

ENRON

Oil & Gas Company

P. O. Box 2267 Midland, Texas 79702 (915) 686-3600

March 29, 1991

Anne Mitchell Keenan
Box 248
Avenal, California 93204

CHRIS. KEENAN husband

RE: Cedar Lake Prospect
Request for Term Assignment
S/2 SE/4 Section 35, T17S, R30E,
Eddy County, New Mexico

KEENAN FARMS

209-386-9516

Gentlemen:

Enron Oil & Gas Company hereby requests a term assignment of your interest covering the referenced lands. Subject to a mutually agreeable assignment form, Enron offers the following general terms:

1. \$200 per net acre or a total of \$800.00.
According to our records you own 5% interest in this 80 net acres.
2. Three year term.
3. Deliver Enron 81.25% NRI.
4. All depths to be included in the assignment.

If the above trade is acceptable, please so indicate by executing and returning one copy of this Letter Agreement to the undersigned.

Should you have any questions concerning this offer, please feel free to give me a call.

Sincerely,

ENRON OIL & GAS COMPANY

Patrick J. Tower
Patrick J. Tower
Project Landman

PJT/cl

AGREED TO AND ACCEPTED THIS _____ DAY OF
_____, 1991.

By: _____
ANNE MITCHELL KEENAN

BEFORE EXAMINER STOGNER
OIL CONSERVATION DIVISION
<i>ENRON</i> EXHIBIT NO. <u>2</u>
CASE NO. <u>10827</u>

10/10/91

Talked to Mrs. Brigham. She said they would want to participate as they only have small interest. I asked her if they would give term assg. on $\frac{1}{2}$ & keep right to join or give term assg. on other $\frac{1}{2}$ when well admitted & she declined. Due to small interest - cash not meaningful. She said they & Keenan's normally work as group in decisions, but admitted they are not close. She was surprised that federal records show Brigham's w/ 1.5% and Keenan's

w/ 5%. Normally Brigham's have more. Also, she thought Anne Mitchell Keenan's interest was divided among her & her brother George Mitchell. George lives there locally where Brigham's live. She said Mitchell's do not get along. She also said they hired 3 lawyers within last year or so to straighten out ownership & recently gave some assignments to Keenan's (not on this). Left it with Mrs. Brigham that if and when

1st well successful & we decided to drill in spz we would re-contact them.

PJT

ENRON

Oil & Gas Company

P. O. Box 2267 Midland, Texas 79702 (915) 686-3600

March 29, 1991

Lee Roy Brigham and Doris Ann Brigham
Trustees Under Declaration of Trust
Dated 02/24/1984
9171 Patrick Ave.
Arleta, California 91331

RE: Cedar Lake Prospect
Request for Term Assignment
S/2 SE/4 Section 35, T17S, R30E,
Eddy County, New Mexico

Gentlemen:

Enron Oil & Gas Company hereby requests a term assignment of your interest covering the referenced lands. Subject to a mutually agreeable assignment form, Enron offers the following general terms:


1. \$200 per net acre or a total of \$240.00.
According to our records you own 1.5% interest in this 80 net acres.
2. Three year term.
3. Deliver Enron 81.25% NRI.
4. All depths to be included in the assignment.

If the above trade is acceptable, please so indicate by executing and returning one copy of this Letter Agreement to the undersigned.

Should you have any questions concerning this offer, please feel free to give me a call.

Sincerely,

ENRON OIL & GAS COMPANY


Patrick J. Tower
Project Landman

PJT/cl

AGREED TO AND ACCEPTED THIS _____ DAY OF _____, 1991.

By: _____
LEE ROY BRIGHAM, TRUSTEE

By: _____
DORIS M. BRIGHAM, TRUSTEE

ENRON

Oil & Gas Company

P. O. Box 2267 Midland, Texas 79702 (915) 686-3600

April 15, 1991

Lee Roy Brigham and Doris Ann Brigham
Trustees Under Declaration of Trust
Dated 02/24/1984
22303 Golden Canyon Circle
Chatsworth, California 91311

RE: Cedar Lake Prospect
Request for Term Assignment
SW/4 Section 35, T17S, R30E,
Eddy County, New Mexico

Gentlemen:

Enron Oil & Gas Company hereby requests a term assignment of your interest covering the referenced lands. Subject to a mutually agreeable assignment form, Enron offers the following general terms:

1. \$200 per net acre or a total of \$240.00
According to our records you own 1.5% interest in this 80 net acres.
2. Three year term.
3. Deliver Enron 81.25% NRI.
4. All depths to be included in the assignment.

If the above trade is acceptable, please so indicate by excuting and returning one copy of this Letter Agreement to the undersigned.

Should you have any questions concerning this offer, please feel free to give me a call.

Sincerely,

ENRON OIL & GAS COMPANY

Patrick J. Tower
Project Landman

PJT/cl

AGREED TO AND ACCEPTED THIS _____ DAY OF _____, 1991.

LEE ROY BRIGHAM AND DORIS ANN BRIGHAM
TRUSTEES UNDER DECLARATION OF TRUST
DATED 02-24-1984

By: _____
LEE ROY BRIGHAM

By: _____
DORIS ANN BRIGHAM Part of the Enron Group of Energy Companies

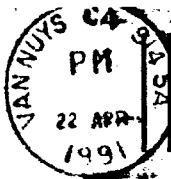
<p>● SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.</p> <p>Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.</p> <p>1. <input type="checkbox"/> Show to whom delivered, date, and addressee's address. (Extra charge) 2. <input type="checkbox"/> Restricted Delivery (Extra charge)</p>	
<p>3. Article Addressed to:</p> <p>Lee Roy Brigham and Doris Ann Brigham Trustees U/Declaration of Trust 22303 Golden Canyon Circle Chatsworth, California 91311</p>	<p>4. Article Number</p> <p>P 139 242 751</p>
<p>5. Signature — Address</p> <p>X</p>	<p>Type of Service:</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise</p>
<p>6. Signature — Agent</p> <p>X <i>Lee Roy Brigham</i></p>	<p>8. Addressee's Address (ONLY if requested and fee paid)</p>
<p>7. Date of Delivery</p> <p>4-22-91</p>	

UNITED STATES POSTAL SERVICE
OFFICIAL BUSINESS

SENDER INSTRUCTIONS

Print your name, address and ZIP Code in the space below.

- Complete Items 1, 2, 3, and 4 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.



RECEIVED

APR 25 1991

LAND DEPT.



PENALTY FOR PRIVATE
USE, \$300

RETURN
TO



Cedar Lake Pr[?]sp

Print Sender's name, address, and ZIP Code in the space below.

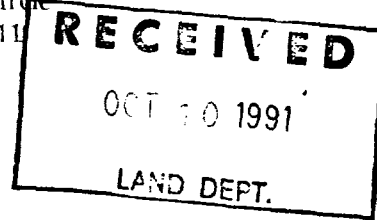
ENRON OIL & GAS

P. O. BOX 2267

MIDLAND, TEXAS 79702

ATTN: PATRICK J. TOWER

L. R. & D. A. Brigham
22303 Golden Canyon Circle
Chatsworth, CA 91311



Dear Mr. Lowe,

I have tried a number of times to reach you, but as I was returning your call, I called Collect & got only your answering machine. I ran across this address for you today. As we will not be available from Oct 13-26, I hope you can call us again sometime this week if it is still relevant.

Lorislann Brigham
(Mrs. Lee Brigham)
818-341-5330

Revised July 93

ENRON Oil & Gas Company

Drilling AFE

AFE Type

AFE No.	100291
Enron W.L.	37.50000% BCP 37.50000% ACP
Enron AFE Amt (DHC)	\$219,863
(CWC)	\$346,650
Division	MIDLAND
AFE Beg. Date	07-26-93
Budget Year	1993

<u>Wildcat(31)</u>		<u>X</u>	<u>Development(32)</u>			<u>X</u>	<u>Oil</u>	
<u>X</u>	<u>Drilling</u>	<u>X</u>	<u>Completion</u>		<u>Re-Entry</u>		<u>Gas</u>	
Lease & Well No.				Total Depth		Well Depth		
Cedar Lake 34 Federal Com. No. 2				11,600'				
Location & Survey			Sec-Twn-Rng		Producing Horizon		Spud Date	
000' PBL & 000' PBL			Section 35-17S-30E		Lower Morrow			
Operator			County & State		Regulatory Field		DCA Field	
Enron Oil & Gas Company			Eddy County, New Mexico		Loco Hills		Cedar Lake	
AFE Description:								
Drill and complete a 11,600' Lower Morrow Gas Well								

Code	Description	Drilling	Completion	Total
230-401	Access, Location & Roads	\$25,000	\$5,000	\$30,000
230-402	Rig Move			0
230-403	Footage Cost	11,600' @ \$21.50/h		248,400
230-404	Day Work Cost	3/2 days @ \$5,000	10,000	25,000
230-405	Bars, Reamers & Stabilizers			0
230-406	Fuel	2,000		2,000
230-407	Water	13,000	2,000	15,000
230-408	Mud & Chemicals	20,000	3,000	23,000
230-409	Cementing & Service	17,000	11,000	28,000
230-410	Coring			0
230-411	OH Logging & Testing	4 DST's @ \$2,000 each - OH logs \$28,000	5,000	45,000
230-412	Mud Logging	30 days @ \$400		12,000
230-413	Perforating		8,000	8,000
230-414	Stimulation		20,000	20,000
230-415	Transportation	15,000	7,000	22,000
230-416	Drilling Overhead	40 days @ \$180/day		7,200
230-417	Equipment Rental	30,000	10,000	40,000
230-418	Completion Rig	7 days @ \$1,200/day	8,400	8,400
230-419	Other Drilling Expense	20,000	7,500	27,500
230-420	Fishing & Equip. lost in hole			0
230-421	Environmental & Safety Charges	25,000		25,000
230-422	Directional Drilling			0
230-423	Equipment Usage			0
230-424	Supervision	407 Days @ \$400/day	2,800	16,800
230-431	Communications			0
230-432	MWD Logging			0
Total Intangibles		\$508,900	\$89,700	\$598,600

FEET	SIZE	GRADE	\$ / FT		
230-101		Conductor Casing			\$0
230-102	860	11-3/4	H	14.25	8,300
230-103	8,600	8-5/8	S-J	14.02	83,100
230-103		Intermediate Casing			0
230-104	11,840	5-1/2	N-J	8.50	106,560
230-104		Production Casing			0
230-104		Production Liner			0
230-104		Tie-Back Casing			0
230-105	11,400	2-7/8	K-60	3.50	39,900
230-106		Tubing Cond B			0
230-106		Tubing			0
230-107		Well Head Equipment and Tree		7,000	28,000
230-108		Flanges			25,000
230-109		Flow Lines			5,000
230-110		Valves & Fittings			7,500
230-111		Nodes			0
230-112		Pumping Equipment - Surface			0
230-113		Production Equipment - Subsurface			0
230-114		Engines & Motors		5,000	5,000
230-115		Heater-Treater & Separators			0
230-116		Other Equipment		12,500	12,500
230-117		Buildings			0
230-118		Metering Equipment		3,000	3,000
230-119		Not-Controllable Equipment			0
230-120		Liner Equipment		10,000	10,000
230-122		Construction Cost			0
Total Tangibles				\$79,400	\$238,400
Total Well Cost				\$588,300	\$338,100
					\$924,400

Division	By: W.L.	Date: 8/10/93	By: Doug L. Thomas	Date: 8/19/93	By: L. F. Bueh, Jr.	Date: 9/24/93
	By: R. J. A. A.	Date: 7/20/93			By: Doreen B. Bueh, Jr.	Date: 9/24/93
Form	By:					

FAX Transmittal Sheet

Date: 9/24/93

To: Patrick J. Towce
Enron Oil & Gas Co.

FAX No: 915-686-3773

From: Lee Roy Brigham - Dist. Sec. Brigham,
Trustees of Brigham Trust

Message: Signed faxed Enron Drilling AFE
100291 -

S/2 Section 35 T17 S R 30 E
Eddy County New Mexico

ENRON

Oil & Gas Company

P. O. Box 2267 Midland, Texas 79702 (915) 686-3600

March 29, 1991

Meridian Oil Company Inc.
21 Desta Drive
Midland, Texas 79705
Attn: Mario Morena, Jr.

RE: Cedar Lake Prospect
Request for Term Assignment
S/2 SE/4 Section 35, T17S, R30E,
Eddy County, New Mexico

Gentlemen:

Enron Oil & Gas Company hereby requests a term assignment of Meridian's interest covering the referenced lands. Subject to a mutually agreeable assignment form, Enron offers the following general terms:

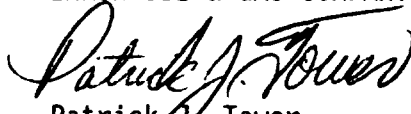
1. \$200 per net acre or a total of \$14,960.00.
According to our records Meridian owns 93.5% interest in this 80 net acres.
2. Three year term.
3. Deliver Enron 81.25% NRI.
4. All depths to be included in the assignment.

If the above trade is acceptable to Meridian, please so indicate by executing and returning one copy of this Letter Agreement to the undersigned.

Should you have any questions concerning this offer, please feel free to give me a call.

Sincerely,

ENRON OIL & GAS COMPANY


Patrick J. Tower
Project Landman

PJT/cl

AGREED TO AND ACCEPTED THIS _____ DAY OF _____, 1991.

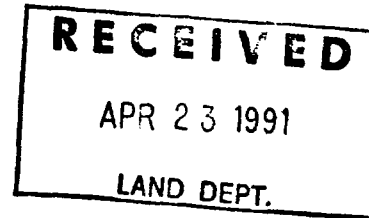
MERIDIAN OIL COMPANY INC.

By: _____

Title: _____

MERIDIAN OIL

April 22, 1991



Enron Oil & Gas Company
P. O. Box 2267
Midland, Texas 79702

Attention: Patrick Tower

Re: Your Cedar Lake Prospect
S/2SE/4 Section 35, T-17-S, R-30-E,
Eddy County, New Mexico
NM-5470

Gentlemen:

We are in receipt of your letter dated March 29, 1991 wherein you requested an assignment of Meridian's interest in the subject lands.

We have reviewed your offer and decided that we are not interested in selling this interest at this time.

Thank you for the opportunity to consider your offer.

Very truly yours,

MERIDIAN OIL INC.

A handwritten signature in cursive script that reads "Dennis Sledge".

Dennis Sledge
Regional Land Manager

DS/bk

*property they run
across.*

RST

Tues 4/24/93

*Talked To Dennis to see if
terms were just not acceptable
& if room for negotiation. He said
that was not the case - they like
area & just don't want to part
with acreage. Asked if we were
to come to them for F/O proposal
to drill if this would be considered.
Again, he said it wouldn't change
their minds - they want to retain
lse. He said things could change,
but for now they were not
interested. I also advised that EOG
might consider a trade if they found
some EOG property they liked & just keep
it. They should know of EOG*

.. ELL COST ESTIMATE COMPLETION

LEASE/WELL NAME: Loco Hills 35 Fed No. 1
LEASE/WELL TYPE: Gas
AFE TYPE: New Well Completion

PREPARED BY: R. S. Soper
APPROVED BY: R. S. Soper
COST CENTER: _____

DATE: 7/28/93
DATE: 7/28/93

ACCOUNT NO:

COMP	WORK	AFE NOMENCLATURE	BUDGET
248	244	INTANGIBLE COSTS	Days 12
02	02	Environmental Studies and Legal Expenses	
		Location, Roads or Canals	
03	03	Construction and Maintenance	1,000
04	04	Surface Restoration	
05	05	Move-in, Move-out	
06	06	Fees of Contractor - Footage (_____ \$/FT)	
07	07	Fees of Contractor - Daywork and Completion Rig (1,500 \$/Day)	18,000
08	08	Environmental, Fire and Safety Equipment	
		Drilling Fluid Systems	
09	09	Liquids	
10	10	Gas and Air Drilling	
11	11	Processing and Maintenance	
12	12	Fluids and Chemicals - Specialty Fluids	3,000
14	14	Salt/Brine Water	1,000
15	15	Fluid Disposal - Onsite	
16	16	Fresh Water	3,000
17	17	Bits	1,000
18	18	Primary Cementing	
19	19	Remedial Cementing	
20	20	Mud Logging	
21	21	Open Hole Logging	
22	22	Coring and Analysis	
23	23	Fuel/Electricity	
		Rentals	
24	24	BOP Rental/Testing (Surface)	2,500
25	25	Drill/Work String Rentals (Subsurface)	7,000
26	26	Fishing Tool Rentals	
27	27	Tanks (Rentals)	3,000
28	28	Other (Rentals)	
29	29	Transportation	
30	30	Offsite Disposal Services	2,000
31	31	Drill Stem Tests	
32	32	Directional Services	
33	33	Tubular Inspection and Repair	2,500
34	34	Cased Hole Services GR/CCL/CBL, Perf	18,000
36	36	Production Testing	5,000
37	37	Swabbing and Coiled Tubing	25,000
38	38	Stimulation	5,500
39	39	Fracturing ALCO Foam	98,000
40	40	Casing Crews and Laydown	
41	41	Gravel Pack/Sand Control	
		Outside Labor	
43	43	Consultants	
44	44	Engineering/Lab/Technical Contract Services	500
45	45	Roustabout Labor	2,000
46	46	Miscellaneous	1,000
48	48	Communication Systems	
49	49	Packer Rental	
50	50	Pumping Charges - Other	
65	65	Company Vehicles	
68	68	Direct Labor	
69	69	Benefits	
72	72	Company Supervision and Overhead	12,000
		Contingency (_____ %)	
		TOTAL INTANGIBLES	208,000
		TANGIBLE COSTS	
80	80	Casing	
81	81	Tubing Premium Thread	105,000
		(11,000 ft. 2 7/8 in. 9.00 \$/ft)	
		(_____ ft. _____ in. _____ \$/ft)	
		(_____ ft. _____ in. _____ \$/ft)	
		Downhole Equipment	
82	82	Packers, Screens and Bridge Plugs	
84	84	Casing/Liner Equipment	
85	85	Rods	
86	86	Wellhead Equipment and Xmas Tree	5,000
		Gain/Loss Adjustment	
		TOTAL TANGIBLE	120,000
		TOTAL COMPLETION	328,000

MERIDIAN OIL INC.
DRILLING WELL COST ESTIMATE

LEASE/WELL: LOCO HILLS 35 FEDERAL #1 PREPARED BY: J. E. Kraper
 COUNTY/STATE: EDDY / NEW MEXICO APPROVED BY: *[Signature]* DATE: 7-27-93
 PROPOSED TOTAL DEPTH: 11,500 AFE TYPE: DEVELOPMENT DRILLING DATE: 7/27/93
 FOOTAGE TOTAL DEPTH: 11,500

ACCT	AFE NOMENCLATURE	DRYHOLE COST	SUSPENDED COST
248-	INTANGIBLE DRILLING COSTS Total Days:	32	33
02	Environmental Studies.....		
03	Construction (location, roads, etc.).....	\$25,000	\$25,000
04	Surface restoration.....	\$1,500	\$1,500
05	Move in, move out.....		
06	Contractor Fees-Footage..... (\$16.50 /Foot).....	\$189,800	\$189,800
07	Contractor Fees-Daywork..... (\$4,400 /Day).....	\$2,200	\$4,400
08	Environmental fire and safety.....		
09	Drilling fluids.....	\$10,000	\$10,000
10	Gas and air drilling.....		
11	Drilling fluid handling equipment.....		
12	Specialty fluids and chemicals.....		
13	Engineering services-fluids and chemicals.....		
14	Salt/brine water.....	\$6,500	\$6,500
15	Salt water disposal.....		
16	Water.....	\$4,000	\$4,000
17	Bits, reamers and stabilizers.....		
18	Primary cement, services and accessories.....	\$22,000	\$38,000
19	Squeeze cement, services and accessories.....		
20	Mud logging/paleo.....	\$8,500	\$8,500
21	Wireline logging.....	\$18,000	\$18,000
22	Coring and analysis.....		
23	Fuel.....		
24	BOP's and wellhead rentals - surface.....	\$1,000	\$1,000
25	Drill/work string rentals - subsurface.....		
26	Fishing tool rentals.....		
27	Tank rentals.....		
28	Other rentals.....		
29	Transportation.....	\$2,500	\$4,000
30	Disposal services (offsite).....		
31	Drill stem tests.....		
32	Directional drilling.....		
33	Tubular inspection.....	\$1,100	\$2,600
34	Cased hole logs.....		
40	Casing crews and laydown services.....		
43	Consultants.....		
45	Roustabout and contract labor.....	\$1,000	\$1,000
46	Miscellaneous.....	\$1,000	\$1,000
62	Environmental compliance.....		
72	Company supervision and overhead.....	\$9,000	\$9,500
	TOTAL INTANGIBLE COST	\$303,100	\$324,800
	TANGIBLE COST		
80	Casing		
	550 feet of.. 13.375 in \$22.57 /ft.....	\$12,400	\$12,400
	3,600 feet of.. 8.625 in \$10.34 /ft.....	\$37,200	\$37,200
	11,500 feet of.. 5.500 in \$7.35 /ft.....		\$84,500
82	Downhole equipment (packers, bridge plugs).....		
84	Downhole equipment accessories.....		
86	Wellhead equipment.....	\$1,500	\$7,500
87	Miscellaneous.....		
	TOTAL TANGIBLE COST	\$51,100	\$141,800
	TOTAL DRILLING COST ESTIMATE	\$354,200	\$466,400
		\$30.80 /ft.	\$40.56 /ft.

MERIDIAN OIL INC.

WELL COST ESTIMATE

FACILITIES

LEASE/WELL NAME: <u>Loco Hills 35 Federal No. 1</u>	PREPARED BY: <u>R. J. Castillo</u>	DATE: <u>7-23-93</u>
COUNTY/STATE: <u>Eddy / New Mexico</u>	APPROVED BY: <u>J. N. Stansbury</u>	DATE: <u>7/23</u>
PROPOSED TO: <u>11500' Morrow "E" Sands</u>	AFE TYPE: <u>New Drill Well</u>	
JOB SCOPE: <u>New production facilities for high pressure Morrow gas well.</u>		

ACCOUNT NO:	AFE NOMENCLATURE	SUBTOTAL	ESTIMATED COST
247	FACILITIES		
	Intangible		
02	Install Labor	10000	20000
	Dirt Work (pad, firewall)	5000	
	Painting (BLM required)	5000	
03	Company Vehicles		
08	Location, Roads or Canals		
12	Overhead		
17	Damages, Property Losses and Other		
43	Safety		2500
44	Engineering/Lab/Technical Contract Service		
47	Rental Compressors & Maintenance		
48	Rental Equipment		
49	Cathodic Protection		
50	Right-of-Way @ \$ / rod		
57	Pulling Unit Costs - (Subsurface)		
62	Environment Compliance (Assessment)		
63	Environment Compliance (Remediation)		
68	Company Supervision		2500
73	Freight / Transportation		
	Total Intangible..	25000	
	Tangible		
20	Equipment Coating		
27	Separators - Unfired		35000
	Separators - Fired (2 MMBTU w/ 24x10 Separator)	35000	
28	Gas Sweetening Equipment		
29	Pumping Unit		
31	Prime Mover		
32	Oil Tank 3 500 BBL @	18000	25000
	Wtr Tank 1 210 BBL @	4000	
	Tank Walkway	3000	
33	Metering Equipment		
	LACT Unit		
35	Compressor - Company Owned		
36	Buildings		
39	Misc. Flowlines, Pipes, Valves, & Fittings		25000
51	Minor Pipelines		
53	Surface Pumps (LACT Unit)		25000
54	Electrical Accessories		10000
55	Miscellaneous - Facility Expense		
81	Tubing		
82	Rods		
83	Down Hole Pumps		
84	Alternative Artificial Lift Equipment		
86	Conventional Artificial Lift Well Head Equipment		
96	Gas Dehydrator		
	Total Tangible..	120000	
	TOTAL FACILITIES COST ESTIMATE		145000

Midland Region
P.O. Box 51810
Midland, Texas 79710-1810
(915) 688-6800

Date: _____
AFE No.: _____

MERIDIAN OIL INC.
AUTHORITY FOR EXPENDITURE

DP No.: 37962A
Lease/Well Name: Loco Hills 35 Fed. No. 1 Lease No.: _____
Field/Prospect: Cedar Lake (Morrow) Region: Midland
Location: 1980' FSL & 1980' FEL, Sec. 35 T17S R30E County: Eddy State: New Mexico
AFE Type: 06 Original X Supplement _____ Addendum _____ Cost Center _____
API Well Type: DEV Operator: Enron Oil and Gas
Objective Formation: Morrow "E" Sands Authorized Total Depth (Feet) 11,500'
Project Description: Drill, complete, and equip Morrow gas well.

Est. Start Date: 10/15/93 Prepared By: Kevin Midkiff
Est. Completion Date: 12/1/93 7/29/93

GROSS WELL COST DATA

	DRILLING		WORKOVER	CONSTRUCTION	
	DRY HOLE	SUSPENDED	COMPLETION	OR FACILITY	TOTAL
DAYS:	<u>32</u>	<u>33</u>	<u>12</u>	<u>5</u>	<u>50</u>
THIS AFE:	<u>354,200</u>	<u>466,400</u>	<u>326,000</u>	<u>145,000</u>	<u>937,400</u>
PRIOR AFE's:					
TOTAL COSTS:	<u>354,200</u>	<u>466,400</u>	<u>326,000</u>	<u>145,000</u>	<u>937,400</u>

JOINT INTEREST OWNERS

COMPANY	WORKING INTEREST PERCENT %	NET \$ EXPENDITURES	
		DRYHOLE \$	COMPLETED \$
OTHERS	<u>76.625%</u>	<u>270,077</u>	<u>718,283</u>
MERIDIAN OIL INC.:	<u>23.375%</u>	<u>84,123</u>	<u>219,117</u>
AFE TOTAL:	<u>100.0000%</u>	<u>354,200</u>	<u>937,400</u>

MERIDIAN OIL APPROVAL

Recommended: [Signature] Date: 7/26/93 Recommended: [Signature] Date: 8/5/93
Recommended: [Signature] Date: 7/26/93 Approved: _____ Date: _____
Recommended: [Signature] Date: 7/26/93 Title: V. P. of Regional Operations

PARTNER APPROVAL

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

Mr. Pat Tower
Enron Oil & Gas Company
August 6, 1993
Page Two

The undersigned hereby makes the following election relative to the above.

_____ Participation

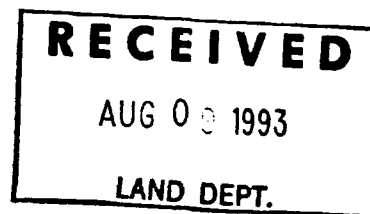
_____ Farmout

ENRON OIL & GAS COMPANY

By: _____
Title: _____

MERIDIAN OIL

August 6, 1993



Mr. Pat Tower
Enron Oil & Gas Company
P. O. Box 2267
Midland, Texas 79702

Meridian cancelled this

Re: Our Proposed Loco Hills #35
Eddy County, New Mexico

Gentlemen:


Meridian Oil Inc. hereby proposes the drilling of the captioned well to be located 1980' FSL and 1980' FEL of Section 35, T17S, R30E, Eddy County, New Mexico. The well is to be drilled to approximately 11,500' to test the Morrow "E" Sands and we desire to commence the well within the next thirty days.

Accordingly we ask that you support us in this effort by electing one of the following options:

1. Participating in the drilling of the well with your proportionate leasehold interest (75%) in the projected proration unit being the south half of said Section 35. Operations would be governed by a mutually acceptable 1989 Operating Agreement providing 100%/300%/300% non-consent penalties, \$531 per month per well producing well overhead rate and \$5,300 per month per well drilling overhead rate. Our proposed AFE for this project is attached.
2. Farming out your leasehold interest to us reserving an overriding royalty equal to existing lease burdens and 25% said overriding royalty being convertible to a 25% working interest after payout of the well. The overriding royalty and working interest shall be proportionately reduced to your leasehold interest in the S/2 of said Section 35.

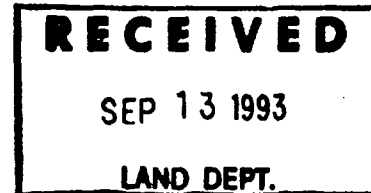
We are very anxious to commence this project and would greatly appreciate you indicating where indicated on the attached copy of this letter your election and returning it and the approved AFE if applicable to the undersigned within 10 days if possible. We will then work with you to formalize the appropriate agreements. Please feel free to call me at 915-688-6948 should you have any questions.

Very truly yours,
MERIDIAN OIL INC.


Larry D. Crowder, CPL
Senior Staff Landman

LDC/bk
Enclosures

MERIDIAN OIL



September 10, 1993

Mr. Pat Tower
Enron Oil & Gas Company
P. O. Box 2267
Midland, Texas 79702

Mr. Gary Pitts
Camterra Resources, Inc.
Five Post Oak Park, Suite 1500
Houston, Texas 77027

Re: Our Proposed Loco Hills #35
Eddy County, New Mexico


Gentlemen:

This is to formally notify each of you that we hereby rescind our proposal to drill the captioned well. We have reevaluated our data supporting our original proposal and now feel that Enron's proposed Cedar Lake "35" Federal Com. No. 2 would best test the south half of Section 35, T-17-S, R-30-E. We have advised Mr. Tom Kellahin to withdraw his application for compulsory pooling associated with our proposed Loco Hills #35.

We request that Enron now prepare a Joint Operating Agreement for our review. Please call me at 688-6948 should you have any questions.

Very truly yours,

MERIDIAN OIL INC.


Larry D. Crowder, CPL
Senior Staff Landman

LDC/bk

cc: Kevin Midkiff

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an fee):

1. ☐ Addressee's Address
 2. ☐ Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Anadarko Petroleum
Corporation
17001 Northchase Dr.
P.O. Box 1330
Houston TX 77251-1330

4a. Article Number

32214742

4b. Service Type

- | | |
|---|---|
| <input type="checkbox"/> Registered | <input type="checkbox"/> Insured |
| <input checked="" type="checkbox"/> Certified | <input type="checkbox"/> COD |
| <input type="checkbox"/> Express Mail | <input type="checkbox"/> Return Receipt for Merchandise |

7. Date of Delivery

AUG 9 - 1993

5. Signature (Addressee)

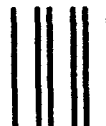
8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Agent)

[Signature]

Thank you for using Return Receipt Service.

UNITED STATES POSTAL SERVICE



Official Business

PENALTY FOR PRIVATE
USE TO AVOID PAYMENT
OF POSTAGE, \$300



RECEIVED

AUG 11 1993

LAND DEPT.

Print your name, address and ZIP Code here

*Cedar Lake
35 FC #2
4th dtd 8/6/93*

**ENRON OIL & GAS CO.
P.O. BOX 2267
MIDLAND, TEXAS 79702**

Attn: Patrick J. Tower

SENDER: • Complete items 1 and/or 2 for additional services. • Complete items 3, and 4a & b. • Print your name and address on the reverse of this form so that we can return this card to you. • Attach this form to the front of the mailpiece, or on the back if space does not permit. • Write "Return Receipt Requested" on the mailpiece below the article number. • The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: EL Paso Production Company (Meridian Oil) 3300 N. A St. Bldg 6 Midland, TX 79705-5406		4a. Article Number P 322 157 270	
5. Signature (Addressee) [Signature]		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
6. Signature (Agent) [Signature]		7. Date of Delivery 8/6/93 4:42 P.M.	
		8. Addressee's Address (Only if requested and fee is paid)	
PS Form 3811, December 1991 ☆ U.S.G.P.O.: 1992-307-530 DOMESTIC RETURN RECEIPT			

SENDER: • Complete items 1 and/or 2 for additional services. • Complete items 3, and 4a & b. • Print your name and address on the reverse of this form so that we can return this card to you. • Attach this form to the front of the mailpiece, or on the back if space does not permit. • Write "Return Receipt Requested" on the mailpiece below the article number. • The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: Centerra Resources Partners, Ltd. Five Post Oak Park, Ste 1500 Houston, TX 77027 (Attn: Gary Pitts)		4a. Article Number P 322 147 43	
5. Signature (Addressee) [Signature]		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
6. Signature (Agent) [Signature]		7. Date of Delivery 8/9/93	
		8. Addressee's Address (Only if requested and fee is paid)	
PS Form 3811, December 1991 ☆ U.S.G.P.O.: 1992-307-530 DOMESTIC RETURN RECEIPT			

UNITED STATES POSTAL SERVICE

Official Business



PENALTY FOR PRIVATE
USE TO AVOID PAYMENT
OF POSTAGE, \$300



Print your name, address and ZIP Code here

Cedar Lake
35 FC #2
Ltr dtd 8/6/93

PATRICK J. TOWER
ENRON OIL & GAS COMPANY
P. O. BOX 2267
MIDLAND, TX 79702

UNITED STATES POSTAL SERVICE

Official Business



PENALTY FOR PRIVATE
USE TO AVOID PAYMENT
OF POSTAGE, \$300



RECEIVED

AUG 16 1993

LAND DEPT.

Print your name, address and ZIP Code here

Cedar Lake
35 FC #2
Ltr dtd 8/6/93

ENRON OIL & GAS CO.
P.O. BOX 2267
MIDLAND, TEXAS 79702

Attn: Patrick J. Tower

ADDRESSEE LIST ATTACHED TO LETTER DATED AUGUST 6, 1993

Camterra Resources Partners, Ltd.
Five Post Oak Park, Suite 1500
Houston, Texas 77027

Attention: Gary L. Pitts

El Paso Production Company
& Meridian Oil
3300 N. A Street, Bldg 6
Midland, TX 79705-5406

Attention: Larry D. Crowder

Anadarko Petroleum Corporation
17001 Northchase Drive
P. O. Box 1330
Houston, TX 77251-1330

Attention: Patrick A. Smith