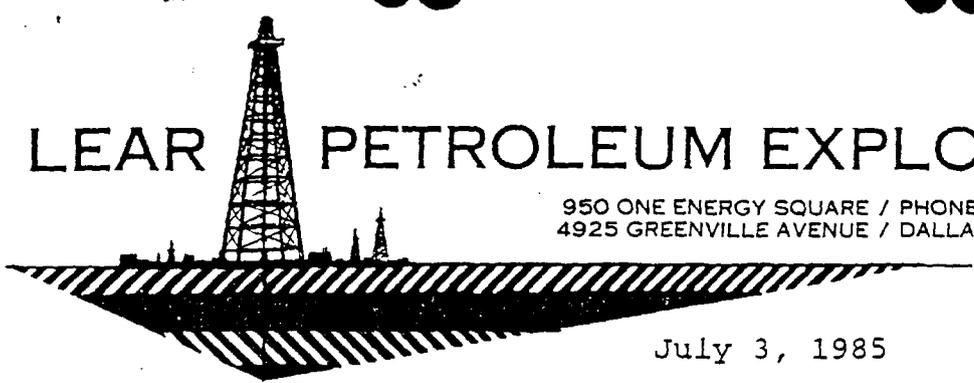


M. Zahn
This is file copy
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of same copy
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file



LEAR PETROLEUM EXPLORATION, INC.

950 ONE ENERGY SQUARE / PHONE 214/363-6085
4925 GREENVILLE AVENUE / DALLAS, TEXAS 75206

July 3, 1985

El Paso Exploration Company
P. O. Box 4289
Farmington, NM 87499

Attention: Mr. David M. Poage

Re: Scott #2
NE/4 Section 31, T32N, R10W
San Juan County, New Mexico

Gentlemen:

Enclosed is an executed copy of your AFE for drilling the subject well. This AFE is approved by LPX solely as an accommodation to El Paso and to expedite the development of the captioned property. This approval is without jeopardy or prejudice to, waiver of, to any extent, the rights of Lear as success of Brookhaven Oil Company under Farmout Agreement dated November 27, 1951, between Brookhaven Oil Company and San Juan Production Company and all agreements related to said agreement as referred to therein, as any of same may have amended, which agreements are referred to, and which rights are reserved, for all purposes.

In the event that you have any questions on the foregoing please feel free to contact me.

Yours very truly,



Don W. Moore
Vice-President,
Drilling & Production

DWM/jcb

Enclosure

El Paso
Exploration Company

PLEASE RETURN TO
LAND - FARMINGTON

P O BOX 4289
FARMINGTON, NEW MEXICO 87499-4289
PHONE 505 375 2841

May 2, 1985

Amoco Production Company
Attention: Mr. Larry Dalke
Post Office Box 800
Denver, Colorado 80201

Lear Petroleum Corporation
Attention: Mr. Tim Woodruff
1801 California Street, Suite 4800
Denver, Colorado 80202

Re: Scott #2 R
NE/4 Section 31, T-32-N, R-10-W
San Juan County, New Mexico

Gentlemen:

Attached for your consideration and approval is one copy of our well cost estimate for the drilling of the referenced well.

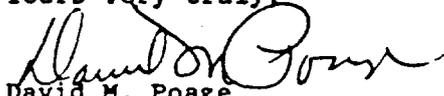
Our records indicate that the ownership of this well is as follows:

El Paso Natural Gas Company	50.000%
Amoco Production Company	28.125%
Lear Petroleum Exploration, Inc.	21.875%

The interests shown may be subject to an agreement dated November 27, 1951, between Brookhaven Oil Company and El Paso. Amoco Production Company and Lear Petroleum Exploration, Inc., are successors to Brookhaven's interest. Before El Paso proceeds with the drilling of this well, we respectfully request that Amoco Production Company and Lear Petroleum Exploration, Inc., agree to bear their shares of the costs attributable to their interest in the referenced well.

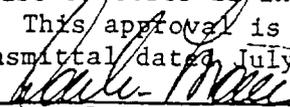
If you wish to participate in the drilling of the above referenced well, please return one approved copy of this letter and an approved copy of the attached well cost estimate as soon as possible as we plan to begin operations on this well in the second quarter of 1985. Please advise in writing if you do not wish to participate.

Yours very truly,


David M. Poage
Senior Staff Landman

DMP:tlm
NM-375
Doc: #0187L
Enclosures

The undersigned hereby agrees to participate in and pay its proportionate share of costs as indicated in the attached well cost estimate. This approval is subject to the provisions of our letter of transmittal dated July 3, 1985.

BY 
Don W. Moore

COMPANY Lear Petroleum Exploration, Inc.

TITLE Vice-President, Drilling & Production

Well Name		Well No.	Field
off		2R	Blanco
Location		County	State
NE/4 Sec. 31, T-32-N, R-10-W		San Juan	New Mexico
Formation		PSD	Test Days
Mesa Verde		3280'	13
		Total Depth	5660'
TANGIBLES		PRODUCING WELL	
00 TUBULAR GOODS		SUB	TOTAL
01 Conductor Pipe	_____ in. _____ Ft. _____ S/Ft.		
02 Surface Casing	9 5/8 in. 200 Ft. 19 370 S/Ft.	3,870	
03 Production	_____ in. _____ Ft. _____ S/Ft.		
04 First Inter.	7 in. 3280 Ft. 9 31 S/Ft.	30,540	
05 Second Inter.	_____ in. _____ Ft. _____ S/Ft.		
06 Prod. Liner	4 1/2 in. 2530 Ft. 3 79 S/Ft.	9,590	
07 Tieback Str.	_____ in. _____ Ft. _____ S/Ft.		
08 Tubing	2 3/8 in. 5660 Ft. 1 87 S/Ft.	10,580	
09 Tubing	_____ in. _____ Ft. _____ S/Ft.		54,580
10 EQUIPMENT			
11 Wellhead		9,430	
12 Tbg & Cag Acc, liner hgr, Prod Pkr.		2,990	
13 Production Equip.		6,330	
14 Other			
TOTAL TANGIBLES		18,750	
INTANGIBLES			
20 DRILLING COST			
21 Footage	5660 Ft. 7.30 S/Ft.	41,320	
22 Daywork	1 Da. 4500 S/Da.	4,500	
23 Comp. Rig	72 Hr. 145 S/Hr.	10,440	
24 Service Unit			
25 Rental Tools, Services, Chokes, Etc.		1,300	
26 Rig Moving Cost		3,500	
27 Other			61,060
30 CEMENTING (INCL FLOAT EQUIP. ETC.)			
31 Surface		2,100	
32 Intermediates		3,600	
33 Production			
34 Production Liners		5,000	
35 Tieback String			
36 Squeeze Cemt. (incl. Ret. & Pkrs.)			
37 Other		1,080	11,780
40 FORMATION TREATMENT			
41 Acidizing			
42 Fracturing Equipment & Materials		17,850	
43 Frac. Fluid _____ Gals.		5,150	
44 Tank Rental & Hauling		4,000	27,000
50 SPECIAL SERVICES			
51 Perforating (incl. B.P. & Pkrs., Wireline Etc.)		8,220	
52 Mud Logging Data Units			
53 Formation Logging		9,500	
54 Cores, DST's, Etc.			
55 Drilling Logs (CBL, Tracer, Inspection, W.L.)			
56 Packer & Retr. B.P.			
57 Whipstocking & Sidetracking			17,720
60 DRILLING FLUIDS			
61 Mud & Chemicals		7,450	
62 Water & Brine		4,800	
63 Other (Gas & Air)		8,440	20,690
70 MATERIALS & SERVICES OTHER			
71 Bits & Reamers		550	
72 Fuel		600	
73 Hauling		2,460	
74 Tubular Inspection		3,780	
75 Testing (Manifolds, BOP, Tbg Etc.)			
76 Misc Cag Exp (Run Cag., Sandblasting, Etc.)			
77 Misc. Exp.		3,230	10,620
80 LOCATION, ACCESS & CLEAN UP		8,780	8,780
90 SUPERVISION & LEGAL ETC.		5,200	5,200
TOTAL INTANGIBLE		162,850	162,850
Plus 5% Contingency		11,810	11,810
TOTAL COST		\$ 247,990	\$ 247,990
WORKING INTEREST:		ESTIMATED COST ONLY:	
EPNG _____ Percent		Each participating owner to pay proportionate share of actual well cost subject to Operating Agreement.	
Others: _____			
Date	3-28-85	PARTNER'S APPROVAL	
Prepared By	GMB:DCW:ah		
Approved By	<i>[Signature]</i>		