

El Paso NATURAL GAS
COMPANY

P.O. BOX 1267
EL PASO, TEXAS 79978
PHONE 915-543-2600

January 13, 1978

Brookhaven Oil Company
P. O. Box 1267
Scottsdale, Arizona 85252

GLA-46
Amendment #23

Dacressa Corporation
P. O. Box 1267
Scottsdale, Arizona 85252

Gentlemen:

On November 27, 1951, Brookhaven Oil Company and San Juan Production Company entered into an Operating Agreement pertaining to certain lands in San Juan County, New Mexico. Said Agreement, as amended, provided for the drilling of Mesaverde wells by San Juan Production Company and the recovery of Brookhaven's share of the cost of drilling such wells subject to the limitations and in accordance with the provisions of Subparagraph 5.d of said Agreement.

By this letter, Brookhaven and Dacressa, as successors in interest to Brookhaven Oil Company, and El Paso Natural Gas Company, as successor in interest to San Juan Production Company, do hereby evidence the amendment of Subparagraph 5.d of the Operating Agreement dated November 27, 1951, as amended, to provide for the following:

1. Brookhaven and Dacressa, in consideration for the drilling of the following described wells by El Paso during the calendar year 1978, agree to promptly pay to El Paso, upon receipt of an invoice, their share of the costs of drilling said wells, in lieu of having those costs recovered out of production as provided for in Subparagraph 5.d of the Operating Agreement, as amended by letter agreement dated April 3, 1975.

| <u>Formation</u> | <u>Well</u> | <u>Spacing Unit</u> | <u>Ownership</u> | |
|------------------|-------------|---------------------|------------------|----------|
| 1618 1222A MV | Scott #3A | S/2 Sec. 29-32N-10W | EPNG Co. | 75.0000% |
| | | | Amoco | 14.0625% |
| | | | Brookhaven | 10.9375% |
| 218A MV | Scott #1A | N/2 Sec. 29-32N-10W | EPNG Co. | 50.000% |
| | | | Amoco | 28.125% |
| | | | Brookhaven | 21.875% |

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| <u>Formation</u> | <u>Well</u> | <u>Spacing Unit</u> | <u>Ownership</u> |
|------------------|--------------------|----------------------|--|
| MV | Smyers Com #1A | W/2 Sec. 2-31N-11W | EPNG Co. 75.058457% Amoco 2.727982% Brookhaven 3.507404% Paul Umback 1.558846% Crown Central 3.117693% Wayne Moore 1.558846% American Pertrofina 12.470772% |
| MV | Marcotte #1A | E/2 Sec. 8-31N-10W | EPNG Co. 31.250000% Amoco 14.062500% Brookhaven 10.957500% Crown Central 41.171875% Wayne Moore 1.289063% Paul Umback 1.289062% |
| PC | Atlantic Com C #10 | NW/4 Sec. 23-31N-10W | EPNG Co. 62.500% Amoco 4.375% Brookhaven 8.125% Aztec Oil 25.000% |
| MV | Lucerne A #1A | W/2 Sec. 9-31N-10W | EPNG Co. 68.750000% Amoco 10.546875% Brookhaven 8.203125% Crown Central 11.328125% Wayne Moore .585937% Paul Umback .585938% |
| MV | Sinclair Com #1A | S/2 Sec. 32-32N-11W | EPNG Co. 31.250000% Amoco 8.203125% Brookhaven 10.546875% ARCO 37.500000% Getty Oil 12.500000% |
| MV | EPNG Com B #3A | W/2 Sec. 32-31N-10W | EPNG Co. 56.2500% ARCO 25.0000% Amoco 2.1875% Brookhaven 4.0625% E.C. Evenson 12.5000% |
| 513 1246D PC | Atlantic Com D #11 | NE/4 Sec. 23-31N-10W | EPNG Co. 87.50% Dacressa* 12.50% |

* Dacressa only owns an interest in the Atlantic Com D #11 Well.

The drilling of the above listed wells is contingent upon El Paso securing the joinder of all other working interest owners.

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Dacressa Corporation
January 13, 1978

This letter agreement extends only to the drilling of the above listed wells. Upon receipt of payment of your share of the costs of the wells, El Paso will release for payment to Brookhaven and Dacressa all of their proportionate share of the proceeds from production attributable to the subject wells.

Please evidence your acceptance of the foregoing by signing and returning a copy of this letter to the undersigned.

Yours very truly,

ATTEST:

EL PASO NATURAL GAS COMPANY

BY: *J. S. ...*
Assistant Secretary

BY: *T. J. ...*
Vice President

AGREED TO AND ACCEPTED this

16th day of *January*, 1978.

BROOKHAVEN OIL COMPANY

BY: *Shor B. Scott*

DACRESSA CORPORATION

BY: *Shor B. Scott*

DM/sf

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