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Union Oil and Gas Division: Central Region

Union Oil Company of California
500 North Marienfeld, Midland, Texas 79701
P.O. Box 671, Midland, Texas 79702
Telephone (915) 682-9731



Robert V. Lockhart
District Land Manager
Midland District

October 31, 1984

BTA Oil Producers
104 South Pecos
Midland, Texas 79701-9988

Attn: Mr. Win J. Farquhar
Land Manager

Dear Win:

BTA/Lynch No.2 Well
SW/4 Section 24T20S, R34E
Pearl Prospect 0434-80592
Lea County, New Mexico

In accordance with our telephone conversation of today and as per your request. Herewith please find the changes, additions and/or deletions we discussed pertinent to Subject Operating Agreement:

- 1) Page 2, line 19-20 delete the words "which will be borne by the joint account"
- 2) Page 5, lines 60 and 62- change 200% to 100% and line 69 change 400% to 300%. Page 6, line 1 change 400% to 300%
- 3) Page 9, line 42 delete the words "to the extent"
- 4) Page 14, Other Provisions - add Union's Drug Policy as follows:

as 2. — 2) Operator agrees to advise all its employees and the employees of its subcontractors and agents who work on the BTA 8212 JV- P. Lynch No. 2 Well or other wells within the communitized area of this operating agreement that: 1) it is the policy of Union Oil that the use, possession, sale, transfer or purchase of illegal drugs on Union Oil property is prohibited; 2) entry onto Union Oil property constitutes consent to an inspection of the employee and his or her personal effects when entering, on, or leaving Union Oil property; 3) any employee who is found in violation of the policy or who refuses to permit an inspection may be removed and barred from Union Oil property, at the discretion of Union Oil.

BEFORE EXAMINER SIGNATURE

OIL COMPANY OF CALIFORNIA

BTA 8212 JV- P. Lynch No. 2

CASE NO. 8420

- 5) Page 3, exhibit "C" Accounting Procedure Joint Operations
Section III Overhead, change drilling well rate from
\$5600.00 to \$5150.00

Thank you kindly for your cooperation.

Very truly yours,

UNION OIL COMPANY OF CALIFORNIA


H. Rene' Moulinet
Senior Landman

HRM:db

xc: Jim Rose