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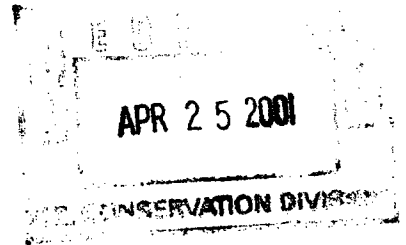
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April 23, 2001



Mr. Roger Anderson
New Mexico Energy, Minerals and
Natural Resources Department
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Abatement Plan AP-26, Humble State #3 Tank Battery Site
Jal, New Mexico

Dear Mr. Anderson:

Maralo, LLC has asked us to respond to your letter dated April 11, 2001. In that letter, you ask us to submit a plan to investigate the extent of contamination at the site of the former Maralo Humble State #3 Tank Battery Site located in Unit A, Section 36, Township 25 South, Range 36 East. In your correspondence, you indicate that Maralo is required to submit to the OCD by June 11, 2001 a Stage 1 investigation proposal pursuant to OCD Rule 19.E.1 and 19.E.3. As you are no doubt aware, Rule 19 of the New Mexico Oil and Gas Regulations was promulgated in February 1997. Maralo's wells in that area were plugged in 1988 and the battery was remediated in 1993. We have had no operations on the site since. Rule 19, therefore, is inapplicable, and any attempt to apply it retroactively now would, in my opinion, be unconstitutional. If you disagree, I would be happy to review any information you have or to discuss this matter with your legal counsel. If we have not heard from you within a reasonable period of time, we will assume that you agree with our assessment and will close our file.

Very truly yours,

COTTON, BLEDSOE, TIGHE & DAWSON

By:

Rick G. Strange

RGS/sm

BEFORE EXAMINER
OIL CONSERVATION DIVISION
EXHIBIT NO. <u>8</u>
CASE NO. <u>13142</u>