



COMMERCIAL RESOURCES
(505)-827-5724

SURFACE RESOURCES
(505)-827-5793

MINERAL RESOURCES
(505)-827-5744

ROYALTY
(505)-827-5772

**State of New Mexico
Commissioner of Public Lands**

Ray Powell, M.S., D.V.M.
310 Old Santa Fe Trail, P. O. Box 1148
Santa Fe, New Mexico 87504-1148
Phone (505)-827-5760, Fax (505)-827-5766

ADMINISTRATIVE MGMT.
(505)-827-5700

LEGAL
(505)-827-5715

PLANNING
(505)-827-5752

June 10, 1998

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

Attn: Ken G. Dixon

Re: State of New Mexico Oil and Gas Lease No. VA-938-1

RECEIVED

JUN 15 1998

**MARATHON OIL COMPANY
MCR LAND DEPARTMENT**

Dear Mr. Dixon:

Your letter dated June 4, 1998 requesting permission to invoke Section 14 of the above lease contract is acknowledged.

The Land Commissioner grants you permission to conduct drilling/testing operations beyond the expiration date contingent upon strict compliance with the provisions of Section 14 and the following stipulations:

1. Compliance with State Land Office Oil & Gas Rule 1.058 which requires that sixth year delay rentals be paid before operations commence.
2. Compliance with Oil Conservation Division Rule 19 NMAC 15C.103, which requires that the drilling location be conspicuously posted with a sign identifying the operation as to Operator, Lease Name and Location by Section, Township and Range.
3. Compliance with applicable Oil Conservation Division rules.
4. You will submit a drilling report every thirty days showing the status of operations on each day of the preceding thirty days. The report must be identified by well name, operator and location.

"WE WORK FOR EDUCATION"

June 10, 1998

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5. Cessation of operations for more than twenty consecutive days will be considered an abandonment and will result in automatic termination of the lease.
6. If, in the opinion of the Land Commissioner, the operator shows a lack of diligence and good faith, permission to continue operations may be revoked following proper notice.
7. You must be operational and drilling ahead or conducting completion operations at midnight of the date on which the lease expires.

If we may be of further help, please do not hesitate to call on us.

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/dv