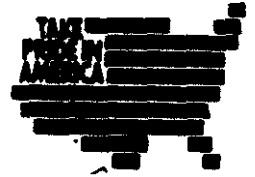




United States Department of the Interior

MINERALS MANAGEMENT SERVICE
ROYALTY MANAGEMENT PROGRAM
P.O. BOX 5760
DENVER, COLORADO 80217



IN REPLY
REFER TO:

FAD/RDB
Mail Stop 652

JAN 19 1989

Dear Payor:

Effective with the December 1989 production month, El Paso Natural Gas Company (El Paso) will no longer report and pay the royalties due on your working interest portion of the Federal/Indian properties listed on Enclosure 1. Previous correspondence sent to you by El Paso dated March 14, 1988, and the Minerals Management Service (MMS) dated March 16, 1988, notified you of this impending change.

Before making payments to MMS a Payor Information Form (PIF), Form MMS-4025, must be submitted on each property to establish paying and reporting responsibilities in our Auditing and Financial System (AFS). The enclosure provides some of the basic information you will need to prepare your PIF(s). This information should be verified against your records before it is submitted on your PIF(s). Detailed instructions on how to prepare the PIF are contained in Volume I of the MMS Oil and Gas Payor Handbook (Payor Handbook). Your PIF(s) must be submitted to MMS no later than May 31, 1989. This will allow MMS sufficient time to process your PIF(s) and return Payor Confirmation Reports to you prior to conversion.

Payments are due to MMS on or before the last working day of the month following the month the product was removed or sold. All payments must be accompanied by a Report of Sales and Royalty Remittance (Form MMS-2014). Complete instructions on how to prepare this form and make payments to MMS are contained in Volume II of the Payor Handbook. Your first Form MMS-2014 and related payment will be due January 31, 1990, for the December 1989 production month. You will be responsible for reporting and paying current month royalties as well as any adjustments to prior production months. Late payments and reports are subject to interest and late reporting assessments in accordance with the Federal Oil and Gas Royalty Management Act of 1982. If you decide to use an agent to report and pay your interest to MMS, or if you dispose of your interest, please inform us of the name of the agent or new interest holder. Also, if you would be interested in receiving training on AFS reporting and payment requirements, please complete Enclosure 2 and return it to the address shown on the Enclosure.

If you have questions regarding reporting and paying to MMS or would like a Payor Handbook sent to you, please contact our Lessee Contact Branch at 1-800-525-2356, or (303) 231-3288.