



**EXHIBIT A**

Sunrise Energy Partners, Ltd. II  
12121 Wilshire Blvd., Suite 1100  
Los Angeles, CA 90025-1174

Beaver Oil Company  
407 Douglas Ave.  
Beaver, OK 73932

Nielson and Associates, Inc.  
1131 13th Street  
Suite 203  
Cody, WY 82414

Swift Energy Company  
16825 Northchase Drive  
Suite 400  
Houston, TX 77060

H. Grady Payne III  
5650 N. Riverside Drive  
Fort Worth, TX 76137

Polaris Production Corp.  
415 W. Wall  
Midland, TX 79701

Headington Minerals, Inc.  
7557 Rambler Road  
Suite 1150  
Dallas, TX 75231

NationsBank, N.A. Trustee of  
Trusts Nos. 1362, 1363 and 1364  
303 W. Wall  
Midland, TX 79701

King Ranch Oil & Gas Company  
1415 Louisiana Street  
Suite 2300  
Houston, TX 77002-7352

The Grayrock Corporation  
11910 Greenville Avenue, #302  
Dallas, TX 75243-3564

Mitchell Energy Corporation  
1000 Gibraltar Savings Center  
200 North Loraine  
Midland, TX 79701

Devon Energy Corporation  
20 North Broadway  
Suite 1500  
Oklahoma City, OK 73102

**BEFORE THE  
OIL CONSERVATION DIVISION**  
Santa Fe, New Mexico

Case No. 11655 Exhibit No. A

Submitted by: Maralo, Inc.

Hearing Date: December 19, 1996

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN

MICHAEL H. FELDEWERT  
TANYA M. TRUJILLO  
PAUL R. OWEN

JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

November 27, 1996

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

TO AFFECTED INTEREST OWNERS:

Re: Application of Maralo, Inc. for a non-standard gas proration unit and an unorthodox gas well location, Lea County, New Mexico

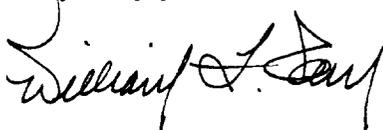
Gentlemen:

This letter is to advise you that Maralo, Inc. has filed the enclosed application with the New Mexico Oil Conservation Division seeking the establishment of a non-standard gas spacing and proration unit in the Undesignated West Reeves-Queen Pool comprising the S/2 NW/4 and N/2 SW/4 of Section 16, Township 18 South, Range 35 East, to be dedicated to the existing Maralo SV "16" State Well No. 1 located at an unorthodox gas well location 1748 feet from the South line and 742 feet from the West line of said Section 16.

This application has been set for hearing before a Division Examiner on December 19, 1996. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR MARALO, INC.

WFC:mlh

Enc.

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
  - 2.  Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Sunrise Energy Partners, Ltd. II  
 12121 Wilshire Blvd., Suite 1100  
 Los Angeles, CA 90025-1174

4a. Article Number  
**P 502 240 434**

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- COD
- Certified
- Insured

7. Date of Delivery

12-2

8. Addressee's Address (Only if requested and fee is paid)

5. Received By: (Print Name)  
 1/1/96

6. Signature: (Addressee or Agent)  
 X *[Signature]*

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 502 240 434

US Postal Service  
**Receipt for Certified Mail**

Sunrise Energy Partners, Ltd. II  
 12121 Wilshire Blvd., Suite 1100  
 Los Angeles, CA 90025-1174

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$</b>
Postmark or Date	NOV 27 1996

PS Form 3880, April 1995

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
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- Consult postmaster for fee.

3. Article Addressed to:

Beaver Oil Company  
407 Douglas Ave.  
Beaver, OK 73932

4a. Article Number

P 502 240 435

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise  COD

7. Date of Delivery

8. Addressee's Address (only if requested and fee is paid)

5. Received By: (Print Name)

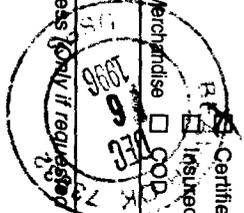
5. Received By: (Print Name)  
F. Mills

6. Signature (Addresser or Agent)

6. Signature (Addresser or Agent)  
X *[Signature]*

PS Form 3811, December 1994

Domestic Return Receipt



Thank you for using Return Receipt Service.

P 502 240 435

US Postal Service  
**Receipt for Certified Mail**

Beaver Oil Company  
407 Douglas Ave.  
Beaver, OK 73932

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$</b>
Postmark or Date	NOV 27 1996

PS Form 3800, April 1995

Is your **RETURN ADDRESS** completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
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I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
  - 2.  Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Nielson and Associates, Inc.  
1131 13th Street  
Suite 203  
Cody, WY 82414

4a. Article Number

PS02 240 436

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- Insured
- COD

7. Date of Delivery

12/27/96

8. Addressee's Address (Only if requested and fee is paid)

5. Received By: (Print Name)  
Vickie Wenke

6. Signature: (Addressee or Agent)  
**X** Vickie Wenke

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 502 240 436

US Postal Service

**Receipt for Certified Mail**

Nielson and Associates, Inc.  
1131 13th Street  
Suite 203  
Cody, WY 82414

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	NOV 27 1996

PS Form 3800, April 1995

Is your **RETURN ADDRESS** completed on the reverse side?

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I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
- 2.  Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Swift Energy Company  
16825 Northchase Drive  
Suite 400  
Houston, TX 77060

4a. Article Number

P 502 240 437

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- COD
- Certified
- Insured

7. Date of Delivery

12-3-96

8. Addressee's Address (Only if requested and fee is paid)

Received By: (Print Name)  
*Robert H. Davis*  
Signature: (Addressee or Agent)

X

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 502 240 437

US Postal Service

**Receipt for Certified Mail**

Swift Energy Company  
16825 Northchase Drive  
Suite 400  
Houston, TX 77060

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$</b>
Postmark or Date	NOV 27 1996

PS Form 3800, April 1995

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I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
  - 2.  Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

H. Grady Payne III  
5650 N. Riverside Drive  
Fort Worth, TX 76137

4a. Article Number  
**P 502 240 438**

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- COD
- Certified
- Insured

7. Date of Delivery  
**12 29 96**

8. Addressee's Address (Only if requested and fee is paid)

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

*H. Grady Payne III*  
PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 502 240 438

US Postal Service  
**Receipt for Certified Mail**

H. Grady Payne III  
5650 N. Riverside Drive  
Fort Worth, TX 76137

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$</b>
Postmark or Date	<b>NOV 27 1996</b>

PS Form 3800, April 1995

Is your RETURN ADDRESS completed on the reverse side?

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I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
  - 2.  Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Polaris Production Corp.  
415 W. Wall  
Midland, TX 79701

4a. Article Number

P 502 240 439

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- COD
- Certified
- Insured

7. Date of Delivery

11/27/96

8. Addressee's Address (Only if requested and fee is paid)

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 502 240 439

US Postal Service  
**Receipt for Certified Mail**

Polaris Production Corp.  
415 W. Wall  
Midland, TX 79701

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$</b>
Postmark or Date	NOV 27 1996

PS Form 3800, April 1995

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- 1.  Addressee's Address
  - 2.  Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Headington Minerals, Inc.  
7557 Rambler Road  
Suite 1150  
Dallas, TX 75231

4a. Article Number

P 502 240 440

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- COD
- Certified
- Insured

7. Date of Delivery

12/3/96

8. Addressee's Address (Only if requested and fee is paid)

5. Received By: (Print Name)

6. Signature of Addressee or Agent

X

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 502 240 440

US Postal Service  
**Receipt for Certified Mail**  
Headington Minerals, Inc.  
7557 Rambler Road  
Suite 1150  
Dallas, TX 75231

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
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Postmark or Date	NOV 27 1996

PS Form 3800, April 1995



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I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
  - 2.  Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

King Ranch Oil & Gas Company  
 1415 Louisiana Street  
 Suite 2300  
 Houston, TX 77002-7352

4a. Article Number

P 502 240 442

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- COD
- Certified
- Insured

7. Date Delivered  
 NOV 27 1996

5. Received By: (Print Name)

B Miller

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

X B Miller

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 502 240 442

US Postal Service

**Receipt for Certified Mail**

King Ranch Oil & Gas Company  
 1415 Louisiana Street  
 Suite 2300  
 Houston, TX 77002-7352

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$</b>
Postmark or Date	NOV 27 1996

PS Form 3800, April 1995

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I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
  - 2.  Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

The Grayrock Corporation  
 11910 Greenville Avenue, #302  
 Dallas, TX 75243-3564

4a. Article Number

P 502 240 443

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- COD
- Certified
- Insured

7. Date of Delivery

12-2-96

8. Addressee's Address (Only and fee is paid) Requested



Requested

Requested

Requested

6. Signature: (Addressee or Agent)

X [Signature]

5. Received By: (Print Name)

PS Form 3811, December 1994

Domestic Return Receipt

P 502 240 443

US Postal Service  
**Receipt for Certified Mail**

The Grayrock Corporation  
 11910 Greenville Avenue, #302  
 Dallas, TX 75243-3564

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$</b>
Postmark or Date	NOV 27 1996

PS Form 3800, April 1995

Thank you for using Return Receipt Service.

CAMPBELL, CARR, BERGE & SHERIDAN, P.A.

LAWYERS

POST OFFICE BOX 2208

SANTA FE, NEW MEXICO 87504-2208

CERTIFIED

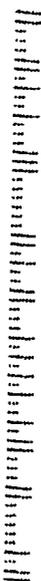
P 502 240 444

MAIL

Mitchell Energy Corporation  
1000 Gibraltar Savings Center  
200 North Loraine  
Midland, TX 79701

ATTEMPTED, NOT KNOWN  
TO BE DELIVERED TO ADDRESSEE

79701-4752 12



Handwritten signature/initials in a circle

NAME \_\_\_\_\_  
1st Notice \_\_\_\_\_  
2nd Notice \_\_\_\_\_  
Return \_\_\_\_\_

REC-0 9 1996

P 502 240 444

US Postal Service

Receipt for Certified Mail

Mitchell Energy Corporation  
1000 Gibraltar Savings Center  
200 North Loraine  
Midland, TX 79701

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$</b>

Postmark or Date  
NOV 27 1996

PS Form 3800 April 1995

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I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
- 2.  Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Devon Energy Corporation  
20 North Broadway  
Suite 1500  
Oklahoma City, OK 73102

4a. Article Number

P 502 240 445

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- COD
- Certified
- Insured

7. Date of Delivery

11-2-96

8. Addressee's Address (Only if requested and fee is paid)

5. Received By: (Print Name)

Larry Bauer

6. Signature: (Addressee or Agent)

*[Signature]*

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 502 240 445

US Postal Service  
**Receipt for Certified Mail**  
Devon Energy Corporation  
20 North Broadway  
Suite 1500  
Oklahoma City, OK 73102

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$</b>
Postmark or Date	NOV 27 1996

PS Form 3800, April 1995

December , 1996



Mr. Steve Blair  
Devon Energy Corp.  
20 North Broadway, Suite 1500  
Oklahoma City, OK 73102-8260

Re: Maralo's SV "16" State #1  
Section 16, T-18-S, R-35-E  
Vacuum South Area (NM-36)  
Lea County, New Mexico

Dear Mr. Blair:

By letter dated July 25, 1996 (copy attached), Devon Energy Corp. agreed to the proposal outlined in said letter which would allow for the formation of an operating area consisting of the West Half (W/2) of the captioned Section 16. By letter dated October 4, 1996, Devon rescinded said approval and requested that a unit be formed solely out of the Southwest Quarter (SW/4) of said section.

As you are aware, a hearing was held on November 21 asking that a Geologic proration unit be established for said well consisting of the S/2 NW/4 and N/2 SW/4 of said section. In an effort to put this matter to rest and proceed with a resolution, Maralo hereby asks that Devon reconsider its position taken in its October 4, 1996 letter and agree to the formation of an operating area consisting of the West Half (W/2) of Section 16 which would allow Devon and its associated working interest owners a 7 1/2% interest in the West Half (W/2) of said section.

If Devon is agreeable to recommitting to this proposal as outlined said letter of July 25, 1996, please sign a copy of this letter in the space provided below and return an executed original to our office or fax it to us at (713) 960-1672. If you have any questions, please contact Dick Lowery or Richard Gill at (95) 684-7441.

Yours very truly,

MARALO, INC.  
  
Joe C. Pulido, CPL  
Land Manager

JCP:jr

Xc: Lynn Gray (Devon) Dick Lowery Richard Gill  
Agreed to proposal outlined in Maralo's letter of  
July 25, 1996, subject to the execution of a mutually  
accepted Joint Operating Agreement.

DEVON ENERGY CORP.

By:   
Name: STEVEN K. BLAIR  
Title: Manager, Outside Operations  
Date: 12/19/96

BEFORE THE  
OIL CONSERVATION DIVISION  
Santa Fe, New Mexico

Case No. 11655 Exhibi: No. B

Submitted by: Maralo, Inc.

Hearing Date: December 19, 1996



November 22, 1996

Mr. William F. Carr  
Campbell, Carr, Berge, & Sheridan P. A.  
P. O. Box 2208  
Santa Fe, New Mexico 87504-2208

RE: Hearing on West Reeves-Queen Gas Pool  
Maralo SV "16" State, Well No. 1  
API No. 30-025-29347  
Section 16, T18S, R35E, NMPM, Lea County, New Mexico

Mr. Carr:

In response to David Catanach's inquiry at the hearing on November 21, 1996, I've enclosed two letters to Jerry Sexton, District 1 Supervisor, Oil Conservation Division, Hobbs, New Mexico.

The last one dated March 16, 1996, asked for permission to produce the well in an interim period. I have updated Donna Pitzer, OCD Hobbs, New Mexico, by telephone and by fax on several occasions since then concerning the status of the continued attempt to develop an 160-acre unit for this well.

A handwritten signature in cursive script that reads "Dorothea Logan".

Dorothea Logan  
Regulatory Analyst

BEFORE THE  
OIL CONSERVATION DIVISION  
Santa Fe, New Mexico

Case No. 11655 Exhibit No. C

Submitted by: Maralo, Inc.

Hearing Date: December 19, 1996



March 13, 1996

Mr. Jerry Sexton  
District Supervisor  
Oil Conservation Division  
P. O. Box 1980  
Hobbs, New Mexico 88240

RE: Permission to Produce  
Maralo SV "16" State, Well #1  
(API # 30-025-29347)  
Reeves; Queen, West Gas Pool  
Unit L, Sec. 16, T18S, R35E  
Lea County, New Mexico

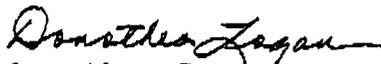
Dear Mr. Sexton:

Maralo Inc. requests permission to continue producing the above named well in an interim period.

Please consider that modifications to Division General Rule 104 were underway and established during the period that Maralo Inc. was evaluating non-standard well spacing options for this well. All offset operators have been timely notified of the application filings (see attached).

The result of the evaluation is that an offset farmout has been sought to develop a standard 160-acre unit from the SW/4 of Section 16. If you have any questions regarding the ongoing process to place this well in a valid gas spacing proration unit, please call Dorothea Logan or Richard Gill, Petroleum Engineer, (915) 684-7441.

Sincerely,

  
Dorothea Logan  
Regulatory Analyst

attachments: (2)



January 11, 1996

Mr. Jerry T. Sexton  
Supervisor, District 1  
Oil Conservation Division  
P. O. Box 1980  
Hobbs, NM 88240

RE: Request for Extension and Allowable for Production  
Maralo SV "16" State, Well #1, API# 30-025-29347  
Reeves; Queen, West Pool, Sec 16, 18S, 35E  
Lea County, New Mexico

Dear Mr. Sexton:

Enclosed please find amended Form C-102 requiring a non-standard 120 area unit for the captioned well. Also enclosed are Form C-105 and attachments for the Plugback Recompletion.

Maralo, Inc. requests the extension and allowable as it would be detrimental to the integrity of the well to shut it in at this time. A copy of the offset operator notification list and map is enclosed.

Thank you for your consideration in this matter.

Sincerely,

A handwritten signature in cursive script that reads "Dorothea Logan". The signature is written in dark ink and is positioned above the typed name.

Dorothea Logan  
Regulatory Analyst  
MARALO, INC.

encls. (3)