



April 21, 1999

N.M. Oil Cons Division

811 S. 1st St. et

Artesia, NM 88210-2834

Mr. Peter Chester

United States Department of the Interior

Bureau Of Land Management

2909 West Second St.

Roswell, New Mexico 88201-2019

RE: 3160 (06200) NM-89038

Dakota Springs Area (NM-200)

Eddy County, New Mexico



Dear Mr. Chester:

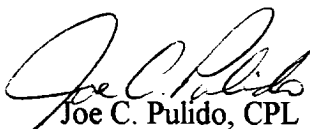
Maralo is in receipt of letter dated April 16, 1999 from Mr. Gary A. Stephens whereby he approves the plugging operation on our D. S. "26" Federal #1 well. In said letter, he points out that we also operate a salt water disposal well being the Bubbling Springs #1 SWD located on the F-26-20-26E captioned lease. Further, he advises that we are required to plug the salt water disposal well or request a Right of Way if we are to use said well for commercial disposal purposes.

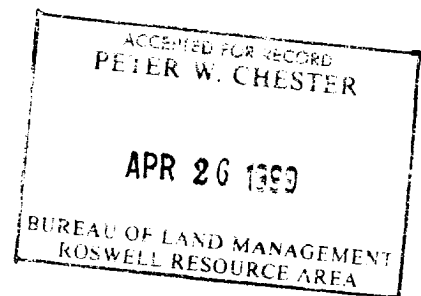
Please be advised that we currently have a permit (copy enclosed) referenced as contact number 8-LM-4L-07820 for a term of fifty (50) years which covers a well pad and 2900' water pipeline from said SWD well to the adjoining section line to the East.

We trust this information furnished herewith will satisfy the need to request any further approvals or Right of Ways, but should additional information be needed please advise.

Yours very truly,

Maralo, LLC


Joe C. Pulido, CPL
Manager



JCP/sg
Enclosure

cc: Dorothea Logan

