

File



P.O. Box 552
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April 25, 1991

Via Airborne Express

Mr. Armando Lopez, Chief
Branch of Field Minerals
U. S. Department of Interior
Bureau of Land Management
Roswell District Office
1717 W. Second
Roswell, New Mexico 88201

Re: Proposed Tamano (BSSC) Waterflood Unit

Dear Mr. Lopez:

Marathon has recently obtained approval by approximately 92% of the owners of the working interest in the proposed Tamano (BSSC) Unit of a formula for allocation of Unit production and costs to the various tracts within the Unit. The working interest owners are now attempting to reach agreement on the language of the Unit Agreement and Unit Operating Agreement, while Marathon is working to prepare the various exhibits to the agreements. Once the agreements are in their final form, Marathon will be submitting its request for designation to your office. I anticipate that the request will be sent out no later than May 13, 1991.

In order to make as certain as possible that our formal request for designation is adequate, I wanted to inform you now of the provisions of the selected allocation formula, and provide you with a copy of Marathon's feasibility study for the project, which I anticipate we will be submitting as the geologic and engineering summary which you indicated in our meeting of April 17, 1991 should accompany our application for designation. The selected formula is as follows:

<u>PARAMETER</u>	<u>PERCENTAGE</u>
Surface acres	4%
Usable wellbores	2%
Daily oil rate (10/90 - 3/91)	60%
Estimated remaining primary oil	34%

Marathon 02
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If there is any way you could consider the approved formula and review the contents of the feasibility study, and let me know as soon as possible if you see any problems with either one, I would greatly appreciate it. Obviously if you have a problem with the formula, we will need to go back to the working interest owners and make the necessary adjustments. Hopefully, supplementing the feasibility study would be a much easier task.

I appreciate your help in this matter. If you have any questions at all, please give me a call at the number shown at the letterhead.

Very truly yours,



Thomas C. Lowry

TCL/mlp