



**Marathon
Oil Company**

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

October 19, 1987

Mr. James A. Davidson
P. O. Box 494
Midland, Texas 79702-0494

Re: Our Lease NM-3867 - Jessie Benson #1 well
S $\frac{1}{2}$ SE $\frac{1}{4}$ Section 14, T-16-S, R-38-E,
Our East Garrett Area
Lea County, New Mexico

Dear Mr. Davidson:

Reference is made to Marathon's application to amend Division Order No. 8282 to include the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 14, T-16-S, R-38-E, N.M.P.M., Lea County, New Mexico in order to form a standard 80 acre proration unit (the S $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 14) for the Benson #1 well. Attached for your information please find a copy of Division Order No. R-8282-B issued on September 18, 1987 wherein the New Mexico Oil Conservation Division denied Marathon's application for an amendment of Division Order No. R-8282.

In light of the above, and in an attempt to reach a mutually acceptable resolution of our differences regarding this matter, Marathon proposes the following:

1. You contribute your 38.125% working interest in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 14, T-16-S, R-38-E, to the 80 acre spacing unit and participate in the Benson #1 with a 19.0625% working interest in the 80 acre unit. This would result in an advance payment of approximately \$219,400 based on current booked well cost of \$1,151,100. Your 38.125% working interest in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 14 would remain subject to NMOC Order No. R-8282.

Actual Cost of well

2. In order to help you decide whether to participate, Marathon will provide production data from the Benson No. 1 for your review.

If this offer is acceptable, or if you wish to discuss this matter further, please contact me so that we may proceed accordingly.

Marathon appreciates your consideration in this matter.

Very truly yours,

MARATHON OIL COMPANY

Steve Daniels
Landman

10-19-87 - Hand Carried this letter to Mr. Davidson. SMD

BEFORE EXAMINER CATANACHI	
OIL CONSERVATION DIVISION	
<u>Marathon</u>	EXHIBIT NO: <u>6</u>
CASE NO. <u>9146</u>	

SMD;mmc'
Attachment