

Mid-Continent Region  
Production United States



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

May 24, 1991

WORKING INTEREST OWNERS  
Proposed Tamano (BSSC) Unit  
(Mailing List Attached)

RECEIVED  
MARATHON OIL CO.

MAY 20 1991

RE: Minutes  
Proposed Tamano (BSSC) Unit  
Working Interest Owners Meeting  
May 16, 1991

Region Counsel  
Mid-Continent Region Law Dept.  
Midland, Texas

Dear Working Interest Owner,

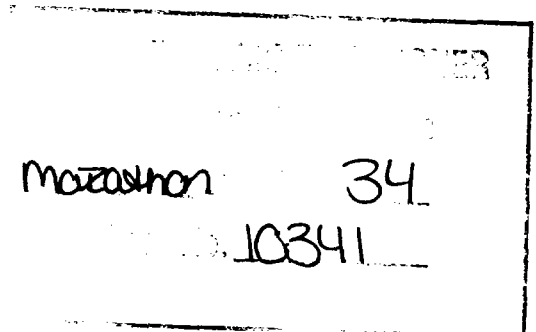
Please find enclosed the minutes from the above referenced meeting. You are requested to review the minutes for accuracy and completeness. Corrections and comments should be returned to D. D. Taimuty at the letterhead address by 3:00 P.M. CDT on Friday, June 7, 1991. Marathon's Panafax number is (915) 687-8287. If no corrections or comments are received, Marathon will interpret this as your acceptance of the minutes.

Your time and consideration of this matter are greatly appreciated.

Respectfully,

A handwritten signature in cursive script that reads 'David J. Loran'.

D. J. Loran  
Engineering Manager  
Midland Operations



## MINUTES

### PROPOSED TAMANO (BSSC) UNIT WORKING INTEREST OWNERS MEETING

MAY 16, 1991

- I. Meeting convened at 10:07 A.M. CDT at Marathon Oil Company's office in Midland, Texas. Mr. D. J. Loran, Engineering Manager with Marathon, opened the meeting by welcoming everyone. He continued by reviewing the last Working Interest Owners', WIO, meeting, held on April 23, 1991. The main point was the approval of a final participation formula by approximately 92 percent of the working interest owners.

Mr. Loran then explained that the Bureau of Land Management, BLM, in Roswell, New Mexico reviewed the participation formula and would not approve it as it existed. Marathon and many of the WIO met with BLM engineers and geologists on May 8, 1991 to discuss the formula. A second meeting was held with the BLM on May 13, 1991. In attendance from the BLM were Fran Cherry, Director, and Armando Lopez, Assistant Director. After all WIOs had a chance to speak, Mr. Cherry encouraged the WIOs to hold another meeting in order to resolve any differences. Mr. Loran indicated that a meeting was called based on the BLM's recommendation.

- II. Mr. Loran then invited Ray Nokes of HEYCO to either initiate discussion of the fairness of the final participation formula or to propose an alternative formula.

Mr. Nokes began by stating that HEYCO still believed a 6-month oil rate should not be included in the formula at all, but in the interest of compromising, proposed a formula described on Attachment 1.

Mr. Loran recommended that WIOs under the HEYCO-operated tracts and the WIOs under the Marathon-operated tracts adjourn to separate rooms in order to discuss the proposal set forth by Mr. Nokes. At this suggestion, the WIOs under the HEYCO-operated tracts moved to the annex room adjoining Marathon's conference room.

Four participation formulas were proposed and exchanged between the two groups. These formulas, in order, are described on Attachments 2 through Attachment 5, respectively. After all WIOs involved in the proposed Tamano (BSSC) Unit returned to the main conference room, a vote was held on the participation formula described on Attachment 4. This formula received approval from 97.1 percent of the WIOs. Attached is a copy of the ballot with signatures of representatives from each of the companies.

- III. Discussion then focussed on the Unit Agreement. Mr. T. C. Lowry, attorney for Marathon, changed the word "participations" to "participation factors" in Item 19, Section 14, Paragraph 1. Minor discussion of the Unit Agreement then ensued.

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PROPOSED TAMANO (BSSC) UNIT  
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Mr. Lowry indicated that Marathon is seeking approval of the Unit Agreement from WIOs by May 22, 1991 which would enable Marathon to file with the New Mexico Oil Conservation Division by June 4, 1991. A June 4 filing would schedule the hearing on the June 27, 1991 docket.

Ms. Donna Suchy of Kerr-McGee indicated that Kerr-McGee, which had abstained from the vote on the final participation formula, would most likely change that vote to either "approve" or "disapprove" in the near future. With that, the meeting was adjourned.