ditch with Aztec-Durango hiway, th NE 513 feet along W line of said hiway th N 106 feet to E line of Aztec Ditch, th along ditch to POB.			
T31N, R10W	3.125%	95.00	2.96875
Sec 5: Lot 3 S& E of River			
T31N, R11W			
Sec 14: SW $\frac{1}{4}$ SW $\frac{1}{4}$			
Sec 23: NW $\frac{1}{4}$ NW $\frac{1}{4}$			
T31N, R10W			
Sec 8: E $\frac{1}{2}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$ less 1 ac	4.1663%	139.00	5.791157
Sec 9: NW $\frac{1}{4}$ NW $\frac{1}{4}$			
T31N, R11W			
Sec 1: NE $\frac{1}{4}$ SE $\frac{1}{4}$	6.25%	448.60	28.0375
12: W $\frac{1}{2}$ SW $\frac{1}{4}$			
13: W $\frac{1}{2}$ , 8.6 ac in SW $\frac{1}{4}$ SE $\frac{1}{4}$			
TOTALS		1,961.47	116.726782

**EXHIBIT "A"**  
**Federal Lease Summary**

<b>LEASE #</b>	<b>DESC</b>	<b>GR AC</b>	<b>NET AC</b>
SF-078040-A	T31N, R11W Sec. 01: SW/4, W/2 SE/4, SE/4 SE/4 Sec. 12: E/2 SW/4	360.00	22.50
SF-079269	T31N, R11W Sec. 12: NW/4	<u>160.00</u>	<u>10.00</u>
	TOTALS FOR FEDERAL LEASES	520.00	32.50
	<b>GROSS TOTALS</b>	<b>2,481.47</b>	<b>149.27</b>

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# BURLINGTON RESOURCES

SAN JUAN DIVISION

April 22, 1997

Lee Wayne Moore and  
JoAnn Montgomery Moore  
Trustees of the Moore Loyal Trust,  
U/T/A dated August 20, 1979  
403 N. Marienfield  
Midland, TX 79701

PLEASE RETURN TO  
LAND-FARMINGTON

**RE: Farmout Letter of Intent  
Sections 3-10, 15-18: T31N, R10W  
Sections 1,2,3,10,11,12,13,14,15,& 23, T31N, R11W  
Arch Rock Prospect  
San Juan County, New Mexico**

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- 1) On or before January 1, 1998, Burlington will have the right to commence drilling of an Initial Test Well at a legal location in Section 8, T31N, R10W, San Juan County, New Mexico, and drill said Initial Test Well with due diligence to a depth of 14,000', or a depth sufficient to penetrate and test the Pennsylvanian formation, whichever is the lesser depth. Please see the attached Exhibit "A" identifying Farmor's leasehold acreage and ownership in the farmout lands.
- 2) If the Initial Test Well is completed in the Farmout Lands as a commercial producer of oil and/or gas, Burlington will earn an assignment of 100% of Farmor's interest, if any, within the production unit established for the Initial Test Well, reserving to Farmor an overriding royalty equal to 5% of 8/8 on any lease (but in no event delivering less than an 80% net revenue interest), of all oil, gas and other minerals allocated to production from the farmout lease, proportionately reduced.

At payout of said Initial Test Well, Farmor shall have the option to convert the reserved overriding royalty to a 25% working interest proportionately reduced. Burlington shall notify Farmor by mail when payout of the earning well occurs, and Farmor shall have 30 days from receipt of such notice to elect to convert its Overriding Royalty Interest into a Working Interest herein provided or retain its Overriding Royalty Interest.

- 3) In the event the Initial Test Well is drilled in a timely manner set out above, Burlington will earn the right to drill an Option Well at another location within the Farmout Lands, or acreage pooled therewith, within 365 days from the date of drilling rig release on the Initial Test Well, and earn an assignment of Farmor's interest in the Option Well's production unit under the same terms and conditions as for the Initial Test Well. There is a possibility of H<sub>2</sub>S gas which necessitates the building of a treatment plant and appropriate infrastructure to produce a sour Pennsylvanian well. The Option Well to be drilled to the same formation as the Initial Test Well. Burlington is contemplating 640 acre spacing with 1200' set backs from the sections or Unit Lines for Pennsylvanian production.
- 4) Burlington shall have the right and option to earn the remainder of Farmor's leasehold in the Farmout Lands, on a unit by unit basis, under the same terms and conditions as the Initial Test Well by allowing not more than 180 days to elapse between completion of one Option Well and commencement of another Option Well. The 180 day continuous development program shall be extended in the event the BLM and NMOCD, other regulatory agency or force majeure delay the timely issue of permits necessary to drill on the Farmout Lands. The BLM indicates an Environmental Impact Statement (EIS) may be required in the event a successful discovery well is drilled and completed. This possibility may delay the approval of the permits to drill additional wells on the Farmout lands within the original 180 day time frame.

- 5) Burlington agrees to use good field practice and industry standards in the drilling of each well. Burlington further agrees to furnish to Farmor the well data as set out in Farmor's Well Data Requirement Sheet (limited to data scheduled to be obtained in Burlington's drilling and completion program).
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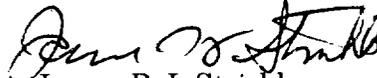
Moore Loyal Trust  
April 22, 1997  
Page 4

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Yours very truly,

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James R.J. Strickler  
Senior Staff Landman

JRS/l  
farm\_mor.doc

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By: \_\_\_\_\_

Name: Lee Wayne Moore, Trustee

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Name: JoAnn Montgomery Moore, Trustee

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TOTALS		1,961.47	116.726782

**EXHIBIT "A"**  
**Federal Lease Summary**

<b>LEASE #</b>	<b>DESC</b>	<b>GR AC</b>	<b>NET AC</b>
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SF-079269	T31N, R11W Sec. 12: NW/4	<u>160.00</u>	<u>10.00</u>
	<b>TOTALS FOR FEDERAL LEASES</b>	<b>520.00</b>	<b>32.50</b>
	<b>GROSS TOTALS</b>	<b>2,481.47</b>	<b>149.27</b>

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# BURLINGTON RESOURCES

SAN JUAN DIVISION

April 22, 1997

## CERTIFIED MAIL-RETURN RECEIPT

To Working Interest Owners  
(see list below)

BEFORE EXAMINER CATANACH  
OIL CONSERVATION DIVISION

EXHIBIT NO. S  
CASE NO. 11808 + 11809

RE: Marcotte #2 Well  
Pennsylvanian formation  
Proposed depth 14,000'  
ALL Section 8, T31N-R10W  
639.78 acres, more or less  
San Juan County, New Mexico

Gentlemen:

Burlington Resources Oil & Gas Company (Burlington) proposed to drill and complete the captioned well in the Pennsylvanian formation. The approximate location is 1540' FSL, 935' FEL (NE/SE) Section 8, T31N-R10W, with a proposed depth of 14,000'. Attached for your consideration and approval is one (1) copy of our Well Cost Estimate to drill and complete the subject well for \$2,316,973.00. Our records indicate the ownership of the well and AFE share to be as follows:

<u>Company</u>	<u>GWI</u>	<u>AFE Share</u>
Burlington	9.310450%	\$ 215,721.00
Conoco Inc.	9.310450%	\$ 215,720.00
Amoco Production Company	68.073400%	\$1,577,242.00
Total Minatome Corp. ✓	4.652200%	\$ 107,790.00
Cross Timbers Oil Co., LP	3.374700%	\$ 78,191.00
Lee Wayne Moore and JoAnn Montgomery Moore, Trustees	2.251700%	\$ 52,171.00 -
George William Umbach	1.416600%	\$ 32,822.00
Robert Warren Umbach ✓	1.416600%	\$ 32,822.00
Lowell White Family Trust	.048460%	\$ 1,123.00
Walter A. Steele	.048460%	\$ 1,123.00
Estate of G. W. Hannett	.040380%	\$ 936.00
T. G. Cornish	.032300%	\$ 748.00
Patricia Hueter	.008100%	\$ 188.00
Mary Emily Voller	.008100%	\$ 188.00
A. T. Hannett	.008100%	\$ 188.00
	<u>100.000000%</u>	<u>\$2,316.973.00</u>

Working Interest Owners  
April 22, 1997  
Page 2

An Operating Agreement is enclosed for your review and approval.

If you wish to participate in the drilling of the above referenced well, please verify your interest and return the following within thirty (30) days to the undersigned:

1. One (1) executed copy of this letter
2. One (1) executed copy of the Well Cost Estimate
3. One (1) executed signature page for the Operating Agreement dated April 1, 1997

Your prompt attention to this proposal is requested as we plan to begin operations in the near future. Please advise in writing if you do not wish to participate.

Very truly yours,



James R. J. Strickler, CPL  
Senior Staff Landman  
(505) 326-9756

JRS:ll

**The undersigned hereby elects this \_\_\_\_\_ day of \_\_\_\_\_, 1997, to participate in and pay its proportionate share of the well costs for the drilling and completion of the Marcotte #2, as correctly shown above.**

**COMPANY/OWNER:** \_\_\_\_\_

**BY:** \_\_\_\_\_

**TITLE:** \_\_\_\_\_

# BURLINGTON RESOURCES

Farmington Region  
 Post Office Box 4289  
 Farmington, New Mexico, 87499  
 (505) 326-9700

## AUTHORITY FOR EXPENDITURE

AFE No.: \_\_\_\_\_ Property Number: \_\_\_\_\_ Date: 2/20/97

Lease/Well Name: Marcotte #2 DP Number: \_\_\_\_\_

Field Prospect: San Juan Basin Penn Operator: Burlington Resources Region: Farmington

Location: Sec. 8, T31N, R10W County: San Juan State: NM

AFE Type: 1 - New Drill Original: X Supplement: \_\_\_\_\_ Addendum: \_\_\_\_\_ API Well Type: \_\_\_\_\_

Objective Formation: Pennsylvanian Authorized Total Depth (Feet): 14,000'

Project Description: Pennsylvanian test in San Juan Basin - Exploratory well - Arch Rock Prospect

Estimated Start Date: 2rd Qtr 1997

Prepared By: C. E. Lane

Estimated Completion Date: 2rd Qtr 1997

### GROSS WELL DATA

	Drilling		Workover/ Completion	Construction Facility	Total
	Dry Hole	Suspended			
Days:	58	2	12	0	72
This AFE:	\$1,713,800	\$77,100	\$407,073	\$119,000	\$2,316,973
Prior AFE's:	0				\$0
<b>TOTAL COSTS:</b>	<b>\$1,713,800</b>	<b>\$77,100</b>	<b>\$407,073</b>	<b>\$119,000</b>	<b>\$2,316,973</b>

### JOINT INTEREST OWNERS

Company:	Working Interest		Dry Hole \$	Completed \$
	Percent			
Burlington Resources:	9.310450%		\$159,562	\$215,721
Trust:	0.00%		0	\$0
:	90.689550%		\$1,554,238	\$2,101,252
<b>AFE TOTAL:</b>	<b>100.00%</b>		<b>\$1,713,800</b>	<b>\$2,316,973</b>

### BURLINGTON RESOURCES APPROVAL

Approved: [Signature]  
 Title: Reg. Dir. V Date: 4/10/97

Approved: \_\_\_\_\_  
 Title: \_\_\_\_\_ Date: \_\_\_\_\_

Approved: [Signature]  
 Title: Manager Date: 4/1/97

Approved: [Signature]  
 Title: Vice President Date: 4/1/97

### PARTNER APPROVAL

Company Name: \_\_\_\_\_ Date: \_\_\_\_\_

Authorized By: \_\_\_\_\_ Title: \_\_\_\_\_

Cost Estimate

Well Name: Marcotte #2  
 Location: 1540' FSL, 935' FEL Section 8, T-31-N, R-10-W  
 AFE Type: (02) Exploration  
 Formation: Pennsylvanian  
 Proposed TD: 14,225' Intermediate TD: 3100', 7425' Area Team: Penn  
 Comments: OH Logs 7425' - 12,000': AIT-SP-GR, Micro-SP-GR, Dens-Neut-Cal-GR-SP, Dipole Sonic  
OH Logs 12,000' - 14,225': AIT-SP-GR, Micro-SP-GR, Dens-Neut-Cal-GR-SP, Dipole Sonic, Sidewall Cores

Prepared By: Kurt A. Shipley *KAS*  
 Date: 2/26/97  
 Approved By: \_\_\_\_\_  
 Date: \_\_\_\_\_  
 Cost/ft: \$125.90/ft

Intangible Costs

Account Number	Estimated Days:	Dry Hole Cost	Suspended Cost	Total Estimated Cost
		58	2	60
248				
03	Location Cost 4.9 Acre location w/ 30" Conductor Pipe.	35,000	0	35,000
05	Move-in, Move-out Move in and move out.	200,000	0	200,000
07	Rig Cost @ \$7000/day.	430,000	15,000	445,000
08	Safety Equipment H2S Monitor 10,500' to TD @ \$600/day.	19,000	1,300	20,300
10	Drilling Fluid LSND, Solids Control, Air Drilling.	137,500	0	137,500
16	Fresh/Salt Water, Fluids	50,000	0	50,000
17	Bits	141,900	0	141,900
18	Cementing HES Cost Estimate.	98,000	17,000	115,000
22	Coring and Analysis Sidewall Core Analysis.	20,000	0	20,000
23	Fuel Air Package Fuel.	22,500	3,000	25,500
25	Rentals BOP: 10 days @ \$500/day, 3-1/2" D.P. + Misc.	18,500	0	18,500
26	Fishing	0	0	0
28	Other Rentals	5,000	0	5,000
29	Transportation	20,000	0	20,000
32	Directional Services	0	0	0
33	Inspection	7,200	0	7,200
34	Logging Services OH Logs, Sidewall Cores, Mud Log.	110,000	0	110,000
36	Production Testing	0	0	0
37	Swabbing, Snubbing, Coiled Tubing	0	0	0
39	Stimulation	0	0	0
43	Consultants	0	0	0
44	Technical Contract Services	0	0	0
45	Roustabout Labor Casing Crews, Welders.	15,000	2,000	17,000
46	Miscellaneous	5,000	0	5,000
49	Packer Rental	0	0	0
53	Environmental Cost	5,000	0	5,000
54	Disposal Cost Trash Baskets, Toilets.	2,000	0	2,000
60	District Tools Company Owned Equipment.	5,000	0	5,000
72	Overhead Rig Days @ \$141/day.	8,500	300	8,800
	<b>Total Intangible Cost</b>	<b>\$1,355,100</b>	<b>\$38,600</b>	<b>\$1,393,700</b>

Tangible Costs

80	Casing	80'	30" Conductor	3,200	315,700	27,500	343,200
		500'	20"	23,000			
		3100'	13-3/8"	86,000			
		7425'	9-5/8"	153,500			
		4775'	7"	50,000			
		2625'	5"	27,500			
81	Tubing			0	0	0	0
84	Casing & Tubing Equipment			13,000	11,000		24,000
86	Wellhead Equipment		20"X13-3/8"X9-5/8" (10,000 psi)	30,000	0		30,000
	<b>Total Tangible Cost</b>			<b>\$358,700</b>	<b>\$38,500</b>		<b>\$397,200</b>
	<b>Total Cost</b>			<b>\$1,713,800</b>	<b>\$77,100</b>		<b>\$1,790,900</b>

All Costs include tax where applicable.

**Meridian Oil Inc.  
Facilities Estimate**

Well Name: Marcotte #2  
 Location: Sec 8, T31N R10W  
 AFE Type: 01-Exploration  
 Formation: Pennsylvanian

Prepared By: C.E. Lane *CEL*  
 Date: 3/17/97  
 Approved By: \_\_\_\_\_  
 Date: \_\_\_\_\_

**Tangible Costs**

<u>Account Number</u>	<u>Estimated Days:</u>	<u>Total Estimated Cost</u>
247		
02	Labor-Contract, Roustabout, Consultants	15,000
03	Company Vehicles	0
08	Location, Roads & Canals	0
12	Overhead	0
17	Damages, Property Losses	0
20	Equip. Coating and Insulation	0
26	SWD Filtering	0
27	Separators	0
28	Gas Sweetening	0
29	Pumping Units	0
31	Prime Mover	0
32	Tanks	9,500
33	Metering Equipment	15,000
34	Flow Line	0
35	Compressors	0
36	Building	0
39	Flowlines, Piping, Valves & Fittings	11,000
43	Safety	0
44	Technical Contract Svc.	0
47	Rental Compressors & Maintenance	0
48	Rental Equipment	0
49	Cathodic Protection	12,000
50	Right Of Way	2,500
51	Minor Pipelines	0
53	Surface Pumps	0
54	Electrical Accessories	0
55	Miscellaneous-Facility Expense	0
57	Pulling Unit Costs	0
60	Oper. Owned Equip/Facilities	0
62	Env. Compliance-Assessment	0
63	Env. Compliance (Remediation)	0
68	Direct Labor	0
69	Benefits	0
70	Payroll Taxes and Insurance	0
72	Overhead (Contingency 5%)	0
73	Freight/Transportation	0
81	Tubing	0
82	Rods	0
83	Downhole Pumps	0
84	Alternative Artificial Lift Equip.	0
86	Convent Artificial Lift Wellhead Equip.	0
88	Communication Systems	0
95	Employee Meals	0
96	Gas Dehydrator	54,000
<b>Total Facility Cost</b>		<b>119,000</b>

Meridian Oil Inc.  
Completion Estimate

Well Name: Marcotte #2  
Location: 31N-10W-Sec 8  
AFE Type: New Drill - 01  
Formation: Pennsylvanian

Prepared By: C. E. Lane  
Date: 3/17/97  
Approved By: \_\_\_\_\_  
Date: \_\_\_\_\_

*C E Lane*

Intangible Costs

Account Number	Estimated Days: 15	Total Estimated Cost
249		
02	Location, Roads or Canals	\$100
03	Construction and Maintenance	\$5,000
04	Surface Restoration	\$9,000
05	Move-in, Move-out	\$6,250
06	Fees of Contractor - Footage	\$0
07	Fees of Contractor - Daywork	\$59,950
08	Fire and Safety Equip.	\$8,500
09	Drilling Fluid System - Liquids	
10	Gas and Air Drilling	\$25,000
11		
12	Specialty Fluids and Chemicals	\$500
14	Salt/Brine Water	\$2,500
15	Onsite Disposal Svc.	
16	Fresh Water	\$15,000
17	Bits	\$750
18	Primary Cement & Svc's	\$0
19	Remedial Cementing	\$2,000
23	Fuel / Electricity	\$2,250
24	BOP & Wellhead Rentals(Surface)	\$6,000
25	Drill Work String Rentals	\$1,500
26	Fishing Tool Rentals	\$0
27	Tank Rentals	\$4,000
28	Other Rental	\$3,500
29	Transportation	\$2,250
30	Offsite Disposal Service	
33	Tubular Inspection	\$1,000
34	Cased Hole Services	\$30,000
36	Production Testing	
37	Swabbing & Coiled Tubing	
38	Stimulation	\$10,000
39	Fracturing	\$50,000
40	Casing Crews and Laydown	
41	Gravel Pack/Sand Control	
42	BOP Testing	
43	Consultants	\$10,650
44	Technical Contract Svc.	
45	Roustabout Labor	\$3,000
46	Miscellaneous	\$450
48	Communication Systems	\$500
49	Packer Rental	\$2,200
50	Pumping Charges	
60	Oper. Owned Equip/Facilities	
62	Env. Compliance-Assessment	
63	Env. Compliance (Remediation)	
65	Company Vehicles	
68	Direct Labor	
69	Benefits	
70	Payroll Taxes and Insurance	
72	Company Supervisor	
74	Employee Expense	
79	Employee Meals	
	<b>Total Intangibles</b>	<b>\$261,850</b>
	<b>Tangible Costs</b>	
80	Casing	\$0
81	Tubing and Tiebacks	\$72,223
82	Packers and Bridge Plugs	\$25,000
84	Casing/Liner Equipment	
85	Tubing Equipment	\$3,000
86	Wellhead Equipment & Tree Tbg spool, flange, and tree	\$45,000
	<b>Total Tangibles</b>	<b>\$145,223</b>
	<b>Total Completion Cost</b>	<b>\$407,073</b>

# Burlington Resources

PROPOSED WELL LOCATION

## Marcotte #2

Sec. 8, T31N-R10W

