

Page 2  
Maralo, Inc.

The proposed operation is described in detail on the attached diagram. Plats are enclosed showing the location of the three (3) Federal wells which will contribute production to the proposed commingling/common storage facility and LACT unit (Exhibit A).

Attached is a LACT Facility Approval letter from Texas-New Mexico Pipeline Company, and a two-page schematic diagram which identifies the LACT equipment that will be utilized (Exhibit B). This facility shall permit the testing of each well at reasonable intervals.

The storage, measuring facility and LACT unit is located at SE-1/4, Sec. 13, T18S, R32E on the West Corbin "13" Federal Com Lease, Lea County, New Mexico. BLM will be notified if there is any future change in the facility location.

For allocation purpose, the production from each lease will be metered separately prior to being commingled into one common battery. The working interest owners have been notified of the proposal (Exhibit C).

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production.

The proposed commingling is necessary for continued operation of the above referenced Federal leases.

We understand that the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. And, we will submit within 30 days an application for right-of-way approval to the BLM's Realty Section in your office if we have not already done so.

Signature Dorothea Owens  
Dorothea Owens, Regulatory  
Name \_\_\_\_\_  
Maralo, Inc.  
Company \_\_\_\_\_  
September 21, 1993  
Date \_\_\_\_\_