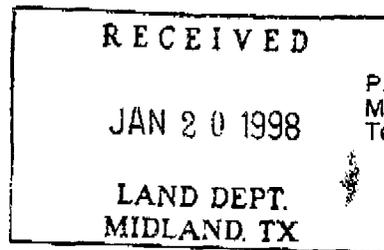




**Marathon
Oil Company**

Mid-Continent Region
Production United States



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

January 15, 1998

Working and Royalty Interest Owners
(Mailing list attached)

(Certified Return Receipt Requested)

Re: Off-lease Storage, Measurement, and Sales and Commingling
Marathon Leases: Indian Hills Unit, Indian Hills Unit Gas Com. IB "32" State
Including all of Sections 20, 21, 28, 29, 32 and 33, Township 21 South, Range 24 East
Federal Lease Nos.: Section 20 - LC 064391-B Section 29 - LC 064391-B
Section 21 - NM 07260 NM0330449
NM 07360-F Section 33 - NM 07260
Section 28 - NM 06293 LC 067649-A
NM 06293-A State Leas Nos: Section 32 - V-992-3
NM 030482 V-993-3

Gentlemen:

Marathon Oil Company is proposing commingling and off-lease metering, storage, and sales of production from the Indian Hills Unit, Indian Hills Unit Gas Com. and IB "32" State wells. All production will be commingled and allocated using regular well tests. Our records indicate that you are an interest owner in one of the subject wells and as such, pursuant to NMOCD rules and regulations, are required to provide your consent to the proposed commingling of production from these wells. Marathon believes that the commingling of production will result in economies of scale that will lower operating costs and benefit all interest owners.

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.

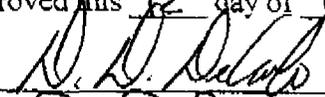
Sincerely,


A. B. Schoffmann
Indian Basin Asset Team Manager

ABS/vjl/wperfect/eibwiltr.wpd

Attachments

Approved this 12th day of March, 1998
by


By: Don D. DeCarlo
Title: Division Mgr - Production
Company: Santa Fe Energy Res.

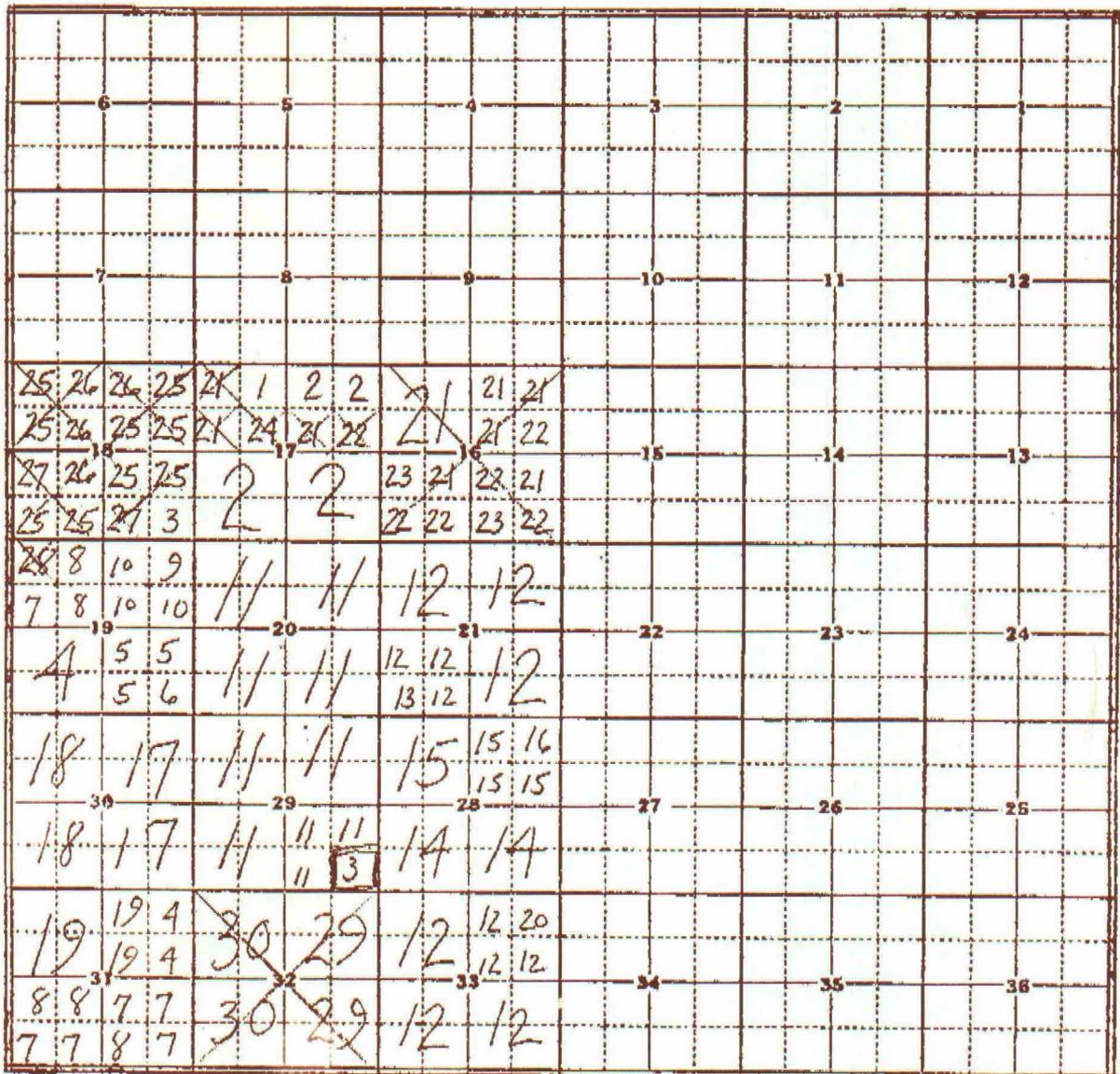
SCHULTZ ABSTRACT CO., INC.

P.O. BOX 973

(505) 982-0130

SANTA FE, NEW MEXICO 87504

T. 21 South R. 24 East
Eddy County
12/18/97



RED - STATE LAND
BLUE - FEE LAND

- 1. LC 064243-D
- 2. LC 064243-A
- 3. NM 0330449
- 4. LC 063246-C
- 5. NM 0238436
- 6. NM 025235
- 7. LC 063246-B
- 8. LC 063246-D
- 9. LC 063245-B
- 10. LC 063245-A
- 11. LC 064391-B
- 12. NM 07260
- 13. NM 07260-F
- 14. NM 030482
- 15. NM 06293
- 16. NM 06293-A
- 17. NM 029301
- 18. NM 025235-A
- 19. LC 063246
- 20. LC 067649-A
- 21. E-7437-2
- 22. OG-6063-2
- 23. E-10169-3
- 25. VA-636
- 26. E-10169-5
- 27. OG-6063
- 28. E-10169-1
- 29. V-992-3
- 30. V-993-3

MARATHON OIL COMPANY
Mid-Continent Region

Telephone: 915/682-1626
FAX: 915/687-8431

P. O. Box 552
Midland, TX 79702

FAX/TELECOPY

DATE: 3-17-98 FAX NUMBER: 505-827-1389

TO: Ben Stone

COMPANY: NM OCD

We are transmitting 2 pages, including cover page.

COMMENTS:

Indian Hills Unit
Comingle + Central facility

FROM: Gerry Larke

COUNTY

POOL

TOWNSHIP

RANGE

NMPM

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
	6 2	1			
30	3	13	28	27	26
	29	4			25
		9			
31	32	12	34	35	36
		33			
	17	8	11		

RAZ
COM



18'32' STATE LEASE

INDIAN HILLS UNIT