

Mid-Continent Region
Production United States



P.O. Box 552
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Case 11271
M.S.

April 11, 1995

Medallion Production Company
7130 S. Lewis Avenue, Suite 700
Tulsa, Oklahoma 74136

Re: Unorthodox Well Location
Lea County, New Mexico

Dear Sirs:

This Letter Agreement is made as of April 10, 1995 by and between Marathon Oil Company ("Marathon"), an Ohio corporation whose address for the purpose of this agreement is 125 West Missouri, Midland, Texas 79701 and Medallion Production Company ("Medallion"), on behalf of itself and other owners in the below referenced Well, whose address is 200 Mid-Continent Tower, 401 S. Boston, Tulsa, Oklahoma 74103.

Upon execution of this agreement, all parties agree to abide by and be bound by the following terms and conditions,

Marathon will provide Medallion with a mutually acceptable waiver and agree not to oppose their unorthodox well location ("Well") to be located 660' from the south line and 1980' from the east line of Sec. 31, Township 16 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

In exchange for the above waiver, Medallion will provide Marathon, if obtained, with the following information pertinent to the Well;

1. Copies of all well logs
2. Final drilling report
3. Core reports(s)
4. BHP report(s)
5. Upon request, provide production data for a period not to exceed 6 months from the completion date.
6. Upon request, provide other data, excluding seismic, obtained in the drilling completion and production which is customarily used by the industry in evaluating a reservoir or its performance.

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In addition to the above information, Medallion, representing itself and other parties to the Well, agree that they will, if requested, provide Marathon with a mutually acceptable waiver and agree not to oppose any future unorthodox location(s) Marathon proposes or participates in, in Section 6, Township 16 South, Range 35 East, N.M.P.M., Lea County, New Mexico, with a similar or greater stand off than Medallion's proposed Well. The future waiver shall provide Medallion with the same information on Marathon's well(s), as contained in this agreement.

The above language constitutes the entire agreement between the parties.

By: Tim Tipton
T. N. Tipton
Marathon Oil Company

4/11/95
Date

By: [Signature]
Medallion Production Company

4/11/95
Date

ARK:REP/177/njh