

116480

NOTICE OF
OPERATING AGREEMENT

STATE OF NEVADA)
)ss
COUNTY OF EUREKA)

Notice is hereby given that the undersigned, as Operator, entered into an Operating Agreement with Magnolia Development Corporation as Non-Operator, dated November 10, 1987 which covers lands located in Eureka County, Nevada, as are more fully described in Exhibit "A" hereto, referred to and incorporated herein for all purposes. The Operating Agreement is on the following form: A.A.P.L. No. 610-1982 and contains the terms and conditions commonly found in that form with certain additions and deletions. In particular, it should be noted that the Operating Agreement contains provisions affecting the sharing of expenses and revenues, controlling the relinquishment of interests by non-consenting parties, granting liens and rights of set off and recoupment, and generally affecting the rights of the owners of the oil, gas and other mineral leases affecting the lands and interest subject to the Operating Agreement.

This instrument is being executed and recorded for the purpose of giving notice to third parties of the existence of the Operating Agreement and also of perfecting the liens and interests set forth therein. The undersigned reserve the right to refuse inspection of the Operating Agreement to parties attempting to obtain information therefrom for purposes prejudicial to the business interests of the undersigned.

EXECUTED this 2nd day of March, 1988.

DIXIE OPERATING COMPANY

BY: William B. Swan
William B. Swan
Vice President

STATE OF TEXAS)
)ss
COUNTY OF HARRIS)

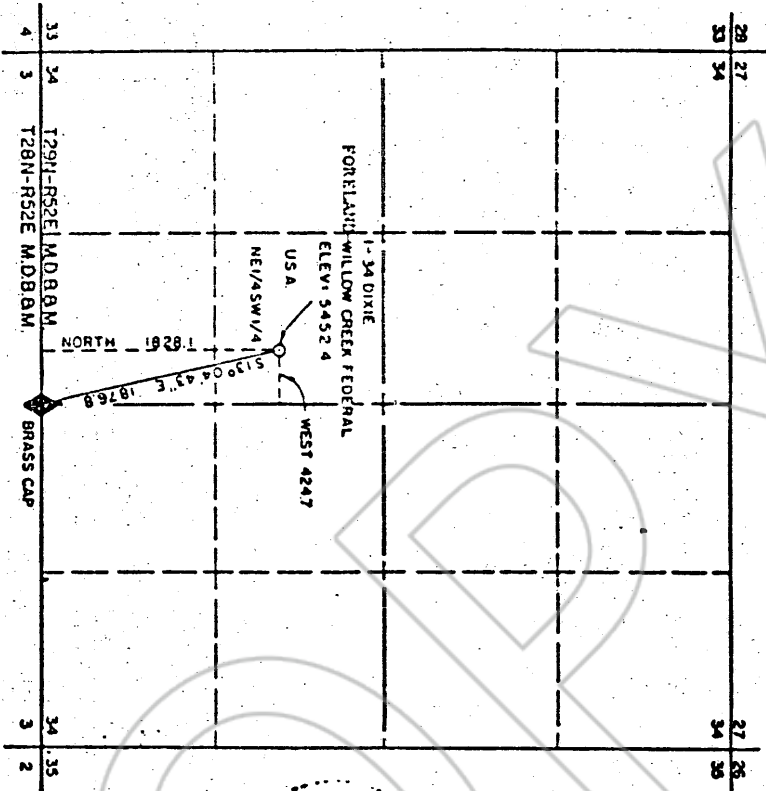
This instrument was acknowledged before me on this 2nd day of March, 1988, by William B. Swan, Vice President of Dixie Operating Company, on behalf of said corporation.

Avron M. Vaughan
NOTARY PUBLIC, in and for
the State of T E X A S



EXHIBIT "A"

Dixie Operating Company FORELAND-WILLOW CREEK FEDERAL 1-34
WELL located on Federal Oil and Gas Lease No. N-46695,
Section 34, T. 29 N., R. 52 E., MDB&M, Pine Valley, Esreka
County, Nevada. The location is more specifically shown on
attached surveyor's land plat.

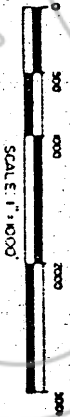
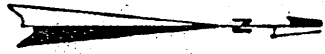


CERTIFICATION

I, ALAN S. BOYACK, DO HEREBY CERTIFY THAT THIS
 PLAT IS A TRUE AND ACCURATE MAP OF A SURVEY MADE
 UNDER MY SUPERVISION AND DIRECTION BETWEEN THE
 15th AND 17th DAY OF MAY, 1987.

Alan S. Boyack
 P.L.S. NO 2455
 S. 118

BASED ON BEARING: TRUE NORTH USING A MAGNETIC
 DECLINATION OF 17° 30' EAST



MAP SHOWING
 DIXIE OPERATING COMPANY
 OIL WELL LOCATION
 IN

NE1/4SW1/4 SECTION 34-T29N-R52E M.D.B.M.
 ELIENKA COUNTY, NEVADA
 BOYACK SURVEYING ELIENKA, NEVADA 87028

RECORDED AT THE REQUEST OF
Alford Oil Corporation
 BOOK 173 PAGE 158

'88 MAR -3 P4 04

OFFICIAL RECORD
 ELIENKA COUNTY, NEVADA
 M & N REGALIA RECORDS
 FILE NO. 7.00
 FEE \$ 116.150