

BAUER, DARNALL & BOUDREAUX

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THEO W. BAUER (1906-1963)
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NEWMAN TROWBRIDGE, JR.
JAMES BANCROFT SUPPLE
RUSSEL J. CREMALDI
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OF COUNSEL
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December 2, 1986

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Wessel, Bartels and Ciaccio
127 Camp Street
New Orleans, Louisiana 70130-2507

Re: Mrs. J. A. Blanchard

Dear Bill:

This letter will confirm my telephone conversation with you on Monday, November 17, 1986 with respect to your correspondence dated November 14, 1986 to me and your correspondence to Mary Biggs of the same date, all relative to Mrs. Blanchard.

First, I would like to express to you my appreciation for the time you took to discuss these matters which are of significant concern to both Mary and me. From your correspondence to me and our telephone conversation, it appears that Mrs. Blanchard has made significant allegations concerning my lack of professional ethics with respect to my dealings with her. As Mrs. Blanchard is fully aware, the allegations are without merit. I am extremely proud of the manner in which I have conducted both my professional and business activities and I cannot allow baseless slurs on my integrity to continue. Accordingly, I am extremely hopeful that this matter can be resolved forthwith and that Mrs. Blanchard will refrain from making such statements to third parties in the future. If it does continue, I will have no alternative but to react accordingly.

With respect to my representation of Mrs. Blanchard, let me first state that I have never been retained directly by Mrs. Blanchard for any purpose. During 1982, Mrs. Blanchard was being represented by Bernard E. Boudreaux, Jr., who was then a full partner in this firm. Subsequently, as you are probably aware, Mr. Boudreaux was elected District Attorney and became "Of Counsel" to this firm and physically located his office outside of the Lawless Building. It is now apparent that the files which Mrs. Blanchard seeks to recover have been in the possession of Mr. Boudreaux, not in this office. I will, however, discuss that subject further later in this letter.

During either late 1981 or early 1982, Mr. Boudreaux requested that I consult with Mrs. Blanchard on two subjects.

EXHIBIT L

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One was the fact that Tee Operating Company had drilled a well on property south of the Blanchard property, which well had, as I recall, already been successfully completed prior to the time that they contacted Mrs. Blanchard. In any event, a young lady by the name of Mary Grant had contacted Mrs. Blanchard in an effort to determine if the ARCO lease was still valid on the southern portion of Park Plantation adjacent to the acreage they had under lease from others. Tee Operating expressed an interest in acquiring a lease from Mrs. Blanchard on any acreages that could be freed from the ARCO lease.

Subsequent to an office conference with Mrs. Blanchard, several telephone conferences and an office conference with Mrs. Blanchard and Mary Grant, I advised Mrs. Blanchard that the ARCO lease, in my opinion, had been validly maintained and any lawsuit which she might file against ARCO to obtain a release of those acreages would, in my opinion, have little chance of success. However, I advised Mrs. Blanchard that if we could get Tee Operating to agree to pay the fees and expenses associated with such litigation and further agree to testify at trial that they were willing to take a lease and to actually drill a well on Mrs. Blanchard's property, then there would be an increased chance of success and there would be nothing for Mrs. Blanchard to lose as the cost of the litigation would be borne by Tee. Tee refused on both counts. They would neither testify that they were willing to drill a well on Mrs. Blanchard's property nor would they agree to pay the fees and costs associated with the litigation. Accordingly, I advised Mrs. Blanchard that the suit would likely be unsuccessful and expensive and she opted not to pursue the matter further.

The other matter on which Mr. Boudreaux requested I consult with Mrs. Blanchard dealt with a company called Orion Resources. Orion Resources was a company based in Colorado represented by Frank Kramer, the son of a very good friend of Mrs. Blanchard here in Franklin. Mrs. Blanchard had received a significant number of documents from Orion Resources including a joint operating agreement on which they were requesting her signature. She brought the agreements to me in stark terror. It was obvious that she had gotten herself into a deal which she neither understood nor was very comfortable with. In short, she had become an operator with all of the liabilities and obligations associated with an operating interest and she wanted out. After having reviewed all of the documentation, I made several phone calls on her behalf to Mr. Kramer in an effort to obtain her release from the agreement, which was accomplished in due course.

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In June of 1982, I sent Mrs. Blanchard a bill for \$1,050.00 covering a total of 10.5 hours associated with work I had done on both the Tee Operating and Orion Resources problems, a copy of which bill is enclosed herewith. Subsequent to receipt of my bill, Mrs. Blanchard called my office to advise me that she was dissatisfied with the bill, that she felt that it was outrageous for what had been done and that Mr. Kramer should have paid the bill himself. Under protest, Mrs. Blanchard paid the bill and I never consulted with her further with respect to any subject. There was absolutely no information obtained from my consultations with Mrs. Blanchard which could have served as the basis for any investment in anything and Mrs. Blanchard is fully aware of that fact.

During late 1985, ARCO had made a decision to begin a rather large nationwide divestiture of smaller producing properties. That retrenchment has continued into 1986 as evidenced by the copy of the first page of the November 5, 1986 edition of the Petroleum Information Houston Region Report attached. ARCO's decision to divest is a major difference between the situation in the Jeanerette Field in 1982 and that which existed in late 1985 and 1986. That is, the field was not for sale in 1982 but in 1985 and 1986, ARCO was actively seeking a purchaser.

ARCO's decision with respect to the Jeanerette Field was to place it in a package with 6 or 7 other fields and submit the package for public bid. When those bid packages were made available, ARCO invited the world into their offices to review all of their materials with respect to the fields being submitted for bid. Among those entities bidding was a group of business associates of mine in Houston, including two petroleum engineers. They contacted me with the idea and offered me the opportunity to buy a small interest in the field if we were successful in obtaining same from ARCO. The bid which we submitted on the Jeanerette Field was rejected by ARCO.

Texas Oil & Gas (TXO) was the successful bidder on the ARCO offered properties. One of the reasons that TXO was successful was the fact that they had decided to submit a single bid for the entire package offered by ARCO. Because of other dealings we were having with TXO in an unrelated area of the state, we were able to contact TXO and to buy the Jeanerette Field from TXO. My input into the transaction was virtually non-existent. All of these facts have been fully developed by the attorney representing Mrs. Blanchard in the litigation she has filed here in St. Mary Parish seeking

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cancellation of the ARCO lease; and I assume that Mrs. Blanchard is also fully aware of these facts.

My opinion with respect to the ARCO lease and my advice to Mrs. Blanchard have remained consistent. That advice and opinion has been, and remains, that a suit against ARCO for failure to develop will fail in the face of the numerous wells drilled by ARCO and the substantial production obtained through the life of the Jeanerette Field. In the case of the Blanchard lease, as set forth in my letter to Ms. Morris on June 26 and which you have referred to in your November 14 correspondence, ARCO has drilled in excess of 30 wells on the Blanchard lease and has obtained production in excess of 10.7 million barrels of oil, which is, on average, one well per every 18 acres under lease and, on average, over 17,000 barrels of oil per acre. These facts simply will not support, in my opinion, an assertion that ARCO has failed to properly develop the Blanchard lease. If, however, Mrs. Blanchard is correct in her assertion that the lease has terminated for whatever cause, then the new owners stepped into the shoes of ARCO and are subject to the same demands and obligations to which ARCO was subject. I have not obtained any information in the course of consultations with Mrs. Blanchard which change or alter any rights or obligations contained in that lease. Accordingly, there can simply be no basis for any accusation by Mrs. Blanchard of wrong doing either with respect to TXO, ARCO, Texaco, myself or any other person or entity which may have acquired an interest in this lease pursuant to a public offering of same by ARCO.

With respect to your letter to Mrs. Biggs, you and I have discussed the appearance without notice of Mrs. Blanchard and her daughter in Mrs. Biggs' office just before noon on the 14th and their demand of all Blanchard files, indicating that those files were being wrongfully withheld. Once again Mrs. Biggs told Mrs. Blanchard that the only files of which she was aware or had occasion to refer during her handling of matters for Mrs. Blanchard over the past several years were two files she had opened and the Succession of Joseph Alexis Blanchard file. Six weeks or more ago Mrs. Biggs had returned original documents and copies of other matters from her files to Mrs. Blanchard. On the 14th, Mrs. Biggs returned all original correspondence and appraisals from the Succession file to Mrs. Blanchard. She also copied and gave her the Succession pleadings contained in the Succession file. As Mrs. Biggs was given only an hour and a half, she did not have the time to copy the voluminous correspondence pertaining to the handling of the long closed Succession.

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As I advised you, Mr. Boudreaux was the person in this firm who represented Mrs. Blanchard for approximately ten years until he was elected District Attorney. When Mr. Boudreaux became District Attorney and "Of Counsel" to this firm, he physically relocated his office and took with him those files relating to his representation of Mrs. Blanchard. Any action which I took on behalf of Mrs. Blanchard, as I stated earlier, was at the request of Mr. Boudreaux and, accordingly, I have not maintained any separate files on matters pertaining to consultations I may have had with Mrs. Blanchard. Subsequent to receipt of your correspondence by Mrs. Biggs, I requested that Mr. Boudreaux forward to me all Blanchard files which he had in his possession and he has complied. Most of these files are substantially old and refer generally to matters which have been completely concluded.

As I stated in our telephone conversation, in view of Mrs. Blanchard's feelings in this matter, we would prefer to have all future dealings concerning her files conducted through you or your office. In this regard, it was my intention to hand deliver this correspondence to you, at which time I advised you I would provide you with the entirety of all files which we had been able to locate and are now in our possession, including those which have been delivered to me by Mr. Boudreaux, pertaining to matters involving Mrs. Blanchard. My attempts to arrange such a meeting have been unsuccessful principally as a result of your trial schedule. Since I have not heard from you further with respect to scheduling such a meeting, I am taking this opportunity to forward this correspondence as I do not wish the charges of Mrs. Blanchard to go unanswered for any length of time. I am, however, still available, at your request, to travel to New Orleans and to review with you the entirety of these files pertaining to matters involving Mrs. Blanchard. Any matters which you designate to be of importance, we will be glad to copy, at Mrs. Blanchard's expense, and provide you with such copies. Any duplicate original documents or original documents which may exist in any of these files will, of course, be provided to you.

In response to your request for the return of all executed copies of any of Mrs. Blanchard's testaments, let me assure you that no one associated with this office is aware of any such testament. In fact, Mrs. Biggs prepared an original will for Mrs. Blanchard within the past year and that original will was delivered to Mrs. Blanchard. It is not the policy of this office to execute wills in duplicate and Mrs. Biggs does not have an executed copy of the will executed before her by Mrs.

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Blanchard.

Let me again reiterate in the strongest terms possible my personal belief that the accusations being leveled by Mrs. Blanchard are wholly without basis and that Mrs. Blanchard is fully aware that these charges and accusations are, in fact, baseless. Accordingly, I would hope that you and I will be able to clear the air and thus avoid the necessity of this going any further.

Thanking you for your attention to this matter, I am

Very truly yours,



Newman Trowbridge, Jr.

NT, JR./clh
xc: Mr. Bernard E. Boudreaux, Jr.
Mrs. Mary Coon Biggs



HOUSTON REGION REPORT

SOUTH LOUISIANA EDITION

Vol. 46 No. 43
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Deep South Louisiana Wildcats Under Way

Two, deep South Louisiana wildcats are under way.

Michel T. Halbouty, Houston, is drilling below 2284 ft at his 17,000-ft wildcat in Lafayette Parish. The 1 Mary Doucet, ne se 27-10s-4e, is drilling about three miles southwest of Maurice field, which produces from Miocene and Oligocene gas pays between 11,022 and 15,300 ft.

Drilling has resumed at Cities Service Oil & Gas Co's 1 Lelia LeBlanc, nw nw 24-12s-2e, Vermillion Parish. Work at the 18,500-ft wildcat slowed last month while Cities fished for a section of stuck drillpipe.

The wildcat is 1½ miles northwest of depleted one-well Nunez field, which was opened by Prairie Producing's 1 S.J. Bellow, se nw 25-12s-2e, in 1965. From 17,168-17,176 ft, the daily flow was 8.2 million cu ft of gas with some condensate. Total depth was 18,290 ft.

9300-FT Wildcat Staked In Jefferson Davis Parish

A 9300-ft wildcat has been staked two miles south of North Edna field in Jefferson Davis Parish, southwest Louisiana.

Diamond S Operating's 1 Boudreaux, se se nw 32-7s-4w, will spud 500 ft east-northeast of Falcon-Sea Board's 1 W.E. Walker, an 8005-ft dry hole. North Edna field production is oil and gas from Hackberry as deep as 9340 ft.

ARCO Continues "Lower 48" Field Divestment

ARCO Oil & Gas continued its retrenchment from "Lower 48" operations last week by concluding sales agreements covering 600 oil and gas fields and other properties.

The Los Angeles-based company earlier announced plans to sell Amoco Production Co its interests in the Headlee Devonian Unit located in Ector and Midland counties (RR Dist. 8). Involved were interests in its cryogenic gas plant, 113 producing wells and 37 gas-injection wells. Net production of natural gas liquids and condensate was estimated at 4600 bbls per day.

The most recent agreement is with a joint venture comprised of Diamond A Cattle Co and Lonrho PLC of London. The 600 fields are located in Arkansas, Colorado, Kansas, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, Texas, Utah and Wyoming. Net production was estimated at 10,000 bbls of liquids and 40 million cu ft of gas per day.

Terms of the deal were not disclosed. Former ARCO Chairman Robert O. Anderson now chairs Diamond A Cattle Co, Roswell, N.M.

An ARCO spokesman said the latest negotiations involved primarily properties located in the Rocky Mountain region as was announced earlier (PI 10-1-86). The sale includes 8200 gross wells, nine co-owner operated gas plants, and 900,000 gross acres of leases. ARCO expects to complete its divestiture of small producing properties sometime in 1987.

— See Esenjay profile, P. 2, and IPAA convention coverage, P. 4 —

NEWSLETTER
PRODUCT ANNOUNCEMENTS
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Petroleum Information

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