

MELZER EXPLORATION COMPANY, INC.
1155 TWO FIRST CITY CENTER
P. O. BOX 2083
MIDLAND, TEXAS 79702-2083

L. S. MELZER
OFF. (915) 682-1627
L. STEPHEN MELZER
OFF. (915) 682-7664

February 23, 1992

H. SCOTT DAVIS
OFF. (915) 682-7664

Sunwest Bank of Hobbs, N.A.
P.O. Box 5310
Hobbs, New Mexico 88241
Attn. Mrs. Penny Foster

*Bond OK
2-25-93
by Diane*

Re: Melzer Exploration Company
Certificate of Deposit #3006412

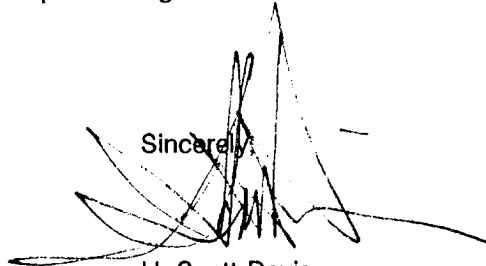
Dear Penny;

The captioned CD will reach maturity on February 25, 1993. This CD has been assigned as cash collateral to the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico and serves as plugging collateral for the # 2 Bilberry well located 2080' FNL and 1980" FWL, Section 6, T-20-S, R-39-E, Lea County, New Mexico.

Operations of the Bilberry #2 have been transferred to Capataz Operating, Inc. and by this letter we ask that you transfer this CD to Capataz Operating, Inc.. Please complete and fax to Ms. Diane Richardson of the New Mexico Oil Conservation Division copies of the enclosed Single Well Cash Bond and Assignment of Cash Collateral and return the originals to Capataz Operating, Inc. at the above address. Capataz Operating's C-104 for the aforementioned change of operator is on file with the NMOC office in Hobbs.

Should you have any question regarding this CD and the associated NMOC bonding paperwork please give me a call. Thank you for your prompt handling of this bond and CD transfer.

Sincerely,



H. Scott Davis

xc: ✓ Diane Richardson
✓ Jerry Sexton