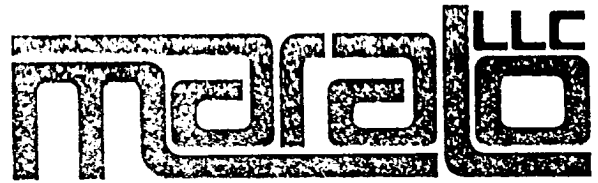


Certified Mail - RRR



January 8, 1999

TO THE WORKING INTEREST OWNERS ON EXHIBIT "A":

RE: Notification of Surface Commingling of Gas Production from
Bilbrey 34 Federal and Prohibition Federal Unit Leases
At the Prohibition Federal Unit Battery
Unit G, Section 14, Township 22S, Range 32E
Lea County, New Mexico

Ladies and Gentlemen:

Please be advised that this letter shall serve as Maralo's formal notification to you that Maralo, LLC has applied with the Bureau of Land Management (BLM) and the New Mexico Oil Conservation Division (NMOCD) for approval to combine production from the captioned leases into an existing single sales meter installed downstream at the Prohibition Federal Unit Battery.

The production from each lease will be metered separately prior to commingling. Gas production will be allocated based on individual well chart integration in accordance with OCD applicable provisions.

Should you have any questions concerning this matter, please feel free to contact Phillip Smith, Operations Manager, or Dorothea Logan, Regulatory Analyst at (915) 684-7441.

Sincerely,

A handwritten signature in cursive script, appearing to read "Dorothea Logan".

Dorothea Logan
Regulatory Analyst

cc: NMOCD/Santa Fe, Engineering