

April 4, 1994

Meridian Oil Inc.
P. O. Box 51810
Midland, Texas 79710-1810



Attention: Mr. Don W. Davis

HAND DELIVERED - 4-4-94

Re: BLM Lse. No. 81622
Sections 27, 28 & 30,
T-23-S, R-30-E, NMPM
Gold Rush Pros. (NM-241)
Eddy County, New Mexico

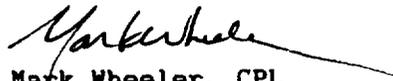
Dear Don:

As I discussed this date with Dennis Sledge of your office, Maralo Inc., subject to final management approval, is interested in purchasing Meridian's undivided 37.5% leasehold interest under said federal lease (NM-81622) covering 1200 gross acres (Meridian - 450 net acres) under the captioned sections. As you are probably aware, said lease expires July 1, 1994.

Maralo, subject to final management approval, hereby offers \$22,500.00 (\$50/acre for Meridian's 450 net acres) for an Assignment of one hundred percent (100%) of Meridian's interest in said lease on the basis of Meridian delivering an 82.5% net revenue interest.

If these terms are agreeable to you, please so indicate by signing and returning one copy of this letter to the undersigned at your earliest convenience and also prepare the necessary federal assignment form for our review and execution. Should you have any questions, please let me know.

Yours very truly,


Mark Wheeler, CPL
District Landman

AGREED TO AND ACCEPTED THIS _____ day of _____, 1994.

MERIDIAN OIL INC.

By: _____
Name: _____
Title: _____

xc: Joe Pulido / John Thoma
cmw/:goldrush(6)

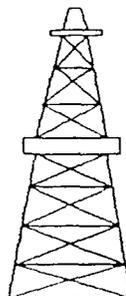
RECEIVED
OIL CONSERVATION DIVISION

APR 11 1994 2B
COMM. DIV.



FAX #(915) 684-9836

DATE: 4-4-94



1 PAGES TO FOLLOW

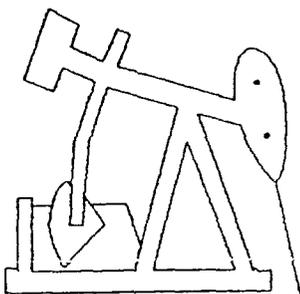
DELIVER TO: DON DAVIS

COMPANY: MERIDIAN

FAX NUMBER: _____

FROM: MARK WHEELER

REMARKS: AFE FOR GOLD AVSH WELL



WELL COST

INTANGIBLES	240-XXX CODE	COMPLETED	DRY HOLE
LOCATION, ROADWAY, DAMAGES	001	\$ 30,000	\$ 30,000
RIG MOBLIZATION	002	-0-	-0-
DRILLING: FTG 14,800'@\$ 22.00 /FT	003	325,600	325,600
DAYWORK 6 DAYS @\$ 4,700 /DAY	004	28,200	28,200
TURNKEY -0-	018	-0-	-0-
FUEL & WATER	005	25,000	25,000
MUD & CHEMICALS	006	40,000	40,000
CEMENT & CEMENTING SERVICES	007	75,000	65,000
FORMATION TESTING	008	7,500	7,500
ELECTRICAL LOGGING + MUD LOGGING	009	100,000	100,000
PERFORATING & TREATING SERVICES	010	30,000	-0-
SPECIAL SERVICES, (INSPECTION, RENTAL)	011	40,000	35,000
WELL SERVICE UNIT	012	12,000	-0-
SUPPLIES (BITS, REAMERS, ETC)	013	18,000	15,000
SUPERVISION	014	18,000	15,000
LABOR & TRUCKING	015	20,000	15,000
LEGAL	019	7,000	7,000
OVERHEAD	040	14,000	14,000
MISC AND 10 % CONTINGENCY	017	79,000	72,000
TOTAL WELL INTANGIBLES		\$ 869,300	\$ 794,300

TANGIBLES	230-XXX CODE		
WELLHEAD ASSEMBLY	001	\$ 45,000	\$ 20,000
CASING:	002	175,800	66,400
CONDUCTOR 20 "OD 40 '\$ 3,000			
SURFACE 13 3/8 "OD 650 '\$ 11,600			
1ST INTERMEDIATE 9 5/8 "OD 3800 '\$ 51,800			
2ND INTERMEDIATE "OD '\$			
PRODUCTION/LINER 5 1/2 "OD 14800 '\$ 109,400			
TUBING 2 7/8 "OD 14800 '\$ 59,400	003	59,400	-0-
MISC. EQUIPMENT (PACKERS, DOWNHOLE, ETC)	004	8,000	-0-
ARTIFICIAL LIFT + ELECTRIC MOTOR FOR PU	005	-0-	-0-
SUCKER RODS + PUMP	006	-0-	-0-
TOTAL WELL TANGIBLES		\$ 288,200	\$ 86,400

PRODUCTION & LEASE FACILITIES

TANGIBLES	230-XXX CODE		
STORAGE TANKS	010	\$ 20,000	\$ -0-
HEATER TREATER	011	-0-	-0-
SEPARATOR	012	-0-	-0-
GAS PRODUCTION UNIT	013	25,000	-0-
FLOW LINE & LINE PIPE	014	10,000	-0-
MISC EQUIPMENT	015	10,000	-0-
TOTAL FACILITY TANGIBLES		\$ 65,000	\$ -0-
TOTAL TANGIBLES		\$ 353,200	\$ 86,400
TOTAL EXPENDITURE		\$ 1,222,500	\$ 880,700

COMPANY _____
 BY: _____ DATE: _____
 APPROVED _____ DISAPPROVED _____ W.I. _____

MARALO INC.
 BY: *[Signature]*
 APPROVED _____ DISAPPROVED _____ W.I. _____

04/04/84 17:02

915 685 4056

MARALO MIDLAND

001

*** ACTIVITY REPORT ***

TRANSMISSION OK

TX/RX NO.	5636	
CONNECTION TEL		6886010
CONNECTION ID		
START TIME	04/04 17:01	
USAGE TIME	01'07	
PAGES	2	
RESULT	OK	