

**MATADOR PETROLEUM CORPORATION**

SUITE 150, PECAN CREEK  
8340 MEADOW ROAD  
DALLAS, TEXAS 75231-3751  
(214) 987-3650  
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Mark Virant  
Permian Division Land Manager

Writer's Direct Line  
(214) 987-7156

January 3, 2002

Mr. J. F. Rusnak  
Marathon Oil Company  
125 West Missouri  
Midland, Texas 79702

Re: **Mershon Gas Com #2**  
**N/2, N/2N/2N/2 S/2**  
**Section 21, T-22-S, R-23-E**  
**Eddy County, New Mexico**

Dear Joe:

Pursuant to that certain Term Assignment of Oil and Gas Lease dated August 15, 2001 by and between Marathon Oil Company ("Marathon") and Matador E & P Company ("Matador") (recorded via Memorandum in Book 433, Page 892 of the Oil and Gas Records, Eddy County, New Mexico) Marathon has assigned to Matador all of its right, title and interests in and to the lands described above limited in depth to the Upper Penn formation.

Accordingly, it is agreed and understood that the Mershon Gas Com #2 is a replacement well and as such the Mershon Gas Com #1 Well will not be produced within the Indian-Basin Upper Pennsylvanian Pool. Furthermore, Matador agrees to be bound by the terms of that certain Letter Agreement dated August 4, 2000 by and between Marathon and Kerr-McGee Oil and Gas Onshore, LLC.

If the foregoing is acceptable, please sign and date this letter in the space provided below and return to the undersigned via fax at (214) 987-7120.

Thank you for your assistance in this matter.

Sincerely,

  
Mark A. Virant

BEFORE THE  
OIL CONSERVATION DIVISION  
Case No. 112786 Exhibit No. — 5  
Submitted By:  
Matador Operating Company  
Hearing Date: January 10, 2002

RECEIVED TIME JAN. 4. 8:40AM

Mr. J. F. Rusnak  
January 3, 2002  
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Agreed and accepted this 3 day of January, 2002.

MARATHON OIL COMPANY

By: [Signature]

Title: Manager I&AT