

EL RANCHO DE LOS ARMENTA'S

March 25, 2002

APR - 3 2002

2040 S. Pacheco, Santa Fe, N.M. 87505

Dear Mr. Catanach,

Thank you for hearing me on March 7, 2002 on case number 12827 in regard to commingling of the Armenta Gas Com G #1 and the Armenta Gas Com C #1A operated by XTO Energy Inc. As you are aware on the 7th of March I protested the commingling. At this time I still object to the commingling.

I met with XTO representatives, Ray Martin, Tim Welch, and Terry Matthews and OCD oil and gas inspector, Charlie Perrin on March 14, 2002 in regard to this matter. After much discussion more questions than answers remain.

First the issues of safety, environment, surface water, and easements were not resolved. The advantages of commingling, I received at this meeting were only for the benefit of XTO Energy Inc. and not for me as a royalty holder. Several questions I asked regarding this matter were not made clear to me. One of the questions being, one of the wells is on the north half of the sec. and the other well is on the east half of the sec. in that being how will this affect commingling as different royalty holders are involved.

As I stated to you on March 7, 2002 I have numerous wells on that area and our safety concern is with the added wells and compression it would create a safety risk. The gathering line for all four wells is only two inches in diameter. On September of 1967 my father, Filomeno Armenta was killed because of high-pressure gas line. Because of this, safety is of the utmost importance for my family and me as we work the land for our livelihood. As for the environment issues these wells are in the close proximity of the San Juan River and also is prime habitat for the endangered Willow Fly catcher protected by the U.S. government.

In the matter of the easement, XTO Energy Inc. insists that I sign an easement that involves BLM land that services these wells, which I cannot legally do.

The issue of the surface water, because of the placement of the equipment for the commingling I am unable to remove the tail water from my farm irrigation. This in turn leads to damaging crops and causing stagnation in our hay fields.

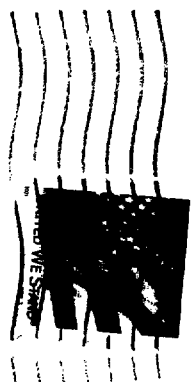
In closing I am in total objection to commingling because it is of no value to me as a royalty holder. If XTO Energy Inc. is allowed to commingle a 50% penalty should be imposed on them for any harm that may result from it.

Sincerely,



Fred G. Armenta

Fred G Armenta
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Bloomfield NM 87413



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