



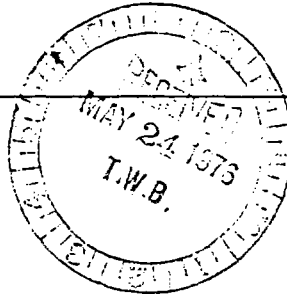
El Paso NATURAL GAS
COMPANY

T.W.B. Brookhaven

Memorandum

TO: ~~Mr. D. N. Canfield~~

FROM: Don Wadsworth



DATE: May 20, 1976

PLACE: Land Department
Energy Resource Dev.

The San Juan 32-9 Unit #84 well, which was drilled during 1975 and completed as a dual Pictured Cliffs/Tertiary Sands Formation, had a portion of the acreage which was dedicated to the well subject to GLA-46 (Brookhaven Oil Company).

Under the terms of GLA-46, El Paso pays all costs related to the well and recovers out of production subject to a limited amount as provided for in the Farmout Agreement as amended. The Farmout Agreement provides that in the event a well is completed in a formation for which a recovery amount is not provided for, then the parties thereto shall agree upon a maximum cost to be recovered comparable to the maximum cost of a Mesaverde well. Since the cost to be recovered on a Mesaverde well is calculated on the actual cost of the well less casing, we propose amending the Farmout Agreement with the attached letter agreement, which provides for a maximum amount of \$26,500 to the Tertiary Formation which is the actual cost incurred in completing the well less casing. I have discussed this figure with Mr. Thomas Scott of Brookhaven Oil Company on the telephone and he is agreeable to it.

If the attached letter agreement is acceptable to you, we will forward all seven (7) copies to the Farmoutees for their execution after they have been executed by El Paso.

Don Wadsworth
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DW:nm
Attachment
GLA-46

OK
[Signature]

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