



BROOKHAVEN OIL COMPANY

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November 7, 1974

GLA 46

Mr. C. L. Perkins
Senior Vice President and Director
El Paso Company
P. O. Box 1492
El Paso, Texas 79978

Dear Mr. Perkins:

You may not remember, but way back in 1951 you and I signed a Farmout Agreement and also a Gas Purchase Agreement covering Brookhaven Oil Company's lands in the San Juan Basin of Northwest New Mexico and Southwest Colorado. You may remember that limits were put on the cost of the Pictured Cliffs, Mesaverde, and Dakota wells that would be drilled by El Paso for 1/2 of our interest, Brookhaven to pay for their share out of production. This contract has worked out very well.

Toward the latter part of last year, I saw Mr. Ben Howell and told him that the limited costs which you would be able to charge for drilling wells was about 1/2 of present actual costs. Therefore, I would be willing to permit the present day actual costs if El Paso would drill some wells on our properties, and I was thinking particularly of the properties we jointly have in the so-called Cedar Hill area, Townships 31 North and 32 North, 10 West, San Juan County, New Mexico.

At the beginning of this year your people programmed four Pictured Cliffs wells in this area but have done nothing about it, claiming a shortage of tubular goods and other wells to be drilled. I have written and telephoned to Mr. Don Wadsworth in your Land Department that these excuses could be given for any new well, and if El Paso didn't wish any concession on my part wherein they would save a great deal of money, we'll just go back to the original contract. There are about twenty Pictured Cliffs wells that can be drilled in the above townships wherein Brookhaven has an interest.

I apologize for bothering you, but since you and I made the original contract and since I am willing to save you money in drilling new wells which eventually have to be drilled anyway, I want to ask that this so-called Cedar Hill area be drilled rather promptly at a great saving in money to you and an increase in expense to Brookhaven. You see there are less than two months remaining in this year, and the four Pictured Cliffs wells programmed in January to be drilled this year have not, to my knowledge, even been started.

Very truly yours,

BROOKHAVEN OIL COMPANY

By Thos. B. Scott, Jr.
Thos. B. Scott, Jr.

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