

July 12, 2002

Bureau of Land Management Roswell District Office 2909 W. Second Street Roswell, NM 88202

Attn: Armando A. Lopez

Re: 3162.4 (06200) APD for the Mounds Federal Com #1 1980 FNL 760 FWL, Sec. 4-T22S-R27E Eddy County, NM-0454018

Armando:

Marbob Energy Corporation has reached an agreement with Frank Maxey of Corpus Christi, TX, regarding surface damages on the above referenced well, contingent upon approval of the APD.

If you have any questions or require further information, please contact Dean Chumbley at (505) 748-3303.

Thank you for your help in this matter.

Sincerely,

Diana J. Cannon Production Analyst