

BURLINGTON RESOURCES

PLEASE RETURN TO
LAND-FARMINGTON

SAN JUAN DIVISION
CERTIFIED MAIL-Return Receipt Requested

September 15, 1999

WORKING INTEREST OWNERS
ON ATTACHED SHEET

RE: SECOND REQUEST-NEW DRILL PROPOSAL
Brookhaven Com B #3B (Mesaverde)
NE SE Sec. 16, T31N, R11W (E/2 Unit)
San Juan County, New Mexico

Ladies and Gentlemen:

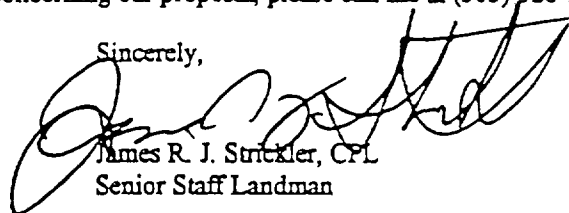
Burlington Resources Oil & Gas Company proposes the drilling and completion of the referenced Mesaverde well (proposed depth: 5,600'), which was originally proposed on December 14, 1998. This project has a total estimated cost of \$386,488.00 to be borne by the working interest owners detailed below:

<u>Name</u>	<u>Working Interest</u>	<u>Cost Share of AFE</u>
Burlington Resources	50.927120%	\$196,827
Energen Resources	24.752346%	\$95,665
Dacresa Group c/o Bank of America	10.394707%	\$40,174
Westport Oil & Gas Company	11.120620%	\$42,980
Cheryl L. Potenziani	.926702%	\$3,582
Roger B. Nielsen	1.878502%	\$7,260
Total:	100.000000%	\$386,488

The blanket operating agreement dated February 1, 1999, proposed on May 18, 1999 is enclosed for your review and approval. Please let us know if you wish to limit this Operating Agreement to the subject drill block lands. A revised Exhibit "A" shall be forwarded to you upon request.

Please indicate your approval of the above well proposal by signing and returning a copy of this letter ballot, AFE, and one (1) executed signature page for the Operating Agreement dated February 1, 1999, on or before September 30, 1999. If you should have any questions concerning our proposal, please call me at (505) 326-9756.

Sincerely,



James R. J. Strickler, CPL
Senior Staff Landman

JRS/cl
Enclosures
xx: NM-387A (Well file)

Agreed to and accepted this _____ day of _____, 1999.

We agree to bear our proportionate share of the actual costs to drill and complete the Mesaverde formation in the Brookhaven Com B #3B well.

Company: _____

Name: _____

Title: _____

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 X 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 \$
BR 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: *Sam Wadsworth* Date: 10/26/98
MV PUD Team MV PUD Team
Approved: *David Noel* Date: 10/26/98 Approved: *Chris D. Smith* Date: 10-9-98
MV PUD Team MV PUD Team

PARTNER APPROVAL

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

BURLINGTON RESOURCES

SAN JUAN DIVISION

CERTIFIED MAIL-Return Receipt Requested

September 15, 1999

WORKING INTEREST OWNERS
SEE BELOW TABLE

RE: Brookhaven Com #9 (Mesaverde/Chacra Dual Completion)
NE SW Sec. 36, T27N, R3W (W/2 Mesaverde Unit & SW/4 Chacra Unit)
San Juan County, New Mexico

Ladies and Gentlemen:

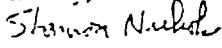
Burlington Resources Oil & Gas Company proposes the drilling and completion of the referenced well as a Mesaverde/Chacra dual completion. This project has a total estimated cost of \$427,630. Each parties working interest in each proposed formation is identified in the table below.

Working Interest Owner	MV Ownership %	CH Ownership %
Burlington Resources Oil & Gas Company	63.427118	75.529781
Cross Timbers Oil Company	1.5625	0.00
Cheryl Potenziani	0.926703	0.529544
Energen Resources Corporation	15.049651	11.630158
Westport Oil & Gas Company	6.761437	5.247607
Carolyn Sedberry	1.878502	1.073430
Roger Nielsen	1.878502	1.073430
C. Fred Luthv Jr.	1.853198	1.058971
Cyrene L. Inman	1.853198	1.058970
FA & HB Cronican Rev Trust	1.052185	0.601249
William C. Briggs	0.938940	0.536537
Herbert R. Briggs	0.939562	0.536893
Marcia Berger	0.939252	0.536715
WWR Enterprises	0.939252	0.536715

The blanket operating agreement dated February 1, 1999, proposed on May 18, 1999 is enclosed for your review and approval. Please let us know if you wish to limit this Operating Agreement to the subject drill block lands. A revised Exhibit "A" shall be forwarded to you upon request.

Please indicate your approval of the above well proposal by signing and returning a copy of this letter ballot, AFE, and one (1) executed signature page for the Operating Agreement dated February 1, 1999, on or September 30, 1999. If you should have any questions concerning our proposal, please call me at (505) 599-4010.

Sincerely,


Shannon Nichols
Petroleum Landman
cc: NM-391A (Well file)

Agreed to and accepted this 11th day of October, 1999.

~~We agree to bear our proportionate share of the actual costs to drill and complete the Brookhaven Com #9 as a dual-completed Mesaverde/Chacra well.~~

Company: ENERGEN RESOURCES CORPORATION

Name:


Joe D. Niederhofer

Title:

General Manager - San Juan Basin

We agree to participate in drilling and completing the Brookhaven Com #9 well subject to the terms of that certain Operating Agreement dated November 27, 1951, as amended.

Burlington Resources
San Juan Division
Post Office Box 4289
Farmington, New Mexico, 87499
(505) 326-9700

AUTHORITY FOR EXPENDITURE

AFE No.: _____ Property Number 0125828000 Date: 9/12/99
Lease/Well Name: BROOKHAVEN COM #9 DP Number: _____
Field Prospect: BLANCO MV & LARGO CHACRA Region: Farmington
Location: K SEC 36 T27N R8W County: SAN JUAN State: NM
AFE Type: DEVELOPMENT 0 Original ☒ Supplement ☐ Addendum ☐ API Well Type _____
Operator: BURLINGTON RESOURCES
Objective Formation: OTERO CHACRA Authorized Total Depth (Feet): 4850'
Project Description: Drill, Comp., & set Facilities for this dual Chacra/Mesaverde
Estimated Start Date: February., 2000 Prepared By: Ralph Neims
Estimated Completion Date: March., 2000

GROSS WELL DATA

	<u>Drilling</u>		<u>Workover/ Completion</u>	<u>Construction Facility</u>	<u>Total</u>
	<u>Dry Hole</u>	<u>Suspended</u>			
Days:		<u>6</u>	<u>9</u>		<u>15</u>
This AFE:		<u>\$80,695</u>	<u>\$86,640</u>	<u>\$22,680</u>	<u>\$190,015</u>
Prior AFE's:					<u>\$0</u>
Total Costs:	<u>\$0</u>	<u>\$80,695</u>	<u>\$86,640</u>	<u>\$22,680</u>	<u>\$190,015</u>

JOINT INTEREST OWNERS

	<u>Working Interest Percent</u>	<u>Dry Hole \$</u>	<u>Completed \$</u>
Company:			
BROG	<u>51.32445 %</u>	<u>\$0</u>	<u>\$97,524</u>
TRUST		<u>\$0</u>	<u>\$0</u>
Others:	<u>48.67555 %</u>	<u>\$0</u>	<u>\$92,491</u>
AFE TOTAL:	<u>100.00000 %</u>	<u>\$0</u>	<u>\$190,015</u>

BURLINGTON RESOURCES

Recommend: _____ Date: _____ Approved: _____ Date: _____
Reservoir Engineer Division Team Leader
Recommend: _____ Date: _____ Approved: _____ Date: _____
Geologist Division Landman

PARTNER APPROVAL

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

Burlington Resources
San Juan Division
Post Office Box 4289
Farmington, New Mexico, 87499
(505) 326-9700

AUTHORITY FOR EXPENDITURE

AFE No.: _____ Property Number 071603200 Date: 9/12/99
Lease/Well Name: BROOKHAVEN COM #9 DP Number: _____
Field Prospect: BLANCO MV & LARGO CHACRA Region: Farmington
Location: K SEC 36 T27N R8W County: SAN JUAN State: NM
AFE Type: DEVELOPMENT 0 Original ☒ Supplement ☐ Addendum ☐ API Well Type _____
Operator: BURLINGTON RESOURCES
Objective Formation: BLANCO MESAVERDE Authorized Total Depth (Feet): 4850'
Project Description: Drill, Comp., & set Facilities for this dual Mesaverde/Chacra
Estimated Start Date: February., 2000 Prepared By: R. NELMS
Estimated Completion Date: March., 2000

GROSS WELL DATA

	Drilling		Workover/ Completion	Construction Facility	Total
	Dry Hole	Suspended			
Days:		<u>6</u>	<u>9</u>		<u>15</u>
This AFE:		<u>\$80,695</u>	<u>\$125,940</u>	<u>\$30,980</u>	<u>\$237,615</u>
Prior AFE's:					<u>\$0</u>
Total Costs:	<u>\$0</u>	<u>\$80,695</u>	<u>\$125,940</u>	<u>\$30,980</u>	<u>\$237,615</u>

JOINT INTEREST OWNERS

	Working Interest Percent	Dry Hole \$	Completed \$
Company:			
BROG	<u>63.42712 %</u>	<u>\$0</u>	<u>\$150,712</u>
TRUST		<u>\$0</u>	<u>\$0</u>
Others:	<u>36.57288 %</u>	<u>\$0</u>	<u>\$86,903</u>
AFE TOTAL:	<u>100.00000 %</u>	<u>\$0</u>	<u>\$237,615</u>

BURLINGTON RESOURCES

Recommend: _____ Date: _____ Approved: _____ Date: _____
Reservoir Engineer Division Team Leader
Recommend: _____ Date: _____ Approved: _____ Date: _____
Geologist Division Landman

PARTNER APPROVAL

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

Drilling Estimate

Well Name: BROOKHAVEN COM #9
 Location: K SEC 36 T27N R8W
 AFE Type: DEVELOPMENT 01
 Formation: BLANCO MV & LARGO CHACRA

Prepared By: Leslie White
 Date: 9/12/99
 Approved By: _____

Intangible Costs

Account Number	Estimated Days:	MV	CHACRA	Total
		Cost	Cost	Estimated Cost
248				
02	Location, Roads or Canals	0	0	0
03	Construction and Maintenance	4,250	4,250	8,500
04	Surface Restoration	0	0	0
05	Move-in, Move-out	3,750	3,750	7,500
07	Fees of Contractor - Daywork 6 days @\$ 5671 perday	17,013	17,013	34,026
09	Drilling Fluid System - Liquids	0	0	0
10	Gas and Air Drilling	0	0	0
16	Stimulation Fluids	5,000	5,000	10,000
17	Bits	5,500	5,500	11,000
18	Primary Cement	7,500	7,500	15,000
19	Remedial Cementing	0	0	0
23	Fuel/Electricity	0	0	0
25	Drill Work String Rentals (Surface)	0	0	0
26	Fishing Tool Rentals	0	0	0
27	Tank Rentals	0	0	0
28	Other Rental	0	0	0
29	Transportation	375	375	750
30	Offsite Disposal Service	0	0	0
33	Tubular Inspection	700	700	1,400
34	Cased Hole Services	12,500	12,500	25,000
43	Consultants 6 days @\$ 400 perday	1,200	1,200	2,400
44	Technical Contract Svc.	0	0	0
45	Roustabout Labor	500	500	1,000
46	Miscellaneous	250	250	500
49	Packer Rental	0	0	0
53	Env. Cost	250	250	500
54	Disposal Cost	0	0	0
60	District Tools	250	250	500
72	Overhead (Contingency 5%)	423	423	846
	Total Intangibles	59,461	59,461	118,922

Tangible Costs

80	Casing (COPAS Price)			
	200 FT 8 5/8" 24.0# K-55 \$ 12.46/ft*	1,246	1,246	2,492
	4850 FT 5 1/2" 15.5# K-55 \$ 7.83/ft*	18,988	18,988	37,976
81	Tubing (COPAS Price)	0	0	0
82	Packers and Bridge Plugs	0	0	0
84	Casing/Liner Equipment	0	0	0
86	Wellhead Equipment & Tree	1,000	1,000	2,000
	Total Tangibles	21,234	21,234	42,468

Total Completion Cost

80,695 80,695 161,390

* All costs include tax where applicable.

Completion Estimate

Well Name: BROOKHAVEN COM #9
 Location: K SEC 36 T27N R8W
 AFE Type: DEVELOPMENT 01
 Formation: BLANCO MV & LARGO CHACRA

Prepared By: P.M. PIPPIN
 Date: 9/12/99
 Approved By: _____

Intangible Costs

Account Number	Estimated Days:	MV Cost	CHACRA Cost	Total Estimated Cost
249				
02	Location, Roads or Canals	500	500	1,000
03	Construction and Maintenance			0
04	Surface Restoration	500	500	1,000
05	Move-in, Move-out	1,500	1,500	3,000
07	Fees of Contractor - Daywork 9 DAYS	10,130	10,130	20,260
09	Drilling Fluid System - Liquids			0
10	Gas and Air Drilling	5,000	5,000	10,000
12	Specialty Fluids and Chemicals	500	500	1,000
15	Onsite Disposal Svc.			0
16	Fresh Water	3,000	1,000	4,000
17	Bits	300	300	600
18	Primary Cement			0
19	Remedial Cementing			0
23	Fuel/Electricity	1,000	1,000	2,000
25	Drill Work String Rentals (Surface)			0
26	Fishing Tool Rentals			0
27	Tank Rentals	2,700	300	3,000
28	Other Rental	500	500	1,000
29	Transportation	500	500	1,000
30	Offsite Disposal Service			0
33	Tubular Inspection			0
34	Cased Hole Services	6,200	5,200	11,400
37	Swabbing & Coiled Tubing			0
38	Stimulation	2,000	2,000	4,000
39	Fracturing	60,000	32,000	92,000
43	Consultants			0
44	Technical Contract Svc.	3,800	2,500	6,300
45	Roustabout Labor			0
46	Miscellaneous			0
49	Packer Rental	1,500	1,500	3,000
72	Overhead (Contingency 5%)	6,000	4,130	10,130
74	Employee Expense	3,380	3,380	6,760
	Total Intangibles	109,010	72,440	181,450

Tangible Costs

81	Tubing 1-1/2" 2.76# J-55 IJ @ \$2.33/FT (3000 ft		6,700	6,700
81	Tubing 1-1/2" 2.9# shavedEUE @ \$2.051 (4450 ft	9,130		9,130
82	Packers and Bridge Plugs	2,100	2,100	4,200
84	Casing/Liner Equipment			0
85	Tubing Equipment	500	200	700
86	Wellhead Equipment & Tree	5,200	5,200	10,400
	Total Tangibles	16,930	14,200	31,130

Total Completion Cost	125,940	86,640	212,580
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Facilities Estimate

Well Name: BROOKHAVEN COM #9
 Location: K SEC 36 T27N R8W
 AFE Type: DEVELOPMENT 01
 Formation: BLANCO MV & LARGO CHACRA

Prepared By: P.M. PIPPIN
 Date: 9/12/99
 Approved By: _____

Tangible Costs

Account Number	Estimated Days:	MV	CH	Total
		Cost	Cost	Estimated Cost
247				
02	Labor-Contract, Roustabout, Consultants	2,000	2,000	4,000
03	Company Vehicles			0
08	Location, Roads & Canals			0
12	Overhead			0
17	Damages, Property Losses			0
20	Equip. Coating and Insulation			0
26	SWD Filtering			0
27	Separators	14,000	9,600	23,600
28	Gas Sweetening			0
29	Pumping Units			0
31	Prime Mover			0
32	Tanks	4,500	1,000	5,500
33	Metering Equipment			0
34	Flow Line			0
36	Building			0
39	Flowlines, Piping, Valves & Fittings	1,500	1,500	3,000
35	Compressors (Screw w/200# dis.)			0
44	Technical Contract Svc.			0
47	Rental Compressors & Maintenance			0
48	Rental Equipment			0
49	Cathodic Protection	3,000	3,000	6,000
50	Right Of Way			0
51	Minor Pipelines			0
53	Surface Pumps			0
54	Electrical Accessories	3,000	3,000	6,000
55	Miscellaneous-Facility Expense	1,000	1,000	2,000
57	Pulling Unit Costs			0
60	Oper. Owned Equip/Facilities			0
62	Env. Compliance-Assessment			0
63	Env. Compliance (Remediation)			0
68	Direct Labor			0
69	Benefits			0
73	Freight /Transportation	500	500	1,000
72	Overhead (Contingency 5%)	1,480	1,080	2,560
81	Tubing			0
82	Rods			0
83	Downhole Pumps			0
84	Alternative Artificial Lift Equip.			0
86	Convent Artificial Lift Wellhead Equip.			0
88	Communication Systems			0
95	Employee Meals			0
96	Gas Dehydrator			0
Total Facility Cost		30,980	22,680	53,660