

EL PASO NATURAL GAS COMPANY

El Paso Office

TELEGRAM

Type of Service:

WUX Western Union

Fast Telegram ☐

Day Letter ☐

Night Letter ☐

TWX Telephone Company ☐

TWP EPNG Network ☒

Prepaid _____ Collect _____

Date NOVEMBER 29, 1962

For Use Of Teletype Operator

TWX NO. _____

MSG NO. _____

TIME: _____

A.M.

P.M.

By: _____

To 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, 1961

DEAR MR. SCOTT:

PURSUANT TO YOUR TELEPHONE CONVERSATION THIS DATE WITH MR. HARRY GEVERTZ, THIS TELEGRAM SETS OUT THE TERMS PERTAINING TO THE DRILLING OF A 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 8/8THS 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. UPON RECOVERY OF THESE COSTS THE OVERRIDING ROYALTY RETAINED BY BROOKHAVEN SHALL TERMINATE AND BROOKHAVEN SHALL THEREAFTER OWN A 50% WORKING INTEREST IN THE SUBJECT WELL.

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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,

EL PASO NATURAL GAS COMPANY

BY _____

HAM SMITH, MANAGER
LAND DEPARTMENT

SS:HG:js

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