

BURLINGTON RESOURCES

SAN JUAN DIVISION

November 20, 1996

Henry P. Isham, Jr. Deceased
First National Bank of Chicago Agent for V.M. Isham & R.T. Isham
Trustee of Henry P. Isham Estate
ATTN: MS. GAYLE COTTON
1400 One Dallas Center
Dallas, TX 75201

**RE: BURLINGTON RESOURCES OIL & GAS COMPANY
OFFER TO PURCHASE NON-PRODUCING INTEREST
AND/OR REQUEST TO PARTICIPATE IN DEEP TEST WELL**

State and Fee Leases

T31N-R10W, NMPM

Section 3: Lots 10 thru 13, SW $\frac{1}{4}$

Section 4: SE $\frac{1}{4}$

Section 9: Lots 3 thru 12, N $\frac{1}{2}$ NE $\frac{1}{4}$

Section 10: Lots 1 thru 7, NW $\frac{1}{4}$ NW $\frac{1}{4}$

Containing 1255.18 acres

FEDERAL LEASE SF 078389-A

T31N-R10W, NMPM

Section 11: Lots 1 thru 16

Section 12: Lots 1 thru 8 and 10 thru 15

Containing 1116.96 acres

San Juan County, New Mexico

Dear V.M. and R.T. Isham:

Sometime in the first quarter of 1997 Burlington Resources Oil & Gas Company is planning to drill a deep test well (below the currently deepest producing horizon) to evaluate the Pennsylvanian formation (approximately 14,000 feet) in a prospect that includes the referenced lands and leases that you own a working interest in. This well is very high risk (10% success probability) and very expensive (Estimated 1.2 Million dry hole cost; \$1.7 Million through completion).

This well will have a proposed 640 acre spacing unit and as a working interest owner you will have the right to participate in the well for your proportionate share of your acreage within the spacing unit. The parties will enter into a mutually acceptable AAPL Form 610-1982 Operating

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

DEC 9 - REC'D

Burlington Resources
Deep Test Well and Offer to Purchase
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Agreement providing for a 400% non-consent penalty and with the preferential right to purchase provision deleted.

If you do not wish to participate in this well, Burlington Resources is offering to purchase your interest in the referenced lands below the Mesa Verde formation for \$50.00 per net acre with you retaining a 2% overriding royalty interest in all lands purchased. According to our records you own a 0.80595% or 19.1183 net acre interest in the operating rights below the base of the Mesa Verde Formation. This would make the total offer to purchase your interest \$955.92.

Please indicate below the option you wish to proceed with in relation to this proposed deep test well and return this letter to me in the enclosed, self-addressed, stamped envelope within 15 days of receipt.

If you have any questions, please give me a call at (970) 259-5242.

BURLINGTON RESOURCES OIL & GAS COMPANY



Walter S. Parks
Contract Landman
P.O. Box 2435
Durango, CO 81302

- I wish to participate for my proportionate share in any deep test well in which my acreage is included in a spacing unit. Please send me an AFE and Operating Agreement.
- I wish to sell my interest in the referenced leases below the base of the Mesa Verde formation to Burlington Resources for \$50.00 per net acre retaining a 2% overriding royalty interest.

AGREED TO AND ACCEPTED THIS _____ DAY OF _____, 1996.

ESTATE OF HENRY P. ISHAM, JR., DECEASED

By: _____