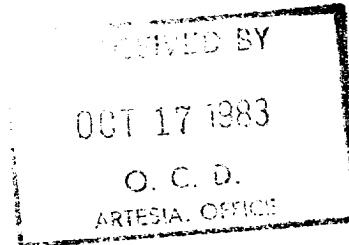


**DINERO**  
P. O. DRAWER 10505  
MIDLAND, TEXAS 79702

October 13, 1983



State of New Mexico  
Oil Conservation Division  
Post Office Box 2088  
Santa Fe, New Mexico 87501

Gentlemen:

This is a computation showing that the value of the commingled production will not be less than the sum of the values of the individual streams.

I. Sum of the value of production from individual zones:

a. Est. Bone Spring Production	6 BOPD	
Current Price of Oil		\$30. Per Barrel
Total Value		\$180. Per Day
b. Est. Delaware Production	5 BOPD	
Current Price of Oil		\$30. Per Barrel
Total Value		\$150. Per Day
c. Total value of both streams		\$330. Per Day


II. Value of Commingled Production:

Est. commingled production	11 BOPD	
Current Price of Oil		\$30. Per Day
Total value of Production		\$330. Per Day

Therefore, the value of the commingled production equals the sum of the values of the individual streams.

Very truly yours,

DINERO OPERATING COMPANY

  
Mitch Beique  
Petroleum Engineer

MB/lm