Marathon Oil Company

P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

June 22, 1998

Amoco Pipeline Company
302 E. Ave. A   (Certified Return Receipt Requested)
Lovington, New Mexico 88260

Re: Amendment of Off-Lease Storage, Measurement, Sales and Commingling Agreement
Leases Previously Approved:
      N. Indian Basin Unit (NM-0487-B, NM-05608, NM -5551,NM-05551-B,
          NM-SW-242,and State Leases E-7906 and E-10170, including Com SW-242)
      Comanche Federal Lease (NM-04827-B, NM-34623, and NM-0384623, including
          Com SW-242)
      Bone Flats Federal Lease (NM-05608, NM-81677, and NM-05551-A)
      MOC Federal Lease (NM-04827-B)
      Stinking Draw Lease (State Leases K-1877 and E-10169-1)
Proposed Additions to Agreement
    Indian Hills State Com Lease (State Lease E-10083)
Sections 1, 2, 3, 10, 11, and 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 that the previously approved Off-lease Storage, Measurement, Sales, and Commingling agreement, which included the leases shown above, be amended to include Section 36 of T-20-S, R-24-E of Eddy County, New Mexico. All production will be measured prior to commingling. Our records indicate that you are an interest owner in one of the subject leases and, as such, pursuant to NMOCD rules and regulations, are required to provide your consent to the proposed commingling of production from these leases. Marathon believes that the commingling of production will result in economies of scale that will lower operating costs and benefit all interest owners. 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. B. Schoffman

A. B. Schoffman
Indian Basin Asset Team Manager

ABS/vll/wperfect\ihsccomm\purchltr.wpd

Attachments

Approved this _____ day of _____, 1998

_____

Printed Name:_____
Title:_____
Company Name:_____