

EXHIBIT "E-1"

OPERATING AGREEMENT

THIS AGREEMENT, made and entered into as of the 1st day of January, 1961, by and between PAN AMERICAN PETROLEUM CORPORATION, a Delaware corporation, hereinafter sometimes referred to as "Pan American" and BELCO PETROLEUM CORPORATION, a Delaware corporation, hereinafter sometimes referred to as "Belco", both corporations being authorized to do business in the State of Wyoming;

W I T N E S S E T H, That:

WHEREAS, each of the parties hereto is the owner of valid and subsisting oil and gas leases, or operating rights or other interests therein covering the "P Sand Reservoir"; and

WHEREAS, for the purpose of this Operating Agreement, and subject to the royalties, overriding royalties or other lease burdens to which the leases, or the interests of the parties thereunder may be burdened, the present interest or percentage of ownership of the parties in said reservoir and the oil, associated gas, and associated hydrocarbons thereunder, is in the proportions of fifty-two and one-half percent (52½%) by Pan American and forty-seven and one-half percent (47½%) by Belco; and

WHEREAS, the "P Sand Reservoir", for the purpose of this agreement is defined as being that reservoir of oil, associated gas, and other associated hydrocarbons from which the Belco E-13 well, located in the NE/4 SW/4 Section 31, T29N-R112W produces oil and associated gas from the depth interval 2666' to 2767' insofar only as said reservoir underlays the following described lands, to-wit:

Township 28 North, Range 113 West

Section 1: Lots 6, 7 and 8
S/2 NW/4
N/2 SW/4
SW/4 NE/4
NW/4 SE/4

Section 2: Lots 5, 6, 7 and 8
S/2 N/2
N/2 S/2

Section 3: Lots 5 and 6
S/2 NE/4
NE/4 SE/4