



COMMERCIAL RESOURCES
(505)-827-5724

SURFACE RESOURCES
(505)-827-5793

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State of New Mexico
Commissioner of Public Lands

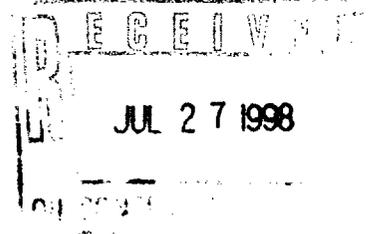
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(505)-827-5752



July 23, 1998

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

Attn: Mr. A. B. Schoffmann

Re: Amendment of Off-Lease Storage, Measurement, Sales and Commingling Agreement

Leases Previously Approved:

N. Indian Basin Unit (NM-0487-B, NM-05608, NM-5551, NM-05551-B, NM-SW-242, and State Leases E-7906 and E-10170, including Com SW-242)

Comanche Federal Lease (NM-04827-B, NM-34623, and NM-0384623, including Com SW-242)

Bone Flats Federal Lease (NM-05608, NM-81677, and NM-05551-A)

MOC Federal Lease (NM-04827-B)

Stinking Draw Lease (State Leases K-1877 and E-10169-1)

Proposed Additions to Agreement

Indian Hills State Com Lease (State Lease E-10083)

Sections 1, 2, 3, 10, 11 and 12 of T-21-S, R-23-E, Section 36 of T-201/2-S, R-23-E, and Section 36 of T-20-S, R-24-E

Eddy County, New Mexico

Dear Mr. Schoffmann:

We have received your letter of June 22, 1998, wherein you request that the previous approval for surface commingling, off-lease measurement, storage and sales be amended to include production from the above-referenced lands.

Since it appears that there will be no loss of revenue to the State of New Mexico's beneficiaries as a result of your proposed operation, your request is hereby approved. Our approval is given with the understanding that the Commissioner of Public Lands reserves the right to amend or withdraw his approval, should this operation prove to be unprofitable to the state at any time in the future. Also, our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Your \$30.00 filing fee has been received.