STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Melrose Operating Co. PO Box 5061 Midland, TX 79704

August 31, 2000

The undersigned accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

Lease No .:

Lease Name:

Legal Description of Land:

Formation (s):

Bond Coverage:

BLM Bond File No.:

NMLC-030132B

Closson B Federal #39

Unit G, 2310' FNL 2310' FEL Sec. 19, T22S, R36E Lea Co., NM

Jalmat (TN-YT-7R)

Statewide Bond - State of New Mexico

NM2307

Authorized Signature:

Michael Corjay Michael Corjay Vice-President

WILL BE RELEASED LF CONFIDENTIAL LOGS ELF

