



July 11, 1994

TO THE WORKING INTEREST OWNERS LISTED ON EXHIBIT "A":

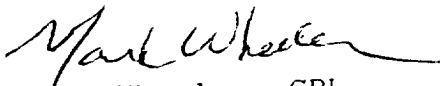
Re: Notification of Combining Production from
Pickett Draw Federal "9" #1 Well and
Exxon Federal "8" #1 Well
Chimayo Prospect (NM-203)
Eddy County, New Mexico

Gentlemen:

Please be advised that this letter shall serve as Maralo's formal notification to you that Maralo has applied with the Bureau of Land Management (BLM) and the Oil Conservation Division (OCD) for approval to combine production from the captioned wells into a single tank battery facility, with separate metering devices so that the apportionment between the federal leases with different royalty rates can be calculated.

Should you have any questions concerning this matter, please feel free to contact us.

Yours very truly,


Mark Wheeler, CPL
District Landman

MW/pjd:chimayo(4)

xc: Joe Pulido / Anita Fuller / Dorothea Owen