

TOTAL

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10727 *LN*

TOTAL MINATOME CORPORATION

May 23, 1997

Burlington Resources, Inc.
3535 East 30th St.
P.O. Box 4289
Farmington, New Mexico 87499-4289
Attention: James J. Strickler

MAY 30 1997

PRODUCTION ACCTG.

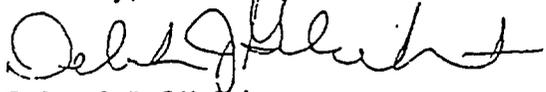
Re: Marcotte #2
Pennsylvanian formation
Section 8, T31N-R10W
San Juan County, New Mexico

Gentlemen:

Total Minatome Corporation (TMC) agrees to participate in the above referenced well per the terms and conditions of the Farmout and Operating Agreement dated November 27, 1951, between Brookhaven Oil Company and San Juan Production Company, as amended and supplemented.

Enclosed is one fully executed copy of your participation letter dated April 22, 1997 on behalf of TMC.

Sincerely,



Deborah J. Gilchrist
Landman



vpc 6/9/97

BURLINGTON RESOURCES

SAN JUAN DIVISION

April 22, 1997

LB 4-25
PS

CERTIFIED MAIL-RETURN RECEIPT

RECEIVED

APR 25 1997

To Working Interest Owners
(see list below)

LAND ADMINISTRATION

RE: Marcotte #2 Well
Pennsylvanian formation
Proposed depth 14,000'
ALL Section 8, T31N-R10W
639.78 acres, more or less
San Juan County, New Mexico

Gentlemen:

Burlington Resources Oil & Gas Company (Burlington) proposed to drill and complete the captioned well in the Pennsylvanian formation. The approximate location is 1540' FSL, 935' FEL (NE/SE) Section 8, T31N-R10W, with a proposed depth of 14,000'. Attached for your consideration and approval is one (1) copy of our Well Cost Estimate to drill and complete the subject well for \$2,316,973.00. Our records indicate the ownership of the well and AFE share to be as follows:

<u>Company</u>	<u>GW</u>	<u>AFE Share</u>
Burlington	9.310450%	\$ 215,721.00
Conoco Inc.	9.310450%	\$ 215,720.00
Amoco Production Company	68.073400%	\$1,577,242.00
Total Minatome Corp.	4.652200%	\$ 107,790.00
Cross Timbers Oil Co., LP	3.374700%	\$ 78,191.00
Lee Wayne Moore and JoAnn Montgomery Moore, Trustees	2.251700%	\$ 52,171.00
George William Umbach	1.416600%	\$ 32,822.00
Robert Warren Umbach	1.416600%	\$ 32,822.00
Lowell White Family Trust	.048460%	\$ 1,123.00
Walter A. Steele	.048460%	\$ 1,123.00
Estate of G. W. Hannett	.040380%	\$ 936.00
T. G. Cornish	.032300%	\$ 748.00
Patricia Hueter	.008100%	\$ 188.00
Mary Emily Voller	.008100%	\$ 188.00
A. T. Hannett	.008100%	\$ 188.00
	<u>100.000000%</u>	<u>\$2,316.973.00</u>

Working Interest Owners
April 22, 1997
Page 2

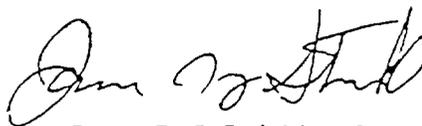
An Operating Agreement is enclosed for your review and approval.

If you wish to participate in the drilling of the above referenced well, please verify your interest and return the following within thirty (30) days to the undersigned:

1. One (1) executed copy of this letter
2. One (1) executed copy of the Well Cost Estimate
3. One (1) executed signature page for the Operating Agreement dated April 1, 1997

Your prompt attention to this proposal is requested as we plan to begin operations in the near future. Please advise in writing if you do not wish to participate.

Very truly yours,



James R. J. Strickler, CPL
Senior Staff Landman
(505) 326-9756

JRS:ll

The undersigned hereby elects this 23 day of MAY, 1997, to participate in ~~and pay its proportionate share of the well costs for the drilling~~ and completion of the Marcotte #2, as correctly shown above, under the terms of the Farmout and Operating Agreement dated November 27, 1951, between Brookhaven Oil Company and San Juan Production Company as amended and supplemented.

COMPANY/OWNER: TOTAL MINATOME CORPORATION

BY: _____

TITLE: Vice President

Handwritten initials

Meridian Oil Inc.
Facilities Estimate

Well Name: Marcotte #2
 Location: Sec 8, T31N R10W
 AFE Type: 01-Exploration
 Formation: Pennsylvanian

Prepared By: C.E. Lane *CEL*
 Date: 3/17/97
 Approved By: _____
 Date: _____

Tangible Costs

Account Number	Estimated Days:	Total Estimated Cost
247		
02	Labor-Contract, Roustabout, Consultants	15,000
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	0
28	Gas Sweetening	0
29	Pumping Units	0
31	Prime Mover	0
32	Tanks	9,500
33	Metering Equipment	15,000
34	Flow Line	0
35	Compressors	0
36	Building	0
39	Flowlines, Piping, Valves & Fittings	11,000
43	Safety	0
44	Technical Contract Svc.	0
47	Rental Compressors & Maintenance	0
48	Rental Equipment	0
49	Cathodic Protection	12,000
50	Right Of Way	2,500
51	Minor Pipelines	0
53	Surface Pumps	0
54	Electrical Accessories	0
55	Miscellaneous-Facility Expense	0
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
70	Payroll Taxes and Insurance	0
72	Overhead (Contingency 5%)	0
73	Freight/Transportation	0
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	54,000
Total Facility Cost		119,000

Meridian Oil Inc.
Completion Estimate

Well Name: Marcone #2
Location: 31N-10W-See 8
AFE Type: New Drill - 01
Formation: Pennsylvanian

Prepared By: C. E. Lane
Date: 5/17/97
Approved By: _____
Date: _____

C. E. Lane

Account Number	Estimated Days: 15	Total Estimated Cost
249		
02	Location, Roads or Canals	\$100
03	Construction and Maintenance	\$3,000
04	Surface Restoration	\$9,000
05	Move-in, Move-out	\$6,250
06	Fees of Contractor - Footage	\$0
07	Fees of Contractor - Daywork	\$39,950
08	Fire and Safety Equip.	\$8,500
09	Drilling Fluid System - Liquids	
10	Gas and Air Drilling	\$25,000
11		
12	Specialty Fluids and Chemicals	\$500
14	Salt/Brine Water	\$2,500
15	Onsite Disposal Svc.	
16	Fresh Water	\$15,000
17	Bits	\$750
18	Primary Cement & Svc's	\$0
19	Remedial Cementing	\$2,000
23	Fuel / Electricity	\$2,250
24	BOP & Wellhead Rentals(Surface)	\$6,000
25	Drill Work String Rentals	\$1,500
26	Fishing Tool Rentals	\$0
27	Tank Rentals	\$4,000
28	Other Rental	\$3,500
29	Transportation	\$2,250
30	Offsite Disposal Service	
33	Tubular Inspection	\$1,000
34	Cased Hole Services	\$30,000
36	Production Testing	
37	Swabbing & Coiled Tubing	
38	Stimulation	\$10,000
39	Fracturing	\$50,000
40	Casing Crews and Laydown	
41	Gravel Pack/Sand Control	
42	BOP Testing	
43	Consultants	\$10,650
44	Technical Contract Svc.	
45	Roustabout Labor	\$3,000
46	Miscellaneous	\$450
48	Communication Systems	\$500
49	Packer Rental	\$2,200
50	Pumping Charges	
60	Oper. Owned Equip/Facilities	
62	Env. Compliance-Assessment	
63	Env. Compliance (Remediation)	
65	Company Vehicles	
68	Direct Labor	
69	Benefits	
70	Payroll Taxes and Insurance	
72	Company Supervisor	
74	Employee Expense	
79	Employee Meals	
	Total Intangibles	\$261,850
	Tangible Costs	
80	Casing	\$0
81	Tubing and Tiebacks	\$72,223
82	Packers and Bridge Plugs	\$25,000
84	Casing/Liner Equipment	
85	Tubing Equipment	\$3,000
86	Wellhead Equipment & Tree Tbg spool, flange, and tree	\$45,000
	Total Tangibles	\$145,223
	Total Completion Cost	\$407,073

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