

116481

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.

ALFORD OIL CORPORATION

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

STATE OF TEXAS)
) ss
COUNTY OF HARRIS)

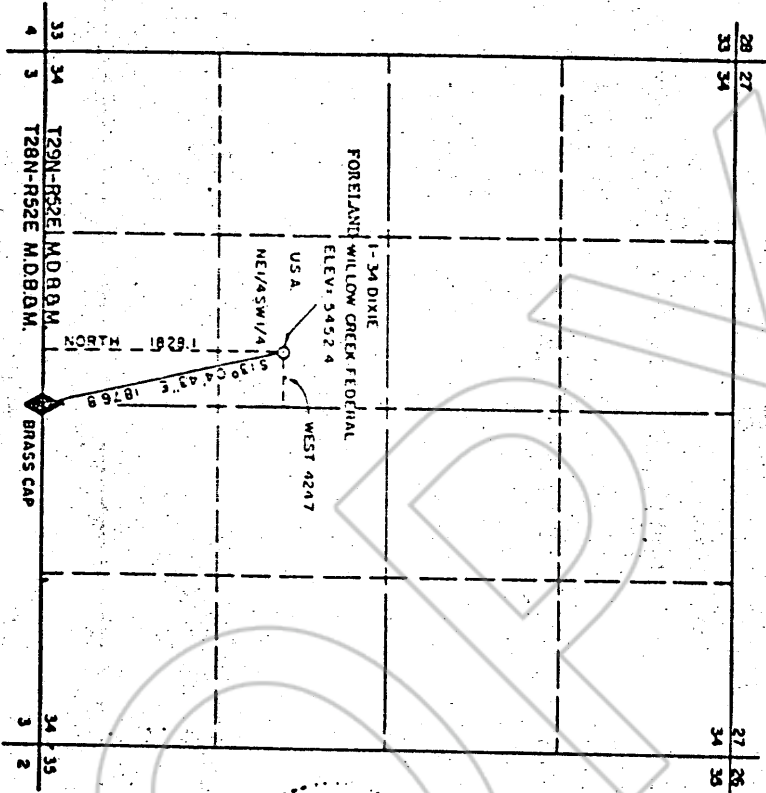
This instrument was acknowledged before me on this 2nd day of March, 1988, by William B. Swan, Vice President of Alford Oil Corporation, on behalf of said corporation.



James M. Vaughn
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, Eureka
County, Nevada. The location is more specifically shown on
attached surveyor's land plat.

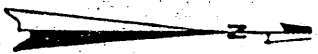


CERTIFICATION

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 16th DAY OF MAY, 1987.

Alan S. Boyack
 REG. NO. 2435
 S. 418

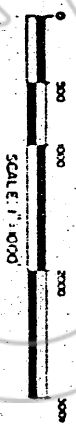
BASED ON BEARING TRUE NORTH USING A MAGNETIC DECLINATION OF 17°30' EAST.



RECORDED AT THE REQUEST OF
Alfred Oil Corporation
 BOOK 173 PAGE 161

'88 MAR -3 P 4.04

CLERK OF RECORDS
 ELIABETH COUNTY, NEVADA
 M.M. FEGALLAN
 FILE NO. 116781
 FEE \$ 7.00



MAP SHOWING
 DIXIE OPERATING COMPANY
 OIL WELL LOCATION
 IN

NE 1/4 SW 1/4 SECTION 34 T28N-R52E MDB&M
 ELIABETH COUNTY, NEVADA

BOYACK SURVEYING ELIABETH, NEVADA 87028