116484

NOTICE OF

OPERATING AGE EMENT

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 March 13, 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 3rt day of March 1988

ALFORD OIL CORPORATION

BY: Milliam B. Swan
Vice President

STATE OF TEXAS

)ss

COUNTY OF HARRIS

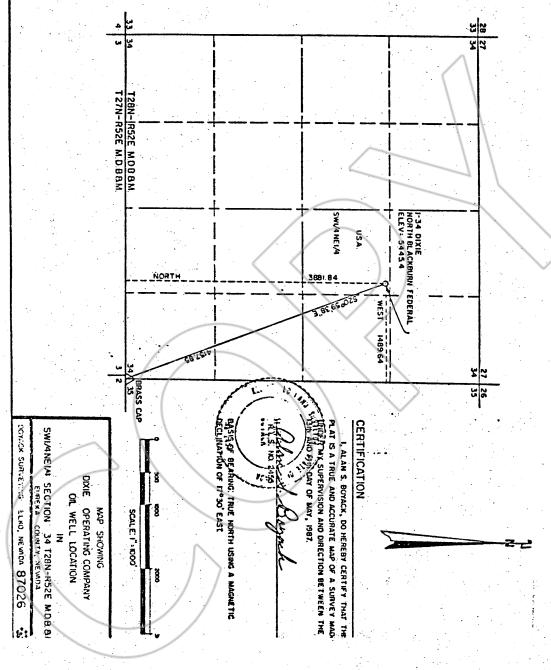
This instrument was acknowledged before me on this 2nd day of March, 1988, by William B. Swan, Vice President of Alford Oil Corporation, on behalf of said corporation.

Afrired

MOTARY PUBLIC, in and for the State of T E X A S EXHIBIT "A"

Dixie Operating Company FORELAND-NORTH BLACKBURN FEDERAL NO. 1-34 WELL located on Federal Oil and Gas Lease No. N-43112, Section 34, T28N, R52E, MDBSM, Eureka County, Nevada. The location is more specifically shown on attached surveyor's land plat.

SUBIFECT TO THE ATTACHED CONDITIONS



REPORTED AT THE REQUEST OF / Connectors BOOK & 731402 172

88 MAR -3 P4:04

GPF FOR A COUNTY NE VADA
HE REPART ATO NOT YELLOW
HE REPART ATO PERONOCH
HELE ACTION
HELE

BBBK 173 PABE 174