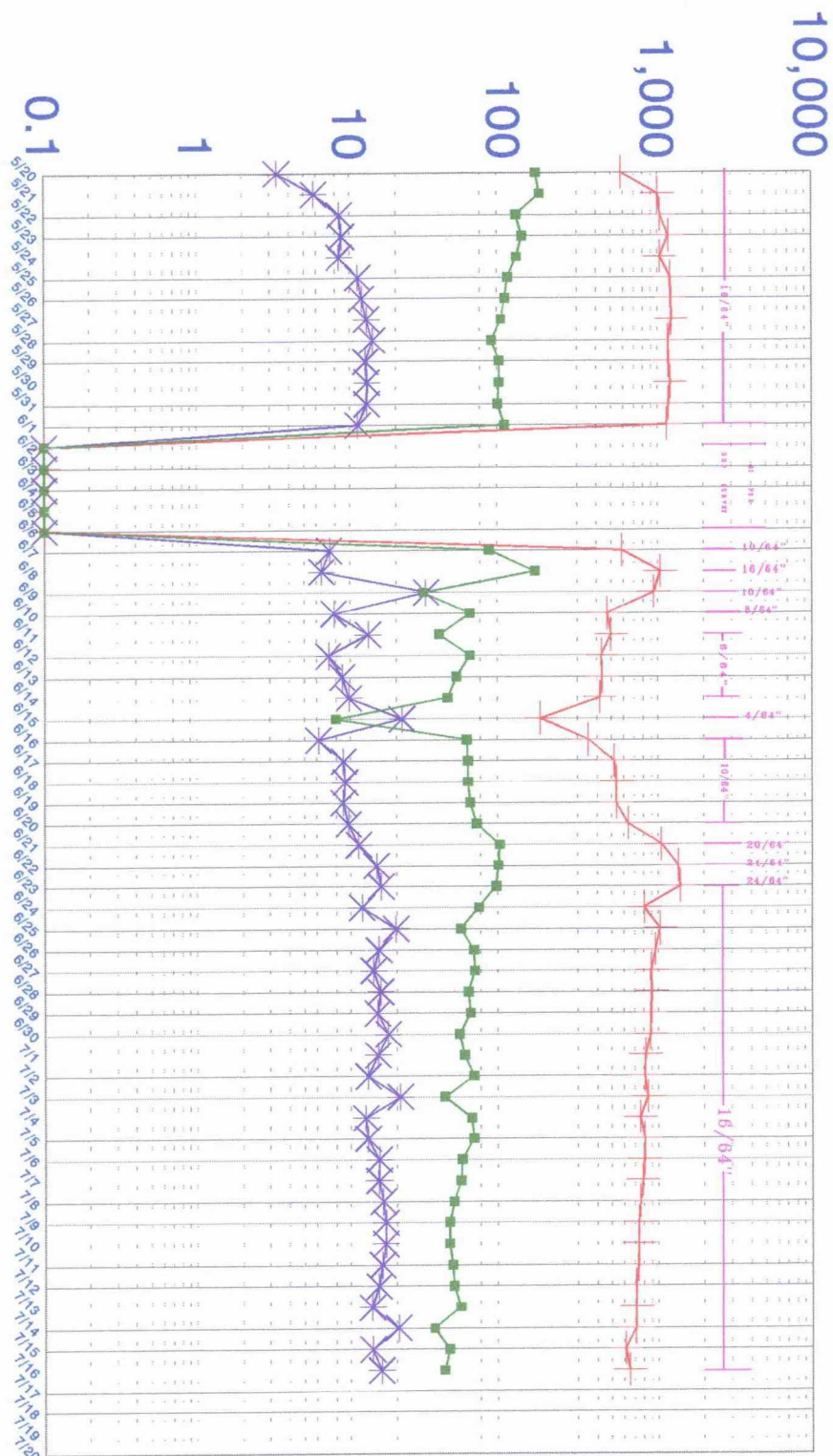


LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE

KEYSTONE #1

PRODUCTION HISTORY



45 BOPD
720 MCF
Gas/day
now.

— OIL — GAS * GOR/1000

BEFORE THE

OIL CONSERVATION DIVISION

Case No. 11040 Exhibit No. 3

Submitted By:

MARALO INC.

Hearing Date: July 21, 1994

KEYSTONE #1

PRODUCTION HISTORY

DATE	CHOKE	FTP	BOPD	BWPD	MCFPD	GOR	GLR	CUM OIL	CUM WTR	CUM GAS	WTR CUT
5/20	16/64	1300	162	11	576	3556	3329	162	11	576	6
5/21	16/64	1200	172	185	998	5802	2796	334	196	1574	52
5/22	16/64	1200	121	160	1036	8562	3687	455	356	2610	57
5/23	16/64	1200	132	155	1170	8864	4077	587	511	3780	54
5/24	16/64	1200	122	160	1036	8492	3674	709	671	4816	57
5/25	16/64	1200	107	119	1207	11280	5341	816	790	6023	53
5/26	16/64	1200	102	149	1217	11931	4849	918	939	7240	59
5/27	16/64	1150	96	116	1232	12833	5811	1014	1055	8472	55
5/28	16/64	1100	83	107	1167	14060	6142	1097	1162	9639	56
5/29	16/64	1075	93	96	1176	12645	6222	1190	1258	10815	51
5/30	16/64	1050	93	116	1206	12968	5770	1283	1374	12021	56
5/31	16/64	1050	91	111	1173	12890	5807	1374	1485	13194	55
6/1	16/64	1000	101	113	1139	11277	5322	1475	1598	14333	53
6/2	SI					ERR	ERR	1475	1598	14333	ERR
6/3	SI					ERR	ERR	1475	1598	14333	ERR
6/4	SI					ERR	ERR	1475	1598	14333	ERR
6/5	SI					ERR	ERR	1475	1598	14333	ERR
6/6	SI					ERR	ERR	1475	1598	14333	ERR
6/7	10/64	1275	80	3	584	7300	7036	1555	1601	14917	4
6/8	16/64	950	160	80	1035	6469	4313	1715	1681	15952	33
6/9	10/64	1100	30	39	935	31167	13551	1745	1720	16887	57
6/10	8/64	1100	60	17	468	7800	6078	1805	1737	17355	22
6/11	6/64	1125	38	19	497	13079	8719	1843	1756	17852	33
6/12	6/64	1100	60	28	430	7167	4886	1903	1784	18282	32
6/13	6/64	1600	49	28	434	8857	5636	1952	1812	18716	36
6/14	6/64	1100	43	22	421	9791	6477	1995	1834	19137	34
6/15	4/64	1200	8	6	173	21625	12357	2003	1840	19310	43
6/16	10/64	1100	57	19	350	6140	4605	2060	1859	19660	25
6/17	10/64	1150	58	50	520	8966	4815	2118	1909	20180	46
6/18	10/64	975	58	71	535	9224	4147	2176	1980	20715	55
6/19	10/64	1025	60	58	536	8933	4542	2236	2038	21251	49
6/20	10/64	1000	66	81	638	9667	4340	2302	2119	21889	55
6/21	20/64	825	93	119	1046	11247	4934	2395	2238	22935	56
6/22	24/64	750	91	127	1342	14747	6156	2486	2365	24277	58
6/23	24/64	690	88	165	1385	15739	5474	2574	2530	25662	65
6/24	16/64	760	68	111	805	11838	4497	2642	2641	26467	62
6/25	16/64	750	52	69	1020	19615	8430	2694	2710	27487	57
6/26	16/64	750	63	91	956	15175	6208	2757	2801	28443	59
6/27	16/64	750	64	77	895	13984	6348	2821	2878	29338	55
6/28	16/64	765	58	83	904	15586	6411	2879	2961	30242	59
6/29	16/64	765	60	88	893	14883	6034	2939	3049	31135	59
6/30	16/64	765	51	87	890	17451	6449	2990	3136	32025	63
7/1	16/64	750	55	63	825	15000	6992	3045	3199	32850	53
7/2	16/64	700	63	72	813	12905	6022	3108	3271	33663	53
7/3	16/64	700	41	55	856	20878	8917	3149	3326	34519	57
7/4	16/64	710	61	77	761	12475	5514	3210	3403	35280	56
7/5	16/64	700	63	78	812	12889	5759	3273	3481	36092	55
7/6	16/64	700	53	69	809	15264	6631	3326	3550	36901	57
7/7	16/64	700	52	66	789	15173	6686	3378	3616	37690	56
7/8	16/64	700	47	75	762	16213	6246	3425	3691	38452	61

KEYSTONE #1

PRODUCTION HISTORY

DATE	CHOKE	FTP	BOPD	BWPD	MCFPD	GOR	GLR	CUM OIL	CUM WTR	CUM GAS	WTR CUT
7/9	16/64	700	44	61	742	16864	7067	3469	3752	39194	58
7/10	16/64	700	44	58	742	16864	7275	3513	3810	39936	57
7/11	16/64	700	46	63	737	16022	6761	3559	3873	40673	58
7/12	16/64	675	47	66	714	15191	6319	3606	3939	41387	58
7/13	16/64	650	52	69	716	13769	5917	3658	4008	42103	57
7/14	16/64	650	35	47	714	20400	8707	3693	4055	42817	57
7/15	16/64	650	44	52	610	13864	6354	3737	4107	43427	54
7/16	16/64	650	41	55	649	15829	6760	3778	4162	44076	57

Reservoir Fluid Study
for
MARALO INC.
Keystone No. 1
Burton Flat Morrow
Eddy County, New Mexico

RFLM 94022
28-Jun-94

A product of
Core Laboratories
a division of Western Atlas International, Inc.

The analysis, opinions or interpretations contained in this report are based upon observations and material supplied by the client for whose exclusive and confidential use this report has been made. The interpretations or opinions expressed represent the best judgement of Core Laboratories. Core Laboratories assumes no responsibility and makes no warranty or representations, express or implied, as to the productivity, proper operations, or profitability however of any oil, gas, coal or other mineral, property, well or sand in connection with which such report is used or relied upon for any reason whatsoever.

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 11040 Exhibit No. 5
Submitted By:
MARALO INC.
Hearing Date: July 21, 1994

CC: to partners 7/8/94

Core Laboratories

29 June 1994

MARALO INC.
P.O. Box 832
Midland, Texas 79702

Western Atlas
International
2001 Commerce Drive
P.O. Box 4337
Midland, Texas
79704-4337
Tel 915-694-7761
Fax 915-694-3191

Attention: Mr. Richard Gill

Subject: Condensate Reservoir Fluid Study (Phase Determination)
Well: Keystone No.1
File: RFLM 94022

Gentlemen :

Samples of separator liquid and vapor were collected from the subject well on June 1 and 8, 1994 and submitted to our Midland laboratory facilities for use in a Condensate Reservoir Fluid Study (Phase Determination). These products were recombined to a gas/oil ratio provided by a Maralo Inc. representative. Presented in the following report are the results of this study as requested by Maralo Inc.

Should any questions arise or if we may be of further service in anyway, please do not hesitate to contact us. Thank you.

Sincerely,



Thomas R. Coleman
Supervisor
Reservoir Fluid Laboratory-Midland

LABORATORY PROCEDURES

Reservoir Fluid Study
Maralo Inc.
Keystone No.1
RFLM 94022

On June 8 1994 samples of first stage separator gas and samples of second stage separator gas and liquid were taken. As a quality check, the opening pressures of the separator gas cylinders were determined. In addition, the room temperature bubblepoint pressures of the separator liquid samples were measured. This information, summarized on page three of the report, indicated that the samples received in the laboratory closely represented reported field separator conditions. The separator liquid collected from the second stage separator was adjusted by adding second stage gas to bring the saturation pressure to equal the first stage separator pressure of 480 psig @ 78°F

The composition of the separator gas was determined using temperature programmed extended gas chromatography. The composition, together with the calculated properties of the separator gas, is presented on page four. The composition of the separator liquid was measured to an eicosanes plus fraction using the flash/chromatographic technique. This resulted in the composition listed on page five.

The reported gas production rate was corrected with the factors shown on page two. Using the corrected gas/liquid ratio in conjunction with the compositions of the separator products, the reservoir fluid composition was calculated. This composition is presented on page six. The separator gas and separator liquid were physically recombined to the gas/liquid ratio and the resulting fluid was used to complete the remaining testing program.

A portion of the reservoir fluid was charged to a high-pressure visual cell and thermally expanded to the reported reservoir temperature of 121 °F. After establishing thermal equilibrium, the fluid sample was subjected to a constant composition expansion. During the expansion, a dewpoint pressure was observed to occur at 4847 psig. Complete data derived from the pressure-volume relations measurements, including relative volumes, and compressibility above dewpoint., may be found on pages seven and eight.

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General Well Information

(Section 1)

RFLM 94022

28-Jun-94

MARALO INC.
Keystone No.1
RFLM 94022

General Well Information

Company..... MARALO INC.
Well Name..... Keystone No.1
API Well Number.....
File Number..... RFLM 94022
Date Sample Collected..... 8-Jun-94
Sample Type..... Separator
Geographical Location..... Eddy County, New Mexico
Field..... Burton Flat Morrow

Well Description

Formation..... First Bone Spring Sand
Pool (or Zone)..... *
Date Completed..... *
Elevation..... 3212 ft
Producing Interval..... 6298-6503 ft
Total Depth..... 10465 PB TD ft
Tubing Size..... 2.375 in
Tubing Depth..... 6189 ft
Casing Size..... * in
Casing Depth..... * ft

Pressure Survey Data

Data from Original Discovery Well

Date *
Reservoir Pressure * psig

Data at Sample Collection

Date..... 8-Jun-94
Reservoir Pressure..... 2130 psig
Reservoir Temperature..... 121 °F
Pressure Tool..... *
Flowing Bottom-Hole Pressure..... 1488.5 psig
Flowing Tubing Pressure..... 950 psig

* Data not forwarded to Core Laboratories.

MARALO INC.

Keystone No.1

RFLM 94022

Production Data

Data from Original discovery Well

Location.....	*	
Date.....	*	
Oil Gravity @ STP.....	*	°API
Separator Pressure.....	*	psig
Separator Temperature.....	*	°F
Production Rates		
Gas.....	*	Mscf/D
Liquid.....	*	STbbl/D
Gas/Liquid Ratio.....	*	scf/bbl

Separator Conditions

Primary Separator Pressure.....	480	psig
Primary Separator Temperature.....	78	°F
Secondary Separator Pressure.....	25	psig
Secondary Separator Temperature.....	78	°F
Primary Separator Gas Production Rate.....	1139	Mscf/D

Gas Factors -

Field Values:

Pressure Base.....	15.025	psia
Temperature Base.....	60	°F
Compressibility Factor (Fpv).....	1.0336	
Gas Gravity Factor (Fg).....	1.1688	

Laboratory Values:

Pressure Base.....	15.025	psia
Temperature Base.....	60	°F
Compressibility Factor (Fpv).....	1.0444	
Gas Gravity Factor (Fg).....	1.1952	

Adjusted Primary Separator Gas Prod Rate.....	1176.9	Mscf/D		
Primary Separator Liquid Rate.....	118.271	bbl/D	at	°F
Stock Tank Liquid Rate.....	101	bbl/D	at	78 °F
Separator Gas / Separator Liquid Ratio.....	*	scf/bbl		
Separator Gas / Stock Tank Liquid Ratio.....	*	scf/bbl		
Stock Tank Liquid / Separator Gas Ratio.....	*	bbl/Mscf		
Separator Liquid / Stock Tank Liquid Ratio.....	*	bbl/bbl	at	°F

* Data not forwarded to Core Laboratories.

Preliminary Quality Checks

(Section 2)

RFLM 94022
28-Jun-94

MARALO INC.

Keystone No.1

RFLM 94022

PRELIMINARY QUALITY CHECKS PERFORMED ON SAMPLES
RECEIVED IN LABORATORY

Separator Gas					
Cylinder Number	Sampling Conditions		Laboratory Opening Conditions		Liquid Recovered (cc)
	psig	°F	psig	°F	
*K18254	95	78	86	72	0
**K29730	25	78	30	80	0
**K29645	25	78	28	80	0

Separator Liquid					
Cylinder Number	Sampling Conditions		Laboratory Bubblepoint		Water Recovered (cc)
	psig	°F	psig	°F	
***2135	25	78	10	69	0
6	25	78	11	69	0

* Sampled from 480 psig first stage separator off 95 psig line. Used for recombination

** Sampled off second stage separator (heater treater).

*** Adjusted to have a 480 psig saturation pressure @ 78°F. Used for recombination

Wellstream Composition

(Section 3)

RFLM 94022
28-Jun-94

MARALO INC.

Keystone No. 1

RFLM 94022

SEPARATOR GAS COMPOSITION
IN WELLSTREAM RECOMBINATION

Component	Mol %	GPM	MW
Hydrogen Sulfide	0.00		34.080
Carbon Dioxide	2.03		44.010
Nitrogen	1.76		28.013
Methane	80.99		16.043
Ethane	9.30	2.537	30.070
Propane	3.75	1.054	44.097
i-Butane	0.43	0.143	58.123
n-Butane	0.95	0.306	58.123
i-Pentane	0.24	0.090	72.150
n-Pentane	0.24	0.089	72.150
Hexanes	0.15	0.059	84.000
Heptanes	0.11	0.046	96.000
Octanes	0.02	0.009	107.000
Nonanes	0.02	0.010	121.000
Decanes	0.01	0.006	134.000
Totals	100.00	0.000	

Gas Cylinder Number

K18254:2

Sampling Conditions

Separator Pressure, psig 480
 Separator Temperature, °F 78

Field Data

Pressure Base, psig 15.025
 Temperature Base, °F 60

Fg factor 1.1688
 Fpv factor 1.0336

Field measured gas flow rate in Mscf/D
 at 15.025 psia and 60 °F 1,139.0

Laboratory Data

Pressure Base, psig 15.025
 Temperature Base, °F 60

Fg factor 1.1952
 Fpv factor 1.0444

Lab corrected gas flow rate in Mscf/D
 at 15.025 psia and 60 °F 1,176.9

Total Gas Properties

Calculated separator gas gravity
 (air=1.000) 0.700

Gross heating value in Btu/scf
 at 15.025 psia and 60 °F 1147

Calculated Z (deviation) factor
 at sampling conditions 0.917

MARALO INC.

Keystone No.1

RFLM 94022

SEPARATOR LIQUID COMPOSITION
IN WELLSTREAM RECOMBINATION

Component	Mol %	Weight %	Plus Fractions	
			Density gm/cc at 60 °F	Molecular Weight
Hydrogen Sulfide	0.00			
Carbon Dioxide	0.75	0.30		
Nitrogen	0.10	0.03		
Methane	11.15	1.63		
Ethane	6.78	1.85		
Propane	8.32	3.34		
i-Butane	2.07	1.09		
n-Butane	6.00	3.17		
i-Pentane	3.20	2.10		
n-Pentane	3.93	2.58		
Hexanes	5.50	4.20		
Heptanes	7.68	6.70	0.8217	188.
Octanes	8.50	8.27		
Nonanes	5.50	6.05		
Decanes	4.10	5.00		
Undecanes	3.09	4.13	0.8556	263.
Dodecanes	2.32	3.40		
Tridecanes	2.40	3.82		
Tetradecanes	1.96	3.39		
Pentadecanes	1.75	3.28	0.8724	321.
Hexadecanes	1.41	2.85		
Heptadecanes	1.57	3.38		
Octadecanes	1.20	2.74		
Nonadecanes	0.93	2.22		
Eicosanes plus	9.79	24.48	0.8848	383.
Totals	100.00	100.00		

Liquid Cylinder Number

6:2

Sampling Conditions

Separator Pressure, psig 480
 Separator Temperature, °F 78

Stock Tank Flow Rate
 (at 60 °F)
 101 bbl/D

Separator Flow Rate
 (at sampling conditions)
 118.3 bbl/D

Total Liquid Properties
(at sampling conditions)

Sample Density, gm/cc 0.7384
 Sample Molecular Weight 121.1

Pressure-Volume Relations

(Section 4)

RFLM 94022
28-Jun-94

MARALO INC.

Keystone No.1

RFLM 94022

VOLUMETRIC DATA

(at 121 °F)

Bubblepoint Pressure (Pb)	4847	psig
Thermal Exp @ 5000 psig	1.10529	V at 121 °F / V at 121 °F

AVERAGE SINGLE-PHASE COMPRESSIBILITIES

Pressure Range psig			Single-Phase Compressibility V/V/psi
6000	to	5500	58.27 E -6
5500	to	5000	69.45 E -6
5000	to	4847	80.86 E -6

MARALO INC.

Keystone No.1

RFLM 94022

RESERVOIR FLUID COMPOSITION

FROM RECOMBINED WELLSTREAM

Component	Mol %	GPM	Plus Fractions	
			Density gm/cc at 60 °F	Molecular Weight
Hydrogen Sulfide	0.00			
Carbon Dioxide	1.94			
Nitrogen	1.64			
Methane	75.80			
Ethane	9.11	2.485		
Propane	4.09	1.149		
i-Butane	0.55	0.184		
n-Butane	1.32	0.425		
i-Pentane	0.46	0.172		
n-Pentane	0.51	0.188		
Hexanes	0.55	0.218		
Heptanes	0.67	0.282	0.8197	185.
Octanes	0.65	0.301		
Nonanes	0.43	0.220		
Decanes	0.31	0.172		
Undecanes	0.23	0.138	0.8556	263.
Dodecanes	0.17	0.110		
Tridecanes	0.18	0.125		
Tetradecanes	0.15	0.112		
Pentadecanes	0.13	0.104	0.8724	321.
Hexadecanes	0.10	0.085		
Heptadecanes	0.12	0.108		
Octadecanes	0.09	0.086		
Nonadecanes	0.07	0.069		
Eicosanes plus	0.73	0.752	0.8848	383.
Totals	100.00	7.485		

Sampling Conditions

Separator Pressure, psig 480
 Separator Temperature, °F 78

Field measured
 Separator Gas / Stock Tank Liquid ratio
 at sampling conditions
 11.2770 Mscf/bbl

Lab corrected
 Separator Gas / Separator Liquid ratio
 at sampling conditions
9.9509 Mscf/bbl

Sample Molecular Weight

28.1

10,000 Ft³/bbl

MARALO INC.

Keystone No.1

RFLM 94022

PRESSURE-VOLUME RELATIONS

(at 121 °F)

Pressure psig		Relative Volume (A)
6000		0.9256
5500		0.9533
5000		0.9876
4900		0.9956
b-4847		1.0000
4818		1.0023
4787		1.0048
4753		1.0076
4726		1.0099
4606		1.0206
4352		1.0466
3942		1.1002
3485		1.1840
3069		1.2940
2709		1.4293
2408		1.5861
2148		1.7695
1681		2.2881
1288		3.0941
930		4.5358

(A) Relative Volume: V/V_{sat} or volume at indicated pressure per volume at saturation pressure.

CURRENT PRODUCTION

KEYSTONE #2
EDDY COUNTY, NM
57 MBO + 960 MMCF ULT.
45 BOPD + 720 MCFPD

DATE: 07/19/94
TIME: 10:47:24
FILE: RICH
GET#: 54

RESERVES AND ECONOMICS

AS OF JULY 1, 1994

-END- MO-YR	---GROSS PRODUCTION---		----NET PRODUCTION----		--PRICES--		-----OPERATIONS, M\$-----			CAPITAL COSTS, M\$	CASH FLOW BTAX, M\$	10.00 PCT CUM. DISC BTAX, M\$
	OIL, MMBL	GAS, MMCF	OIL, MMBL	GAS, MMCF	OIL \$/B	GAS \$/M	NET OPER REVENUES	SEV+ADV TAXES	NET OPER EXPENSES			
12-94	7.717	123.472	5.479	87.665	17.00	2.00	268.473	23.551	21.000	496.700	-272.778	-278.030
12-95	12.804	204.864	9.091	145.453	17.00	2.00	445.453	39.075	44.100	.000	362.278	51.438
12-96	9.954	159.264	7.067	113.077	17.00	2.00	346.293	30.377	46.305	.000	269.611	274.341
12-97	7.740	123.840	5.495	87.926	17.00	2.00	269.267	23.620	48.620	.000	197.027	422.426
12-98	6.018	96.288	4.273	68.364	17.00	2.00	209.369	18.366	51.051	.000	139.952	518.051
12-99	4.678	74.848	3.321	53.142	17.00	2.00	162.741	14.275	53.604	.000	94.862	576.975
12- 0	3.637	58.192	2.582	41.316	17.00	2.00	126.526	11.098	56.284	.000	59.144	610.373
12- 1	2.828	45.248	2.008	32.126	17.00	2.00	98.388	8.630	59.098	.000	30.660	626.112
12- 2	2.199	35.184	1.561	24.981	17.00	2.00	76.499	6.710	62.053	.000	7.736	629.722
12- 3												
12- 4												
12- 5												
12- 6												
12- 7												
12- 8												
S TOT	57.575	921.200	40.877	654.050	17.00	2.00	2003.009	175.702	442.115	496.700	888.492	629.722
REM.	.000	.000	.000	.000	.00	.00	.000	.000	.000	.000	.000	629.722
TOTAL	57.575	921.200	40.877	654.050	17.00	2.00	2003.009	175.702	442.115	496.700	888.492	629.722
CUM.	.000	.000										
ULT.	57.575	921.200										
				NET OIL REVENUES (M\$)			694.909	-----PRESENT WORTH PROFILE-----				
				NET GAS REVENUES (M\$)			1308.100	DISC	PW OF NET	DISC	PW OF NET	
				TOTAL REVENUES (M\$)			2003.009	RATE	BTAX, M\$	RATE	BTAX, M\$	
								----	-----	----	-----	
BTAX RATE OF RETURN (PCT)			94.02	PROJECT LIFE (YEARS)			8.500	.0	888.492	30.0	335.462	
BTAX PAYOUT YEARS			1.25	DISCOUNT RATE (PCT)			10.000	2.0	827.140	35.0	287.270	
BTAX PAYOUT YEARS (DISC)			1.34	GROSS OIL WELLS			1.000	5.0	745.011	40.0	245.404	
BTAX NET INCOME/INVEST			2.79	GROSS GAS WELLS			.000	8.0	672.969	45.0	208.725	
BTAX NET INCOME/INVEST (DISC)			2.27	GROSS WELLS			1.000	10.0	629.722	50.0	176.340	
								12.0	589.822	60.0	121.780	
INITIAL W.I. FRACTION			1.000000	INITIAL NET OIL FRACTION			.710000	15.0	535.485	70.0	77.618	
FINAL W.I. FRACTION			1.000000	FINAL NET OIL FRACTION			.710000	18.0	486.889	80.0	41.141	
PRODUCTION START DATE			7- 1-94	INITIAL NET GAS FRACTION			.710000	20.0	457.270	90.0	10.497	
MONTHS IN FIRST LINE			6.00	FINAL NET GAS FRACTION			.710000	25.0	391.474	100.0	-15.625	

\$496.7M D&C, \$3500/MO LOE
100% WI @ 71% NRI

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 11040 Exhibit No. 6
Submitted By:
MARALO INC.
Hearing Date: July 21, 1994

OGRE(R) V5.11 BTAX
 FILE NAME: RICH (54)
 CASE NAME: KEYSTONE #1
 CHD NAME: STDJ4715(300)

D A T A R E P O R T

DATE: 07/19/94
 TIME: 10:47:24

101 KEYSTONE #2
 102 EDDY COUNTY, NM
 103 57 MBO + 960 MMCF ULT.
 104 45 BOPD + 720 MCFPD

117 CASE \$COM

* 120 7 94 12 7 1 94 10 1

	W.I. FRACTION	OP. COST (\$/W/MO)	OP. COST (\$/MO.)	ADV. TAX (PCT)	MAJOR PH. NAME	PROD DATE (MO/DY/YR)
210	1.00000000	.00	3500.00	2.400	OIL	7/ 1/94

	PHASE NAME	CUM PROD (MUNITS)	REV. INT FRACTION	PRICE (\$/UNIT)	SEV. TAX (PCT)	NO. OF WELLS	RATIO TO MAJOR PH
221	OIL	.000	.71000000	17.000	4.700	1.0	
222	GAS	.000	.71000000	2.000	7.500	.0	16.000

	PH. NAME	CURVE TP	DECLINE%	QI RATE	QT RATE	CUM. LIMIT	(M OR Y)	CALC VALUE
410	OIL	EXP	X	45.000	EL	60.000	MB	
CALC	OIL	EXP	END= 22.252	45.000	3.626	10.007	YRS	D 60.000 MBBL

600 SERIES LINES:

647 DATA OPCOST : ESC 5 % TO LIFE

	INV NAME	INV. POINT	(G OR N)	TANG-M\$	INTANG-M\$	LSEHLD-M\$	RISK FRAC	OVHD FLAG
802	INVEST	.000 YRS	G	206.100	290.600	.000		

FOOTNOTES:

901 \$496.7M D&C, \$3500/MO LOE
 902 100% WI @ 71% NRI

ECONOMIC LIFE (YRS): 8.500
 GROSS OIL (MBBL): 57.575

80 Acre - 2,000 GOR

KEYSTONE #2
EDDY COUNTY, NM
54 MBO + 870 MMCF ULT.
28 BOPD + 444 MCFPD

DATE: 07/19/94
TIME: 10:46:14
FILE: RICH
GET#: 54

RESERVES AND ECONOMICS

AS OF JULY 1, 1994

-END- MO-YR	---GROSS PRODUCTION---		---NET PRODUCTION---		--PRICES---		-----OPERATIONS, M\$-----			10.00 PCT		
	OIL, MMBL	GAS, MMCF	OIL, MMBL	GAS, MMCF	OIL \$/B	GAS \$/M	NET OPER REVENUES	SEV+ADV TAXES	NET OPER EXPENSES	CAPITAL COSTS, M\$	CASH FLOW BTAX, M\$	CUM. DISC BTAX, M\$
12-94	4.925	78.800	3.497	55.948	17.00	2.00	171.345	15.030	21.000	496.700	-361.385	-364.559
12-95	8.820	141.120	6.262	100.195	17.00	2.00	306.844	26.915	44.100	.000	235.829	-150.088
12-96	7.604	121.664	5.399	86.381	17.00	2.00	264.545	23.206	46.305	.000	195.034	11.158
12-97	6.556	104.896	4.655	74.476	17.00	2.00	228.087	20.007	48.620	.000	159.460	131.008
12-98	5.653	90.448	4.014	64.218	17.00	2.00	196.674	17.252	51.051	.000	128.371	218.720
12-99	4.874	77.984	3.461	55.369	17.00	2.00	169.575	14.874	53.604	.000	101.097	281.517
12- 0	4.202	67.232	2.983	47.735	17.00	2.00	146.181	12.822	56.284	.000	77.075	325.040
12- 1	3.623	57.968	2.572	41.157	17.00	2.00	126.038	11.056	59.098	.000	55.884	353.728
12- 2	3.124	49.984	2.218	35.489	17.00	2.00	108.684	9.533	62.053	.000	37.098	371.041
12- 3	2.693	43.088	1.912	30.592	17.00	2.00	93.688	8.219	65.156	.000	20.313	379.659
12- 4	2.322	37.152	1.649	26.378	17.00	2.00	80.789	7.087	68.414	.000	5.288	381.699
12- 5												
12- 6												
12- 7												
12- 8												
S TOT	54.396	870.336	38.622	617.938	17.00	2.00	1892.450	166.001	575.685	496.700	654.064	381.699
REM.	.000	.000	.000	.000	.00	.00	.000	.000	.000	.000	.000	381.699
TOTAL	54.396	870.336	38.622	617.938	17.00	2.00	1892.450	166.001	575.685	496.700	654.064	381.699
CUM.	.000	.000										
ULT.	54.396	870.336										
-----PRESENT WORTH PROFILE-----												
							DISC RATE	PW OF NET BTAX, M\$	DISC RATE	PW OF NET BTAX, M\$		
							-----	-----	-----	-----		
BTAX RATE OF RETURN (PCT)			44.45	PROJECT LIFE (YEARS)				10.500	.0	654.064	30.0	104.763
BTAX PAYOUT YEARS			2.14	DISCOUNT RATE (PCT)				10.000	2.0	587.141	35.0	62.845
BTAX PAYOUT YEARS (DISC)			2.43	GROSS OIL WELLS				1.000	5.0	499.815	40.0	27.223
BTAX NET INCOME/INVEST			2.32	GROSS GAS WELLS				.000	8.0	425.388	45.0	-3.388
BTAX NET INCOME/INVEST (DISC)			1.77	GROSS WELLS				1.000	10.0	381.699	50.0	-29.949
									12.0	342.059	60.0	-73.722
INITIAL W.I. FRACTION			1.000000	INITIAL NET OIL FRACTION				.710000	15.0	289.117	70.0	-108.271
FINAL W.I. FRACTION			1.000000	FINAL NET OIL FRACTION				.710000	18.0	242.797	80.0	-136.223
PRODUCTION START DATE			7- 1-94	INITIAL NET GAS FRACTION				.710000	20.0	215.044	90.0	-159.310
MONTHS IN FIRST LINE			6.00	FINAL NET GAS FRACTION				.710000	25.0	154.703	100.0	-178.706

\$496.7M D&C, \$3500/MO LOE
100% WI @ 71% NRI

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 11040 Exhibit No. 7
Submitted By:
MARALO INC.
Hearing Date: July 21, 1994

OGRE(R) V5.11 BTAX
 FILE NAME: RICH (54)
 CASE NAME: KEYSTONE #1
 CMD NAME: STDG4602(300)

D A T A R E P O R T
 - - - - -

DATE: 07/19/94
 TIME: 10:46:14

101 KEYSTONE #2
 102 EDDY COUNTY, NM
 103 54 MBO + 870 MMCF ULT.
 104 28 BOPD + 444 MCFPD

117 CASE \$COM

* 120 7 94 12 7 1 94 10 1

	W.I. FRACTION	OP. COST (\$/W/MO)	OP. COST (\$/MO.)	ADV. TAX (PCT)	MAJOR PH. NAME	PROD DATE (MO/DY/YR)			
210	1.00000000	.00	3500.00	2.400	OIL	7/ 1/94			
	PHASE NAME	CUM PROD (MUNITS)	REV. INT FRACTION	PRICE (\$/UNIT)	SEV. TAX (PCT)	NO. OF WELLS	RATIO TO MAJOR PH		
221	OIL	.000	.71000000	17.000	4.700	1.0			
222	GAS	.000	.71000000	2.000	7.500	.0	16.000		
	PH. NAME	CURVE TP	DECLINE%	QI RATE	QT RATE	CUM. LIMIT	(M OR Y)	CALC VALUE	
410	OIL	EXP	X	28.000	EL	60.000	MB		
CALC	OIL	EXP	END= 13.781	28.000	3.626	13.786	YRS	D	60.000 MBBL

600 SERIES LINES:

647 DATA OPCOST : ESC 5 % TO LIFE

	INV NAME	INV. POINT	(G OR N)	TANG-M\$	INTANG-M\$	LSEHLD-M\$	RISK FRAC	OVHD FLAG
802	INVEST	.000 YRS	G	206.100	290.600	.000		

FOOTNOTES:

901 \$496.7M D&C, \$3500/MO LOE
 902 100% WI @ 71% NRI

ECONOMIC LIFE (YRS): 10.500
 GROSS OIL (MBBL): 54.396

LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

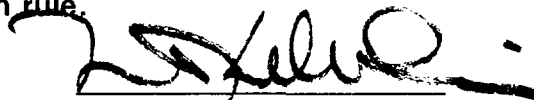
IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION
FOR THE PURPOSE OF CONSIDERING:

CASE NO. 11040

Application of MARALO, Inc. for pool
creation and classification, Eddy County,
New Mexico.

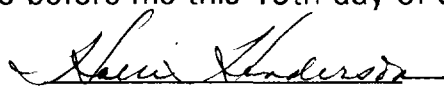
CERTIFICATE OF MAILING
AND
COMPLIANCE WITH ORDER R-8054

W. THOMAS KELLAHIN, attorney in fact and authorized representative of MARALO, Inc., states that the notice provisions of Division Rule 1207 (Order R-8054) have been complied with, that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested parties entitled to receive notice, that on the 28th day of June 1994, I caused to be sent, by regular mail, notice of this hearing and a copy of the application for the referenced case along with the cover letter, at least twenty days prior to the hearing set for July 21, 1994, to the parties shown in the application as evidenced by the names listed in EXHIBIT "A", and that pursuant to Division Rule 1207, notice has been given at the correct addresses provided by such rule.



W. Thomas Kellahin

SUBSCRIBED AND SWORN to before me this 19th day of July 1994.



Notary Public

My Commission Expires: 06/15/98

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 11040 Exhibit No. 9
Submitted By:
MARALO INC.
Hearing Date: July 21, 1994

EXHIBIT "A"

**Collins & Ware, Inc.
Hightower Bldg., #701
Midland, Texas 79701**

**Exxon Corporation
P.O. Box 1600
Midland, Texas 79702**

**BHP Petroleum, Inc.
5847 San Felipe, #3600
Houston, Texas 77001**

**Oxy U.S.A., Inc.
P.O. Box 50250
Midland, Texas 79710
Attn: Rick Foppiano**

**Chevron U.S.A., Inc.
P.O. Box 1150
Midland, Texas 79702**

**Martin, Williams & Judson
413 1st National Bank
Midland, Texas 79702**

**Devon Energy Corporation
20 N. Broadway, Ste. 1500
Oklahoma City, Oklahoma 73102**

**Matador Petroleum Corporation
8340 Meadow Road, Ste. 158
Dallas, Texas 75231**

**Bridge Oil Company, LP
12377 Merit Drive, #1600
Dallas, Texas 75231**

**Merit Energy Partners, LP
1221 Merit Drive, #1040
Dallas, Texas 75231**

Merit Energy Partners II, LP
1221 Merit Drive, # 1040
Dallas, Texas 75231

Merit Energy Partners III, LP
1221 Merit Drive, #1040
Dallas, Texas 75231

Chevron U.S.A.
P.O.Box 1635
Houston, Texas 77002

Yates Petroleum Corporation
105 S. 4th Street
Artesia, New Mexico 88210

Yates Drilling Co.
105 S. 4th Street
Artesia, New Mexico 88210

ABO Petroleum Corporation
105 S. 4th Street
Artesia, New Mexico 88210

Myco Industries, Inc.
105 S. 4th Street
Artesia, New Mexico 88210

Coquina Oil Corporation
1717 St. James Place, Ste. 200
Houston, Texas 77056

Edward R. Hudson, Jr., Esq.
Individually and as Attorney in fact for:
William A. Hudson II and Mary H. Ard
616 Texas Street
Fort Worth, Texas 76102

Claremont Corporation
PO Box 549
Claremore, Oklahoma 74108

**North American Royalties
306 West Wall, Ste. 1400
Midland, Texas 79701**