

BURLINGTON RESOURCES

PLEASE RETURN TO
LAND-FARMINGTON

SAN JUAN DIVISION

CERTIFIED MAIL-Return Receipt Requested

September 15, 1999

WORKING INTEREST OWNERS
SEE BELOW TABLE

RE: SECOND REQUEST-NEW DRILL PROPOSAL

Brookhaven Com #8 (Mesaverde/Chacra Dual Completion)
NE NW Sec. 36, T27N, R8W (W/2 Mesaverde Unit & NW/4 Chacra Unit)
San Juan County, New Mexico

Ladies and Gentlemen:

Burlington Resources Oil & Gas Company proposes the drilling and completion of the referenced Mesaverde/Chacra dual completion (proposed depth: 4,850'), which was originally proposed on July 30, 1998. 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	51.324453
Cross Timbers Oil Company	1.5625	3.125
Cheryl Potenziani	0.926703	1.323861
Energen Resources Corporation	15.049651	18.419144
Westport Oil & Gas Company	6.761437	8.275267
Carolyn Sedberry	1.878502	2.683575
Roger Nielsen	1.878502	2.683575
C. Fred Luthy Jr.	1.853198	2.647426
Cyrene L. Inman	1.853198	2.647426
FA & HB Cronican Rev Trust	1.052185	1.503122
William C. Briggs	0.938940	1.341343
Herbert R. Briggs	0.939562	1.342232
Marcia Berger	0.939252	1.341788
WWR Enterprises	0.939252	1.341788

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

Shannon Nichols

Petroleum Landman

cc: NM-391A (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 Brookhaven Com #8 as a dually completed Mesaverde/Chacra well.

Company: _____

Name: _____

Title: _____

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

AUTHORITY FOR EXPENDITURE

AFE No.: 5R79 Property Number 0125828000 Date: 7/2/98
Lease/Well Name: BROOKHAVEN COM #8 DP Number: _____
Field Prospect: BLANCO MV & LARGO CHACRA Region: Farmington
Location: C SEC 36 T27N R8W County: SAN JUAN State: NM
AFE Type: DEVELOPMENT 01 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: Sept., 1998 Prepared By: Tap Harns
Estimated Completion Date: Oct., 1998

GROSS WELL DATA

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

JOINT INTEREST OWNERS

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

BURLINGTON RESOURCES

Recommend: NB/knts Date: 7/10/98 Approved: JW Caldwell Date: 7/17/98
Reservoir Engineer Division Team Leader
Recommend: John F. 25 Date: 7/17/98 Approved: John F. 25 Date: 7-23-98
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.: 5R79 Property Number 0125828000 Date: 7/2/98
Lease/Well Name: BROOKHAVEN COM #8 DP Number: _____
Field Prospect: BLANCO MV & LARGO CHACRA Region: Farmington
Location: C SEC 36 T27N R8W County: SAN JUAN State: NM
AFE Type: DEVELOPMENT 01 Original ☒ Supplement ☐ Addendum ☐ API Well Type _____
Operator: BURLINGTON RESOURCES
Objective Formation: OTERO CHACRA Authorized Total Depth (Feet): 4850'
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	Dry Hole	Suspended			
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

Company:	Working Interest	Dry Hole \$	Completed \$
	Percent		
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: NB/kms Date: 7/14/98 Approved: JW Caldwell / pmd Date: 7/17/98
Reservoir Engineer Division Team Leader
Recommend: JH 1007 Date: 7/17/98 Approved: JH 35 Date: 7.23.98
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.: 5R80 Property Number 071603200 Date: 7/2/98
Lease/Well Name: BROOKHAVEN COM #8 DP Number: _____
Field Prospect: BLANCO MV & LARGO CHACRA Region: Farmington
Location: C SEC 36 T27N R8W County: SAN JUAN State: NM
AFE Type: DEVELOPMENT 01 Original X 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: Sept., 1998 Prepared By: Tap Harns
Estimated Completion Date: Oct., 1998

GROSS WELL DATA

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

JOINT INTEREST OWNERS

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

BURLINGTON RESOURCES

Recommend: N Roberts Date: 7/16/98 Approved: JW Caldwell Date: 7/17/98
Reservoir Engineer Division Team Leader
Recommend: Mark Stettin Date: 7/17/98 Approved: John Stettin Date: 7-23-98
Geologist Division Landman

PARTNER APPROVAL

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

Burlington Resources

Name: Brookhaven Com #8
 Location: NW Sec 36, T27N R08W
 City, State: San Juan, NM
 Field: Otero Chacra / Blanco Mesa Verde
 Formation: Otero Chacra / Blanco Mesa Verde
 Proposed TD: 4850

Prepared By: Leslie C. White
 Date: 07/02/98
 Approved By: Leslie C. White 7/16/98
 AFE Type: 01
 Total Days: 6
 Intermediate TD: NA
 Est \$/ft: \$33.28

DRLG-248		INTANGIBLE DRILLING COST		MV COST	CH COST	TOTAL COST
03	Location			\$4,250	\$4,250	\$8,500
05	Move in/Move out			\$3,750	\$3,750	\$7,500
07	Rig Cost	6	days @ \$ 5671 per day	\$17,013	\$17,013	\$34,026
08	Safety Equipment			\$0	\$0	\$0
10	Gas & Air Drilling			\$0	\$0	\$0
16	Stimulation Fluids			\$5,000	\$5,000	\$10,000
17	Bits			\$5,500	\$5,500	\$11,000
18	Cementing			\$7,500	\$7,500	\$15,000
22	Coring & Analysis			\$0	\$0	\$0
23	Fuel/Electricity			\$0	\$0	\$0
25	Rentals			\$0	\$0	\$0
26	Fishing Tool			\$0	\$0	\$0
28	Other Rentals			\$0	\$0	\$0
29	Transportation			\$375	\$375	\$750
32	Directional Services			\$0	\$0	\$0
33	Tubular Inspection & Repair			\$700	\$700	\$1,400
	Lifting Services			\$12,500	\$12,500	\$25,000
	Consultants	6	days @ \$ 400 per day	\$1,200	\$1,200	\$2,400
	Technical Contract Services			\$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	Company Supervision & Overh	6	days @ \$ 141 per day	\$423	\$423	\$846
Total Intangibles				\$59,461	\$59,461	\$118,922
		TANGIBLE DRILLING COST				
80	Casing (COPAS Price)					
	200 FT	8 5/8 "	24.0 # K55	\$ 12.46 /ft*	\$1,246	\$1,246
	4850 FT	5 1/2 "	15.5 # K55	\$ 7.83 /ft*	\$18,988	\$18,988
81	Tubing (COPAS Price)				\$0	\$0
82	Packers, Screens, & Bridge Plugs				\$0	\$0
84	Casing/Tubing Equipment				\$0	\$0
86	Wellhead Equip & Xmas Tree				\$1,000	\$1,000
Total Tangibles					\$21,234	\$21,234
TOTAL DRILLING COST ESTIMATE					\$80,695	\$80,695
						\$161,390

* All costs include tax where applicable.

Burrington Completion Estimate

Well Name: BROOKHAVEN COM #8
 Location: C SEC 36 T27N R8W
 AFE Type: DEVELOPMENT 01
 Formation: BLANCO MV & LARGO CHACRA

Prepared By: P.M. PIPPIN
 Date: 7/2/98
 Approved By: _____

Intangible Costs

Account Number	Estimated Days:			Total Estimated Cost
		MV Cost	CHACRA 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
25	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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Burlington Resources Oil & Gas
Facilities Estimate

Well Name: BROOKHAVEN COM #8
Location: C SEC 36 T27N R8W
AFE Type: DEVELOPMENT 01
Formation: BLANCO MV & LARGO CHACRA

Prepared By: P.M. PIPPIN
Date: 7/2/98
Approved By: _____

Tangible Costs

Estimated Days:				Total
Account		MV	CH	Estimated
Number		Cost	Cost	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