

El Paso Natural Gas Company

El Paso, Texas 79978

March 27, 1975

GLH 46

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

Dacresa 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 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, \$17,275.00 or one-half (1/2) of the estimated cost of \$34,550.00.
3. As to a dual Pictured Cliffs-Chacra well, \$22,250.00 or one-half (1/2) of the estimated cost of \$44,500.00.
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 your execution of this Letter Agreement, El Paso agrees to drill, or cause to be drilled, twelve (12) gross wells on acreage 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.

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: T. W. B. Smith
Assistant Vice President

AGREED TO AND ACCEPTED
this ____ day of
_____, 1975.

BROOKHAVEN OIL COMPANY

By: _____

DACRESA CORPORATION

By: _____

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