

Because working interests for the wells are different, oil from each of the wells will be measured by positive displacement, temperature compensated metering equipment prior to surface commingling. Gas from the wells will also be metered separately. This metering will ensure that all production from each of the wells is equitably accounted for with no significant effect on revenue. The production is from the same producing zone which is the Canyon.

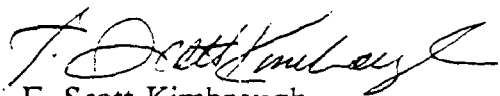
In accordance with the Oil Conservation Division's Rules 303-B and 309-B, the following diagrams and maps are enclosed for your information.

Attachment II A diagram of the proposed measurement equipment, separators and storage tanks in accordance with the "Manual for Installation and Operation of Commingling Facilities".

Attachment III Notification of interest owners. All required notices pursuant to Rule 309-B (3) have been made and consents, once received, will be forwarded to your office.

If you should have any questions or need further information, please call me at the letterhead number.

Sincerely,



E. Scott Kimbrough
Manager of Drilling and Production

ESK:pgb

Encl. as stated

cc: Well File
 TRM
 BS