



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

January 15, 1998

Mr. Patrick Tower
ENRON OIL & GAS COMPANY
P. O. Box 2267
Midland, TX 79702-2267

Re: Buchanan 33 State No. 1 - E/2 Section 33, T-18-S, R-28-E,
Courtman 4 State No. 1 - N/2 Section 4, T-19-S, R-28-E,
Mitchusson 4 State No. 1 - S/2 Section 4, T-19-S, R-28-E,
Burns 34 State No. 1 - N/2 Section 34, T-18-S, R-28-E,
Eddy County, New Mexico

Gentlemen:

Marathon has drilled the Buchanan 33 State No. 1 Well under New Mexico Oil Conservation Division (NMOCD) Order No. R-10889. Enron is a non-consenting party under this Order. The well has not been completed at this date.

Marathon has obtained NMOCD Order Nos. R-10930 and R-10931 pooling Enron's and other interests in the Courtman 4 State No. 1 and Mitchusson 4 State No. 1 Wells. Enron was recently sent copies of these orders and has until February 8, 1998, to elect to join in drilling the wells. These wells are on our drilling schedule for February and March of 1998. Enron has indicated it will be a non-consenting party in these two wells.

Marathon has applied to the NMOCD for a pooling order for the Burns 34 State No. 1 Well, and a hearing is scheduled for January 22, 1998. Enron has indicated its intention to be a non-consenting party in this well also.

Enron has requested that Marathon provide it with certain well information from the four wells. Marathon is willing to provide Enron the information listed on the attached Exhibit A, in exchange for Enron agreeing as follows:

1. Enron hereby elects to go non-consent under the pooling orders for the Courtman 4 State No. 1 and the Mitchusson 4 State No. 1 wells. Enron agrees it will not object to the entering of a pooling order for the Burns 34 State No. 1 well in the form requested by Marathon in its application, a copy of which has been provided to Enron. When an order is entered for the Burns well, Enron agrees that it will go non-consent under that order.

BEFORE THE
OIL CONSERVATION COMMISSION
Case No. 11909 Exhibit No. 1
Submitted By:
Marathon Oil Company
Hearing Date: January 22, 1998

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2. Enron agrees that should Marathon choose to change the location of any one or more of the Courtman, Mitchusson or Burns wells, from the location designated in the pooling order for the well to another legal location within the 320 acre spacing unit designated in the order for the well, that Enron shall still be subject to the pooling order, and all its terms shall still apply to Enron as if the new location were set out in the order in place of the original location. Further, Enron shall not assert to NMOCD that the order for a well is no longer valid as to Enron, by virtue of Marathon having drilled the well at a location other than that set out in the order. If Marathon seeks to amend one or more of the pooling orders to designate a new location, Enron shall not raise an objection to the request.
3. Enron agrees that it shall make no objection to any request by Marathon to NMOCD to change the date in any of the orders on which the order becomes null and void if the well has not been commenced, so long as the new date requested by Marathon is not after July 15, 1998.

If Enron accepts this offer, please sign one (1) copy of this letter and return to me.

Sincerely,



Tim Robertson, CPL
Advanced Landman

TBR:mmc'

Encls.

AGREED TO AND ACCEPTED this 27th day
of January, 1998.

ENRON OIL & GAS COMPANY

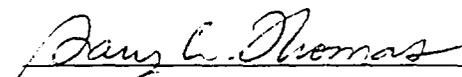

By: Gary L. Thomas
Its: Sr. Vice President



EXHIBIT "A"

WELL REQUIREMENTS

Marathon Oil Company's James Buchanan "33" State Well No. 1,
Courtman 4 State No. 1, Mitchusson 4 State No. 1 & Burns 34 State No. 1

The following is a list of services and information which will be required by Enron Oil & Gas Company:

1. One (1) copy of all forms filed with State or Federal regulatory agencies mailed to the attention of Linda Johnston, Production Department.
2. Verbal Notification of spud date to Barry Zinz, Exploration Department. Written Notification to Linda Johnston, Production Department.
3. A complete composite of your daily drilling reports after the well is completed to Tammy Adair, Production Department, thirty (30) days after drilling rig release. (NOTE: It is not necessary to mail daily detailed reports.)
4. Notification of pipeline connection, date of first sales to Linda Johnston, Production Department.
5. Two (2) copies of drill stem test charts, including testing company's fluid analysis report to Barry Zinz, Exploration Department, thirty (30) days after drilling rig release.
6. Two (2) copies of final print (when mud logger is used) to Barry Zinz, Exploration Department, thirty (30) days after drilling rig release.
7. Two (2) final prints of all electrical surveys (including dipmeters) to Barry Zinz, Exploration Department, thirty (30) days after drilling rig release.
8. One (1) LAS format diskette to Barry Zinz, Exploration Department, thirty (30) days after drilling rig release.
9. Two (2) copies of core analysis to Barry Zinz, Exploration Department.
10. Mud loggers dry sample cut should be made available through Midland Sample Library, if not, have one (1) set of dry cuttings made for Enron Oil & Gas Company.
11. If Operator elects to run a velocity survey or dipmeter and/or Imaging Log, ENRON shall have the right to copies of same and the information obtained therefrom. If Operator does not elect to run a velocity survey or a dipmeter and/or Imaging Log, ENRON shall have the right to run such surveys for its sole benefit at ENRON's risk and expense.

Barry Zinz

Ofc: 915/686-3732

Home: 915/694-3122