

LAND DEPARTMENT
GLA DISTRIBUTION

El Paso NATURAL GAS
COMPANY

P. O. BOX 1432
EL PASO, TEXAS 79978
PHONE: 915-543-2600

April 19, 1976

GLA-46
Amendment #17

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

Dacressa 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, as amended, provided for the drilling of Pictured Cliffs and 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, Brookhaven and Dacressa, 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. Brookhaven and Dacressa, in consideration for the drilling of the following described wells by El Paso during the calendar year 1976, agree to promptly pay to El Paso, upon receipt of an invoice, their share of the costs of drilling said wells, in lieu of having those costs recovered out of production as provided for in Subparagraph 5.d of the Operating Agreement, as amended by letter agreement dated March 27, 1975.

000737

| <u>Well Name</u> | <u>Formation</u> | <u>Location</u> | <u>Ownership</u> | | |
|----------------------|---|---|---|---|--|
| Scott #16 | Pictured Cliffs | NE/4 Sec. 31-32N-10W (NM-375) | El Paso Amoco Brookhaven | 50.00% 28.125% 21.875% | |
| Scott #18 | Pictured Cliffs | NE/4 Sec. 34-32N-10W (NM-375) | El Paso Amoco Brookhaven | 50.00% 28.125% 21.875% | |
| Scott #19 | Pictured Cliffs | SE/4 Sec. 34-32N-10W (NM-375) | El Paso Amoco Brookhaven | 50.00% 28.125% 21.875% | |
| Scott #20 | Pictured Cliffs | NW/4 Sec. 29-32N-10W (NM-375) | El Paso Amoco Brookhaven | 50.00% 28.125% 21.875% | |
| Scott #21 | Pictured Cliffs | NE/4 Sec. 29-32N-10W (NM-375) | El Paso Amoco Brookhaven | 50.00% 28.125% 21.875% | |
| Scott #22 | Pictured Cliffs | NE/4 Sec. 17-31N-10W (NM-375) | El Paso Amoco Brookhaven | 50.00% 28.125% 21.875% | |
| Brookhaven Com L#14 | Pictured Cliffs | SE/4 Sec. 16-31N-11W (NM-386, 387-A,C,D) | El Paso Dacressa Brookhaven | 50.00% 25.00% 25.00% | |
| Brookhaven Com M#15* | Pictured Cliffs | NW/4 Sec. 16-31N-10W (NM-236, 377) | El Paso Amoco Brookhaven Aztec | 37.50% 4.375% 8.125% 50.00% | |
| Brookhaven Com A#2A* | Pictured Cliffs/ Mesaverde (Dual) | SE/4 Sec. 16 (PC) E/2 Sec. 16 (MV) T-31-N, R-10-W (NM-236,378,379,381, 382,394) | El Paso Amoco Brookhaven Aztec | MV 56.25% 10.9375% 20.3125% 12.5% | PC 37.5% 13.12 24.37 25.00 |

*The drilling of these wells as to the Pictured Cliffs Formation is contingent upon El Paso securing the joinder Aztec Oil & Gas Company.

000738

| <u>Well Name</u> | <u>Formation</u> | <u>Location</u> | <u>Ownership</u> | |
|------------------|--|---|-----------------------|--------------|
| Scott #2A | Pictured Cliffs/ Mesaverde (Dual) | SE/4 Sec. 31 (PC) E/2 Sec. 31 (MV) T-32-N, R-10-W (NM-375) | | <u>PC/MV</u> |
| | | | El Paso | 50.00% |
| | | | Amoco | 28.125% |
| | | | Brookhaven | 21.875% |
| Scott #7A | Mesaverde | N/2 Sec. 3-31N-10W (NM-375,374,366,367) | El Paso | 50.00% |
| | | | Amoco | 24.621203% |
| | | | Brookhaven | 19.305588% |
| | | | Dacressa | 6.073209% |
| Kelly A#1A | Mesaverde | W/2 Sec. 15-31N-10W (NM-324-U, 369,A,C,D) | El Paso | 50.00% |
| | | | Amoco | 3.515625% |
| | | | Brookhaven | 2.734375% |
| | | | L. C. Kelly, et al | 43.75% |

This letter agreement extends only to the drilling of the above listed wells. Upon receipt of payment of your share of the costs of the wells, El Paso will release for payment to Brookhaven and Dacressa all of their proportionate share of the proceeds from production attributable to the subject wells.

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

Yours very truly,

ATTEST:

EL PASO NATURAL GAS COMPANY

BY: Pat McLean
Assistant Secretary

BY: T. W. Bittner *sw*
Assistant Vice President

AGREED TO AND ACCEPTED this

21 day of April, 1976.

BROOKHAVEN OIL COMPANY

BY: Thomas B. Scott

DACRESSA CORPORATION

BY: Thomas B. Scott

000739