

"ONSHORE"

EXHIBIT "D-1"

Attached to and made a part of that certain Operating Agreement dated April 1, 1997, by between BURLINGTON RESOURCES OIL & GAS COMPANY, as Operator, and Non-Operators.

INSURANCE

To protect against liability, loss or expense arising from damage to property, injury or death of any person or persons, incurred out of, in connection with, or resulting from the operations provided hereunder, Operator shall maintain in force during the entire period of this agreement the following Schedule A insurance coverage for the benefit of the joint account. Schedule B coverages are the minimum limits and type of insurances required to be maintained by Operator and each Non-Operator as to their respective working interest. All Schedule A and Schedule B insurance shall be obtained from financially sound, Best rate B+ Class VI or above reliable insurance companies authorized to do business in the state in which the operations are to be performed. Each policy shall provide for a waiver of subrogation rights against the other signatory parties.

SCHEDULE A - OPERATOR FOR THE JOINT ACCOUNT

<u>COVERAGES</u>	<u>LIMITS OF LIABILITY</u>
a. Workers' Compensation	Statutory
b. Employers' Liability	Combined Single Limit Per occurrence of \$1,000,000.

**SCHEDULE B - OPERATOR AND EACH NON-OPERATOR
AS TO ITS WORKING INTEREST**

Each working interest owner's insurance is intended to cover such owner's working interest in the Joint Account and its coverages respond to such owner's pro-rata share of any Joint Account loss.

<u>COVERAGES</u>	<u>LIMITS OF LIABILITY</u>
a. Comprehensive General Liability including Personal Injury, Premises/ Operations coverage, Pollution Coverage, Owners and Contractors Protective Liability, Contractual Liability, Products and Completed Operation Liability	
Bodily Injury Liability/ Property Damage Liability	Combined Single Limit Per occurrence of \$1,000,000
b. Comprehensive Automobile Lia- bility including coverage of Owned and Non-Owned Automobiles and Hired Car coverage	
Bodily Injury Liability/ Property Damage Liability	Combined Single Limit Per occurrence of \$1,000,000

Exhibit "D" continued

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| c. | Control of Well including Clean-Up, Containment, Seepage, Pollution, Contamination, and Redrilling Expense (This coverage is maintained for the term of the agreement.) | Per occurrence of each working interest owner's share of \$5,000,000, but not less than \$1,000,000 |
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EXAMPLE: A Non-Operator owning a 30% working interest in the Joint Account properties is required to carry a minimum of 30% x \$5,000,000 or \$1,500,000 Control of Well coverage, but a 4% Working Interest Owner is required to carry a minimum of \$1,000,000 coverage.

Note: If a Non-Operator elects not to purchase Control of Well coverage direct to protect his working interest, he may elect to participate in Operator's coverage at a premium rate heretofore determined by Operator and available to all Non-Operators upon request.

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| d. | If Aircraft, including helicopters, are used in operations, include Aircraft Liability, Passenger Liability and Property Damage Liability Insurance, covering Owned, Non-Owned Aircraft and Hired Aircraft | Combined Single Limit
Per occurrence of \$5,000,000 |
| e. | If Watercraft are used in any inland operations:
(a) Protection and Indemnity Insurance on the SP23 form or equivalent, (or, in the alternative, deletion of the watercraft exclusion from the Comprehensive General Liability Policy)

(b) Hull and Machinery Insurance to the market value of the vessel or \$1,000,000, whichever is greater, on the American Institute Hull Clause (June 2, 1977) form or its equivalent | Combined Single Limit
Per occurrence of \$10,000,000 |

Exhibit "D" continued

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| f. | Property (excluding Business Interruption) | Blanket limit |
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Operator may include the Schedule A coverage for the joint account under its self insurance program provided Operator complies with applicable laws, and in such an event Operator shall charge to the Joint Account manual rate premiums.

Operator, as a working interest owner, shall also obtain for his own account the minimum insurances and limits required by Schedule B. These insurances obtained by Operator and Non-Operators will respond to a loss on a pro-rata working interest basis, and not as primary, to any other valid and collectible insurances. Non-Operators will not be additional insurers on Operator's policy unless specifically agreed to by Operator and the appropriate premium charged Non-Operator. Failure of the Operator to maintain its required Schedule A and Schedule B insurance coverages shall be deemed cause for removal of Operator as the operator of the joint properties at the option of a majority in interests of the Non-Operators as provided in the Joint Operating Agreement to which this Exhibit "D" is attached.

Operator shall not be obligated to obtain or carry on behalf of the Joint Account any insurance additional to Schedule A but may, at its discretion, provide additional coverage to a Non-Operator(s) for the operations to be conducted hereunder. Each Non-Operator shall acquire at its own expense the Schedule B coverage and such excess insurance as it deems proper to protect itself against claims, losses, or damages arising out of the joint operations. Such insurance shall include a waiver of subrogation against the other Parties in respect of their interest hereunder. Joint Account deductibles and uninsured losses shall be borne by the Parties in proportion to their respective working interests.

Deductibles and/or limits established by Operator's Schedule A coverages shall apply to all Non-Operators on a working interest share basis and premiums for Schedule A coverage, losses falling within the deductible, or which exceed insurable limits, or which are otherwise not covered by insurance will be expenses of the Joint Account.

Each Non-Operator shall furnish Operator with Certificates of Insurance evidencing satisfactory Schedule B coverages are in force, and Operator shall furnish each Non-Operator, upon request, with Certificates of Insurance evidencing Schedule A coverage and all Schedule B coverages that are in force.

The Certificates of Insurance specifying Schedule B coverage must be provided by each Non-Operator to Operator within 10 working days from execution hereof or commencement of operations hereunder, whichever is earlier. Non-Operators shall supply Operator "Certificate of Insurance" annually, during the term of this agreement. Failure of a Non-Operator to provide Certificates of Insurance within the required time period will authorize Operator to either (i) purchase the required insurance for such Non-Operator and bill the Non-Operator for the cost thereof, (ii) add the Non-Operator as an additional insured to the Operator's policy and automatically allocate, without refund, the first year's insurance premium to the Non-Operator, or (iii) notify the other Non-Operators that the Non-Operator's working interest is uninsured or underinsured.

Operator shall promptly notify Non-Operators in writing of all losses involving damage to a Joint Account property in excess of \$250,000.

Operator shall require all contractors engaged in operations under this Agreement to comply with the applicable Worker's Compensation laws and to maintain such other insurance and in such amounts as Operator deems necessary.