



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

November 3, 1999

Altura Energy, Ltd.  
Attn: Crystal Hand  
P. O. Box 4294  
Houston, TX 77210-4294

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

Leases Previously Approved:

- North Indian Basin Unit (NM-0487-B, NM-05608, NM-5551, NM-05551-B, including Com SW-242, and State Leases E-7906 & E-10170)
- Comanche Federal Lease (NM-04827-B, NM-34623, & NM-0384623, including Com SW-242)
- Bone Flats Federal "12" Lease (NM-05608, NM-81677, & NM-05551-A)
- MOC Federal Lease (NM-04827-B)
- Stinking Draw Lease (State Leases K-1877 & E-10169-1)
- Indian Hills State Com Lease (State Leases E-10083 & L-5098)

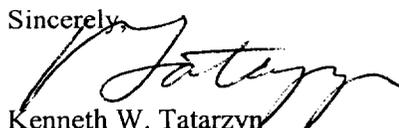
Sections 1, 2, 3, 10, 11, & 12 of T-21-S, R-23-E, Section 36 of T-20½-S, R-23-E, and Section 36 of T-20-S, R-24-E, Eddy County, New Mexico

Gentlemen:

Marathon Oil Company is proposing to amend the Off-Lease Storage, Measurement, Sales and Commingling Agreement that covers the above named leases. As currently approved, the agreement calls for all production to be measured by pool before being commingled. To bring these facilities into compliance with Bureau of Land Management regulations, Marathon proposes to amend the agreement so that all production is measured by lease before being commingled. This amendment will require a minor piping change. If the agreement is not amended, the working interest owners would incur the expense of installing another separator. Our records indicate that you are the purchaser of the production from the subject leases and, as such, pursuant to NMOCD rules and regulation, are required to provide your consent to this amendment before we may proceed. A detailed explanation of the proposed operation is attached.

Please indicate your approval by signing in the space below and returning one copy of this letter to this office in the enclosed envelope. The second copy is for your files. Your prompt attention to this matter will be greatly appreciated.

Sincerely,

  
Kenneth W. Tatarzyn  
Indian Basin Asset Team Manager

Approved this \_\_\_\_\_ day of \_\_\_\_\_, 1999

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\_\_\_\_\_  
Printed Name: \_\_\_\_\_

Attachments

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

Company Name: \_\_\_\_\_



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

November 3, 1999

State of New Mexico  
Commissioner of Public Lands  
P. O. Box 1148  
Santa Fe, New Mexico 87504-1148

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

Leases Previously Approved:

North Indian Basin Unit (NM-0487-B, NM-05608, NM-5551, NM-05551-B, including Com SW-242, and State Leases E-7906 & E-10170)  
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Sections 1, 2, 3, 10, 11, & 12 of T-21-S, R-23-E, Section 36 of T-20½-S, R-23-E, and Section 36 of T-20-S, R-24-E, Eddy County, New Mexico

Gentlemen:

Marathon Oil Company is proposing to amend the Off-Lease Storage, Measurement, Sales and Commingling Agreement that covers the above named leases. As currently approved, the agreement calls for all production to be measured by pool before being commingled. To bring these facilities into compliance with Bureau of Land Management regulations, Marathon proposes to amend the agreement so that all production is measured by lease before being commingled. This amendment will require a minor piping change. If the agreement is not amended, the working interest owners would incur the expense of installing another separator.

The attached drawings illustrate the separation equipment and the proposed modifications to the production battery and flow scheme for liquids processed and gas dehydrated and compressed in this facility. Also attached is a copy of the application which was sent to the New Mexico Oil Conservation Division and the Bureau of Land Management.

Marathon has made notification to all parties owning an interest in these leases, including the liquid hydrocarbon purchaser, of the intent to amend this commingle agreement. Attached as part of this application is a copy of the letter submitted, by certified mail, to each party and the purchaser, and a check in the amount of \$30.00 for the application fee. If you require any additional information concerning this application, please call Ginny Larke at (915) 687-8449. Thank you for your consideration of this request.

Sincerely,

Ginny Larke  
Engineer Technician

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Attachments

Mid-Continent Region  
Production United States



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

November 3, 1999

Working and Royalty Interest Owners  
(Mailing List Attached)

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

Leases Previously Approved:

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Gentlemen:

Marathon Oil Company is proposing to amend the Off-Lease Storage, Measurement, Sales and Commingling Agreement that covers the above named leases. As currently approved, the agreement calls for all production to be measured by pool before being commingled. To bring these facilities into compliance with Bureau of Land Management regulations, Marathon proposes to amend the agreement so that all production is measured by lease before being commingled. This amendment will require a minor piping change. If the agreement is not amended, the working interest owners would incur the expense of installing another separator. Our records indicate that you are an interest owner in one of the subject leases and, as such, pursuant to NMOCD rules and regulation, are required to provide your consent to this amendment before we may proceed. A detailed explanation of the proposed operation is attached.

Please indicate your approval by signing in the space below and returning one copy of this letter to this office in the enclosed envelope. The second copy is for your files. Your prompt attention to this matter will be greatly appreciated.

Sincerely,

  
Kenneth W. Tatarzyn  
Indian Basin Asset Team Manager

Approved this \_\_\_\_\_ day of \_\_\_\_\_, 1999

M:\vllwinword\wiltr.doc

Printed Name: \_\_\_\_\_

Attachments

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

Company Name: \_\_\_\_\_

Phillips Petroleum  
4001 Penbrook  
Odessa, Texas 79762

Wallace & Vergine Gates Family Trust  
Wallace & Vergine Gates Trustees  
310 W. Mescalero Apt. 3  
Roswell, NM 88201-5830

Robert E. Chambers Estate  
Robert E Chambers, Jr. Executor  
2413 Clayton  
Wichita Falls, TX 76308-3904

Robert B. & Nada S. Gates Trust  
4943 Rustic Trail  
Midland, TX 79707-1420

Alice Ann Hanks  
C/O Melburn Nutt  
P. O. Box 9087  
Wichita Falls, TX 76308-9087

Helen Gates Maxwell  
218 Aldersgate Circle, Givens Estate  
Asheville, NC 28803-2044

W. T. Probandt  
415 W. Wall, Suite 1608  
Midland, TX 79701-4442

Virginia Gates Irish  
7450 Olivetos Ave., Apt. 154  
La Jolla, CA 92037-4902

Lollie D. Chambers  
2413 Clayton  
Wichita Falls, TX 76308-3904

Sara S. Jones  
1203 Vernon Road  
Ardmore, OK 73401-3653

Aviara Energy Corporation  
Attn: Treasury Department  
3400 Thanksgiving Tower  
1601 Elm St.  
Dallas, TX 75201-7254

C. John McIntyre  
732 Cloyd Road  
Palos Verdes Estates, CA 90274-1833

Bank of America NA Escrow Agent  
Sabine Royalty Trust  
LBX 840887  
Dallas, TX 75284-0887

Ann H. Stromberg  
274 San Luis Place  
Claremont, CA 91711-1746

The Hill Foundation  
Wells Fargo Bank Colorado NA  
Trust Natural Resources  
P. O. Box 5825  
Denver, CO 80217-5825

Sarann Company  
P. O. Box 2208  
Ardmore, OK 73402-2208

First Century Oil, Inc.  
P. O. Box 1518  
Roswell, NM 88202-1518

Westway Petroleum  
500 N Akard St., Ste 200  
Dallas, TX 75201-3315

Hugh E. Hannagan  
P. O. Box 329  
Roswell, NM 88202-0329

T. C. & June B. Stromberg Revocable  
Trust  
T. C. & June B. Stromberg, Trustees  
P. O. Box 2208  
Ardmore, OK 73402-2208

Jon Stromberg  
7300 NW Expressway, Suite 133  
Oklahoma City, OK 73132-1545

Mary Adele Stromberg Perry  
72 Delmore  
Hillsboro, TX 76645-2357

Hanagan Properties  
P. O. Box 1887  
Santa Fe, NM 87504-1887

Wheatley Trust Agency  
First National Bank of Artesia, Agent  
P. O. Box AA  
Artesia, NM 88211-7526

John W. & Jean M. Gates Rev. Trust  
706 West Grand  
Artesia, NM 88210-1935

William H. Stromberg Trust  
William H. Stromberg, Trustee  
P. O. Box 1412  
Ardmore, OK 73402-1412

Mary Love Stromberg Trust  
Mary Love Stromberg, Trustee  
P. O. Box 1412  
Ardmore, OK 73402-1412

Robert L. & Jacqueline R. Bergman  
Rev. Trust  
2515 Gaye Drive  
Roswell, NM 88201-3424

Karen K. Stark Barton  
2628 SW 45<sup>th</sup> Street  
Oklahoma City, OK 73119-4611

Mary Lou Gibbs  
4115 E. Zion  
Tulsa, OK 74115-3232

Edith Bivins  
515 6<sup>th</sup> Avenue N  
Caldwell, ID 83605-2962

Mary Jane Stark Henderson  
347 Hillside Circle  
Burleson, TX 76028-5225

David L. Stark  
313 Balsam  
Lake Jackson, TX 77566-6121

Jack D. Stark  
RR 1, Box 15A  
Fitzhugh, OK 74843-9705

L. M. Stark  
305 Frontera  
Borger, TX 79007-8076

Michael Ray Stark  
10805 Whippoorwill Lane  
Fort Smith, AR 72916-4149

W. B. Stark  
Rt.5, Box 328  
Bartlesville, OK 74003-9307

Deborah Ann Stark Wortham  
6106 Walnut Dr.  
Tuttle, OK 73089-7508

Tessa Nicole Stark  
Jerry D. Stark Custodian  
1878 Putnam Dr.  
Bartlesville, OK 74006-6804

William Douglass McCoy  
19002 Redriver Pass  
San Antonio, TX 78259-3514

Michael Francis McCoy  
P. O. Box 104  
Golden Meadow, LA 70357-0104

Laura Ann McCoy Lindsey  
512 Nootka Rd.  
Dexter, NM 88230-9613

Brian Patrick McCoy  
1708 Meadow Crest lane  
Mansfield, TX 76063-2941

Kerr Trust MBTO  
J. G. Kerr, Jr., Trustee  
4040 Avondale, Suite 207  
Dallas, TX 75219-3065

Mildred Mae Parker Olson Estate  
Jimmie L. Olson, Representative  
2702 56<sup>th</sup> Street  
Lubbock, TX 79413

Pioneer Natural Resources USA, Inc.  
P. O. Box 840835  
Dallas, TX 75284-0835

Bryan Bell Family Ltd. Partnership #1  
1331 Third Street  
New Orleans, LA 70130-5743

Yates Petroleum  
P. O. Box 1395  
Artesia, NM 88211-1395

Abo Petroleum Corp.  
105 S. 4<sup>th</sup> Street  
Artesia, NM 88210-2177

Myco Industries, Inc.  
P. O. Box 840  
Artesia, NM 88211-0840

Yates Drilling Co.  
105 S. 4<sup>th</sup> Street  
Artesia, NM 88210-2177

Gates Properties LTD  
P. O. Box 81119  
Midland, TX 79708-1119

COMMISSIONER'S OFFICE  
Phone (505) 827-5760  
Fax (505) 827-5766

ADMINISTRATION  
Phone (505) 827-5700  
Fax (505) 827-5853

GENERAL COUNSEL  
Phone (505) 827-5713  
Fax (505) 827-4262

PUBLIC AFFAIRS  
Phone (505) 827-5765  
Fax (505) 827-5766



COMMERCIAL RESOURCES  
Phone (505) 827-5724  
Fax (505) 827-6157

MINERAL RESOURCES  
Phone (505) 827-5744  
Fax (505) 827-4739

ROYALTY MANAGEMENT  
Phone (505) 827-5772  
Fax (505) 827-4739

SURFACE RESOURCES  
Phone (505) 827-5793  
Fax (505) 827-5711

**New Mexico State Land Office  
Commissioner of Public Lands  
Ray Powell, M.S., D.V.M.**

November 29, 1999

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

Attn: Ms. Ginny Larke

Re: Amendment of Off-Lease Storage, Measurement, Sales and Surface Commingling Agreement  
Leases Previously Approved:  
North Indian Basin Unit (NM-0487-B, NM-05608, NM-5551, NM-05551-B, including Com SW-242, and State Leases E-7906 and E-10170)  
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Indian Hills State Com Lease (State Leases E-10083 and L-5098)  
Section 1, 2, 3, 10, 11 and 12-21S-23E, Section 36-201/2S-23E, and 36-20S-24E  
Eddy County, New Mexico

Dear Ms. Larke:

We have received your letter of November 3, 1999, wherein you have proposed to amend the surface commingling, off-lease measurement and storage and sales of hydrocarbon production from the above-captioned leases.

It is our understanding that in order to bring these facilities into compliance with the Bureau of Land Management's regulations, Marathon proposes to amend the agreement so that all production is measured by lease before being commingled. Production will be allocated back to each well using well tests per prior approval.

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.

Also please submit a copy of the New Mexico Oil Conservation Division's order and a copy of the Bureau of Land Management's approval.

Marathon Oil Company  
November 29, 1999  
Page 2

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL , M.S., D.V.M.  
COMMISSIONER OF PUBLIC LANDS



BY:  
JAMI BAILEY, Director  
Oil, Gas and Minerals Division  
(505) 827-5744

RP/JB/cpm

Enclosure

pc: Reader File

, Mr. Ben Stone

BLM