

BURLINGTON RESOURCES

MID-CONTINENT DIVISION

June 2, 1997

WORKING INTEREST OWNERS

Re: El Paso "23" Federal No. 2
1320' FNL & 2639' FEL
Section 23, T-26-S, R-30-E
Eddy County, New Mexico

Ladies and Gentlemen:

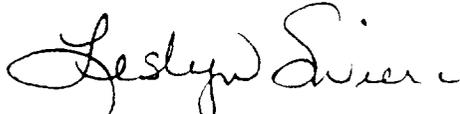
Burlington Resources Oil & Gas Company hereby proposes the drilling of the El Paso "23" Federal No. 2, a 12,000' Wolfcamp test with two 1,000' lateral extensions (the "Well"). The Well will be located and staked 1320' FNL & 2639' FEL Section 23, T-26-S, R-30-E, Eddy County, New Mexico. The plan is to drill to the top of the Wolfcamp, core the "A" zone and drill two horizontal extensions perpendicular to the apparent fracture azimuth.

Enclosed please find an Authority for Expenditure ("AFE") in the amount of \$1,987,300 to drill, complete and equip the Well. Also enclosed is a Joint Operating Agreement ("JOA") with an additional signature page, dated effective July 1, 1997 proposed to cover the N/2 Section 23, T-26-S, R-30-E, Eddy County, New Mexico, as to depths below the base of the Bone Spring formation. If you concur with the drilling of the Well, please execute the AFE and the signature page to the JOA and return to Charlotte Baysinger at the address below within thirty (30) days of your receipt of same.

I will be assuming a new assignment in the Williston Basin of the Rocky Mountains effective July 1st, therefore, should have any questions concerning the Joint Operating Agreement, you may contact Mr. Rick Gallegos at (915) 688-9044 and any engineering questions may be directed to Mr. Doug Seams at (915) 688-6854. I would like to take this opportunity to say that I have enjoyed working with you and thank you for your cooperation and patience. I wish you all the best of luck in all your future endeavors.

Very truly yours,

BURLINGTON RESOURCES
OIL & GAS COMPANY



Leslyn M. Swierc, CPL
Senior Staff Landman

LMS/bgm
Enclosures

cc: Doug Seams
Rick Gallegos
Charlotte Baysinger
Don Davis
Mike Wallace

BEFORE THE
OIL CONSERVATION COMMISSION
Case No. 11837 Exhibit No. **3**
Submitted By:
Burlington Resources
Hearing Date: August 21, 1997

WORKING INTEREST OWNERS

Burlington Resources Oil & Gas Company
P. O. Box 51810
Midland, Texas 79710-1810

Geodyne Nominee Corporation
320 S. Boston Avenue
Tulsa, Oklahoma 74103

Ralph E. Williamson
Box 994
Midland, Texas 79702

J. C. Williamson
Box 16
Midland, Texas 79702

Trade Exploration Corp.
3400 City Center Tower II
301 Commerce Street
Fort Worth, Texas 76102

Jacque Oil and Gas Limited
3400 City Center Tower II
301 Commerce Street
Fort Worth, Texas 76102

Duer Wagner III
3400 City Center Tower II
301 Commerce Street
Fort Worth, Texas 76102

Byran C. Wagner
3400 City Center Tower II
301 Commerce Street
Fort Worth, Texas 76102

Lois G. Williamson
802 Palomino
Midland, Texas 79705

James D. Finley
3400 City Center Tower II
301 Commerce Street
Fort Worth, Texas 76102

Dennis P. Corkoran
3400 City Center Tower II
301 Commerce Street
Fort Worth, Texas 76102

David John Andrews
3400 City Center Tower II
301 Commerce Street
Fort Worth, Texas 76102

H. E. Patterson
3400 City Center Tower II
301 Commerce Street
Fort Worth, Texas 76102

Finwing Corporation
P. O. Box 10886
Midland, Texas 79702

Costilla Energy, Inc.
400 W. Illinois
Midland, Texas 79701

K P Acquisition Corp.
500 West Texas, Suite 1450
Midland, Texas 79701

ICA Energy, Inc.
700 N. Grant
Odessa, Texas 79761

C. W. Trainer
500 W. Texas, Suite 710
Midland, Texas 79701

Midland Division
P O. Box 51810
Midland, Texas 79710-1810
(915) 688-6800

Date: _____
AFE No.: _____

**BURLINGTON RESOURCES OIL AND GAS
AUTHORITY FOR EXPENDITURE**

Foreman Area Team Name: Hobbs
DP No.: 61373A
Lease/Well Name: El Paso 23 #2 Lease No.: 012853201
Field/Prospect: Ross Draw (Wolfcamp) Region: Midland
Location: 1320' FNL & 2639' FEL Sec. 23, T26S, R30E County: Eddy State: New Mexico
AFE Type: (01) Development Drilling Original Supplement Addendum Cost Center
API Well Type: Dev. Operator: Burlington Resources Inc.
Objective Formation: Wolfcamp Authorized Total Depth (Feet) 12,000'
Project Description: Drill, complete, and equip a 12,000' Wolfcamp test with two 1,000' horizontal extensions.

Est. Start Date: September 1, 1997 Prepared By: Doug Seams
Est. Completion Date: November 12, 1997

GROSS WELL COST DATA

	DRILLING		WORKOVER	CONSTRUCTION	TOTAL
	DRY HOLE	SUSPENDED	COMPLETION	OR FACILITY	
DAYS:	68	70	10	3	57
THIS AFE:	1,614,100	1,643,300	250,000	94,000	1,987,300
PRIOR AFE's:					
TOTAL COSTS:	1,614,100	1,643,300	250,000	94,000	1,987,300

JOINT INTEREST OWNERS

COMPANY	WORKING INTEREST PERCENT %	NET \$ EXPENDITURES	
		DRYHOLE \$	COMPLETED \$
Finwig Corp.	10.0%	161,410	198,730
Duer Wagner & Co.	10.0%	161,410	198,730
J. C. Williamson	7.8	125,900	155,009
Minor Resources	7.5	121,058	149,048
Costilla	5.8	93,618	115,263
Misc.	6.4	103,302	127,187
BURLINGTON RESOURCES:	52.5%	847,402	1,043,333
AFE TOTAL:	100%	1,614,100	1,987,300

BURLINGTON RESOURCES APPROVAL

Recommended: *[Signature]* Date: 5/15/97 Approved: *[Signature]* Date: _____
Recommended: *[Signature]* Date: 5/15/97 Approved: *[Signature]* Date: _____
Recommended: *[Signature]* Date: _____ Approved: *[Signature]* Date: 5/15/97

PARTNER APPROVAL

Company Name: _____ Authorized By: _____
Date: _____ Title: _____