

BROOKHAVEN OIL COMPANY

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(MAIL) P. O. BOX 1267
SCOTTSDALE, ARIZONA 85252

April 3, 1975

El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79978

GLA-46
Amendment No. 16

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 provided for the drilling of Mesaverde wells by San Juan Production Company and the recovery of one-half (1/2) of the cost of drilling such wells subject to the limitations and in accordance with the provisions of sub-paragraph 5.d(1) of such agreement. By Letter Agreement dated November 20, 1953, the Operating Agreement was amended to provide for a recovery formula for wells drilled to the Pictured Cliffs formation and by Letter Agreement dated April 4, 1973, the Operating Agreement was amended to provide a recovery formula for wells drilled to the Chacra formation and for wells completed as dual Pictured Cliffs-Chacra wells.

By this letter, Brookhaven and Dacresa, 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 sub-paragraph 5.d(1) of the Operating Agreement of November 27, 1951 and the amendment of the Letter Agreements of November 20, 1953 and April 4, 1973 as follows:

Brookhaven and Dacresa's obligation to pay their share of drilling costs out of production shall not exceed the following:

1. As to a Pictured Cliffs well, \$16,500.00 or one-half (1/2) of the estimated cost of \$33,000.00.
2. As to a Chacra well, \$14,275.00 or one-half (1/2) of the estimated cost of \$28,550.00.
3. As to a dual Pictured Cliffs-Chacra well, \$19,170.00 or one-half (1/2) of the estimated cost of \$38,340.00.
4. As to a Mesaverde well, \$45,000.00 or one-half (1/2) of the estimated cost of \$90,000.00.

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In consideration for our executing this Letter Agreement, El Paso agrees to drill, or cause to be drilled, twelve (12) gross wells to develop the Pictured Cliffs, Pictured Cliffs-Chacra, or Chacra formations initially and principally on Federal Lease SF 078604 and other joint leases located in Township 31 North and 32 North, Range 10 West, San Juan County, New Mexico, covered by the Operating Agreement, of November 27, 1951, or the various supplements thereto, or on acreage pooled with such acreage, during the calendar year 1975. This Letter Agreement shall be effective as of January 1, 1975.

Yours very truly,

BROOKHAVEN OIL COMPANY

By *Thos. B. Scott, Jr.*
Thos. B. Scott, Jr., President

DACRESA CORPORATION

By *Thomas B. Scott, Jr.*
Thomas B. Scott, Jr., President

AGREED TO AND ACCEPTED
this 11 day of
April, 1975.

EL PASO NATURAL GAS COMPANY

By *T. W. Bittick*
Assistant Vice President

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