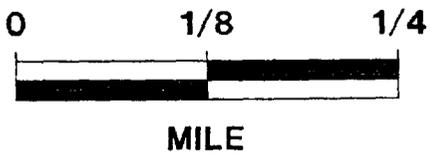


COURTMAN 4 STATE NO.1  
 1980' FNL AND 1980' FEL  
 LOTS 1-4, S/2 N/2 SECTION 4, T19S-R28E  
 EDDY COUNTY, NEW MEXICO

<p style="text-align: center;"><b>STATE LEASE NO. 648-74</b></p> <p>MARATHON 42.95%        YATES 50.00% OIL        ENRON 5.4875%        READ &amp; S. .78125%        BARTON .78125%        MESA 50% GAS</p>	<p style="text-align: center;"><b>STATE LEASE NO. 648-145</b></p> <p>MARATHON 50.93611%        ARCO 25.00%        YATES 9.02778%        DREYFUS 7.98611%        ENRON 5.4875%        READ &amp; S. .78125%        BARTON .78125%</p>	<p style="text-align: center;"><b>STATE LEASE NO. OG-605-1</b></p> <p>MARATHON 35.13750%        MARALO 7.8125%        ENRON 5.4875%        READ &amp; STEVENS .78125%        BARTON .78125%        LOWE PARTNERS,LP 25.00%        MRL PARTNERS,LP 12.50%        L.R.FRENCH,JR. 12.50%</p> <p style="text-align: center;">○ LOCATION</p>
<p style="font-size: 2em; font-weight: bold;">4</p>		

PLAT OF WORKING INTEREST OWNERSHIP  
 FROM 3,500' TO 11,152'



**MARATHON OIL COMPANY  
 MID-CONTINENT REGION**

BEFORE THE  
 OIL CONSERVATION COMMISSION  
 Case No.11883 Exhibit No. 2  
 Submitted By:  
 Marathon Oil Company  
 Hearing Date: December 4, 1997

**T.ROBERTSON  
 12/97**

**COURTMAN 4 STATE NO. 1**  
 Lots 1-4, S/2 N/2 Section 4, T-19-S, R-28-E  
 Eddy County, New Mexico

**Summary of Working Interest Owners, Interests in Proposed  
 Spacing Unit and Status of Participation**

STATUS	W.I. OWNERS	SPACING UNIT/INTERESTS
AP	Marathon Oil Company P. O. Box 552 Midland, TX 79702-0552	41.04392%
N	Maralo, Inc. Lowe Partners, LP MRL Partners, LP L. R. French, Jr. 5151 San Felipe St., Ste. 400 Houston, TX 77056-3607	28.88472%
A	Atlantic Richfield Company P. O. Box 1610 Midland, TX 79702-1610	6.25233%
E	Mesa Oil Company P. O. Box 428 Artesia, NM 88201-0428	12.51397% Gas Only
P	Yates Petroleum Corporation 105 S. Fourth St. Artesia, NM 88210	12.51397% Oil Only 2.25779% Oil & Gas
N	Enron Oil & Gas Company P. O. Box 2267 Midland, TX 79702-2267	5.48750%
N	Louis Dreyfus Natural Gas Corporation 14000 Quail Springs Prkwy., Ste. 600 Oklahoma City, OK 73134	1.99727%
P	Read & Stevens, Inc. P. O. Box 1518 Roswell, NM 88202-1518	0.78125%
P	Roy G. Barton, Jr., Trustee Roy G. Barton, Sr. and Opal Barton Revocable Trust P. O. Box 978 Hobbs, NM 88240-0978	0.78125%

**STATUS LEGEND**

- E = Corporate Charter Expired 1975
- N = No Agreement in Writing
- AP = Applicant
- P = Participating in Well
- A = Agreement to Farmout or Sell Interest

BEFORE THE  
 OIL CONSERVATION COMMISSION  
 Case No. 11883 Exhibit No. **3**  
 Submitted By:  
*Marathon Oil Company*  
 Hearing Date: December 4, 1997

**COURTMAN 4 STATE NO. 1**  
Lots 1-4, S/2 N/2 Section 4, T-19-S, R-28-E,  
Eddy County, New Mexico

**SUMMARY OF CONTACTS WITH WORKING INTEREST  
OWNERS TO BE POOLED**

**MARALO, INC., et al** - Contact: Mr. Richard Gill\Mr. Joe Pulido

- 9/16/97 - Maralo received Well Proposal
  - Spoke to Richard: He said he would work with us.
- 9/23/97 - Sent Operating Agreement to Maralo
- 9/26/97 - Richard said they had no decision yet
- 10/7/97 - Still no decision
- 10/15/97 - No final decision yet; they will probably farmout
- 10/22/97 - Still no decision; told him we will file FP next week
- 10/27/97 - Joe said they will give us a deal. He is waiting on approval.
- 11/4/97 - Joe said they will give Marathon a Term Assignment. MOC learns of the interests of Erma Lowe, MRL Partners & L. R. French, Jr.
- 11/5/97 - Joe says Maralo speaks for these three parties.
- 11/7/97 - Joe says to send Letter Agreement for Term Assignment.
- 11/12/97 - Sent Letter Agreement to Maralo.
- 11/26/97 - Joe requests changes to Letter Agreement - MOC learns of Lowe Partners' interest
- 12/1/97 - New Letter Agreement sent

**ENRON** - Contact: Mr. Pat Tower

- 9/9/97 - Enron received Well Proposal
- 9/22/97 - Enron wants to go non-consent under pooling order; I ask for Term Assignment
- 9/23/97 - Sent Enron Operating Agreement
- 9/26/97 - Left message
- 10/7/97 - Pat says no decision yet
- 10/14/97 - Pat says they will go non-consent to pooling order; not interested in making deal unless they are the only party to be pooled.
- 10/30/97 - Same as above.
- 11/18/97 - Same as above.

**DREYFUS** - Contact: Mr. Rusty Waters

- 9/10/97 - Dreyfus received Well Proposal
- 9/23/97 - Sent Operating Agreement to Dreyfus
- 9/26/97 - Rusty says no decision yet
- 10/7/97 - Still no decision
- 10/13/97 - Dreyfus proposes acreage trade; MOC sends letter outlining trade
- 10/20/97 - Dreyfus wants to change acreage in trade
- 10/21/97 - Marathon sent Letter Agreement w/Term Assignment to Dreyfus
- 11/4/97 - Rusty says Assignment is in line to be signed
- 11/11/97 - Rusty says Assignment should be signed soon.
- 11/20/97 - Rusty will check on Assignments

BEFORE THE  
OIL CONSERVATION COMMISSION  
Case No.11883 Exhibit No. 4  
Submitted By:  
*Marathon Oil Company*  
Hearing Date: December 4, 1997

**MESA - No contact established**

9/8/97 - Well proposal sent to Mesa

9/18/97 - Marathon informed by contractor, Mesa's interest was assigned to Yates Petroleum

9/23/97 - Sent out Operating Agreement to other working interest owners

9/29/97 - Marathon receives undelivered well proposal from Postal Service marked "unclaimed"

10/31/97 - Title Attorney notified Marathon that Mesa retained gas rights

11/3/97 - Call Corporation Commission; they indicate that Mesa's Corporate charter expired in 1975

11/4/97 - Requested copies of Corporation Commission files on Mesa

11/10/97 - Received copy of Corporation Commission file on Mesa

TBR;mmc'

Updated: December 1, 1997

**COURTMAN 4 STATE NO. 1  
Lots 1-4, S/2 N/2 Section 4, T-19-S, R-28-E,  
Eddy County, New Mexico**

**SUMMARY OF OPERATING AGREEMENT OVERHEAD RATES IN  
T-18-S, R-28-E, N.M.P.M., EDDY COUNTY, NEW MEXICO**

1. **Operating Agreement dated February 6, 1997, Mewbourne Oil Company, Operator, and Marathon Oil Company, et al, Non-Operators, covering S/2 Section 34, T-18-S, R-28-E. Fixed Overhead rates of \$6,000 for drilling wells and \$600 for producing wells. Executed by Marathon on March 27, 1997.**
2. **Operating Agreement dated November 1, 1996, InterCoast Oil and Gas Company, Operator, and Marathon Oil Company, et al, Non-Operators, covering S/2 of Section 21, T-18-S, R-28-E. Fixed Overhead rates of \$5,828 for drilling wells and \$546 for producing wells. Executed by Marathon on February 19, 1997.**

**BEFORE THE  
OIL CONSERVATION COMMISSION**  
Case No. 11883 Exhibit No. **5**  
Submitted By:  
*Marathon Oil Company*  
Hearing Date: December 4, 1997

BEFORE THE  
OIL CONSERVATION COMMISSION  
Case No. 11883 Exhibit No. 6  
Submitted By:  
Marathon Oil Company  
Hearing Date: December 4, 1997

Mid-Continent Region  
Production United States



P.O. Box 552  
Midland, TX 79702-0552  
Telephone 915/682-1626

September 8, 1997

CERTIFIED MAIL & RETURN  
RECEIPT REQUESTED

WORKING INTEREST OWNERS  
(Addressee List Attached)

Re: Well Proposal - Courtman 4 State No. 1  
Lots 1-4, S/2 N/2 Section 4,  
T-19-S, R-28-E, N.M.P.M.,  
Eddy County, New Mexico

Gentlemen:

Marathon Oil Company (Marathon), as Operator, hereby proposes the drilling of a well to a depth sufficient to adequately test the Morrow formation, anticipated total depth being 11,200'. Furthermore, Marathon shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. Lots 1-4, S/2 N/2 of the captioned Section 4 will be dedicated as the proration unit for the well.

The above well will be located at a legal location in the NE/4 of Section 4, T-19-S, R-28-E, Eddy County, New Mexico. An AFE is enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

A Joint Operating Agreement will be provided for your review and execution upon receipt of the executed AFE, or by prior written request.

In the event you do not wish to participate, Marathon respectfully requests you elect one of the following options as to your interest:

1. Sell a two year term assignment of all of your right, title and interest in Lots 1-4, S/2 N/2 of Section 4, subject to title approval, for \$250 per net acre, delivering an 80% net revenue interest to Marathon.
2. Farmout all of your interest in the Lots 1-4, S/2 N/2 of Section 4 for a period of one hundred-eighty (180) days to Marathon under the following general terms:
  - (a) If any well drilled, deepened, completed or recompleted under the terms of our Farmout Agreement results in oil and/or gas production on a proration unit that includes your acreage, Marathon will earn an assignment of 100% of your rights and interest, free of any liens or encumbrances, in the proration unit assigned to each well from a depth of 500'

Courtman 4 State No. 1  
September 8, 1997  
Page -2-

below the top of the San Andres formation to a depth of 100' below the total depth drilled for each well, not to exceed the base of the Morrow formation.

- (b) Upon completion of the initial test well as a producer or dry hole, Marathon would have the recurring option, but not the obligation, to commence additional wells on New Mexico Oil Conservation approved proration units that include your acreage to establish oil and/or gas production under the captioned lands or land pooled therewith. If any such option is exercised, Marathon agrees to allow not more than 180 days to elapse between the completion of one well and the commencement of operations for any next well.
- (c) You will retain an overriding royalty interest equal to the difference, if any, between 25% of all oil and gas produced and the total of all royalty interests, overriding royalty interests and other burden or lawful claims upon production to which your leases may be currently subject, so that Marathon will be assigned a 75% net revenue interest in your lease(s) as to rights below a depth of 500' below the top of the San Andres formation to 100' below the total depth drilled, not to exceed the base of the Morrow formation. Such overriding royalty interest retained by you shall be subject to proportionate reduction.
- (d) Upon acceptance of our farmout proposal, you agree to furnish, at no cost to Marathon, title information such as copies of the leases covering the captioned lands, title opinions currently in your possession, title curative, letter agreements and any contracts currently in effect, etc.

Should the above general terms be acceptable to you, our formal Farmout Agreement will be provided under separate cover.

Your earliest response to this proposal would be greatly appreciated. If there are any questions, please call the undersigned at (915) 687-8490.

Very truly yours,



Tim B. Robertson, CPL  
Advanced Landman

TBR;mmc'  
Enclosure

Courtman 4 State No. 1  
Lots 1-4, S/2 N/2 Section 4, T-19-S, R-28-E  
Eddy County, New Mexico

WORKING INTEREST OWNERS:

MARATHON OIL COMPANY	41.04392%
MARALO, INC. Five Post Oak Park, Ste. 1010 Houston, TX 77027-3489	28.88472%
ATLANTIC RICHFIELD COMPANY Attn: Mr. Lee Scarborough P. O. Box 1610 Midland, TX 79702-1610	6.25233%
YATES PETROLEUM CORPORATION Attn: Mr. Robert Bullock 105 S. Fourth St. Artesia, NM 88210	2.25779%
ENRON OIL & GAS COMPANY Attn: Mr. Pat Tower P. O. Box 2267 Midland, TX 79702-2267	5.48750%
LOUIS DREYFUS NATURAL GAS CORP. Attn: Mr. Rusty Waters 14000 Quail Springs Prkwy., Ste 600 Oklahoma City, OK 73134	1.99727%
READ & STEVENS, INC. Attn: Mr. Bob Watson P. O. box 1518 Roswell, NM 88202-1518	0.78125%
MR. ROY G. BARTON., JR., TRUSTEE ROY G. BARTON, SR. AND OPAL BARTON REVOCABLE TRUST P. O. Box 978 Hobbs, NM 88240-0978	0.78125%
MESA OIL COMPANY P. O. Box 428 Artesia, NM 88201-0428	12.51397%

Region  
Field  
Lease  
Location

Mid-Continent  
Travis  
Courtman 4 State No. 1  
NE/4 Section 4,  
T19S-R28E, Eddy County, NM

Total Depth  
Drilling Days  
Compl Days  
AFE#

11,200  
35  
10  
660097

Source	Quantity	Feature	Cost	A
<b>DRILLING COSTS - TANGIBLE</b>				
		Drive Pipe	81-7	
Purchase		Conductor Pipe- 20" .PE	81-8	
Purchase	425	Surface Pipe- 13-3/8", 48#, 11-40, 8rd. STC	81-9	\$9,000
Purchase	2700	Casing, Int. 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
				<b>\$44,500</b>
<b>DRILLING COSTS - INTANGIBLE</b>				
Contract		Surveying, Location & Access	81-2	\$500
Contract		Well Location & Access	81-5	\$15,000
Contract	36	Daywork Drlg. - \$6200/24 hour day incl. Fuel	81-36	\$224,000
		Footage Basis Drlg.- Dry Hole Drilling	81-37	
		Turnkey Drilling	81-38	
Contract		Drilling Rig Mob/Demob	81-39	\$22,000
Contract		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
Contract		Bits	81-69	\$45,000
		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	\$3,400
		Directional Services	81-101	
		Coring	81-102	
Contract		Formation Testing, Open Hole	81-104	\$5,000
		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, Logging	81-235	\$1,000
Contract		Contract Labor, Other- \$400/24 hour day	81-237	\$15,000
Contract		Contract Services, Living Qtrs.- \$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		Commo, Field- \$50/day	81-658	\$1,800
		Regulatory Compliance	81-685	
MOC		Company Labor & Burden- \$375/day	81-750	\$13,000
		Overhead	81-770	
		Indirect Expense	81-779	
				<b>\$480,500</b>
<b>TOTAL DRILLING - INTANGIBLE</b>				
<b>TOTAL DRILLING COSTS</b>				<b>\$525,000</b>

Region	Mid-Continent	Total Depth	11,200
Field	Travis	Drilling Days	35
Lease	Courtman 4 State No. 1	Compl Days	10
Location	NE/4 Section 4, T19S-R28E, Eddy County, NM	AFE#	660097

Source	Quantity	Feature	Cond	A
<b>COMPLETION COST - TANGIBLE</b>				
Purchase	11200	Production Casing (5 1/2" 15.5 & 17 #)	82-15	\$92,000
		Production Liner	82-18	
		Production Liner Hanger & Tieback Equipment	82-21	
Purchase	11200	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	
<b>TOTAL COMPLETION - TANGIBLE</b>				\$147,500
<b>COMPLETION COST - INTANGIBLE</b>				
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 & Services- Longstring	82-90	\$9,000
		Cement & Cementing Services- Longstring	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	
MOC		Company Labor & Burden	82-750	\$3,800
		Overhead	82-770	
		Indirect Expense	82-779	\$3,000
<b>TOTAL COMPLETION - INTANGIBLE</b>				\$139,500
<b>TOTAL COMPLETION COSTS</b>				\$287,000

Region Mid-Continent  
 Field Travis  
 Lease Courtman 4 State No. 1  
 Location NE/4 Section 4,  
 T19S-R28E, Eddy County, NM

Total Depth 11,200  
 Drilling Days 35  
 Compl Days 10  
 AFE# 660097

Source	Quantity	Feature	Cond	A
<b>FACILITY COSTS</b>				
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 Panel	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	
MOC		Company Labor & Burden	83-750	\$2,000
<b>TOTAL FACILITY COSTS</b>				<b>\$59,500</b>
<b>SUMMARY OF GROSS COSTS</b>				
Total Drilling				\$525,000
Total Completion				\$287,000
Total Surface Equipment				\$59,500
<b>GRAND TOTAL GROSS COSTS</b>				<b>\$871,500</b>
<b>SUMMARY OF NET COSTS</b>				
Total Drilling				\$0
Total Completion				\$0
Total Surface Equipment				\$0
<b>GRAND TOTAL NET COSTS</b>				<b>\$0</b>
<b>TOTAL TANGIBLE COSTS</b>				<b>\$251,500</b>
<b>TOTAL INTANGIBLE COSTS</b>				<b>\$620,000</b>
<b>TANGIBLE PERCENT OF TOTAL</b>				<b>28.9%</b>

**PARTICIPANT'S APPROVAL**

Participant Name: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Title: \_\_\_\_\_

Is your RETURN ADDRESS completed on the reverse side?

<b>SENDER:</b> ■ Complete items 1 and/or 2 for additional services. ■ Complete items 3, 4a, and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: All Peoples NB Corp. 14000 Quail Spr. Hwy. Ste 600 OK, OK 73134		4a. Article Number P245 774 724	
		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
		7. Date of Delivery 9-10	
5. Received By: (Print Name)		8. Addressee's Address (Only if requested and fee is paid)	

Thank you for using Return Receipt Service.

Domestic Return Receipt

Is your RETURN ADDRESS completed on the reverse side?

<b>SENDER:</b> ■ Complete items 1 and/or 2 for additional services. ■ Complete items 3, 4a, and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: Snow O+S Co. POB 2267 Midland, TX 79702-2267		4a. Article Number P245 774 725	
		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
		7. Date of Delivery SEP 09 1997	
5. Received By: (Print Name)		8. Addressee's Address (Only if requested and fee is paid)	
6. Signature: (Addressee or Agent) X. A. Ballinger			

Thank you for using Return Receipt Service.

PS Form 3811, December 1994 Domestic Return Receipt

Is your RETURN ADDRESS completed on the reverse side?

<b>SENDER:</b> ■ Complete items 1 and/or 2 for additional services. ■ Complete items 3, 4a, and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: Charalo Inc. 5 Post Oak Pl, Ste 1010 Hwt, TX 77027-3487		4a. Article Number P245 774 728	
		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
		7. Date of Delivery 9-16-97	
5. Received By: (Print Name)		8. Addressee's Address (Only if requested and fee is paid)	
6. Signature: (Addressee or Agent) X. A. Ballinger			

Thank you for using Return Receipt Service.

PS Form 3811, December 1994 Domestic Return Receipt

Is your RETURN ADDRESS completed on the reverse side?

<b>SENDER:</b> ■ Complete items 1 and/or 2 for additional services. ■ Complete items 3, 4a, and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: Lead + Stearns Inc. POB 1518 Roswell, NM 88202-1518		4a. Article Number P245 774 723	
		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
		7. Date of Delivery 9-10-97	
5. Received By: (Print Name) ALVIN STILHEIMER		8. Addressee's Address (Only if requested and fee is paid)	
6. Signature: (Addressee or Agent) X. A. Ballinger			

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

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- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  
 Roy S Barton, Jr.  
 POB 978  
 Jalisco, NM  
 882400978

4a. Article Number  
 P 245 774 722

4b. Service Type

Registered  Certified  
 Express Mail  Insured  
 Return Receipt for Merchandise  COD

7. Date of Delivery  
 9-10-97

5. Received By: (Print Name)  
 J. ISBELL

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)  
 X [Signature]

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

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- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  
 Yates Pitt Corp.  
 105 So. 4th St  
 Artesia, NM  
 88210

4a. Article Number  
 P 245 774 726

4b. Service Type

Registered  Certified  
 Express Mail  Insured  
 Return Receipt for Merchandise  COD

7. Date of Delivery  
 9-9-97

5. Received By: (Print Name)  
 J. ISBELL

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)  
 X [Signature]

PS Form 3811, December 1994

Domestic Return Receipt

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I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  
 ARCO  
 POB 1610  
 Oklad, TX  
 79702-1610

4a. Article Number  
 P 245 TN 727

4b. Service Type

Registered  Certified  
 Express Mail  Insured  
 Return Receipt for Merchandise  COD

7. Date of Delivery  
 SEP 09 1997

5. Received By: (Print Name)  
 [Signature]

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)  
 X [Signature]

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

Marathon Oil Company  
P.O. Box 552, Midland, Texas 79702-0552

**CERTIFIED**

P 245 774 721



**CERTIFIED MAIL - RETURN  
RECEIPT REQUESTED**

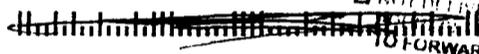
**MAIL**

9-11  
9-16  
9-25

Tim Robertson

MESA OIL COMPANY  
P. O. Box 428  
Artesia, NM 88201-0428

- 
- INSUFFICIENT ADDRESS
  - MOVED (LIT) NO ADDRESS
  - NO ZIP/CITY NUMBER
  - UNCLAIMED (RETURNED)
  - ALL ADDRESSES UNKNOWN
  - NO BUSINESS (LET) VACANT
  - NO DELIVERABLE
  - BOX CLOSED NO ORDER
  - NOT DELIVERABLE AS TO FORWARD



Mid-Continent Region  
Production United States



P.O. Box 552  
Midland, TX 79702-0552  
Telephone 915/682-1626

September 23, 1997

**CERTIFIED MAIL & RETURN  
RECEIPT REQUESTED**

**WORKING INTEREST OWNERS**  
Courtman 4 State No. 1  
Lots 1-4, S/2 N/2 Section 4, T-19-S, R-28-E, N.M.P.M.,  
Eddy County, New Mexico

Re: Operating Agreement

Dear Working Interest Owner:

Enclosed is an Operating Agreement with extra signature pages for the captioned well. The AFE and well proposal was mailed to you on September 8, 1997. If you plan to participate in this well, please execute and return the AFE and the extra signature pages to this Operating Agreement. If you do not plan to participate, we request that you either sell Marathon a term assignment covering your interest in this well or farmout your interest to Marathon under the terms outlined in our well proposal dated September 8, 1997.

If you have any questions, please call me at (915) 687-8490.

Sincerely,

A handwritten signature in cursive script that reads 'Tim Robertson'.

Tim Robertson, CPL  
Advanced Landman

TBR:mmc  
Encl.

**BEFORE THE  
OIL CONSERVATION COMMISSION**  
Case No. 11883 Exhibit No. — 7  
Submitted By:  
Marathon Oil Company  
Hearing Date: December 4, 1997

**Courtman 4 State No. 1  
Lots 1-4, S/2 N/2 Section 4, T-19-S, R-28-E  
Eddy County, New Mexico**

**WORKING INTEREST OWNERS:**

<b>MARATHON OIL COMPANY</b>	<b>41.04392%</b>
<b>MARALO, INC.</b> Five Post Oak Park, Ste. 1010 Houston, TX 77027-3489	<b>28.88472%</b>
<b>ATLANTIC RICHFIELD COMPANY</b> Attn: Mr. Lee Scarborough P. O. Box 1610 Midland, TX 79702-1610	<b>6.25233%</b>
<b>YATES PETROLEUM CORPORATION</b> Attn: Mr. Robert Bullock 105 S. Fourth St. Artesia, NM 88210	<b>14.77176%</b>
<b>ENRON OIL &amp; GAS COMPANY</b> Attn: Mr. Pat Tower P. O. Box 2267 Midland, TX 79702-2267	<b>5.48750%</b>
<b>LOUIS DREYFUS NATURAL GAS CORP.</b> Attn: Mr. Rusty Waters 14000 Quail Springs Prkwy., Ste 600 Oklahoma City, OK 73134	<b>1.99727%</b>
<b>READ &amp; STEVENS, INC.</b> Attn: Mr. Bob Watson P. O. Box 1518 Roswell, NM 88202-1518	<b>0.78125%</b>
<b>MR. ROY G. BARTON, JR., TRUSTEE ROY G. BARTON, SR. AND OPAL BARTON REVOCABLE TRUST</b> P. O. Box 978 Hobbs, NM 88240-0978	<b>0.78125%</b>

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  
 READ & STEVENS, INC.  
 Attn: Mr. Bob Watson  
 P. O. Box 1518  
 Roswell, NM 88202-1518

4a. Article Number  
 P-245 774 736

4b. Service Type

Registered  Certified  
 Express Mail  Insured  
 Return Receipt for Merchandise  COD

7. Date of Delivery

5. Received By: (Print Name)  
 HANA ZILHEMER

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)  
 X HANA ZILHEMER

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

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- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  
 MARALO, INC.  
 Five Post Oak Park, Ste. 1010  
 Houston, TX 77027-3489

4a. Article Number  
 P245 774 742

4b. Service Type

Registered  Certified  
 Express Mail  Insured  
 Return Receipt for Merchandise  COD

7. Date of Delivery  
 9-26-97

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)  
 X Pitt Diebel

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

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- Complete items 3, 4a, and 4b.
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I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  
 DREYFUS NATURAL GAS CORP.  
 Attn: Mr. Rusty Waters  
 14000 Quail Springs Prkwy., Ste 600  
 Oklahoma City, OK 73134

4a. Article Number  
 P245 774 738

4b. Service Type

Registered  Certified  
 Express Mail  Insured  
 Return Receipt for Merchandise  COD

7. Date of Delivery  
 9-26

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)  
 X [Signature]

PS Form 3811, December 1994

Domestic Return Receipt

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- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  
 ROY G. BARTON, JR., TRUSTEE  
 ROY G. BARTON, SR. AND OPAL BARTON  
 REVOCABLE TRUST  
 P. O. Box 978  
 Hobbs, NM 88240-0978

4a. Article Number  
 P245-774 737

4b. Service Type

Registered  Certified  
 Express Mail  Insured  
 Return Receipt for Merchandise  COD

7. Date of Delivery  
 9-24

5. Received By: (Print Name)  
 Dorell J. ISBELL

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)  
 X [Signature]

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

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**SENDER:**

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I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

**YATES PETROLEUM CORPORATION**  
 Attn: Mr. Robert Bullock  
 105 S. Fourth St.  
 Artesia, NM 88210

4a. Article Number  
 P245 774 740

4b. Service Type  
 Registered  Certified  
 Express Mail  Insured  
 Return Receipt for Merchandise  COD

7. Date of Delivery  
 9.24.97

5. Received By: (Print Name)  
**JOANN GRIGGS**

6. Signature: (Addressee or Agent)  
 Joann Griggs

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

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- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

**ATLANTIC RICHFIELD COMPANY**  
 Attn: Mr. Lee Scarborough  
 P. O. Box 1610  
 Midland, TX 79702-1610

4a. Article Number  
 P245 774 741

4b. Service Type  
 Registered  Certified  
 Express Mail  Insured  
 Return Receipt for Merchandise  COD

7. Date of Delivery  
 SEP 24 1997

5. Received By: (Print Name)  
 Lee Scarborough

6. Signature: (Addressee or Agent)  
 X

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

Domestic Return Receipt

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- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

**ENRON OIL & GAS COMPANY**  
 Attn: Mr. Pat Tower  
 P. O. Box 2267  
 Midland, TX 79702-2267

4a. Article Number  
 P245 774 739

4b. Service Type  
 Registered  Certified  
 Express Mail  Insured  
 Return Receipt for Merchandise  COD

7. Date of Delivery  
 SEP 24 1997

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)  
 X Pat Tower

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

A.A.P.L. FORM 610-1982  
MODEL FORM OPERATING AGREEMENT



Courtman 4 State No. 1

OPERATING AGREEMENT

DATED

September 16, 19 97,

OPERATOR MARATHON OIL COMPANY

CONTRACT AREA Lots 1, 2, 3, 4, S/2 N/2 Section 4.

T-19-S, R-28-E, N.M.P.M.

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

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

ARTICLE VI  
continued

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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~~ <sup>all parties</sup> participated in the well from the beginning of the operations; and

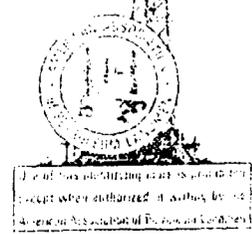
(b) 300 % of that portion of the costs and expenses of drilling, reworking, deepening, plugging back, testing and completing, after deducting any cash contributions received under Article VIII.C., and 300 % of that portion of the cost of newly acquired equipment in the well (to and including the wellhead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



1 12. Insurance

2  
3 Net premiums paid for insurance required to be carried for the Joint Operations for the protection of the Parties. In the  
4 event Joint Operations are conducted in a state in which Operator may act as self-insurer for Worker's Compensation  
5 and/or Employers Liability under the respective state's laws, Operator may, at its election, include the risk under its self-  
6 insurance program and in that event, Operator shall include a charge at Operator's cost not to exceed manual rates.  
7

8 13. Abandonment and Reclamation

9  
10 Costs incurred for abandonment of the Joint Property, including costs required by governmental or other regulatory  
11 authority.  
12

13 14. Communications

14  
15 Cost of acquiring, leasing, installing, operating, repairing and maintaining communication systems, including radio and  
16 microwave facilities directly serving the Joint Property. In the event communication facilities/systems serving the Joint  
17 Property are Operator owned, charges to the Joint Account shall be made as provided in Paragraph 8 of this Section II.  
18

19 15. Other Expenditures

20  
21 Any other expenditure not covered or dealt with in the foregoing provisions of this Section II, or in Section III and which  
22 is of direct benefit to the Joint Property and is incurred by the Operator in the necessary and proper conduct of the Joint  
23 Operations.  
24

25  
26 III. OVERHEAD  
27

28 1. Overhead - Drilling and Producing Operations

29  
30 i. As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge  
31 drilling and producing operations on either:

- 32  
33 ( X ) Fixed Rate Basis, Paragraph 1A, or  
34 ( ) Percentage Basis, Paragraph 1B  
35

36 Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and  
37 salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under  
38 Paragraph 3A, Section II. The cost and expense of services from outside sources in connection with matters of  
39 taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in  
40 the overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are  
41 agreed to by the Parties as a direct charge to the Joint Account.  
42

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

- 45  
46 ( ) shall be covered by the overhead rates, or  
47 ( X ) shall not be covered by the overhead rates.  
48

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

- 52  
53 ( ) shall be covered by the overhead rates, or  
54 ( X ) shall not be covered by the overhead rates.  
55

56 A. Overhead - Fixed Rate Basis

57  
58 (1) Operator shall charge the Joint Account at the following rates per well per month:

59  
60 Drilling Well Rate \$ 5,400.00  
61 (Prorated for less than a full month)

62  
63 Producing Well Rate \$ 540.00  
64

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

66  
67 (a) Drilling Well Rate

68  
69 (1) Charges for drilling wells shall begin on the date the well is spudded and terminate on the date  
70 the drilling rig, completion rig, or other units used in completion of the well is released, whichever

MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210  
TELEPHONE (505) 748-1471

S. P. YATES  
CHAIRMAN OF THE BOARD  
JOHN A. YATES  
PRESIDENT  
PEYTON YATES  
EXECUTIVE VICE PRESIDENT  
RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

October 30, 1997

Marathon Oil Company  
PO Box 552  
Midland, Texas 79702-0552

Attention: Tim Robertson

RE: Operating Agreement  
Courtman 4 State #1  
Eddy County, New Mexico

Gentlemen:

Please find enclosed the signature pages to the Operating Agreement covering the captioned. The signature pages have been executed on behalf of Yates Petroleum Corporation.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Robert Bullock  
Landman

RB:bn  
enclosure(s)

BEFORE THE  
OIL CONSERVATION COMMISSION  
Case No. 11883 Exhibit No. — 8  
Submitted By:  
Marathon Oil Company  
Hearing Date: December 4, 1997

RECEIVED  
NOV 03 1997  
MARATHON OIL COMPANY  
MCR LAND DEPARTMENT

A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1982  
SIGNATURE PAGE TO THAT CERTAIN OPERATING AGREEMENT COVERING  
LOTS 1, 2, 3, 4, S/2 N/2 Section 4, T-19-S, R-28-E, N.M.P.M.  
The initial well being the Courtman 4 State No. 1.

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 16th day of September, 19 97.

OPERATOR  
MARATHON OIL COMPANY

*E. C. Potter*

E. C. Potter, Attorney-in-Fact

NON-OPERATORS

YATES PETROLEUM CORPORATION

MARALO, INC.

*John Yates, Jr.*  
By: John Yates, Jr.  
Its: Vice-President

RB

By:  
Its:

ATLANTIC RICHFIELD COMPANY

ENRON OIL & GAS COMPANY

By:  
Its:

By:  
Its:

LOUIS DREYFUS NATURAL GAS CORP.

READ & STEVENS, INC.

By:  
Its:

By:  
Its:

MESA OIL COMPANY

Roy G. Barton, Jr., Trustee of the  
ROY G. BARTON, SR. AND OPAL BARTON  
REVOCABLE TRUST

By:  
Its:

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

OPERATOR:

Date Executed:



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

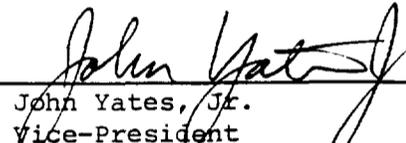
Date Executed:

NON-OPERATORS:

By:  
Its:  
YATES PETROLEUM CORPORATION

Date Executed:

10-30-97

  
By: John Yates, Jr.  
Its: Vice-President  
ATLANTIC RICHFIELD COMPANY

RS

Date Executed:

By:  
Its:  
MARALO, INC.

Date Executed:

By:  
Its:  
LOUIS DREYFUS NATURAL GAS CORPORATION

Date Executed:

By:  
Its:  
MESA OIL COMPANY

Date Executed:

By:  
Its:  
ENRON OIL & GAS COMPANY

Date Executed:

By:  
Its:  
READ & STEVENS, INC.

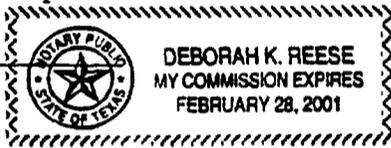
Date Executed:

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

STATE OF TEXAS §  
COUNTY OF MIDLAND §

The foregoing instrument was acknowledged before me this 22<sup>nd</sup> day of September, 1997, by E. C. Potter, Attorney-in-Fact of MARATHON OIL COMPANY, an Ohio corporation, on behalf of said corporation.

My Commission expires:



*Deborah K. Reese*

Notary Public in and for the State of Texas.

Notary, please print or type name.

STATE OF NEW MEXICO §  
COUNTY OF EDDY §

The foregoing instrument was acknowledged before me this 30<sup>th</sup> day of October, 1997, by John Yates, Jr. as Vice-President of YATES PETROLEUM CORPORATION, a(n) New Mexico corporation, on behalf of said corporation.

My Commission expires:

1-8-2000

*Barbara Nelson*  
Notary Public in and for the State of New Mexico

Barbara Nelson  
Notary, please print or type name.

STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 1997, by \_\_\_\_\_ as \_\_\_\_\_ of ATLANTIC RICHFIELD COMPANY, a(n) \_\_\_\_\_ corporation, on behalf of said corporation.

My Commission expires:

\_\_\_\_\_

Notary Public in and for the State of \_\_\_\_\_

Notary, please print or type name.

UNITED BANK PLAZA  
400 N. PENN. SUITE 1000

CHARLES B. READ  
PRESIDENT

PHONE 505 622-3770  
FAX: 505 622-8643

*Read & Stevens, Inc.*  
*Oil Producers*  
*P. O. Box 1518*  
*Roswell, New Mexico 88202*

September 25, 1997

Marathon Oil Company  
P.O. Box 552  
Midland, TX 79702-0552

Attn: Tim Robertson

Re: Courtman 4 State No. 1  
NW/4 Sec. 33, T18S-R28E  
Eddy County, New Mexico  
R&S #9828W

Mitchusson 4 State No. 1  
SW/4 Sec. 4, T19S-R28E  
Eddy County, New Mexico  
R&S #9829W

Dear Tim:

Enclosed are signature pages to the Operating Agreement and Notice of J.O.A. covering the captioned wells executed on behalf of Read & Stevens, Inc.

Read & Stevens, Inc. is self-insured and elects not to be covered under the Operator's insurance. A certificate of insurance will be furnished to you.

Respectfully,

READ & STEVENS, INC.

  
Kim D. Stuart  
Land Secretary

/ks

Enclosures

BEFORE THE  
OIL CONSERVATION COMMISSION  
Case No. 11883 Exhibit No. — 9  
Submitted By:  
Marathon Oil Company  
Hearing Date: December 4, 1997

RECEIVED  
SEP 29 1997

MARATHON OIL COMPANY  
MCR LAND DEPARTMENT

A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1982  
SIGNATURE PAGE TO THAT CERTAIN OPERATING AGREEMENT COVERING  
LOTS 1, 2, 3, 4, S/2 N/2 Section 4, T-19-S, R-28-E, N.M.P.M.  
The initial well being the Courtman 4 State No. 1.

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 16th day of September, 19 97.

OPERATOR  
MARATHON OIL COMPANY

*E.C. Potter*

E. C. Potter, Attorney-in-Fact

NON-OPERATORS

YATES PETROLEUM CORPORATION

MARALO, INC.

By:  
Its:

By:  
Its:

ATLANTIC RICHFIELD COMPANY

ENRON OIL & GAS COMPANY

By:  
Its:

By:  
Its:

LOUIS DREYFUS NATURAL GAS CORP.

READ & STEVENS, INC.

*Charles H. Read*

By:  
Its:

By: **Charles H. Read, President**  
Its:

MESA OIL COMPANY

Roy G. Barton, Jr., Trustee of the  
ROY G. BARTON, SR. AND OPAL BARTON  
REVOCABLE TRUST

By:  
Its:



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:  
MARALO, INC.

Date Executed:

By:  
Its:  
LOUIS DREYFUS NATURAL GAS CORPORATION

Date Executed:

By:  
Its:  
MESA OIL COMPANY

Date Executed:

By:  
Its:  
ENRON OIL & GAS COMPANY

Date Executed:

9/25/97



By: **Charles H. Read**, President  
Its:  
READ & STEVENS, INC.



A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1982  
SIGNATURE PAGE TO THAT CERTAIN OPERATING AGREEMENT COVERING  
LOTS 1, 2, 3, 4, S/2 N/2 Section 4, T-19-S, R-28-E, N.M.P.M.  
The initial well being the Courtman 4 State No. 1.

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 16th day of September, 19 97.

OPERATOR

MARATHON OIL COMPANY

*E. C. Potter*

E. C. Potter, Attorney-in-Fact

NON-OPERATORS

YATES PETROLEUM CORPORATION

MARALO, INC.

By:  
Its:

By:  
Its:

ATLANTIC RICHFIELD COMPANY

ENRON OIL & GAS COMPANY

By:  
Its:

By:  
Its:

LOUIS DREYFUS NATURAL GAS CORP.

READ & STEVENS, INC.

By:  
Its:

By:  
Its:

MESA OIL COMPANY

*Roy G. Barton, Jr.*  
Roy G. Barton, Jr., Trustee of the  
ROY G. BARTON, SR. AND OPAL BARTON  
REVOCABLE TRUST

BEFORE THE  
OIL CONSERVATION COMMISSION  
Case No. 11883 Exhibit No. **10**  
Submitted By:  
Marathon Oil Company  
Hearing Date: December 4, 1997

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

OPERATOR:

Date Executed:

\_\_\_\_\_

*E. C. Potter*

\_\_\_\_\_  
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:  
MARALO, INC.

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:

\_\_\_\_\_

*10-3-97*

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



Barton

Region	Mid-Continent	Total Depth	11,200
Field	Travis	Drilling Days	35
Lease	Courtman 4 State No. 1	Compl Days	10
Location	NE/4 Section 4, T19S-R28E, Eddy County, NM	AFE#	660097

Source	Quantity	Feature	Cond	A
DRILLING COSTS - TANGIBLE				
		Drive Pipe	81-7	
Purchase		Conductor Pipe - 20" PE	81-8	
Purchase	425	Surface Pipe - 13-3/8", 48#, H-40, 8rd, STC	81-9	\$9,000
Purchase	2700	Casing, Int. 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 - TANGIBLE				\$44,500
DRILLING COSTS - INTANGIBLE				
Contract		Surveying, Location & Access	81-2	\$500
Contract		Well Location & Access	81-5	\$15,000
Contract	36	Daywork Drlg. - \$6200/24 hour day incl. Fuel	81-36	\$224,000
		Footage Basis Drlg. - Dry Hole Drilling	81-37	
		Turnkey Drilling	81-38	
Contract		Drilling Rig Mob/Demob	81-39	\$22,000
Contract		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
Contract		Bits	81-69	\$45,000
		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	\$3,400
		Directional Services	81-101	
		Coring	81-102	
Contract		Formation Testing, Open Hole	81-104	\$5,000
		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 Labor, Other - \$400/24 hour day	81-237	\$15,000
		Contract Services, Living Qtrs. - \$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
		Conumo, 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 - INTANGIBLE				\$480,500
TOTAL DRILLING COSTS				\$525,000

OIL CONSERVATION COMMISSION  
 Case No. 11883  
 Submitted By: Maxathon Oil Company  
 Exhibit No. 11  
 Hearing Date: December 4, 1997

Region  
Field  
Lease  
Location

Mid-Continent  
Travis  
Courtman 4 State No. 1  
NE/4 Section 4,  
T19S-R28E, Eddy County, NM

Total Depth  
Drilling Days  
Compl Days  
AFE#

11,200  
35  
10  
660097

Source	Quantity	Feature	Cond	A
COMPLETION COST - TANGIBLE				
Purchase	11200	Production Casing (5 1/2" 15.5 & 17 #)	82-15	\$92,000
		Production Liner	82-18	
		Production Liner Hanger & Tieback Equipment	82-21	
Purchase	11200	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 - TANGIBLE				\$147,500
COMPLETION COST - 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 & Services- Longstring	82-90	\$9,000
		Cement & Cementing Services- Longstring	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	
MOC		Company Labor & Burden	82-750	\$3,800
		Overhead	82-770	
		Indirect Expense	82-779	\$3,000
TOTAL COMPLETION - INTANGIBLE				\$139,500
TOTAL COMPLETION COSTS				\$287,000

Region Mid-Continent  
 Field Travis  
 Lease Courtman 4 State No. 1  
 Location NE/4 Section 4,  
 T19S-R28E, Eddy County, NM

Total Depth 11,200  
 Drilling Days 35  
 Compl Days 10  
 AFE# 660097

Source	Quantity	Feature	Cond	A
<b>FACILITY COSTS</b>				
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 Panel	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		
MOC	Company Labor & Burden	83-750		\$2,000
<b>TOTAL FACILITY COSTS</b>				<b>\$59,500</b>
<b>SUMMARY OF GROSS COSTS</b>				
Total Drilling				\$525,000
Total Completion				\$287,000
Total Surface Equipment				\$59,500
<b>GRAND TOTAL GROSS COSTS</b>				<b>\$871,500</b>
<b>SUMMARY OF NET COSTS</b>				
Total Drilling				\$0
Total Completion				\$0
Total Surface Equipment				\$0
<b>GRAND TOTAL NET COSTS</b>				<b>\$0</b>
<b>TOTAL TANGIBLE COSTS</b>				<b>\$251,500</b>
<b>TOTAL INTANGIBLE COSTS</b>				<b>\$620,000</b>
<b>TANGIBLE PERCENT OF TOTAL</b>				<b>28.9%</b>

PARTICIPANT'S APPROVAL

Participant Name: BARTON TRUST

Signature: Roy G. Barton, Jr. Date: 9/16/97

Title: Trustee  
 Roy G. Barton, Jr., Trustee of the Roy G. Barton,  
 Sr. & Opal Barton Revocable Trust

UNITED BANK PLAZA  
400 N. PENN. SUITE 1000

CHARLES B. READ  
PRESIDENT

PHONE 505 622-3770  
FAX: 505 622-8643

*Read & Stevens, Inc.*

*Oil Producers  
P. O. Box 1518  
Roswell, New Mexico 88202*

September 22, 1997

Marathon Oil Company  
P.O. Box 552  
Midland, TX 79702-0552

Attn: Tim Robertson

Re: Courtman 4 State No. 1  
NW/4 Sec. 33, T18S-R28E  
Eddy County, New Mexico  
R&S #9828W

Mitchusson 4 State No. 1  
SW/4 Sec. 4, T19S-R28E  
Eddy County, New Mexico  
R&S #9829W

Dear Tim:

Enclosed please find A.F.E.'s for the captioned wells executed on behalf of Read & Stevens, Inc. Also enclosed is a copy of our Geological Requirements.

Respectfully,

READ & STEVENS, INC.



Kim D. Stuart  
Land Secretary

/ks

Enclosures

BEFORE THE  
OIL CONSERVATION COMMISSION  
Case No. 11883 Exhibit No. — 12  
Submitted By:  
Marathon Oil Company  
Hearing Date: December 4, 1997

Region Mid-Continent  
 Field Travis  
 Lease Courtman 4 State No. 1  
 Location NE/4 Section 4,  
 T19S-R28E, Eddy County, NM

Total Depth 11,200  
 Drilling Days 35  
 Compl Days 10  
 AFE# 660097

Source	Quantity	Feature	Cond	A
DRILLING COSTS - TANGIBLE				
		Drive Pipe	81-7	
Purchase		Conductor Pipe- 20" .PE	81-8	
Purchase	425	Surface Pipe- 13-3/8", 48#, H-40, 8rd, STC	81-9	\$9,000
Purchase	27(X)	Casing, Int. 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 - TANGIBLE				\$44,500
DRILLING COSTS - INTANGIBLE				
Contract		Surveying, Location & Access	81-2	\$500
Contract		Well Location & Access	81-5	\$15,000
Contract	36	Daywork Drlg. - \$6200/24 hour day incl. Fuel	81-36	\$224,000
		Footage Basis Drlg. - Dry Hole Drilling	81-37	
		Turnkey Drilling	81-38	
Contract		Drilling Rig Mob/Demob	81-39	\$22,000
Contract		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
Contract		Bits	81-69	\$45,000
		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	\$3,400
		Directional Services	81-101	
		Coring	81-102	
Contract		Formation Testing, Open Hole	81-104	\$5,000
		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 hour day	81-237	\$15,000
Contract		Contract Services, Living Qtrs.- \$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		Commo, Field- \$50/day	81-658	\$1,800
		Regulatory Compliance	81-685	
MOC		Company Labor & Burden- \$375/day	81-750	\$13,000
		Overhead	81-770	
		Indirect Expense	81-779	
TOTAL DRILLING - INTANGIBLE				\$480,500
TOTAL DRILLING COSTS				\$525,000

Region Mid-Continent  
 Field Travis  
 Lease Courtman 4 State No. 1  
 Location NE/4 Section 4,  
 T19S-R28E, Eddy County, NM

Total Depth 11,200  
 Drilling Days 35  
 Compl Days 10  
 AFE# 660097

Source	Quantity	Feature	Cond	A
COMPLETION COST - TANGIBLE				
Purchase	11200	Production Casing (5 1/2" 15.5 & 17 #)	82-15	\$92,000
		Production Liner	82-18	
		Production Liner Hanger & Tieback Equipment	82-21	
Purchase	11200	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 - TANGIBLE				\$147,500
COMPLETION COST - 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 & Services- Longstring	82-90	\$9,000
		Cement & Cementing Services- Longstring	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	
MOC		Company Labor & Burden	82-750	\$3,800
		Overhead	82-770	
		Indirect Expense	82-779	\$3,000
TOTAL COMPLETION - INTANGIBLE				\$139,500
TOTAL COMPLETION COSTS				\$287,000

Region  
Field  
Lease  
Location

Mid-Continent  
Travis  
Courtman 4 State No. 1  
NE/4 Section 4,  
T19S-R28E, Eddy County, NM

Total Depth  
Drilling Days  
Compl Days  
AFE#

11,200  
35  
10  
660097

Source	Quantity	Feature	Cond	A
<b>FACILITY COSTS</b>				
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 Panel	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	
MOC		Company Labor & Burden	83-750	\$2,000
<b>TOTAL FACILITY COSTS</b>				<b>\$59,500</b>
<b>SUMMARY OF GROSS COSTS</b>				
		Total Drilling		\$525,000
		Total Completion		\$287,000
		Total Surface Equipment		\$59,500
<b>GRAND TOTAL GROSS COSTS</b>				<b>\$871,500</b>
<b>SUMMARY OF NET COSTS</b>				
		Total Drilling		\$0
		Total Completion		\$0
		Total Surface Equipment		\$0
<b>GRAND TOTAL NET COSTS</b>				<b>\$0</b>
<b>TOTAL TANGIBLE COSTS</b>				<b>\$251,500</b>
<b>TOTAL INTANGIBLE COSTS</b>				<b>\$620,000</b>
<b>TANGIBLE PERCENT OF TOTAL</b>				<b>28.9%</b>

**PARTICIPANT'S APPROVAL**

Participant Name: Read & Stevens, Inc.  
By: Charles B. Read, President

Signature: *Charles B. Read* Date: 9/22/97

Title: President

GEOLOGICAL REQUIREMENTS

READ & STEVENS, INC.  
P. O. BOX 1518  
ROSWELL, NEW MEXICO 88202

OPERATOR: MARATHON OIL COMPANY

NAME OF WELL: COURTMAN 4 STATE NO. 1

LOCATION: NE/4 SECTION 4, T19S-R28E, EDDY COUNTY, NEW MEXICO

We request the number of copies of well data listed below:

All Governmental Forms & Completion Reports	<u>1</u>
Drill Stem Tests	<u>2</u>
Core Analysis	<u>2</u>

<u>LOGS:</u>	<u>Field</u>	<u>Final</u>
Electrical Logs	<u>2</u>	<u>2</u>
Other Electrical Surveys	<u>2</u>	<u>2</u>
Mud Logs	<u>2</u>	<u>2</u>

DAILY DRILLING REPORTS:

Please furnish our company with daily drilling reports on said well with full information thereon each day by mail, telephone, or telefax.

COMPLETION REPORT:

Please furnish a copy of the Well Completion Report filed with the appropriate regulatory agency.

MONTHLY C-115 REPORT:

Please furnish a copy of Monthly C-115 Report after well goes on production to:

Read & Stevens, Inc.  
Attn: Susie Rodrique  
P. O. Box 1518  
Roswell, New Mexico 88202  
Telephone: 505/622-3770  
Fax: 505/622-8643

We do request notification for logging, testing, coring, etc.

Please notify: Bill Bradshaw/Geologist    Office #: 505/622-3770  
Mobile #: 505/626-3436  
Fax #: 505/625-0279

OR

John Maxey/Engineer    Office #: 505/622-3770  
Mobile #: 505/626-7602

SPECIAL PROVISIONS:

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MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210  
TELEPHONE (505) 748-1471

S. P. YATES  
CHAIRMAN OF THE BOARD  
JOHN A. YATES  
PRESIDENT  
PEYTON YATES  
EXECUTIVE VICE PRESIDENT  
RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

September 11, 1997

Marathon Oil Company  
Attn: Tim B. Robertson  
P.O. Box 552  
Midland, TX 79702-0552

RE: Well Proposal - Courtman 4 State No.1  
Township 19 South, Range 28 East  
Section 4: Lot(s) 1-4, S/2 N/2  
Eddy County, New Mexico

Dear Mr. Robertson:

Please find enclosed your Authority for Expenditure executed by Yates Petroleum Corporation for the drilling of the captioned well subject to receipt and execution of a mutually acceptable Operating Agreement.

Very truly yours,

YATES PETROLEUM CORPORATION

Robert Bullock  
Landman

RB/nf  
Enclosure(s)

BEFORE THE  
OIL CONSERVATION COMMISSION  
Case No. 11883 Exhibit No. 13  
Submitted By:  
Marathon Oil Company  
Hearing Date: December 4, 1997

RECEIVED  
SEP 15 1997

MARATHON OIL COMPANY  
MCR LAND DEPARTMENT

Region  
Field  
Lease  
Location

Mid-Continent  
Travis  
Courtman 4 State No. 1  
NE/4 Section 4,  
T19S-R28E, Eddy County, NM

Total Depth  
Drilling Days  
Compl Days  
AFE#

11,200  
35  
10  
660097

Source	Quantity	Feature	Cond	A
DRILLING COSTS - TANGIBLE				
		Drive Pipe	81-7	
Purchase		Conductor Pipe- 20" PE	81-8	
Purchase	425	Surface Pipe- 13-3/8", 48#, 11-40, 8rd, STC	81-9	\$9,000
Purchase	2700	Casing, Int. 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
				\$44,500
DRILLING COSTS - INTANGIBLE				
Contract		Surveying, Location & Access	81-2	\$500
Contract		Well Location & Access	81-5	\$15,000
Contract	36	Daywork Drlg. - \$6200/24 hour day incl. Fuel	81-36	\$224,000
		Footage Basis Drlg.- Dry Hole Drilling	81-37	
		Turnkey Drilling	81-38	
Contract		Drilling Rig Mob/Demob	81-39	\$22,000
Contract		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
Contract		Bits	81-69	\$45,000
		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	\$3,400
		Directional Services	81-101	
		Coring	81-102	
Contract		Formation Testing, Open Hole	81-104	\$5,000
		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 hour day	81-237	\$15,000
Contract		Contract Services, Living Qtrs.- \$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		Commo, Field- \$50/day	81-658	\$1,800
		Regulatory Compliance	81-685	
MOC		Company Labor & Burden- \$375/day	81-750	\$13,000
		Overhead	81-770	
		Indirect Expense	81-779	
				\$480,500
TOTAL DRILLING - INTANGIBLE				\$480,500
TOTAL DRILLING COSTS				\$525,000

Region Mid-Continent  
 Field Travis  
 Lease Courtman 4 State No. 1  
 Location NE/4 Section 4,  
 T19S-R28E, Eddy County, NM

Total Depth 11,200  
 Drilling Days 35  
 Compl Days 10  
 AFE# 660097

Source	Quantity	Feature	Cond	A
COMPLETION COST - TANGIBLE				
Purchase	11200	Production Casing (5 1/2" 15.5 & 17 #)	82-15	\$92,000
		Production Liner	82-18	
		Production Liner Hanger & Tieback Equipment	82-21	
Purchase	11200	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 - TANGIBLE				\$147,500
COMPLETION COST - 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 & Services- Longstring	82-90	\$9,000
		Cement & Cementing Services- Longstring	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	
MOC		Company Labor & Burden	82-750	\$3,800
		Overhead	82-770	
		Indirect Expense	82-779	\$3,000
TOTAL COMPLETION - INTANGIBLE				\$139,500
TOTAL COMPLETION COSTS				\$287,000

Region	Mid-Continent	Total Depth	11,200
Field	Travis	Drilling Days	35
Lease	Courtman 4 State No. 1	Compl Days	10
Location	NE/4 Section 4, T19S-R28E, Eddy County, NM	AFE#	660097

Source	Quantity	Feature	Cond	A
<b>FACILITY COSTS</b>				
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 Panel	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		
MOC	Company Labor & Burden	83-750		\$2,000
<b>TOTAL FACILITY COSTS</b>				<b>\$59,500</b>
<b>SUMMARY OF GROSS COSTS</b>				
	Total Drilling			\$525,000
	Total Completion			\$287,000
	Total Surface Equipment			\$59,500
<b>GRAND TOTAL GROSS COSTS</b>				<b>\$871,500</b>
<b>SUMMARY OF NET COSTS</b>				
	Total Drilling			\$0
	Total Completion			\$0
	Total Surface Equipment			\$0
<b>GRAND TOTAL NET COSTS</b>				<b>\$0</b>
<b>TOTAL TANGIBLE COSTS</b>				<b>\$251,500</b>
<b>TOTAL INTANGIBLE COSTS</b>				<b>\$620,000</b>
<b>TANGIBLE PERCENT OF TOTAL</b>				<b>28.9%</b>

**PARTICIPANT'S APPROVAL**

Participant Name: Vates Petroleum Corporation 2.25779%

Signature: John Yates Date: 9-10-97

Title: Vice President

Mid-Continent Region  
Production United States



P.O. Box 552  
Midland, TX 79702-0552  
Telephone 915/682-1626

December 1, 1997

Mr. Joe Pulido  
Maralo, Inc.  
MRL Partners, LP  
Lowe Partners, LP  
L. R. French, Jr.  
5151 San Felipe St., Ste. 400  
Houston, TX 77056-3607

Re: Term Assignment  
Our Lease NM-6017 - State of New Mexico Lease No. OG-605  
Lots 1, 2, S/2 NE/4 Section 4, T-19-S, R-28-E,  
161.04 gross acres, more or less  
Eddy County, New Mexico

Gentlemen:

This is to confirm our agreement to purchase a Term Assignment on the captioned acreage which is within the spacing unit for the Courtman 4 State No. 1 Well. The terms of this assignment would include:

1. 2-year term,
2. \$300 per net mineral acre,
3. Delivery of 78% net revenue interest and
4. 180-day continuous drilling provision.

Our records show your working interests in this tract are:

	PERCENT	NET ACRES
Maralo, Inc.	7.8125%	12.59
Lowe Partners, LP	25.0000%	40.26
MRL Partners, LP	12.5000%	20.13
L. R. French, Jr.	12.5000%	20.13
<b>TOTAL</b>	<b>57.8125%</b>	<b>93.11</b>

Although record title is as shown above, you advise that prior to assignment to Marathon the interests and bonuses should be as shown below:

BEFORE THE  
OIL CONSERVATION COMMISSION  
Case No. 11883 Exhibit No. 14  
Submitted By:  
**Marathon Oil Company**  
Hearing Date: December 4, 1997

TERM ASSIGNMENT  
 December 1, 1997  
 Page -2-

COMPANY	PERCENT W.I.	NET ACRES	BONUS
LOWE PARTNERS, LP	28.90625%	46.555	\$13,966.50
L. R. FRENCH, JR.	28.90625%	46.555	\$13,966.50
<b>TOTAL</b>	<b>57.8125%</b>	<b>93.11</b>	<b>\$27,933.00</b>

This Agreement is subject to the Parties' agreement upon a mutually acceptable term assignment. If this correctly states our agreement, please sign and return one (1) copy of this letter.

I will send a draft Term Assignment soon.

Sincerely,



Tim Robertson, CPL  
 Advanced Landman

TBR; mmc'

xc: L. R. French, Jr.  
 P. O. Box 11327  
 Midland, TX 79702-8327

AGREED TO AND ACCEPTED this \_\_\_\_  
 day of \_\_\_\_\_, 1997.

LOWE PARTNERS, LP

AGREED TO AND ACCEPTED this  
 \_\_\_\_ day of \_\_\_\_\_, 1997.

\_\_\_\_\_  
 L. R. French, Jr.

\_\_\_\_\_  
 By:  
 Its:

MRL PARTNERS, LP

\_\_\_\_\_  
 By:  
 Its:

MARALO, INC.

\_\_\_\_\_  
 By:  
 Its:

Mid-Continent Region  
Production United States



**Marathon  
Oil Company**

P.O. Box 552  
Midland, TX 79702-0552  
Telephone 915/682-1626

### LAND DEPARTMENT

F A X		F A X
C O V E R		and
S H E E T		mail
DATE: <del>12-26-97</del> 12-1-97		
TO: Mr. Joe Pulido		
COMPANY: Marado, Inc.		
LOCATION: Houston		
PANAFAX NUMBER: 713-960-1672		
NUMBER OF PAGES (including cover sheet): <u>3</u>		
FROM: Tim Robertson		
EXT.		
COMPANY: Marathon Oil Company		
LOCATION: Land Department, Midland, TX		
PANAFAX NUMBER: (915) 687-8483		
If you do not receive all pages, please call back ASAP		
Telephone: 915-687-8490		
Comments: Let me know if there are any problems with this.		

Mid-Continent Region  
Production United States



P.O. Box 552  
Midland, TX 79702-0552  
Telephone 915/682-1626

December 1, 1997

Mr. Joe Pulido  
Maralo, Inc.  
MRI Partners, LP  
Lowe Partners, LP  
L. R. French, Jr.  
5151 San Felipe St., Ste. 400  
Houston, TX 77056-3607

Re: **Term Assignment**  
**Our Lease NM-6017 - State of New Mexico Lease No. OG-605**  
**Lots 1, 2, S/2 NE/4 Section 4, T-19-S, R-28-E,**  
**161.04 gross acres, more or less**  
**Eddy County, New Mexico**

Gentlemen:

This is to confirm our agreement to purchase a Term Assignment on the captioned acreage which is within the spacing unit for the Courtman 4 State No. 1 Well. The terms of this assignment would include:

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2. \$300 per net mineral acre,
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MRI Partners, LP	12.5000%	20.13
L. R. French, Jr.	12.5000%	20.13
<b>TOTAL</b>	<b>57.8125%</b>	<b>93.11</b>

Although record title is as shown above, you advise that prior to assignment to Marathon the interests and bonuses should be as shown below:

A subsidiary of USX Corporation

**TERM ASSIGNMENT**

December 1, 1997

Page -2-

COMPANY	PERCENTAGE	AMOUNT	BONUS
LOWE PARTNERS, LP	28.90625%	46.555	\$13,966.50
L. R. FRENCH, JR.	28.90625%	46.555	\$13,966.50
<b>TOTAL</b>	<b>57.8125%</b>	<b>93.11</b>	<b>\$27,933.00</b>

This Agreement is subject to the Parties' agreement upon a mutually acceptable term assignment. If this correctly states our agreement, please sign and return one (1) copy of this letter.

I will send a draft Term Assignment soon.

Sincerely,

Tim Robertson, CPL  
Advanced Landman

TBR: mmc'

cc: L. R. French, Jr.  
P. O. Box 11327  
Midland, TX 79702-8327

AGREED TO AND ACCEPTED this \_\_\_\_\_ day of \_\_\_\_\_, 1997.

\*L. R. French, Jr.

AGREED TO AND ACCEPTED this 2nd day of December, 1997.

\* LOWE PARTNERS, LP

By: MARY RALPH LOWE, President of  
Its: Maralo, Inc., Managing Partner

\* MRL PARTNERS, LP

By: MARY RALPH/LOWE  
Its: Managing Partner

\* MARALO, INC.

By: MARY RALPH LOWE, PRESIDENT

\*Limited to Leasehold Rights presently owned.

TOTAL P.03

12/02/97 11:26 MARALO INC. → 19156851912

\* DEC-01-1997 15:08 FROM MARATHON OIL COMPANY

TU

NO.587 P002  
317137901012Mid-Continent Region  
Production United StatesP.O. Box 562  
Midland, TX 79702-0562  
Telephone 915/682-1828

December 1, 1997

Mr. Joe Fulido  
Maralo, Inc.  
MRL Partners, LP  
Lowe Partners, LP  
L. E. French, Jr.  
5151 San Felipe St., Ste. 400  
Houston, TX 77056-8607

Re: Term Assignment  
Our Lease NM-6017 - State of New Mexico Lease No. OG-605  
Lots 1, 2, 8/2 NE/4 Section 4, T-19-S, R-28-E,  
161.04 gross acres, more or less  
Eddy County, New Mexico

Gentlemen:

This is to confirm our agreement to purchase a Term Assignment on the captioned acreage which is within the spacing unit for the Courtman 4 State No. 1 Well. The terms of this assignment would include:

1. 2-year term,
2. \$900 per net mineral acre,
3. Delivery of 78% net revenue interest and
4. 180-day continuous drilling provision.

Our records show your working interests in this tract are:

Maralo, Inc.	7.8125%	12.59
Lowe Partners, LP	28.0000%	40.26
MRL Partners, LP	12.5000%	20.18
L. E. French, Jr.	12.5000%	20.18
<b>TOTAL</b>	<b>57.8125%</b>	<b>93.11</b>

Although record title is as shown above, you advise that prior to assignment to Marathon the interests and percentages should be as shown below:

A subsidiary of USX Corporation

**TERM ASSIGNMENT**

November 26, 1997

Page -2-

COMPANY	PERCENT W.I	NET ACRES	BONUS
LOWE PARTNERS, LP	28.90625%	46.555	\$13,966.50
L. R. FRENCH, JR.	28.90625%	46.555	\$13,966.50
<b>TOTAL</b>	<b>57.8125%</b>	<b>93.11</b>	<b>\$27,933.00</b>

If this correctly states our agreement, please sign and return one (1) copy of this letter.

I will send a draft Term Assignment soon.

Sincerely,

Tim Robertson, CFI  
Advanced Landman

TBR:mumc'

xc: L. R. French, Jr.  
P. O. Box 11327  
Midland, TX 79702-8327

AGREED TO AND ACCEPTED this  
2 day of December, 1997

\* L. R. French, Jr.

✓ MARALO, INC.

By:  
Its:

\* Limited to Leasehold Rights  
presently owned

AGREED TO AND ACCEPTED this  
day of \_\_\_\_\_, 1997.

✓ LOWE PARTNERS, LP

By:  
Its:

Erma Lowe

✓ MRL PARTNERS, LP

By:  
Its: