



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 NMOC 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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Attachments

Printed Name: _____

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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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,

A handwritten signature in black ink, appearing to read 'K. Tatarzyn'.

Kenneth W. Tatarzyn
Indian Basin Asset Team Manager

Approved this _____ day of _____, 1999

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Attachments

Printed Name: _____

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 Cloyden 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. Drawer 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 45th Street
Oklahoma City, OK 73119-4611

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

Edith Bivins
515 6th 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 56th 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. 4th Street
Artesia, NM 88210-2177

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

Yates Drilling Co.
105 S. 4th 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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MOC Federal Lease (NM-04827-B)
Stinking Draw Lease (State Leases K-1877 and E-10169-1)
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.

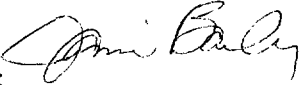
Also please submit a copy of the New Mexico Oil Conservation Division's order and a copy of the Bureau of Land Management's approval.

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