

BURLINGTON RESOURCES

SAN JUAN DIVISION

December 14, 1998

WORKING INTEREST OWNERS
DETAILED ON ATTACHED SHEET

RE: New Drill Proposal
Brookhaven Com B 3B
Mesaverde New Drill
NESE Sec. 16 T31N, R11W (E/2 Unit)
San Juan County, New Mexico

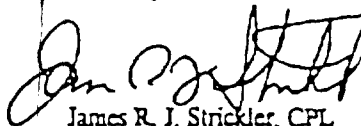
Ladies and Gentlemen:

Burlington Resources Oil & Gas Company proposes the drilling and completion of the above referenced Mesaverde well, located in the NESE of Sec. 16, T31N, R11W. This project will be performed at a total estimated cost of \$386,488.00 to be borne by the working interest owners detailed below:

Name	Working Interest	Cost Share of AFE
Burlington Resources	50.927120%	\$ 196,827
Energen Resources	35.872960%	\$ 138,645
Dacres Group	13.199920%	\$ 51,016
TOTAL	100.000000%	\$ 386,488

Please indicate your approval of the above well proposal by signing and returning a copy of this letter ballot and AFE on or before thirty (30) days from your receipt. If you should have any questions concerning land me at (505) 326-9756.

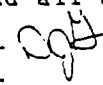
Sincerely,


James R. J. Strickler, CPL
Senior Staff Landman

JRS:dg
Newdrills'98
Enclosures
xc: NM-387A (Well File)

participate

Agreed to and accepted this 14th day of JANUARY, 1999.
We agree to ~~bear our proportionate share of the actual costs to drill and~~
complete the Mesaverde formation of the Brookhaven Com B #3B Well subject to the
terms of the November 27, 1951 Operating Agreement and all applicable
supplements and amendments.
Company: ENERGEN RESOURCES MAQ, INC
Name: CHARLES F. SALTZER
Title: VICE PRESIDENT EXPLORATION


CES
1/6/99

**BROOKHAVEN COM B 3B
NEW DRILL
WORKING INTEREST OWNERS**

Energen Resources MAQ, Inc.
Attn: Rich Corcoran
2198 Bloomfield Hwy.
Farmington, NM 87401

Marcia Berger
WWR Enterprises Inc.
Carolyn Nielson Sedberry
Herbert R. Briggs
William C. Briggs
Cronican FA & HB Trust
Cyrus L. Inman
C. Fred Luthy, Jr.
c/o NationsBank, N.A.
Trust Minerals
P.O. Box 2546
Fort Worth, TX 76113-2546

Cheryl L. Potenziani
P.O. Box 36600, Station D
Albuquerque, NM 87176

Roger B. Nielson
6424 Belton
El Paso, TX 79912

BURLINGTON RESOURCES

San Juan Division

Post Office Box 4289

Farmington, New Mexico, 87499

AUTHORITY FOR EXPENDITURE

AFE No.: _____ Property Number: _____ Date: 10/22/98

Lease/Well Name: Brookhaven Com B #3B DP Number: _____

Field Prospect: Blanco Mesaverde Region: Farmington

Location: Unit I, Section 16, T31N, R11W County: San Juan State: New Mexico

AFE Type: Developmental (01) Original ☒ Supplement _____ API Well Type _____

Operator: BURLINGTON RESOURCES

Objective Formation: Blanco Mesaverde Authorized Total Depth: 5600'

Project Description: Drill, complete, and facilitate a Mesaverde well.

Estimated Start Date: Jul-99 Prepared By: Kenneth M. Collins

Estimated Completion Date: Jul-99

GROSS WELL DATA

	Drilling		Workover/ Completion	Construction Facility	Total
	Dry Hole	Suspended			
Days:		<u>7</u>	<u>5</u>	<u>2</u>	<u>14</u>
This AFE:		<u>\$185,600</u>	<u>\$155,888</u>	<u>\$45,000</u>	<u>\$386,488</u>
Prior AFE's:					<u>\$0</u>
Total Costs:	<u>\$0</u>	<u>\$185,600</u>	<u>\$155,888</u>	<u>\$45,000</u>	<u>\$386,488</u>

JOINT INTEREST OWNERS

Company:	Working Interest Percent	Dry Hole \$	Completed \$
ER Oil & Gas Co.:	<u>50.927123%</u>	<u>\$0</u>	<u>\$196,827</u>
TRUST	<u>0.000000%</u>	<u>\$0</u>	<u>\$0</u>
Others:	<u>49.072877%</u>	<u>\$0</u>	<u>\$189,661</u>
AFE TOTAL:	<u>100.000000%</u>	<u>\$0</u>	<u>\$386,488</u>

BURLINGTON RESOURCES APPROVAL

Recommended: Kenneth M. Collins Date: 10-22-98 Recommended: Jim Wadsworth Date: 10/26/98
MV PUD Team MV PUD Team

Approved: Paul C. Cline Date: 10/24/98 Approved: Jim Wadsworth Date: 10-24-98
MV PUD Team MV PUD Team

PARTNER APPROVAL

Company Name: _____

Authorized By: _____ Date: _____

Title: _____

Burlington Resources
Facility Cost Estimate

Well Name: Brookhaven Com B #38
Location: Unit 1, Section 16, T31N, R11W
AFE Type: Developmental (01)
Formation: Blanco Mesaverde

Prepared By: BWF
Date: 10/22/98
Approved By: KNC
Date: 10-22-98

Intangible Costs

Estimated Days: 2.0			
Account Number		Mesaverde Cost	Total Estimated Cost
247			
2	Labor, Consultants, Roustabout	6,000	6,000
03	Company Vehicles	100	100
08	Location Cost	750	750
12	Overhead		0
17	Damages, Property Losses		0
20	Equip. Coating and Insulation	750	750
26	SWD Filtering		0
27	Separators	14,000	14,000
28	Gas Sweetening		0
29	Pumping Units		0
31	Prime Mover		0
32	Tanks	6,500	6,500
33	Metering Equipment		0
34	Flow Line		0
35	Compressors		0
36	Building		0
39	Flowlines, Piping, Valves & Fittings	5,300	5,300
43	Safety		0
44	Technical Contract Services		0
47	Rental Compressor & Maintenance		0
48	Rental Equipment		0
49	Cathodic Protection	6,000	6,000
50	Right Of Way		0
51	Minor Pipelines		0
53	Surface Pumps		0
54	Electrical Accessories		0
55	Miscellaneous-Facility Expense	800	800
57	Pulling Unit Cost @		0
60	Operator Owned Equip. / Facilities (District Tools)		0
62	Env. Compliance (Assessment)		0
63	Env. Compliance (Remediation)		0
65	Direct Labor	500	500
69	Benefits		0
70	Payroll Taxes and Insurance		0
72	Employee Expenses	300	300
73	Freight / Water Transportation	500	500
81	Tubing		0
82	Rods		0
83	Downhole Pumps		0
84	Alternative Artificial Lift Equip.		0
86	Convent Artificial Lift Wellhead Equip.	3,500	3,500
88	Communication Systems		0
96	Gas Dehydrator		0
Total Facilities Cost		46,000	46,000

Burlington Resources
Cost Estimate

Well Name: Brookhaven Com B #38
Location: Unit L Section 16 T31N R11W
AFE Type: 01-Development Drilling
Formation: Blanco Mesa Verde
Proposed TD: 5600'

Prepared By: Kurt A. Shipley
Date: 11/18/97
Approved By: _____
Date: _____
Int. TD: 3200'
Cost/ft: \$33.14

Intangible Costs

Account		Estimated Days: 7.0	Total Estimated Cost
Number			
248			
03	Location Cost		8,000
05	Move-In, Move-out		8,000
07	Rig Cost (7 days @ \$6,000/day)		44,500
08	Safety Equipment		0
10	Drilling Fluid (7 days @ \$1,600/day) + mud		14,900
16	Stimulation Fluids		6,000
17	Bits		11,000
19	Cementing		22,000
22	Coring and Analysis		0
23	Fuel		1,500
25	Rentals		2,000
26	Fishing		0
28	Other Rentals		1,000
29	Transportation		1,500
32	Directional Service		0
33	Inspection		0
34	Logging Services		0
36	Production Testing		0
37	Swabbing, Snubbing Coiled Tubing		0
39	Stimulation		0
43	Consultants (7 days @ \$500/day)		3,500
44	Technical Services		0
45	Roustabout Labor		4,500
46	Miscellaneous		1,000
49	Packer Rentals		0
53	Environmental Costs		1,000
54	Disposal Costs		1,000
60	District Tools		
72	Overhead (7 days @ \$150/day)		1,100
	Total Intangibles		130,500

Tangible Costs

80	Casing			44,900
	9-5/8" 32.3# WC-50	200'	@ \$11.78/ft	2,400
	7" 20.0# J-55	3200'	@ \$9.31/ft	29,800
	4-1/2" 10.5# J-55	2500'	@ \$5.07/ft	12,700
81	Tubing			0
84	Casing & Tubing Equipment			7,200
86	Wellhead Equipment			3,000
	Total Tangibles			66,100

Total Cost

136,600

*Assume 6% sales tax where appropriate

Burlington Resources
Cost Estimate

Well Name: Brookhaven Com B #38
Location: Unit J, Section 16, T31N, R11W
AFE Type: Developmental (01)
Formation: Blanco Mesaverde

Prepared By: KMC
Date: 10/22/98
Approved By: KMC
Date: 10-22-98
2-3/8" Tbg: SECO

Intangible Costs

Estimated Days: 5.0

Total
Estimated
Cost

Account
Number
249

03	Location Cost			4,000
05	Move-In, Move-out			5,000
07	Rig Cost	(5 days @ \$5,500/day)		27,500
08	Safety Equipment			100
10	Air Drilling Fluid	(5 days @ \$1,800/day)		9,000
16	Stimulation Fluids	(4400 Bbls KCL)		10,000
17	Bits			750
18	Cementing			0
22	Coring and Analysis			0
23	Fuel			1,500
25	Rentals (Subsurface)			1,500
26	Fishing			
28	Other Rental (Surface)	(Twelve 400 bbl frac tanks / misc equip)		1,
29	Transportation	(frac tanks, misc equip)		2,000
32	Directional Svc.			0
33	Inspection			750
34	Logging Services	(GR/CNL/CBL and perforating)		10,000
36	Production Testing			0
37	Swabbing, Snubbing, Coiled Tubing			0
39	Stimulation	(MV-2 Slickwater)		50,000
43	Consultants	(6 days @ \$450/day)		2,700
44	Technical Contract Svc.			400
45	Roostabout Labor			0
46	Miscellaneous			1,500
49	Packer Rental			0
53	Env. Cost			0
54	Disposal Cost			250
60	District Tools			0
68	Direct Labor			2,000
72	OH Rig Days - 249, \$134	(7 days @ \$134/day)		938
	Total Intangibles			130,888

Tangible Costs

80	Casing			0
81	Tubing	(5600 ft of 2-3/8" 4.7# tubing)	17,700	17,700
84	Casing & Tubing Equip.	(1.81" Seat nipples / PO plug)	2,800	2,800
86	Wellhead Equipment		4,500	4,500
	Total Tangibles		25,000	25,000

Total Cost

25,000 165,888

ENERGEN RESOURCES MAQ, INC.

2 Houston Center, Suite 2200
909 Fannin - Houston, TX 77010
P. O. Box 4326 - Houston, TX 77210-4326
Main Phone: (713) 739-3000
Telecopier: (713) 739-3423

FAX COVER SHEET

Total number of pages including cover sheet: 9

To: Paul Sparks, Johnny Richardson

Company: Energex

Telecopier Number: 205 326-1855

From: Pam Sykes

Comments: Rush!

If you experience difficulty receiving this fax, please call 713/739-

3295

ENERGEN RESOURCES MAQ, INC.

2 Houston Center, Suite 2200
909 Fannin - Houston, TX 77010
P. O. Box 4323 - Houston, TX 77210-4326
Main Phone: (713) 739-3000
Telecopier: (713) 739-3423

FAX COVER SHEET

Total number of pages including cover sheet: 9

Robert Spangler, Attorney at Law

Company: Energy and

Telecopier Number: 205 326-1858

Total: Don Steen

Comments: _____

If you experience difficulty receiving this fax, please call 713/739-3295.

TRANSMISSION REPORT

MENT WAS SENT
(RECEIVED) SAMPLE ABOVE

```

** COUNT **
PAGES SENT      :    09
PAGES STORED    :    09

```