

SG 5 ST PD 057 MUX EL PASO TEXAS 11/29/62 SMC 232

MR. THOMAS B. SCOTT, JR., PRESIDENT
BROOKHAVEN OIL COMPANY
AND DACRESA CORPORATION
P. O. BOX 1267
SCOTTSDALE, ARIZONA

RE GLA NO. 46 DATED NOVEMBER 27, 1951

DEAR MR. SCOTT

PURSUANT TO YOUR TELEPHONE CONVERSATION THIS DATE WITH MR. HARRY GEVERTZ, THIS TELEGRAM SETS OUT THE TERMS PERTAINING TO THE DRILLED DAKOTA FORMATION WELL IN THE E/2 OF SECTION 16, T-31-N, R-11-W, AND AMENDS THE SUBJECT AGREEMENT ONLY AS TO THOSE LANDS

1. EL PASO SHALL DRILL A DAKOTA FORMATION WELL IN THE E/2 OF SECTION 16, T-31-N, R-11-W, AND PAY ALL COSTS OF DRILLING, COMPLETING, EQUIPPING, TESTING AND OPERATING SAID WELL.
2. BROOKHAVEN SHALL RETAIN A 1/8TH OF 3/8THS OVERRIDING ROYALTY FROM TOTAL PRODUCTION FROM THE PROPOSED WELL SUBJECT ONLY TO ITS PROPORTIONATE SHARE OF THE PRESENTLY EXISTING OVERRIDING ROYALTIES UNTIL SUCH TIME AS EL PASO HAS RECOVERED THE FULL COSTS OF DRILLING, COMPLETING, EQUIPPING, TESTING, OPERATING AND ANY REMEDIAL WORK CHARGED AGAINST THE SUBJECT WELL. RECOVERY OF THESE COSTS THE OVERRIDING ROYALTY RETAINED BY BROOKHAVEN SHALL TERMINATE AND BROOKHAVEN SHALL THEREAFTER OWN A 50 PERCENT WORKING INTEREST IN THE SUBJECT WELL.
3. THE OVERHEAD COSTS APPLICABLE TO THE SUBJECT WELL SHALL BE \$45.00 PER MONTH AS A PRODUCING WELL AND \$250.00 PER MONTH DURING THE PERIOD THE WELL IS BEING DRILLED.

IF THIS IS YOUR UNDERSTANDING OF THE AGREEMENT PLEASE ADVISE US OF YOUR APPROVAL BY RETURN COLLECT WIRE. A FORMAL LETTER CONTAINING THE TERMS SET OUT HEREIN WILL BE FORTHCOMING SHORTLY.

VERY TRULY YOURS,

SAM SMITH, MANAGER
LAND DEPARTMENT
EL PASO NATURAL GAS CO

Brookhaven (GLA 46)

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NM-387-A
NM-387-C
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NM-395
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