

BROOKHAVEN OIL COMPANY

(OFFICE) 7244 EAST INDIAN SCHOOL ROAD
(MAIL) P. O. BOX 1267
SCOTTSDALE, ARIZONA 85252

April 21, 1976

Mr. Don Wadsworth
Landman, Land Department
Energy Resource Development
El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79978

Dear Mr. Wadsworth:

Referring to your letter of April 19, 1976, relative to drilling new wells during 1976, we enclose, as requested, the following:

1. Letter agreement of April 19, 1976, duly executed, covering the drilling of eight Pictured Cliffs wells, two dual Pictured Cliffs/Mesaverde wells, and two Mesaverde wells.
2. Letter Agreement, duly executed, covering wells drilled in 1975 with balances of payout accounts as of February 28, 1976. We enclose our checks to cover these unpaid balances as of February 28, 1976.
- 3, 4, & 5. Six signature pages for the Communitization Agreements - Pictured Cliffs Formation Wells - Brookhaven Com. I #14, Brookhaven Com. M #15, and Brookhaven Com. A #2A, respectively.

I suppose now Mr. Dekker, in your Gas Accounting Department, will forward the cash balances due and that for the 1976 wells you will bill us at the proper time.

Before closing, we call your attention, with some doubts in our own minds, to the following:

Memorandum Invoice #419264*, under the terms of the carried interest, Work Order #55851-19-39, Statement of Charges for drilling and equipment of San Juan 32-9 Community 84 Pictured Cliffs well seems to be in order, but on the same day you gave us a Memorandum Invoice #419266 for Statement of Charges due in the drilling and equipping of San Juan 32-9 Community 84 Tertiary Sands well, and in this Invoice, when combined with the previously mentioned one, the costs are far above the maximum of \$16,500.00. I suppose this may be justified, because, although it is one well, it has two producing formations. Please let me know what you think is proper in this matter on Invoice #419266 Tertiary Sands well. I call this to your attention, because there are coming up in 1976 four dual wells Mesaverde and Pictured Cliffs.

Thanking you very much, I remain,

Sincerely,

BROOKHAVEN OIL COMPANY and
DACRESA CORPORATION

Thomas B. Scott, Jr.
Thomas B. Scott, Jr., President

*Dated Sept. 12, 1975

Enclosures