



January 14, 1999

Engineering Department  
State of New Mexico  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

RE: ADMINISTRATIVE APPLICATION FOR SURFACE COMMINGLING, OFF-LEASE MEASUREMENT AND SALES OF GAS PRODUCTION FROM THE BILBREY 34 FEDERAL #1 (BILBREY; MORROW) GAS POOL WITH THE CASINGHEAD GAS PRODUCTION FROM THE PROHIBITION FEDERAL UNIT #4 & #6 (RED TANK; DELAWARE, W.) AND THE PROHIBITION FEDERAL UNIT #1 & #3 (BOOTLEG RIDGE; DELAWARE, NW), AT ABOVE WELL #4, UNIT G, SECTION 14, TOWNSHIP 22S, RANGE 32E, LEA COUNTY, NEW MEXICO.

Gentlemen:

Maralo, Inc. requests administrative approval to surface commingle and off-lease measurement and sale of gas production from the Bilbrey; Morrow gas pool and the casinghead gas from the Red Tank; Delaware, W. and Bootleg Ridge; Delaware, NW. pools at the Prohibition Federal Unit, Well No. 4 Battery location.

Gas production will be metered separately from each lease and will be allocated based on individual well chart integration. An existing single sales meter is installed downstream at the Prohibition Federal Unit Battery.

Enclosed please find a location plat and updated schematic diagram of each well showing the equipment and reservoir in which they are completed. The production during the November 29, 1998, 24-hr. well test was as follows:

Bilbrey 34 Federal #1 produced -0- BO, 8 BW and 135 MCFG/D.  
Prohibition Federal Unit #4 produced 11 BO, 50 BW and 17 MCFG/D.  
Prohibition Federal Unit #6 produced 9 BO, 42 BW and 19 MCFG/D.  
Prohibition Federal Unit #1 produced 10 BO, 10 BW and 12 MCFG/D.  
Prohibition Federal Unit #3 produced 7 BO, -0- BW and 8 MCFG/D.