116486

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 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 2nd day of March , 1988.

DIXIE OPERATING COMPANY

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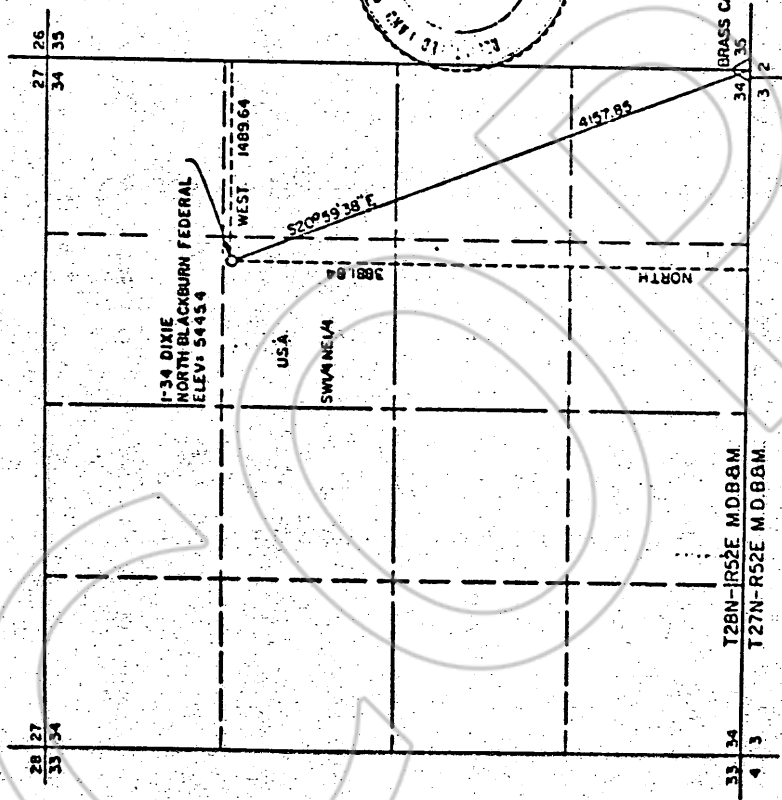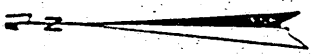William B. Swan
Vice President

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.

Harry M Vaughin
NOTARY 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, MDB&M, Eureka County, Nevada. The
location is more specifically shown on attached surveyor's
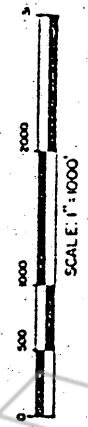land plat.

SCALE: 1":1000'

2000'

500   1000

MAP SHOWING
DIXIE OPERATING COMPANY
OIL WELL LOCATION
IN
SW¼NE¼ SECTION 34 T28N-R52E M.D.B.M.
EUREKA COUNTY, NEVADA

BOYACK SURVEYING   ELKO, NEVADA   87026

26
27   35
34

BRASS CAP

35
34   3   2

4157.95

WEST 1489.64

S20°59'38"E

I-34 DIXIE
NORTH BLACKBURN FEDERAL
ELEV: 5445.4

3889.04

NORTH

USA

SW¼NE¼

T28N-1R52E M.D.B.8M.
T27N-R52E M.D.B.8M.

28 27
33 34

34   3
4

33   3

APPROVED
SUBJECT TO THE ATTACHED CONDITIONS