

# MERIDIAN OIL

September 2, 1987

*Amendment #24A*

Amoco Production Company  
Attention: Douglas Broadfoot  
P. O. Box 800  
Denver, CO 80201

Potenziani Family Partnership  
Attention: Cheryl L. Potenziani  
c/o Frank A. Potenziani  
P. O. Box 36600  
Albuquerque, NM 87176

RE: GLA-46  
Amendment #24

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, Amoco Production Company, Cheryl L. Potenziani and the Potenziani Family Partnership, 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. Amoco Production Company, Cheryl L. Potenziani and the Potenziani Family Partnership, in consideration for the drilling of the following described well by El Paso during the calendar year 1987, agree to be Non-Consenting parties until payout, in lieu of having those costs recovered out of production as provided for in Subparagraph 5.d of the Operating Agreement, as amended by the letter agreement dated April 3, 1975. Payout shall occur when the proceeds for the sale of each Non-Consenting party's share, calculated at the well, or market value thereof if such share is not sold, (after deducting production taxes, excise taxes, royalty, overriding royalty and other interests, payable out of or measured by the production from such well accruing with respect to such interest until it reverts) shall equal the total of the following:
  - (a) 100% of each such Non-Consenting Party's share of the cost of any newly acquired surface equipment beyond the wellhead connections (including, but not limited to, stock tanks, separators,

000718

treaters, pumping equipment and piping), plus 100% of each such Non-Consenting Party's share of the cost of operation of the well commencing with first production and continuing until each such Non-Consenting Party's relinquished interest shall revert to it under other provisions of this Article, it being agreed that each Non-Consenting Party's share of such costs and equipment will be that interest which would have been chargeable to such Non-Consenting Party had it participated in the well from the beginning of the operations; and

- (b) 200% of that portion of the costs and expenses of drilling, reworking, deepening, plugging back, testing and completing, after deducting any cash contributions received under Article VIII.C. and 200% of that portion of the cost of newly acquired equipment in the well (to and including the wellhead connections), which would have been chargeable to such Non-Consenting Party if it had participated therein.


<u>Formation</u>	<u>Well</u>	<u>Spacing Unit</u>	<u>Ownership</u>
Mesaverde	Atlantic D Com E #6R	S/2 Sec. 16-30N-10W	EPNG Co. et al 87.288088% Amoco 12.500000% C. Potenziani .197690% Potenziani Family Partnership .014222%

This letter Agreement extends only to the drilling of the above well. Upon payout of your share of the cost of the well, the relinquished interests of each Non-Consenting party shall automatically revert to it, and from and after such revision, each Non-Consenting Party shall own the same interest in the well, the material and equipment in or pertaining thereto, and the production therefrom as each Non-Consenting party would have been entitled to had it participated in the drilling, reworking, deepening or plugback of said well. Thereafter, each Non-Consenting party shall be charged with and shall pay its proportionate part of the further costs of the operation of the well in accordance with the terms of above mentioned Operating Agreement.

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

Yours very truly,

EL PASO NATURAL GAS COMPANY

  
By: Alan Alexander  
District Land Manager

AA/TFH:cjw  
Enclosures

Doc. #0449L

000719

Amoco Production Company  
Cheryl L. Potenziani

-3-

September 2, 1987

AMOCO PRODUCTION COMPANY

Agreed to and Accepted this \_\_\_\_ day of \_\_\_\_\_, 1987

By: G.W. Chipman

Title: Attorney-in-Fact

*PEB gpc*

Agreed to and Accepted this \_\_\_\_ day of \_\_\_\_\_, 1987

By: \_\_\_\_\_  
Cheryl L. Potenziani

Agreed to and Accepted this \_\_\_\_ day of \_\_\_\_\_, 1987

By: \_\_\_\_\_  
Potenziani Family Partnership

000720