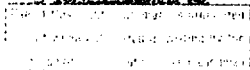


A.A.P.L. FORM 610-1982

MODEL FORM OPERATING AGREEMENT



JAMES BUCHANAN 33 STATE No. 1

OPERATING AGREEMENT

DATED

July 2, 19 97,

OPERATOR MARATHON OIL COMPANY

CONTRACT AREA E/2 Section 33, T-18-S, R-28-E, N.M.P.M.,

COUNTY ~~OR PARISH~~ OF Eddy STATE OF New Mexico

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AMERICAN ASSOCIATION OF PETROLEUM
LANDMEN, 2408 CONTINENTAL LIFE BUILDING,
FORT WORTH, TEXAS, 76102, APPROVED FORM.
A.A.P.L. NO. 610 - 1982 REVISED

BEFORE THE
OIL CONSERVATION COMMISSION
Case No. 11835 Exhibit No. 10
Submitted By:
Marathon Oil Company
Hearing Date: August 21, 1997

ARTICLE VI

continued

and the well shall then be turned over to Operator and shall be operated by it at the expense and for the account of the Consenting Parties. Upon commencement of operations for the drilling, reworking, deepening or plugging back of any such well by Consenting Parties in accordance with the provisions of this Article, each Non-Consenting Party shall be deemed to have relinquished to Consenting Parties, and the Consenting Parties shall own and be entitled to receive, in proportion to their respective interests, all of such Non-Consenting Party's interest in the well and share of production therefrom until the proceeds of the sale of such share, calculated at the well, or market value thereof if such share is not sold, (after deducting production taxes, excise taxes, royalty, overriding royalty and other interests not excepted by Article III.D. payable out of or measured by the production from such well accruing with respect to such interest until it reverts) shall equal the total of the following:

(a) 100% of each such Non-Consenting Party's share of the cost of any newly acquired surface equipment beyond the wellhead connections (including, but not limited to, stock tanks, separators, treaters, pumping equipment and piping), plus 100% of each such Non-Consenting Party's share of the cost of operation of the well commencing with first production and continuing until each such Non-Consenting Party's relinquished interest shall revert to it under other provisions of this Article, it being agreed that each Non-Consenting Party's share of such costs and equipment will be that interest which would have been chargeable to such Non-Consenting Party had it participated in the well from the beginning of the operations; and

(b) 300 % of that portion of the costs and expenses of drilling, reworking, deepening, plugging back, testing and completing, after deducting any cash contributions received under Article VIII.C., and 300 % of that portion of the cost of newly acquired equipment in the well (to and including the wellhead connections), which would have been chargeable to such Non-Consenting Party if it had participated therein.

An election not to participate in the drilling or the deepening of a well shall be deemed an election not to participate in any reworking or plugging back operation proposed in such a well, or portion thereof, to which the initial Non-Consent election applied that is conducted at any time prior to full recovery by the Consenting Parties of the Non-Consenting Party's recoupment account. Any such reworking or plugging back operation conducted during the recoupment period shall be deemed part of the cost of operation of said well and there shall be added to the sums to be recouped by the Consenting Parties one hundred percent (100%) of that portion of the costs of the reworking or plugging back operation which would have been chargeable to such Non-Consenting Party had it participated therein. If such a reworking or plugging back operation is proposed during such recoupment period, the provisions of this Article VI.B. shall be applicable as between said Consenting Parties in said well.

During the period of time Consenting Parties are entitled to receive Non-Consenting Party's share of production, or the proceeds therefrom, Consenting Parties shall be responsible for the payment of all production, severance, excise, gathering and other taxes, and all royalty, overriding royalty and other burdens applicable to Non-Consenting Party's share of production not excepted by Article III.D.

In the case of any reworking, plugging back or deeper drilling operation, the Consenting Parties shall be permitted to use, free of cost, all casing, tubing and other equipment in the well, but the ownership of all such equipment shall remain unchanged; and upon abandonment of a well after such reworking, plugging back or deeper drilling, the Consenting Parties shall account for all such equipment to the owners thereof, with each party receiving its proportionate part in kind or in value, less cost of salvage.

Within sixty (60) days after the completion of any operation under this Article, the party conducting the operations for the Consenting Parties shall furnish each Non-Consenting Party with an inventory of the equipment in and connected to the well, and an itemized statement of the cost of drilling, deepening, plugging back, testing, completing, and equipping the well for production; or, at its option, the operating party, in lieu of an itemized statement of such costs of operation, may submit a detailed statement of monthly billings. Each month thereafter, during the time the Consenting Parties are being reimbursed as provided above, the party conducting the operations for the Consenting Parties shall furnish the Non-Consenting Parties with an itemized statement of all costs and liabilities incurred in the operation of the well, together with a statement of the quantity of oil and gas produced from it and the amount of proceeds realized from the sale of the well's working interest production during the preceding month. In determining the quantity of oil and gas produced during any month, Consenting Parties shall use industry accepted methods such as, but not limited to, metering or periodic well tests. Any amount realized from the sale or other disposition of equipment newly acquired in connection with any such operation which would have been owned by a Non-Consenting Party had it participated therein shall be credited against the total unreturned costs of the work done and of the equipment purchased in determining when the interest of such Non-Consenting Party shall revert to it as above provided; and if there is a credit balance, it shall be paid to such Non-Consenting Party.

12. Insurance

Net premiums paid for insurance required to be carried for the Joint Operations for the protection of the Parties. In the event Joint Operations are conducted in a state in which Operator may act as self-insurer for Worker's Compensation and/or Employers Liability under the respective state's laws, Operator may, at its election, include the risk under its self-insurance program and in that event, Operator shall include a charge at Operator's cost not to exceed manual rates.

13. Abandonment and Reclamation

Costs incurred for abandonment of the Joint Property, including costs required by governmental or other regulatory authority.

14. Communications

Cost of acquiring, leasing, installing, operating, repairing and maintaining communication systems, including radio and microwave facilities directly serving the Joint Property. In the event communication facilities/systems serving the Joint Property are Operator owned, charges to the Joint Account shall be made as provided in Paragraph 8 of this Section II.

15. Other Expenditures

Any other expenditure not covered or dealt with in the foregoing provisions of this Section II, or in Section III and which is of direct benefit to the Joint Property and is incurred by the Operator in the necessary and proper conduct of the Joint Operations.

III. OVERHEAD

1. Overhead - Drilling and Producing Operations

i. As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge drilling and producing operations on either:

- (X) Fixed Rate Basis, Paragraph 1A, or
() Percentage Basis, Paragraph 1B

Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 3A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.

ii. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property:

- () shall be covered by the overhead rates, or
(X) shall not be covered by the overhead rates.

iii. The salaries, wages and Personal Expenses of Technical Employees and/or costs of professional consultant services and contract services of technical personnel either temporarily or permanently assigned to and directly employed in the operation of the Joint Property:

- () shall be covered by the overhead rates, or
(X) shall not be covered by the overhead rates.

A. Overhead - Fixed Rate Basis

(1) Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate \$ 5,400.00
(Prorated for less than a full month)

Producing Well Rate \$ 540.00

(2) Application of Overhead - Fixed Rate Basis shall be as follows:

(a) Drilling Well Rate

(1) Charges for drilling wells shall begin on the date the well is spudded and terminate on the date the drilling rig, completion rig, or other units used in completion of the well is released, whichever

ARTICLE XVI.
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 2nd day of July, 1997.

OPERATOR

MARATHON OIL COMPANY

E. C. Potter

E. C. Potter, Attorney-in-Fact

NON-OPERATORS

YATES PETROLEUM CORPORATION

Peyton Yates
By: Peyton Yates
Its: Attorney-in-Fact

ATLANTIC RICHFELD COMPANY

By:
Its:

LOUIS DREYFUS NATURAL GAS CORP.

By:
Its:

ENRON OIL & GAS COMPANY

By:
Its:

READ & STEVENS, INC.

By:
Its:

Roy G. Barton, Jr., Trustee of the
Roy G. Barton, Sr., and Opal Barton
Revocable Trust.

ARTICLE XVI.
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

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OPERATOR

MARATHON OIL COMPANY

E. C. Potter

E. C. Potter, Attorney-in-Fact

NON-OPERATORS

YATES PETROLEUM CORPORATION

By:
Its:

ATLANTIC RICHFIELD COMPANY

By:
Its:

LOUIS DREYFUS NATURAL GAS CORP.

By:
Its:

ENRON OIL & GAS COMPANY

By:
Its:

READ & STEVENS, INC.

Charles B. Read
By: President Charles B. Read
Its:

Roy G. Barton, Jr., Trustee of the
Roy G. Barton, Sr., and Opal Barton
Revocable Trust.

EXECUTED on the date set out below beside each party's name.

OPERATOR:

Date Executed:



E. C. Potter, Attorney-in-Fact
MARATHON OIL COMPANY

NON-OPERATORS:

Date Executed:

By:
Its:
YATES PETROLEUM CORPORATION

Date Executed:

By:
Its:
ATLANTIC RICHFIELD COMPANY

Date Executed:

By:
Its:
LOUIS DREYFUS NATURAL GAS CORPORATION

Date Executed:


By:
Its:
ENRON OIL & GAS COMPANY

Date Executed:

By:
Its:
READ & STEVENS, INC.

Date Executed:

7/31/97



Roy G. Barton, Jr., Trustee of the Roy G. Barton, Sr. and Opal
Barton Revocable Trust

PARATHON OIL COMPANY
 AUTHORITY FOR EXPENDITURE
 STATEMENT OF ESTIMATED WELL COSTS

Barton

AFE NO. 657697
 DATE June 16, 1997

Location Mid-Continent Region
 Field/Prospect Travis/Empire Morrow Test
 Lease/Facility James Buchanan 33 State No. 1
 Location SE/4, S33-T18S-R28E; Eddy County, NM

WILDCAT
 DEVELOPMENT
 X DEVELOPMENT EXPL RECOMPLETION
 WORKOVER

Total Depth 11,200' Est. Drilling Days 35 Est. Completion Days 10

QUANTITY	DESCRIPTION	ACCT. CAT. NO.	C	ESTIMATED COST
			O	
			N	
			D	
DRILLING COSTS - TANGIBLE				
	Drive Pipe	81-7		
	Conductor Pipe	81-8		
575	Surface Pipe - 13-3/8", 48#, H-40, 8rd, STC	81-9		9,000
2,700	Casing, Intermediate String No. 1 - 9-5/8"	81-11		30,000
	Casing, Intermediate String No. 2	81-12		
	Drilling Liner	81-19		
	Drilling Liner Hanger and Tieback Equipment	81-22		
	Drilling Wellhead Equipment	81-80		4,500
	Miscellaneous Materials	81-217		1,000

TOTAL DRILLING COSTS - TANGIBLE \$ 44,500

DRILLING COSTS - INTANGIBLE				
	Surveying, Location & Access	81-2		500
	Well Location & Access	81-5		15,000
	Daywork Drilling - \$5,650/24 hr. day inc. Fuel	81-36		27,500
11,200	Footage Basis Drilling - Dry Hole Drilling	81-37		230,000
	Turnkey Drilling	81-38		
	Drilling Rig Mob/Demob	81-39		
	Blowout Prevention Equipment	81-41		
	Drill Pipe & Collars	81-44		
	Drilling & Service Tools	81-45		
	Drilling Services	81-50		
	Snubbing Units, Company	81-62		
	Snubbing Units, Contract	81-68		
	Mud System/Solids Control	81-40		4,000
	Mud and Mud Services	81-71		25,000
	Bits	81-69		
	Stabilizers, Hole Openers, Underreamers	81-70		
	Oil	81-72		
	Grease	81-72		
	Fuel, Diesel (Not furnished by Contractor)	81-74		
	Water	81-336		12,000
	Casing Tools and Services	81-90		9,000
	Cement and Cementing Service	81-91		25,000
	Logging Services, Open Hole	81-93		30,000
	Logging Services, Cased Hole	81-94		
	Mud Logging	81-95		10,000
	Inspection, Pipe & Casing	81-97		3,500
	Directional Services	81-101		
	Coring	81-102		
	Formation Testing, Open Hole	81-104		4,500
	Formation Testing, Cased Hole	81-105		
	Well Control Services	81-120		
	Trucking/Transportation, Other	81-126		5,500
	Well Test Equipment	81-127		2,500
	Fishing Tools and Services	81-133		
	Abandoning Tools and Services	81-136		
	Sidetracking, Milling Sections, Whipstocks	81-185		
	Miscellaneous Materials	81-217		3,500
	Contract Labor, Welding	81-233		1,000
	Contract Labor, Other - \$400/24 Hr. Day	81-237		15,000
	Contract Services, Living Quarters - \$100/Day	81-243		3,500
	Contract Services, Other	81-266		
	Hydrogen Sulfide Testing - \$150/Day	81-320		4,000
	Spill Control Equipment	81-454		
	Computer Hardware - \$25/Day	81-568		800
	Communications, Field - \$50/Day	81-658		1,800
	Regulatory Compliance	81-685		
	Company Labor & Burden - \$375/Day	81-750		13,000
	Overhead	81-770		
	Indirect Expense	81-779		

TOTAL DRILLING COSTS - INTANGIBLE \$ 446,600

TOTAL DRILLING COSTS \$ 491,100

Region Mid-Continent

Field/Prospect Travis/Empire Morrow Text

Case/Facility James Buchanan 33 State No. 1

SOURCE	QUANTITY	DESCRIPTION	ACCT. CAT. - FEATURE NO.	C O N D	ESTIMATED COST
COMPLETION COSTS - TANGIBLE					
Purchase	11,200	Production Casing	82-15		91,000
		Production Liner	82-18		
		Production Liner Hanger & Tieback Equipment	82-21		
Purchase	10,600	Tubing - 2-3/8" O.D., 4.7#, L-80	82-23		36,000
		Wellhead Equipment (Drilling)	82-80		4,500
Purchase		Christmas Tree	82-87		9,000
Purchase		Packers	82-137		6,000
		Rod Pump	82-143		
		Electric Submersible Pump	82-149		
		Completion Wellhead Equipment	82-167		
TOTAL COMPLETION COSTS - TANGIBLE					\$ 146,500
COMPLETION COSTS - INTANGIBLE					
Contract		Location and Access	82-1		1,500
		Drilling Rig During Completion	82-34		11,000
Contract		Blowout Preventer	82-41		1,500
		Tools - Drilling & Service	82-45		
		Rig, Completion	82-48		
		Workover Units, Company	82-55		
Contract		Workover Units, Contract	82-56		7,500
		Snubbing Units, Company	82-62		
		Coiled Tubing Service Units, Contract	82-67		
		Snubbing Units, Contract	82-68		
		Underreamers, Stabilizers, Hole Openers	82-70		
		Lubricants	82-72		
		Fuel, Diesel	82-74		
		Casing Tools and Services	82-90		9,000
		Cement and Cementing Services	82-91		28,000
		Logging Services, Open Hole Wells	82-93		
Contract		Logging Services, Cased Hole Wells	82-94		3,500
Contract		Tubular Inspection, Testing & Cleaning	82-96		7,000
Contract		Formation Testing	82-103		3,000
Contract		Formation Treating	82-113		4,000
Contract		Transportation, Other	82-126		3,500
Contract		Test Equipment - Well Testing	82-127		7,500
		Fishing Tools and Services	82-133		
Contract		Completion and Packer Fluids	82-180		1,000
Contract		Perforating	82-182		16,000
Contract		Wireline Services	82-183		1,500
		Sidetracking, Milling Sections, Whipstocks	82-185		
Contract		Miscellaneous Materials	82-217		3,500
Contract		Miscellaneous Services	82-218		7,000
Contract		Contract Labor, Laborer	82-234		3,000
Contract		Contract Services, Other	82-240		7,400
Contract		Treating Chemicals, Other	82-291		1,000
Contract		Salt Water Disposal & Trans Fees	82-371		1,000
Contract		Rental Tools & Equip.	82-585		4,300
		Communications - Field	82-658		
		Regulatory Compliance	82-685		
C		Company Labor & Burden	82-750		3,800
		Overhead	82-770		
		Indirect Expense	82-779		3,800
TOTAL COMPLETION COSTS - INTANGIBLE					\$ 139,500
TOTAL COMPLETION COSTS					\$ 286,000

MARATHON OIL COMPANY
AUTHORITY FOR EXPENDITURE
DETAIL OF ESTIMATED WELL COSTS

AFE NO. 657697
DATE June 16, 1997

Region Mid-Continent
Field/Prospect Travis/Empire Morrow Test
Lease/Facility James Buchanan 33 State No. 1

SOURCE	QUANTITY	DESCRIPTION	ACCT. CAT. - FEATURE NO.	C O N D	ESTIMATED COST
SURFACE EQUIPMENT - TANGIBLE					
Purchase		Line Pipe	83-27		1,500
Purchase		Transportation, Other	83-126		2,500
		Pumping Unit	83-141		
		Pumping Equipment - Rod Pump	83-143		
		Flowing/Plunger Lift Equipment	83-146		
		Submersible Pump - Electric	83-149		
		Submersible Pump - Hydraulic	83-152		
		Gas Lift Equipment	83-155		
		Pumps	83-158		
Purchase		Tanks	83-170		10,000
Purchase		Metering Equipment	83-190		4,000
		Instrumentation	83-194		
		Electrical Equipment, Other	83-201		
Purchase		Valves	83-205		2,500
Purchase		Miscellaneous Materials	83-217		10,000
		Contract Labor, Electrical	83-229		
Contract		Contract Labor, Welding	83-233		1,000
Contract		Contract Labor, Other	83-237		4,000
Contract		Contract Services, Other	83-240		2,000
		Compressor Installation	83-365		
Purchase		Dehydration	83-376		10,000
		Crude Oil Treaters	83-378		
Purchase		Separator	83-380		10,000
		Vapor Recovery Units	83-386		
		Free Water Knockouts	83-388		
		Regulatory Compliance (Includes Permitting)	83-685		
LOC		Company Labor & Burden	83-750		2,000
TOTAL SURFACE EQUIPMENT - TANGIBLE					\$ 59,500

ENVIRON. COSTS	SUMMARY OF ESTIMATED DRILLING WELL COSTS		(%)
*****	Total Drilling Cost		\$ 491,100	\$
Spill Cleanup 41 %	Total Completion Cost		\$ 286,000	\$
Remediation 42 %	Total Surface Equipment		\$ 59,500	\$
Drilling 43 %	Grand Total Cost		\$ 836,600	\$
Water 44 %	Marathon's Share of Grand Total Cost to be Booked This Year		\$	
Solid Waste 45 %	If Wildcat Well, Give Marathon's Share of Dry Hole Cost		\$	
Other 47 %				
on-ENV %				
total 100%				

PARTICIPANT'S APPROVAL

Name of Company: Roy G. Barton, Sr. & Opal
Barton Revocable Trust

Signature: Roy G. Barton, Jr. Date: 8/4/97
Title: Trustee

RECEIVED

AUG - 5 1997

MARATHON OIL COMPANY
MCR LAND DEPARTMENT

PARATHON OIL COMPANY
 AUTHORITY FOR EXPENDITURE
 DETAILED STATEMENT OF ESTIMATED WELL COSTS

R&S

AFE NO. 657697
 DATE June 16, 1997

Region Mid-Continent Region
 Field/Prospect Travis/Empire Morrow Test
 Lease/Facility James Buchanan 33 State No. 1
 Location SE/4, S33-T18S-R28E; Eddy County, NM

WILDCAT
 DEVELOPMENT
 X DEVELOPMENT EXPL RECOMPLETION
 WORKOVER

Total Depth 11,200' Est. Drilling Days 35 Est. Completion Days 10

SOURCE	QUANTITY	DESCRIPTION	ACCT. CAT. - FEATURE NO.	C O N D	ESTIMATED COST
DRILLING COSTS - TANGIBLE					
		Drive Pipe	81-7		
		Conductor Pipe	81-8		
purchase	575	Surface Pipe - 13-3/8", 48#, H-40, 8rd, STC	81-9		9,000
purchase	2,700	Casing, Intermediate String No. 1 - 9-5/8"	81-11		30,000
		Casing, Intermediate String No. 2	81-12		
		Drilling Liner	81-19		
		Drilling Liner Hanger and Tieback Equipment	81-22		
purchase		Drilling Wellhead Equipment	81-80		4,500
purchase		Miscellaneous Materials	81-217		1,000
TOTAL DRILLING COSTS - TANGIBLE					\$ 44,500

DRILLING COSTS - INTANGIBLE					
contract		Surveying, Location & Access	81-2		500
contract		Well Location & Access	81-5		15,000
contract		Daywork Drilling - \$5,650/24 hr, day inc. Fuel	81-36		27,500
contract	11,200	Footage Basis Drilling - Dry Hole Drilling	81-37		230,000
		Turnkey Drilling	81-38		
		Drilling Rig Mob/Demob	81-39		
		Blowout Prevention Equipment	81-41		
		Drill Pipe & Collars	81-44		
		Drilling & Service Tools	81-45		
		Drilling Services	81-50		
		Snubbing Units, Company	81-62		
		Snubbing Units, Contract	81-68		
contract		Mud System/Solids Control	81-40		4,000
contract		Mud and Mud Services	81-71		25,000
		Bits	81-69		
		Stabilizers, Hole Openers, Underreamers	81-70		
		Oil	81-72		
		Grease	81-72		
		Fuel, Diesel (Not furnished by Contractor)	81-74		
contract		Water	81-336		12,000
contract		Casing Tools and Services	81-90		9,000
contract		Cement and Cementing Service	81-91		25,000
contract		Logging Services, Open Hole	81-93		30,000
		Logging Services, Cased Hole	81-94		
contract		Mud Logging	81-95		10,000
contract		Inspection, Pipe & Casing	81-97		3,500
		Directional Services	81-101		
		Coring	81-102		
contract		Formation Testing, Open Hole	81-104		4,500
		Formation Testing, Cased Hole	81-105		
		Well Control Services	81-120		
contract		Trucking/Transportation, Other	81-126		5,500
contract		Well Test Equipment	81-127		2,500
		Fishing Tools and Services	81-133		
		Abandoning Tools and Services	81-136		
		Sidetracking, Milling Sections, Whipstocks	81-185		
contract		Miscellaneous Materials	81-217		3,500
contract		Contract Labor, Welding	81-233		1,000
contract		Contract Labor, Other - \$400/24 Hr, Day	81-237		15,000
contract		Contract Services, Living Quarters - \$100/Day	81-243		3,500
		Contract Services, Other	81-266		
contract		Hydrogen Sulfide Testing - \$150/Day	81-320		4,000
		Spill Control Equipment	81-454		
contract		Computer Hardware - \$25/Day	81-568		800
contract		Communications, Field - \$50/Day	81-658		1,800
		Regulatory Compliance	81-685		
		Company Labor & Burden - \$375/Day	81-750		13,000
		Overhead	81-770		
		Indirect Expense	81-779		
TOTAL DRILLING COSTS - INTANGIBLE					\$ 446,600

TOTAL DRILLING COSTS \$ 491,100

ARATHON OIL COMPANY
 AUTHORITY FOR EXPENDITURE
 DETAIL OF ESTIMATED WELL COSTS

AFE NO. 657697
 DATE June 16, 1997

Region Mid-Continent
 Field/Prospect Travis/Empire Morrow Text
 Lease/Facility James Buchanan 33 State No. 1

SOURCE	QUANTITY	DESCRIPTION	ACCT. CAT. - FEATURE NO.	C O N D	ESTIMATED COST
COMPLETION COSTS - TANGIBLE					
Purchase	11.200	Production Casing	82-15		91,000
		Production Liner	82-18		
		Production Liner Hanger & Tieback Equipment	82-21		
Purchase	10.600	Tubing - 2-3/8" O.D., 4.7#, L-80	82-23		36,000
		Wellhead Equipment (Drilling)	82-80		4,500
Purchase		Christmas Tree	82-87		9,000
Purchase		Packers	82-137		6,000
		Rod Pump	82-143		
		Electric Submersible Pump	82-149		
		Completion Wellhead Equipment	82-167		
TOTAL COMPLETION COSTS - TANGIBLE					\$ 146,500

COMPLETION COSTS - INTANGIBLE					
Contract		Location and Access	82-1		1,500
		Drilling Rig During Completion	82-34		11,000
Contract		Blowout Preventer	82-41		1,500
		Tools - Drilling & Service	82-45		
		Rig, Completion	82-48		
		Workover Units, Company	82-55		
Contract		Workover Units, Contract	82-56		7,500
		Snubbing Units, Company	82-62		
		Coiled Tubing Service Units, Contract	82-67		
		Snubbing Units, Contract	82-68		
		Underreamers, Stabilizers, Hole Openers	82-70		
		Lubricants	82-72		
		Fuel, Diesel	82-74		
		Casing Tools and Services	82-90		9,000
		Cement and Cementing Services	82-91		28,000
		Logging Services, Open Hole Wells	82-93		
Contract		Logging Services, Cased Hole Wells	82-94		3,500
Contract		Tubular Inspection, Testing & Cleaning	82-96		7,000
Contract		Formation Testing	82-103		3,000
Contract		Formation Treating	82-113		4,000
Contract		Transportation, Other	82-126		3,500
Contract		Test Equipment - Well Testing	82-127		7,500
		Fishing Tools and Services	82-133		
Contract		Completion and Packer Fluids	82-180		1,000
Contract		Perforating	82-182		16,000
Contract		Wireline Services	82-183		1,500
		Sidetracking, Milling Sections, Whipstocks	82-185		
Contract		Miscellaneous Materials	82-217		3,500
Contract		Miscellaneous Services	82-218		7,000
Contract		Contract Labor, Laborer	82-234		3,000
Contract		Contract Services, Other	82-240		7,400
Contract		Treating Chemicals, Other	82-291		1,000
Contract		Salt Water Disposal & Trans Fees	82-371		1,000
Contract		Rental Tools & Equip.	82-585		4,300
		Communications - Field	82-658		
		Regulatory Compliance	82-685		
C		Company Labor & Burden	82-750		3,800
		Overhead	82-770		
		Indirect Expense	82-779		3,800
TOTAL COMPLETION COSTS - INTANGIBLE					\$ 139,500

TOTAL COMPLETION COSTS \$ 286,000

Region Mid-Continent
Field/Prospect Travis/Empire Morrow Test
Base/Facility James Buchanan 33 State No. 1

SOURCE	QUANTITY	DESCRIPTION	ACCT. CAT. - FEATURE NO.	C O N D	ESTIMATED COST
SURFACE EQUIPMENT - TANGIBLE					
Purchase		Line Pipe	83-27		1,500
Purchase		Transportation, Other	83-126		2,500
		Pumping Unit	83-141		
		Pumping Equipment - Rod Pump	83-143		
		Flowing/Plunger Lift Equipment	83-146		
		Submersible Pump - Electric	83-149		
		Submersible Pump - Hydraulic	83-152		
		Gas Lift Equipment	83-155		
		Pumps	83-158		
Purchase		Tanks	83-170		10,000
Purchase		Metering Equipment	83-190		4,000
		Instrumentation	83-194		
		Electrical Equipment, Other	83-201		
Purchase		Valves	83-205		2,500
Purchase		Miscellaneous Materials	83-217		10,000
		Contract Labor, Electrical	83-229		
Contract		Contract Labor, Welding	83-233		1,000
Contract		Contract Labor, Other	83-237		4,000
Contract		Contract Services, Other	83-240		2,000
		Compressor Installation	83-365		
Purchase		Dehydration	83-376		10,000
		Crude Oil Treaters	83-378		
Purchase		Separator	83-380		10,000
		Vapor Recovery Units	83-386		
		Free Water Knockouts	83-388		
		Regulatory Compliance (Includes Permitting)	83-685		
LOC		Company Labor & Burden	83-750		2,000
TOTAL SURFACE EQUIPMENT - TANGIBLE					\$ 59,500

ENVIRON. COSTS		SUMMARY OF ESTIMATED DRILLING WELL COSTS		(%)
*****		Total Drilling Cost		\$ 491,100	\$
Spill Cleanup	41 %	Total Completion Cost		\$ 286,000	\$
Remediation	42 %	Total Surface Equipment		\$ 59,500	\$
Drill	43 %	Grand Total Cost		\$ 836,600	\$
Water	44 %	Marathon's Share of Grand Total Cost to be Booked This Year		\$	
Solid Waste	45 %	If Wildcat Well, Give Marathon's Share of Dry Hole Cost		\$	
Other	47 %				
On-ENV	%				
Total	100%				

PARTICIPANT'S APPROVAL

Read & Stevens, Inc.

Name of Company: By: Charles B. Read, President

Signature: Charles B. Read Date: 6/25/97

Title: President