



# BURLINGTON RESOURCES

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SAN JUAN DIVISION

September 9, 1999

VIA FAX-205-326-2738

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

RE. Proposed Operating Agreement  
dated February 1, 1999  
GLA-46  
San Juan County, New Mexico

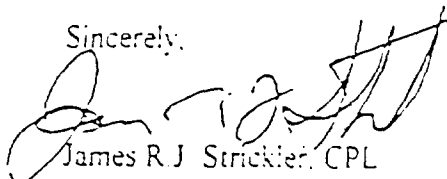
Dear Mr. Corcoran,

Please find enclosed a spreadsheet outlining eight (8) well proposals or re-stimulation projects involving GLA-46 lands. Energen's share of these projects amounts to \$269,002.00, with a Net Reserve add of 722,000 mcf at an enviable cost to find of \$0.37 per mcf. Burlington encourages Energen's joinder of the previously submitted well Afe's and execution of the proposed operating agreement to allow development of these lands. If we don't hear positively from Energen by September 25, 1999, we will initiate force pooling of your interest before the NMOCDC in the aforementioned wells. As we discussed on the phone, it makes good business sense to enter into a modern operating agreement to orderly develop these lands. Burlington is also prepared to make you a cash offer to purchase your GLA interest as another alternative.

Please let us hear from you soon. The proposed JOA was forwarded to you on May 18, 1999.

If you should have any questions concerning the enclosed material, please call me at (505) 326-9736.

Sincerely,



James R. J. Strickler, CPL  
Senior Staff Landman

JRS:dg  
GLA-46 Letter

| Proposal Date                       | Well Name                          | Location / Formation                      | Gross Net Reserves MMCF | Gross AFE   | Energen/ Westport      | Energen 69% Share of AFE | Westport 31% Share of AFE |
|-------------------------------------|------------------------------------|-------------------------------------------|-------------------------|-------------|------------------------|--------------------------|---------------------------|
| 7/30/98                             | Brookhaven Com #8<br>New Drill     | NW/4 36, T27N R8W<br>Chacra Formation     | 1,130/ 270              | \$427,630   | 26.69% CH<br>21.81% MV | \$70,759.00              | \$31,790.00               |
|                                     | New Drill                          | W/2 36, T27N, R8W<br>Mesaverde Formation  |                         |             |                        |                          |                           |
| Pending<br>Not formerly<br>Proposed | Brookhaven Com #9<br>New Drill     | NW/4 36, T27N R8W<br>Chacra Formation     | 1,130/ 270              | \$427,630   | 26.69% CH<br>21.81% MV | \$70,759.00              | \$31,790.00               |
|                                     | New Drill                          | W/2 36, T27N, R8W<br>Mesaverde Formation  |                         |             |                        |                          |                           |
| 12/14/98                            | Brookhaven Com B #3B<br>New Drill  | E/2 16, T31N, R11W<br>Mesaverde Formation | 1,250/448               | \$386,488   | 35.87%                 | \$95,657.00              | \$42,976.00               |
| 12/30/98                            | Brookhaven Com C #10               | NW/4 23, T31N, R10W<br>PC Restimulation   | 1,122/48                | \$89,530    | 4.30%                  | \$2,654.00               | \$1,193.00                |
| 12/30/98                            | Brookhaven Com M #15               | SW/4 16, T31N, R10W<br>PC Restimulation   | 1,122/48                | \$89,530    | 4.30%                  | \$2,654.00               | \$1,193.00                |
| 2/5/99                              | Brookhaven Com K #13R<br>New Drill | NE/4 16, T31N, R10W<br>PC Formation       | 1,122/96                | \$163,510   | 8.54%                  | \$9,635.00               | \$4,329.00                |
| 2/5/99                              | Atlantic Com D #11R<br>New Drill   | NE/4 23, T31N, R10W<br>PC Formation       | 1,122/51                | \$173,860   | 4.51%                  | \$5,410.00               | \$2,431.00                |
| 2/24/99                             | Kelly A #5R<br>New Drill           | EW/4 15, T31N, R10W<br>PC Formation       | 1,122/45                | \$413,650   | 4.02%                  | \$11,474.00              | \$5,155.00                |
| Total 8 Wells                       |                                    |                                           | 9,120/1276              | \$2,171,020 |                        | \$269,002                | \$120,857                 |

Energen Cost Share of Afe's \$269,002 divided by Net Reserves 722 Mcf = \$0.37 Cost per MCF  
722 (880 MMCF Gross reserves x 82% NRI)= 722 Net MMCF

Westport Cost Share of Afe's \$120,857 divided by 325 Net Reserves = \$0.37 Cost per MCF  
(396 Gross reserves x 82% NRI)= 325 Net MMCF