

LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE

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AND IS LOCATED
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**Marathon
Oil Company**

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

April 11, 1996

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

**BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico**

Case No. 11271 Exhibit No. 2

**Re: Unorthodox Well Location
Lea County, New Mexico**

Submitted by: Medallion Production Company

Hearing Date: April 20, 1995

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.

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: *T. N. Tipton* 4/11/95
T. N. Tipton Date
Marathon Oil Company

By: *[Signature]* 4/11/95
Medallion Production Company Date



MIDLAND PARTNERS

CARLTON BEAL, JR.
BARRY BEAL
SPENCER BEAL
KELLY BEAL

DENVER PARTNER

GARRY BEAL, JR.

April 10, 1995

BTA OIL PRODUCERS

104 SOUTH PECOS
MIDLAND, TEXAS 79701

AC 818-682-2783

~~TELEPHONE 818-682-2783~~

FAX 818-682-0311

ROCKY MOUNTAIN DIVISION

825-17th STREET
SUITE 835

DENVER, CO 80202

AC 303-892-0288

FAX 303-297-0688

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

Atten: Mr. D.R. Deffenbaugh

Re: Unorthodox Location
E/2, Sec. 31, T-16-S, R-35-E
Lea Co., New Mexico

BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Case No. 11271 Exhibit No. 3

Submitted by: Medallion Production Company

Hearing Date: April 20, 1995

Gentlemen:

BTA Oil Producers does hereby waive objection to your drilling at an unorthodox location, 660' FSL and 1980' FEL of Section 31. It is our understanding that this location is being drilled to test the Atoka formation. This waiver, however, applies to all formations spaced on 320 acre spacing.

In addition, it is BTA Oil Producers understanding that Medallion Petroleum Company will grant BTA a like waiver in the W/2 of Section 31, T-16-S, R-35-E.

If this meets with your approval, please sign and return one copy of this waiver letter. Thank you for your consideration of this matter.

Yours Very Truly,

Pete B. Wilkinson

Agreed to: MEDALLION PRODUCTION CO

By: [Signature]

Date: 4/11/95

cc:CRC

EXHIBIT A

Marathon Oil Company
Post Office Box 552
Midland, TX 79702

BTA Oil Producers
104 South Pecos
Midland, TX 79701

**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Case No. 11271 Exhibit No. 5

Submitted by: Medallion Production Company

Hearing Date: April 20, 1995

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN

MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
NANCY A. RATH

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

March 30, 1995

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Marathon Oil Company
P.O. Box 552
Midland, TX 79702

**Re: Application of Medallion Production Company for Compulsory Pooling
and an Unorthodox Well Location, Lea County, New Mexico**

Gentlemen:

This letter is to advise you that Medallion Production Company has filed the enclosed application with the New Mexico Oil Conservation Division seeking the force pooling of all mineral interests in the E/2 of Section 31, Township 16 South, Range 35 East, N.M.P.M., Lea County, New Mexico. Medallion Production Company proposes to dedicate the referenced pooled units to a well to be drilled to the Atoka formation. The well will be a wildcat well for all formations except the Atoka formation where it will be in the undesignated North Vacuum Atoka-Morrow Gas Pool. The well will be drilled at an unorthodox location 660 feet from the South line and 1980 feet from the East line of said Section 31.

This application has been set for hearing before a Division Examiner on April 20, 1995. You are not required to attend this hearing, but as an owner of an interest that may be affected by the unorthodox well location, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

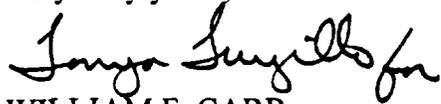
Marathon Oil Company

March 30, 1995

Page 2

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Wm F Carr", written in black ink.

WILLIAM F. CARR

ATTORNEYS FOR MEDALLION PRODUCTION COMPANY

Enclosure



Receipt for Certified Mail

No Insurance Coverage Provided

Marathon Oil Company
P.O. Box 552
Midland, TX 79702

P 176 016 839

Postage	\$	✓
Certified fee		✓
Special delivery fee		
Restricted delivery fee		
Return receipt showing recipient's signature		✓
Return receipt showing return date and addressee's address		
TOTAL Postage & Fees	\$	
Postmark or Date	3-30-95	

PS Form 3800, June 1991

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

- I also wish to receive the following services (for an extra fee):
- Addressee's Address
 - Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Marathon Oil Company
P.O. Box 552
Midland, TX 79702

4a. Article Number

P 176 016 839

4b. Service Type

- Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

7. Date of Delivery

APR 3 1995

8. Addressee's Address (Only if requested and fee is paid)

5. Signature (Addressee)

6. Signature (Agent)

PS Form 3811, December 1991

4U.S. GPO: 1993-352-714

DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN

MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
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POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 968-4421
TELECOPIER: (505) 963-6043

March 30, 1995

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

BTA Oil Producers
104 South Pecos
Midland, TX 79701

**Re: Application of Medallion Production Company for Compulsory Pooling
and an Unorthodox Well Location, Lea County, New Mexico**

Gentlemen:

This letter is to advise you that Medallion Production Company has filed the enclosed application with the New Mexico Oil Conservation Division seeking the force pooling of all mineral interests in the E/2 of Section 31, Township 16 South, Range 35 East, N.M.P.M., Lea County, New Mexico. Medallion Production Company proposes to dedicate the referenced pooled units to a well to be drilled to the Atoka formation. The well will be a wildcat well for all formations except the Atoka formation where it will be in the undesignated North Vacuum Atoka-Morrow Gas Pool. The well will be drilled at an unorthodox location 660 feet from the South line and 1980 feet from the East line of said Section 31.

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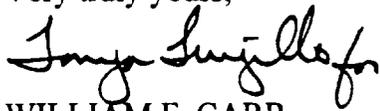
BTA Oil Producers

March 30, 1995

Page 2

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Very truly yours,

A handwritten signature in cursive script, appearing to read "William F. Carr".

WILLIAM F. CARR

ATTORNEYS FOR MEDALLION PRODUCTION COMPANY

Enclosure

Is your RETURN ADDRESS completed on the reverse side?

SENDER*

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
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- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
 - 2. Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to: **3**

BTA Oil Producers
104 South Pecos
Midland, TX 79701

5. Signature (Addressee)
6. Signature (Agent)

4a. Article Number

P 176 016 840

4b. Service Type
 Registered
 Certified
 Insured

Express Mail
 Return Receipt for Merchandise

7. Date of Delivery

4/13/95

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991 #U.S. GPO: 1993-552-714 **DOMESTIC RETURN RECEIPT**

Thank you for using Return Receipt Service.

P 176 016 840



Receipt for Certified Mail

No Insurance Coverage Provided

BTA Oil Producers
104 South Pecos
Midland, TX 79701

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt (showing to whom delivered)	
Return Receipt (showing to return label and Addressee's Address)	
TOTAL Postage & Fees	\$
Postmark or Date	4/13/95

1661 June 1991 PS Form 3800