

Desert States Energy, Inc.  
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Energy, Inc. due to a party other than MEC opposing your application for an unorthodox location.

We also point out that § 1.1 of the Agreement calls for a cash consideration of \$10,000 to be paid upon execution of the Agreement. As of this date, this consideration has not been paid, and MEC does not consider there is a binding and valid contract until such consideration has been paid. Therefore, no dirt work or other surface operations should commence until MEC has received the cash consideration.

Attached hereto is an executed copy of your letter. Please indicate your acceptance of the amendments set out above by execution on the line provided. Please note that our acceptance of your letter is dependent upon your acceptance of the amendments as set out herein and the payment of the cash proceeds. If you have any questions, please call the undersigned at the letterhead address.

Respectfully yours,

MARBOB ENERGY CORPORATION

By: John R. Gray  
John R. Gray, President

AGREED AND ACCEPTED THIS  
22 DAY OF DECEMBER, 1991

DESERT STATES ENERGY, INC.

By: Mark D. Clarke

President

