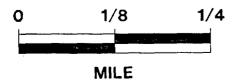
MITCHUSSON 4 STATE NO.1 1750' FSL AND 1980' FWL S/2 SECTION 4, T19S-R28E EDDY COUNTY, NEW MEXICO

STATE LEASE NO. 648-145 MARATHON 50.93611% ARCO 25.00% YATES 9.02778% DREYFUS 7.98611% ENRON 5.4875% O READ & S78125% LOCATION BARTON 78125%	STATE LEASE NO. OG-605-1 MARATHON 35J3750% MARALO,INC. 7.8125% ENRON 5.4875% READ 8 S78125% BARTON .78125% BARTON .78125% LOWE PARTNERS 25.00% MRL PARTNERS 12.50% LR.FRENCH, JR. 12.50%
STATE LEASE NO. OG-605-1 MARATHON 42.95% LOWE PARTNERS,LP 25.00% ENRON 5.4875% READ 8 STEVENS .78125% BARTON .78125% MRL PARTNERS,LP 12.50% L.R. FRENCH,JR. 12.50%	MARATHON 43.123615% HANAGAN PET. 25.00% YATES 9.02778% DREYFUS 7.98611% MARALO,INC. 7.8125% ENRON 5.4875% READ 8 STEVENS .78125% BARTON .78125%

PLAT OF WORKING INTEREST OWNERSHIP FROM 3,500' TO 11,152'



MARATHON OIL COMPANY MID-CONTINENT REGION

T.ROBERTSON 12/97

MITCHUSSON 4 STATE NO. 1

S/2 Section 4, T-19-S, R-28-E Eddy County, New Mexico

Summary of Working Interest Owners, Interests in Proposed
Spacing Unit and Status of Participation

STATUS	W.I. OWNERS	SPACING UNIT/INTERESTS
AP	Marathon Oil Company P. O. Box 552 Midland, TX 79702-0552	44.03507%
N	Maralo, Inc. Lowe Partners, LP MRL Partners, LP L. R. French, Jr. 5151 San Felipe St., Ste. 400 Houston, TX 77056-3607	22.65625%
L	Hanagan Petroleum Corporation P. O. Box 1737 Roswell, NM 88202-1737	9.37500%
A	Atlantic Richfield Company P. O. Box 1610 Midland, TX 79702-1610	6.25000%
Р	Yates Petroleum Corporation 105 S. Fourth St. Artesia, NM 88210	5.64236%
N	Enron Oil & Gas Company P. O. Box 2267 Midland, TX 79702-2267	5.48750%
N	Louis Dreyfus Natural Gas Corporation 14000 Quail Springs Prkwy., Ste. 600 Oklahoma City, OK 73134	4.997.32%
P	Read & Stevens, Inc. P. O. Box 1518 Roswell, NM 88202-1518	0.78125%
P	Roy G. Barton, Jr., Trustee Roy G. Barton, Sr. and Opal Barton Revocable Trust P. O. Box 978 Hobbs, NM 88240-0978	0.78125%

STATUS LEGEND

N = No Agreement in Writing

AP = Applicant

P = Participating in Well

A = Agreement to Farmout or Sell Interest

L = Learned of this interest 12/1/97

BEFORE THE OIL CONSERVATION COMMISSION

Case No.11884 Exhibit No.__3

Marathon Oil Company Hearing Date: December 4, 1997

MITCHUSSON 4 STATE NO. 1

S/2 Section 4, T-19-S, R-28-E, Eddy County, New Mexico

SUMMARY OF CONTACTS WITH WORKING INTEREST OWNERS TO BE POOLED

MARALO, INC, et al - Contact: Mr. Richard Gill/Joe Pulido

9/16/97 - Received Well Proposal

- Spoke to Richard: He said he would work with us.

9/23/97 - Sent out Operating Agreement

9/26/97 - Richard said they had no decision yet

10/7/97 - Still no decision

10/15/97 - No final decision yet; they will probably farmout

10/22/97 - Still no decision; told him we will file FP next week

10/27/97 - Maralo will not grant deal on this well until after Courtman well is drilled

11/4/97 - Marathon learns of the intersts of Erma Lowe, MRL Partners and L. R. French, Jr.

11/5/97 - Joe says Maralo speaks for the three other parties

11/7/97 - Joe says they will give Term Assignment on only one well (Courtman). Maralo will not give Marathon a deal on this well.

ENRON - Contact: Mr. Pat Tower

9/8/97 - Mailed Well Proposal

9/22/97 - Enron wants to go non-consent under pooling order; I ask for Term Assignment

9/23/97 - Sent Operating Agreement to Enron

9/26/97 - Left message

10/7/97 - Pat says no decision yet

10/14/97 - Pat says they will go non-consent to pooling order; not interested in making deal unless they are the only party to be pooled.

10/30/97 - Same as above.

11/18/97 - Same as above.

DREYFUS - Contact: Mr. Rusty Waters

9/10/97 - Dreyfus received Well Proposal

9/23/97 - Sent Operating Agreement to Dreyfus

9/26/97 - Rusty says no decision yet

10/7/97 - Still no decision

10/13/97 - Dreyfus proposes acreage trade; MOC sends letter outlining trade

10/20/97 - Dreyfus wants to change acreage in trade

10/21/97 - Marathon sent Letter Agreement with Term Assignments to Dreyfus

11/4/97 - Rusty says Assigment is in line to be signed

11/11/97 - Rusty says Assignment should be signed soon

11/20/97 - Rusty will check on Assignments.

12/1/97 - Left message for Rusty.

BEFORE THE OIL CONSERVATION COMMISSION

Case No.11884 Exhibit No.

Submitted By:

Marathon Oil Company Hearing Date: December 4, 1997

Updated: December 2, 1997

MITCHUSSON 4 STATE NO. 1 S/2 Section 4, T-19-S, R-28-E, Eddy County, New Mexico

SUMMARY OF OPERATING AGREEMENT OVERHEAD RATES IN T-18-S, R-28-E, N.M.P.M., EDDY COUNTY, NEW MEXICO

- 1. Operating Agreement dated February 6, 1997, Mewbourne Oil Company, Operator, and Marathon Oil Company, et al, Non-Operators, covering S/2 Section 34, T-18-S, R-28-E. Fixed Overhead rates of \$6,000 for drilling wells and \$600 for producing wells. Executed by Marathon on March 27, 1997.
- 2. Operating Agreement dated November 1, 1996, InterCoast Oil and Gas Company, Operator, and Marathon Oil Company, et al, Non-Operators, covering S/2 of Section 21, T-18-S, R-28-E. Fixed Overhead rates of \$5,828 for drilling wells and \$546 for producing wells. Executed by Marathon on February 19, 1997.

BEFORE THE
OIL CONSERVATION COMMISSION
Case No.11884 Exhibit No.
Submitted By:
Marathon Oil Company
Hearing Date: December 4, 1997

Mid-Continent Region Production United States



September 8, 1997

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

CERTIFIED MAIL & RETURN RECEIPT REQUESTED

WORKING INTEREST OWNERS (Addressee List Attached)

Re: Well Proposal - Mitchusson 4 State No. 1
S/2 Section 4, T-19-S, R-28-E, N.M.P.M.,
Eddy County, New Mexico

Gentlemen:

Marathon Oil Company (Marathon), as Operator, hereby proposes the drilling of a well to a depth sufficient to adequately test the Morrow formation, anticipated total depth being 11,200'. Furthermore, Marathon shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The S/2 of the captioned Section 4 will be dedicated as the proration unit for the well.

The above well will be located at a legal location in the SW/4 of Section 4, T-19-S, R-28-E, Eddy County, New Mexico. An AFE is enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

A Joint Operating Agreement will be provided for your review and execution upon receipt of the executed AFE, or by prior written request.

In the event you do not wish to participate, Marathon respectfully requests you elect one of the following options as to your interest:

- 1. Sall a two year term assignment of all of your right, title and interest in the S/2 of Section 4, subject to title approval, for \$250 per net acre, delivering an 80% net revenue interest to Marathon.
- 2. Farmout all of your interest in the the S/2 of Section 4 for a period of one hundred-eighty (180) days to Marathon under the following general terms:
 - (a) If any well drilled, deepened, completed or recompleted under the terms of our Farmout Agreement results in oil and/or gas production on a proration unit that includes your acreage, Marathon will earn an assignment of 100% of your rights and interest, free of any liens or encumbrances, in the proration unit assigned to each well from a depth of 500' below the top of the San Andres formation to a depth of 100'

OIL CONSERVATION COMMISSION
Case No.11884 Exhibit No.
Marathon Oil Company
Hearing Date: December 4, 1007

Mitchusson 4 State No. 1 September 8, 1997 Page -2-

below the total depth drilled for each well, not to exceed the base of the Morrow formation.

- (b) Upon completion of the initial test well as a producer or dry hole, Marathon would have the recurring option, but not the obligation, to commence additional wells on New Mexico Oil Conservation approved proration units that include your acreage to establish oil and/or gas production under the captioned lands or land pooled therewith. If any such option is exercised, Marathon agrees to allow not more than 180 days to elapse between the completion of one well and the commencement of operations for any next well.
- (c) You will retain an overriding royalty interest equal to the difference, if any, between 25% of all oil and gas produced and the total of all royalty interests, overriding royalty interests and other burden or lawful claims upon production to which your leases may be currently subject, so that Marathon will be assigned a 75% net revenue interest in your lease(s) as to rights below a depth of 500' below the top of the San Andres formation to 100' below the total depth drilled, not to exceed the base of the Morrow formation. Such overriding royalty interest retained by you shall be subject to proportionate reduction.
- (d) Upon acceptance of our farmout proposal, you agree to furnish, at no cost to Marathon, title information such as copies of the leases covering the captioned lands, title opinions currently in your possession, title curative, letter agreements and any contracts currently in effect, etc.

Should the above general terms be acceptable to you, our formal Farmout Agreement will be provided under separate cover.

Your earliest response to this proposal would be greatly appreciated. If there are any questions, please call the undersigned at (915) 687-8490.

Very truly yours,

Tim B. Robertson, CPL Advanced Landman

TBR;mmc' Enclosure

Mitchusson 4 State No. 1 S/2 Section 4, T-19-S, R-28-E, N.M.P.M., Eddy County, New Mexico

WORKING INTEREST OWNERS:

MARATHON OIL COMPANY 44.03507% MARALO, INC. 22.65625% Five Post Oak Park, Ste. 1010 Houston, TX 77027-3489 ATLANTIC RICHFIELD COMPANY 15.62500% Attn: Mr. Lee Scarborough P. O. Box 1610 Midland, TX 79702-1610 YATES PETROLEUM CORPORATION 5.64236% Attn: Mr. Robert Bullock 105 S. Fourth St. Artesia, NM 88210 **ENRON OIL & GAS COMPANY** 5.48750% Attn: Mr. Pat Tower P.O. Box 2267 Midland, TX 79702-2267 LOUIS DREYFUS NATURAL GAS CORP. 4.99132% Attn: Mr. Rusty Waters 14000 Quail Springs Prkwy., Ste 600

READ & STEVENS, INC. 0.78125% Attn: Mr. Bob Watson P. O. Box 1510 Roswell, NM 88202-1518

Oklahoma City, OK 73134

MR. ROY G. BARTON., JR., TRUSTEE 0.78125% ROY G. BARTON, SR. AND OPAL BARTON **REVOCABLE TRUST** P. O. Box 978 Hobbs, NM 88240-0978

RETURN ADDRESS completed on the reverse side?	SENDER: © Complete items 1 and/or 2 for additional services. © Complete items 3. 4a, and 4b. Print your name and address on the reverse of this form so that we card to you. © Attach this form to the front of the mailpiece, or on the back if space permit. © Write **Patum Receipt Requested** on the mailpiece below the article the Return Receipt will show to whom the article was delivered and delivered. 3. Acticle Addressed to: Complete the permit will be a complete the permi	4a. Article N 4b. Service Registere Express 7. Date of De	Type ad Certified Mail Insured Delipt for Merchandise COD Delis Address (Only if requested	Thank you for using Return Receipt Service.
your	6. Signature: (Addressee or Agent)			
<u>≈</u>	PS For 3811, December 1994		Domestic Return Receipt	
is your RETURN ADDRESS completed on the reverse side?	SENDER: Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. Print your name and address on the reverse of this form so that we card to you. Attach this form to the front of the mailpiece, or on the back if space permit. Write **Return Receipt Requested** on the mailpiece below the article The Return Receipt will show to whom the article was delivered and delivered. Article Addressed to: The A	4a. Addicte No. 4b. Service 1 Registers Express 1 Return Rec	Type If year If yea	Thank you for using Return Receipt Service.
is your RETURN ADDRESS completed on the reverse side?	SENDER: "Complete items 1 and/or 2 for additional services. "Complete items 3, 4e, and 4b. "Print your name and address on the reverse of this form so that we card to you. "Attach this form to the front of the mailpiece, or on the back if spaceparnit. "Write "Return Receipt Requested" on the mailpiece below the article "The Return Receipt will show to whom the article was delivered and delivered. 3. Article Addressed to Harm Receipt Will show to whom the article was delivered and delivered. 4. Article Addressed to Harm Receipt Will show to whom the article was delivered and delivered. 5. Beceived By: (Print Name) 6. Signature (Accepted or Agent) X PS Form 3811, December 1994	4a. Adicle N 4b. Service Registere Express Return Rec 7. Date of De	l also wish to receive the following services (for an extra fee): 1. Addressee's Address 2. Restricted Delivery Consult postmaster for fee. upriber 774748 Type ad Certified Mail Insured ceipt for Merchandise COD SET 0 9 SST a's Address (Only if requested paid) Domestic Return Receipt	Thank you for using Return Receipt Service.

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PE202-1518	2	9-10-97	you
5. Received By: (Print Name)	8-Addresse	ee's Address (Only if requested s paid)	Thank you
6. Signaturel (Addressee of Agent)		,	F
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	4b. Service	Туре)
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3. Article Addressed to: Uptus Pet Corp. 105 S. 4th St Uttseig, Nm JOANN WARNINGS 5. Received By: (Bant Name)	4b. Service T Registere Express M Return Rec 7. Date of De 8. Addressee and fee is	ype d Aaii Insured eipt for Merchandise COD	

Mid-Continent Travis Mitchusson 4 State No. I SW/4 Section 4, T19S-R28E, Eddy County, NM Total Depth Drilling Days Compl Days AFE#

ource	Quantity		Feature -	Cond A
	DI	RILLING COSTS - TANGIBLE		
		Drive Pipe	81-7	
urchase		Conductor Pipe- 20",PE	81-8	
urchase	425	Surface Pipe- 13-3/8",48#,H-40,8rd,STC	81-9	\$9,00
urchase	2700	Casing, Int. String No. 1-9-5/8*	81-11 81-12	\$30,00
		Casing, Intermediate String No. 2 Drilling Liner	81-19	
		Drilling Liner Hanger and Tieback Equipment	81-22	
urchase		Drilling Wellhead Equipment	81-80	\$4.50
urchase		Miscellaneous Materials	81-217	\$4,50
	Т	OTAL DRILLING - TANGIBLE		\$44,50
	D	RILLING COSTS - INTANGIBLE		
ontract		Surveying, Location & Access	81-2	\$50
ontract		Well Location & Access	81-5	\$15,00
ontract	36	Daywork Drlg \$6200/24 hour day incl. Fuel	81-36	\$224,00
		Footage Basis Drlg Dry Hole Drilling	81-37	
		Turnkey Drilling	81-38	
ontract		Drilling Rig Mob/Demob	81-39	\$22,00
ontract		Blowout Prevention Equipment	81-41	
		Drill Pipe & Collars Drilling & Service Tools	81-44 81-45	
		Drilling Services	81-50	
		Snubbing Units, Company	81-62	
		Snubbing Units, Contract	81-68	
Contract		Mud System/Solids Control	81-40	\$4,00
ontract		Mud and Mud Services	81-71	\$25.00
Contract		Bits	81-69	\$45,0
		Stabilizers, Hole Openers, Underreamers	81-70	3.3,5
		Oil	81-72	
		Grease	81-72	
		Fuel, Diesel (Not furnished by Contractor)	81-74	
Contract		Water	81-336	\$12,0
Contract		Casing Tools and Services	81-90	\$9.0
Contract		Cement and Cementing Service	81-91	\$25,0
Contract	, , , , , , , , , , , , , , , , , , , 	Logging Services, Open Hole	81-93	\$30,0
		Logging Services, Cased Hole	81-94	
Contract		Mud Logging	81-95	\$10,0
Contract		Inspection, Pipe & Casing	81-97	\$3,4
		Directional Services	81-101	
		Coring	81-102	
Contract		Formation Testing, Open Hole	81-104	\$5,0
		Formation Testing, Cased Hole	81-105	
		Well Control Services	81-120	
Contract		Trucking/Transportation, Other	81-126	\$5,5
Contract		Well Test Equipment	81-127	\$2,5
		Fishing Tools and Services	81-133	
,		Abandoning Tools and Services	81-136	
		Sidetracking, Milling Sections, Whipstocks	81-185	
Contract		Miscellaneous Materials	81-217	\$3,5
7.05		Cunivaci Labor, Welding	81-233	\$1,0
Contract		Contract Labor, Other- \$400/24 hour day	81-237	\$15,0
Contract		Contract Services, Living Qtrs \$100/day	81-243	\$3,5
		Contract Services, Other	81-266	
Contract		Hydrogen Sulfide Testing- \$150/day	81-320	\$4.0
		Spill Control Equipment	81-454	
Contract		Computer Hardware- \$25/day	81-568	\$8
Contract		Commo, Field- \$50/day	81-658	\$1,8
		Regulatory Compliance	81-685	
мос		Company Labor & Burden- \$375/day	81-750	\$13,0
		Overhead	81-770	
		Indirect Expense FOTAL DRILLING - INTANGIBLE	81-779	\$480,5
		Constitution and an arrangement		\$.55,
)

Mid-Continent Travis Mitchusson 4 State No. 1 SW/4 Section 4, T19S-R28E, Eddy County, NM Total Depth Drilling Days Compl Days AFE#

ource	Quantity		Feature	Cond A
	CC	OMPLETION COST - TANGIBLE		
urchase	11200	Production Casing (5 1/2° 15.5 & 17 #)	82-15	\$92,0
		Production Liner	82-18	1,2(0
		Production Liner Hanger & Tieback Equipment	82-21	
urchase	11200	Tubing - 2 3/8* O.D., 4.7#, L-80	82-23	\$36,0
		Wellhead Equipment (Drilling)	82-80	\$4,5
urchase		Christmas Tree	82-87	\$9.0
urchase		Packers	82-137	\$6,0
410.430	" ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' '	Rod Pump	82-143	30,0
	······································	Electric Submersible Pump	82-149	
		Completion Wellhead Equipment	82-167	
	TO	OTAL COMPLETION - TANGIBLE	82-107	\$147,5
				1
_	C	OMPLETION COST - INTANGIBLE		
Contract		Location and Access	82-1	\$1,5
		Drilling Rig During Completion	82-34	\$11,0
Ontract		Blowout Preventer	82-41	\$1,5
		Tools - Drilling & Service	82-45	
		Rig, Completion	82-48	
		Workover Units, Company	82-55	
Contract		Workover Units, Contract	82-56	\$7,5
		Snubbing Units, Company	82-62	
		Coiled Tubing Service Units, Contract	82-67	
		Snubbing Units, Contract	82-68	
		Underreamers, Stabilizers, Hole Openers	82-70	
		Lubricants	82-72	
		Fuel, Diasel	82-74	
		Casing Tools & Services- Longstring	82-90	\$9,0
		Cement & Cementing Services- Longstring	82-91	\$28,0
		Logging Services, Open Hole Wells	82-93	
Contract		Logging Services, Cased Hole Wells	82-94	\$3,5
Contract		Tubular Inspection, Testing & Cleaning	82-96	\$7,0
Contract		Formation Testing	82-103	\$3,0
Contract		Formation Treating	82-113	\$4,0
Contract		Transportation, Other	82-126	\$3,:
Contract		Test Equipment - Well Testing	82-127	\$7,
	,	Fishing Tools and Services	82-133	
Contract		Completion and Packer Fluids	82-180	\$1.0
Contract		Perforating	82-182	\$16,0
Contract		Wireline Services	82-183	\$1,:
		Sidetracking, Milling Sections, Whipstocks	82-185	
Contract		Miscellaneous Materials	82-217	\$3,:
Contract		Miscellaneous Services	82-218	\$7,0
Contract		Contract Labor, Laborer	82-234	\$3,0
Contract	19 m. while	Contract Services, Other	82-240	\$7,
Contract	 ;-	Treating Chemicals, Other	82-291	\$1,
Contract		Salt Water Disposall & Trans Fees	82-371	\$1,
Contract		Rental Tools & Equip.	82-585	
The second of th		Communications - Field	82-658	
MOC		Regulatory Compliance	82-685	
мос		Company Labor & Burden	82-750	\$3.
		Overhead	82-770	
		Indirect Expense	82-779	\$3,
	. 1	OTAL COMPLETION - INTANGIBLE		\$139,
	7	TOTAL COMPLETION COSTS		\$287,

Region Field Lease Mid-Continent Travis Mitchusson 4 State No. 1 SW/4 Section 4, T19S-R28E, Eddy County, NM Total Depth Drilling Days Compi Days AFE#

ource	Quantity	Feature	Cond A
	FACILITY COSTS		
urchase	Line Pipe	83-27	\$1,5
urchase	Transportation, Other	83-126	\$2,5
	Pumping Unit	83-141	
	Pumping Equipment - Rod Pump	83-143	
	Flowing/Plunger Lift Equipment	83-146	
	Submersible Pump - Electric Panel	83-149	
	Submersible Pump - Hydraulic	83-152	
	Gas Lift Equipment	83-155	
	Pumps	83-158	
urchase	Tanks	83-170	\$10,0
urchase	Metering Equipment	83-190	\$4,0
	Instrumentation	83-194	
	Electrical Equipment, Other	83-201	
urchase	Valves	83-205	\$2,5
urchase	Miscellaneous Materials	83-217	\$10,0
	Contract Labor, Electrical	83-229	
Contract	Contract Labor, Welding	83-233	\$1,0
Contract	Contract Labor, Other	83-237	\$4,0
Contract	Contract Services, Other	83-240	\$2,0
	Compressor Installation	83-365	
Purchase	Dehydration	83-376	\$10,0
	Crude Oil Treaters	83-378	
Purchase	Separator	83-380	\$10,0
	Vapor Recovery Units	83-386	
	Free Water Knockouts	83-388	
	Regulatory Compliance (Includes Permitting)	83-685	
MOC	Company Labor & Burden	83-750	\$2,0
	TOTAL FACILITY COSTS		\$59,5
	SUMMARY OF GROSS COSTS		
	Total Drilling		\$525,0
	Total Completion		\$287,0
	Total Surface Equipment		\$59,:
	GRAND TOTAL GROSS COSTS		\$871,5
	SUMMARY OF NET COSTS		
	Total Drilling		
	Total Completion		
	Total Surface Equipment		
	GRAND TOTAL NET COSTS		
	TOTAL TARGIBLE COSTS		\$251,
, .	TOTAL INTENGINER COSTS		\$620,

PARTICIPANT'S APPROVAL

Participant Name:	
Signature:	Date:
T214	

Mid-Continent Region Production United States



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

October 23, 1997

Mr. Pat Tower ENRON OIL & GAS COMPANY P. O. Box 2267 Midland, TX 79702-2267 RECEIVED

OCT 2 4 1997

LAND DEPT.

Re:

Mitchusson 4 State No. 1

S/2 Section 4, T-19-S, R-28-E, N.M.P.M.,

Eddy County, New Mexico

Gentlemen:

On September 8, 1997, Marathon sent to you, via certified return receipt mail, two (2) well proposals under separate cover. We received the return receipt for the Courtman 4 State No. 1 Well proposal stamped received September 9, 1997. We have not received the return receipt for the Mitchusson 4 State No. 1 Well proposal.

Subsequent telephone conversations with you indicated that you did receive both well proposals. If this is correct, please sign one copy of this letter below and return to us.

Thank you for your help in this matter.

Sincerely,

Tim Robertson, CPL Advanced Landman

TBR;mmc'

ENRON OIL & GAS COMPANY

By: PATRICK I TOWER

Mid-Continent Region Production United States



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

September 23, 1997

CERTIFIED MAIL & RETURN RECEIPT REQUESTED

WORKING INTEREST OWNERS Mitchusson 4 State No. 1 S/2 Section 4, T-19-S, R-28-E, N.M.P.M., Eddy County, New Mexico

Re: Operating Agreement

Dear Working Interest Owner:

Enclosed is an Operating Agreement with extra signature pages for the captioned well. The AFE and well proposal was mailed to you on September 8, 1997. If you plan to participate in this well, please execute and return the AFE and the extra signature pages to this Operating Agreement. If you do not plan to participate, we request that you either sell Marathon a term assignment covering your interest in this well or farmout your interest to Marathon under the terms outlined in our well proposal dated September 8, 1997.

If you have any questions, please call me at (915) 687-8490.

Sincerely,

Tim Robertson, CPL Advanced Landman

TBR;mmc' Encl.

BEFORE THE
OIL CONSERVATION COMMISSION
Case No.11884 Exhibit No. —
Submitted By:
Marathon Oil Company
Hearing Date: December 4. 1997

Mitchusson 4 State No. 1 S/2 Section 4, T-19-S, R-28-E Eddy County, New Mexico

WORKING INTEREST OWNERS:

MARATHON OIL COMPANY	44.03507%
MARALO, INC.	22.65625%
Five Post Oak Park, Ste. 1010	
Houston, TX 77027-3489	
ATLANTIC RICHFIELD COMPANY	15.62500%
Attn: Mr. Lee Scarborough	
P. O. Box 1610	
Midland, TX 79702-1610	
YATES PETROLEUM CORPORATION	5.48750%
Attn: Mr. Robert Bullock	3.2373070
105 S. Fourth St.	
Artesia, NM 88210	
ALLEGIAN, ALLEGO COMEO	
ENRON OIL & GAS COMPANY	5.48750%
Attn: Mr. Pat Tower	
P. O. Box 2267	
Midland, TX 79702-2267	
LOUIS DREYFUS NATURAL GAS CORP.	4.99132%
Attn: Mr. Rusty Waters	
14000 Quail Springs Prkwy., Ste 600	
Oklahoma City, OK 73134	
READ & STEVENS, INC.	0.78125%
Attn: Mr. Bob Watson	
P. O. Box 1518	
Roswell, NM 88202-1518	
MK. KOY G. BARTON., JK., TRUSTEE	0.78125%
ROY G. BARTON, SR. AND OPAL BARTON	
REVOCABLE TRUST	
P. O. Box 978	
11-1 1- NIN 00040 0000	

Hobbs, NM 88240-0978

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Is your BETUE	5. Received By: (Print Nams) 6. Signature: (Addressee of Age a) 2. Addressee of Age a) PS Form 38:1, December 1994	and fee is	S Address (Only if requested paid) Domestic Return Receipt	

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MODEL FORM OPERATING AGREEMENT

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MITCHUSSON 4 STATE No. 1

OPERATING AGREEMENT

DATED

September 15, 19 97,

COLINITY &		0.7			STATE OF	Wa Wa	•
CONTRACT	AREA	S/2	Section 4	T-19-S	R-28-E, N.	M.P.M	
OPERATOR		MAF	RATHON OIL	COMPANY			

COPYRIGHT 1982 — ALL RIGHTS RESERVED AMERICAN ASSOCIATION OF PETROLEUM LANDMEN, 2408 CONTINENTAL LIFE BUILDING, FORT WORTH, TEXAS, 76102, APPROVED FORM. A.A.P.L. NO. 610 - 1982 REVISED

A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1982

ARTICLE VI continued

and the well shall then be turned over to Operator and shall be operated by it at the expense and for the account of the Consenting Parties. Upon commencement of operations for the drilling, reworking, deepening or plugging back of any such well by Consenting Parties in accordance with the provisions of this Article, each Non-Consenting Party shall be deemed to have relinquished to Consenting Parties, and the Consenting Parties shall own and be entitled to receive, in proportion to their respective interests, all of such Non-Consenting Party's interest in the well and share of production therefrom until the proceeds of the sale of such share, calculated at the well, or market value thereof if such share is not sold, (after deducting production taxes, excise taxes, royalty, overriding royalty and other interests not excepted by Article III.D. payable out of or measured by the production from such well accruing with respect to such interest until it reverts) shall equal the total of the following:

 (a) 100% of each such Non-Consenting Party's share of the cost of any newly acquired surface equipment beyond the wellhead connections (including, but not limited to, stock tanks, separators, treaters, pumping equipment and piping), plus 100% of each such Non-Consenting Party's share of the cost of operation of the well commencing with first production and continuing until each such Non-Consenting Party's relinquished interest shall revert to it under other provisions of this Article, it being agreed that each Non-Consenting Party's share of such costs and equipment will be that interest which would have been chargeable to such Non-Consenting Party had W participated in the well from the beginning of the operations; and

(b) 300 % of that portion of the costs and expenses of drilling, reworking, deepening, plugging back, testing and completing, after deducting any cash contributions received under Article VIII.C., and 300 % of that portion of the cost of newly acquired equipment in the well (to and including the wellhead connections), which would have been chargeable to such Non-Consenting Party 1120/had participated therein.

An election not to participate in the drilling or the deepening of a well shall be deemed an election not to participate in any reworking or plugging back operation proposed in such a well, or portion thereof, to which the initial Non-Consent election applied that is conducted at any time prior to full recovery by the Consenting Parties of the Non-Consenting Party's recoupment account. Any such reworking or plugging back operation conducted during the recoupment period shall be deemed part of the cost of operation of said well and there shall be added to the sums to be recouped by the Consenting Parties one hundred percent (100%) of that portion of the costs of the reworking or plugging back operation which would have been chargeable to such Non-Consenting Party had it participated therein. If such a reworking or plugging back operation is proposed during such recoupment period, the provisions of this Article VI.B. shall be applicable as between said Consenting Parties in said well.

During the period of time Consenting Parties are entitled to receive Non-Consenting Party's share of production, or the proceeds therefrom, Consenting Parties shall be responsible for the payment of all production, severance, excise, gathering and other taxes, and all royalty, overriding royalty and other burdens applicable to Non-Consenting Party's share of production not excepted by Article III.D.

 In the case of any reworking, plugging back or deeper drilling operation, the Consenting Parties shall be permitted to use, free of cost, all casing, tubing and other equipment in the well, but the ownership of all such equipment shall remain unchanged; and upon abandonment of a well after such reworking, plugging back or deeper drilling, the Consenting Parties shall account for all such equipment to the owners thereof, with each party receiving its proportionate part in kind or in value, less cost of salvage.

Within sixty (60) days after the completion of any operation under this Article, the party conducting the operations for the Consenting Parties shall furnish each Non-Consenting Party with an inventory of the equipment in and connected to the well, and an itemized statement of the cost of drilling, deepening, plugging back, testing, completing, and equipping the well for production; or, at its option, the operating party, in lieu of an itemized statement of such costs of operation, may submit a detailed statement of monthly billings. Each month thereafter, during the time the Consenting Parties are being reimbursed as provided above, the party conducting the operations for the Consenting Parties shall furnish the Non-Consenting Parties with an itemized statement of all costs and liabilities incurred in the operation of the well, together with a statement of the quantity of oil and gas produced from it and the amount of proceeds realized from the sale of the well's working interest production during the preceding month. In determining the quantity of oil and gas produced during any month, Consenting Parties shall use industry accepted methods such as, but not limited to, metering or periodic well tests. Any amount realized from the sale or other disposition of equipment newly acquired in connection with any such operation which would have been owned by a Non-Consenting Party had it participated therein shall be credited against the total unreturned costs of the work done and of the equipment purchased in determining when the interest of such Non-Consenting Party shall revertito it as above provided; and if there is a credit balance, it shall be paid to such Non-Consenting Party.

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12. Insurance

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Net premiums paid for insurance required to be carried for the Joint Operations for the protection of the Parties. In the event Joint Operations are conducted in a state in which Operator may act as self-insurer for Worker's Compensation and/or Employers Liability under the respective state's laws, Operator may, at its election, include the risk under its selfinsurance program and in that event, Operator shall include a charge at Operator's cost not to exceed manual rates.

Abandonment and Reclamation

Costs incurred for abandonment of the Joint Property, including costs required by governmental or other regulatory authority.

14. Communications

Cost of acquiring, leasing, installing, operating, repairing and maintaining communication systems, including radio and microwave facilities directly serving the Joint Property. In the event communication facilities/systems serving the Joint Property are Operator owned, charges to the Joint Account shall be made as provided in Paragraph 8 of this Section II.

15. Other Expenditures

Any other expenditure not covered or dealt with in the foregoing provisions of this Section II, or in Section III and which is of direct benefit to the Joint Property and is incurred by the Operator in the necessary and proper conduct of the Joint Operations.

III. OVERHEAD

Overhead - Drilling and Producing Operations

i.	As compensation	for	administrative,	supervision,	office	services	and	warehousing	costs,	Operator	shall	charge
	drilling and produ	icing	g operations on e	ither:								

(X)	Fixed	Rate	Basis,	Paragraph	1A,	or
()	Percer	itage	Basis,	Paragraph	1B	

Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 3A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.

The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant ii. services and contract services of technical personnel directly employed on the Joint Property:

()	shall	be cov	ered	by	the	ove	rhead	rate	es, o	r
(х)	shall	not be	cove	red	by	the	overh	ead	rate	es.

The salaries, wages and Personal Expenses of Technical Employees and/or costs of professional consultant services and contract services of technical personnel either temporarily or permanently assigned to and directly employed in the operation of the Joint Property:

)	shall'	be covered by the overhead rates, or
X)	shall	not be covered by the overhead rates.

Overhead - Fixed Rate Basis

Operator shall charge the Joint Account at the following rates per well per month:

```
Drilling Well Rate $ 5,400.00
 (Prorated for less than a full month)
Producing Well Rate $ ____540.00
```

Application of Overhead - Fixed Rate Basis shall be as follows: (2)

Drilling Well Rate (a)

Charges for drilling wells shall begin on the date the well is spudded and terminate on the date the drilling rig, completion rig, or other units used in completion of the well is released, whichever UNITED BANK PLAZA 400 N. PENN, SUITE 1000

CHARLES B. READ PRESIDENT

Read & Stevens, Inc.

Oil Producers

P. O. Box 1518

Roswell. New Maxico 88202

September 25, 1997

Marathon Oil Company P.O. Box 552 Midland, TX 79702-0552

Attn: Tim Robertson

Courtman 4 State No. 1 NW/4 Sec. 33, T18S-R28E Eddy County, New Mexico

R&S #9828W

Mitchusson 4 State No. 1 SW/4 Sec. 4, T19S-R28E Eddy County, New Mexico

R&S #9829W

Dear Tim:

Enclosed are signature pages to the Operating Agreement and Notice of J.O.A.covering the captioned wells executed on behalf of Read & Stevens, Inc.

Read & Stevens, Inc. is self-insured and elects not to be covered under the Operator's insurance. A certificate of insurance will be furnished to you.

Respectfully,

READ & STEVENS, TNC

Kim D. Stuart

Land Secretary

/ks

Enclosures

OIL CONSERVATION NO. — 8 Case No. 11884 Exhibit No. - &

Case No. 11884 Exhibit No. - &

Submitted BY:

Submitted BY:

Submitted BY:

Submitted BY:

December 4. 1997

Marathon Date: December 4. 1997

Hearing Date: December 4.

RECEIVED

PHONE 505 622-3770 FAX: 505 622-8643

SEP 2 9 1997

A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1982 SIGNATURE PAGE TO THAT CERTAIN OPERATING AGREEMENT COVERING S/2 Section 4, T-19-S, R-28-E, N.M.P.M. The initial well for this Agreement is the Mitchusson 4 State No. 1

ARTIC	LE XVI.
MISCELL	ANEOUS
This agreement shall be hindled and an in 1 to 0 to	hands of the control become and to the
This agreement shall be binding upon and shall inure to the legal representatives, successors and assigns.	penent of the parties nereto and to their respective heirs, de-
This instrument may be executed in any number of counterp	parts, each of which shall be considered an original for all pur
IN WITNESS WHEREOF, this agreement shall be effective as	s of 13th day of September 1997
· OPER	ATOR
	MARATHON OIL COMPANY
	- ^
	Dally.
	C.C. Volls
,	E. C. Potter, Attorney-in-Fact
	E. C. FOLLER, ALLOTTREY-IN-Fact
NON-OPE	
YATES PETROLEUM CORPORATION	ATLANTIC RICHFIELD COMPANY
By:	By:
Its:	Its:
ENRON OIL & GAS COMPANY	MARALO, INC.
Ву	Ву
Its:	Its:
LOUIS DREYFUS NATURAL GAS CORP.	READ & STEVENS, INC.
	PY ORLY)
	- a harlest deat
By:	Its: Charles H. Rend, President
• ••	
* ન જુ ન જુ ન છું છે.	Roy G. Barton, Jr., Trustee of the
	ROY G. BARTON, SR. AND OPAL BARTO
	REVOCABLE TRUST
	بالم
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	A service of the serv

EXECUTED on the date set out below beside each party's name.

OPERATOR:

Date Executed:	Ec Catte
	E. C. Potter, Attorney-in-Fact MARATHON OIL COMPANY
Date Executed:	NON-OPERATORS:
	By: Its: YATES PETROLEUM CORPORATION
Date Executed:	
	By: Its: ATLANTIC RICHFIELD COMPANY
Date Executed:	
	By: Its: MARALO, INC.
Date Executed:	
	By: Its: LOUIS DREYFUS NATURAL GAS CORPORATION
Date Executed:	
	By: Its: ENRON OIL & GAS COMPANY
Date Executed: 9/25/97	Charles BRead
	By: Its: Read President READ & STEVENS, INC.
Date Executed:	and the second of the second o
	Roy G. Barton, Jr., Trustee of the Roy G. Barton, Sr. and Opal Barton Revocable Trust

STATE OF §	
COUNTY OFS	
The foregoing instrument w	as acknowledged before me this day of, 1997, of LOUIS DREYFUS NATURAL GAS
CORPORATION, a(n)	of LOUIS DREYFUS NATURAL GAS corporation, on behalf of said corporation.
My Commission expires:	Notary Public in and for the State of
	Notary, please print or type name.
STATE OF § SCOUNTY OF §	
by, as corporati	as acknowledged before me this day of, 1997, of ENRON OIL & GAS COMPANY, on, on behalf of said corporation.
My Commission expires:	Notary Public in and for the State of
	Notary, please print or type name.
STATE OF The Mexico S S COUNTY OF Acces S The foregoing instrument was	as acknowledged before me this 25th day of <u>leftenler</u> , 1997,
by Charles B. Blad as New Movico corporation, o	of READ & STEVENS, INC., a(n)
My Commission expires:	Kim D. Shiat
2/15/2001	Notary Public in and for the State of NEW MEXICO.
A CONTRACTOR OF THE PARTY OF TH	Notary, please print or type name.
STATE OF §	
COUNTY OF\$	
	as acknowledged before me this day of, 1997, ROY G. BARTON, SR., AND OPAL BARTON KEVOCALBETRUST.
My Commission expires:	Notary Public in and for the State of
	Notary, please print or type name.
[Attachment: Exhibit "A" Descripti	on of Lands Covered by Operating Agreement]

MARTIN YATES, III 1912 - 1985 FRANK W. YATES 1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

October 15, 1997

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

Marathon Oil Company PO Box 552 Midland, Texas 79702-0552

Attention: Tim Robertson

RE: Mitchusson 4 St #1

S/2 Sec. 4, T19S, R28E Eddy County, New Mexico

Gentlemen:

Please find enclosed signature pages to the Operating Agreement covering the captioned area. The signature pages have been executed on behalf Yates Petroleum Corporation.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Barbara Nelson Land Secretary

:bn enclosure(s)

OIL CONSERVATION NO. 1884 Exhibit No. 1997
Case No. 1884 Exhibit No. 1997
Submitted By Oil Company
Submitted By Oil Company
Hearing Date. December 4. 1997
Hearing Date.

~ E C E I V E D

OCT 1 7 1997

MARATHON OIL COMPANY MCR LAND DEPARTMENT

A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1982 SIGNATURE PAGE TO THAT CERTAIN OPERATING AGREEMENT COVERING S/2 Section 4, T-19-S, R-28-E, N.M.P.M. The initial well for this Agreement is the Mitchusson 4 State No. 1

	FICLE XVI. ELLANEOUS
This agreement shall be binding upon and shall inure to legal representatives, successors and assigns.	the benefit of the parties hereto and to their respective heirs, devises
This instrument may be executed in any number of coun	nterparts, each of which shall be considered an original for all purpose
	ve as of 15th day of September 1997
· OP	ERATOR MARATHON OIL COMPANY
	MARATHON OIL COMPANY
	C.C. Fills
	E. C. Potter, Attorney-in-Fact
N O N · O	PERATORS
YATES PETROLEUM CORPORATION	ATLANTIC RICHFIELD COMPANY
Lusten Vacos	RB
By: Peyton Yates	By:
Its: Attorney-in-Fact	Its:
ENRON OIL & GAS COMPANY	MARALO, INC.
D	Ву
By Its:	Its:
LOUIS DREYFUS NATURAL GAS CORP.	READ & STEVENS, INC.
Ву:	Its;
шу.	
	Roy G. Barton, Jr., Trustee of the ROY G. BARTON, SR. AND OPAL BARTON REVOCABLE TRUST
	ት

69 70

EXECUTED on the date set out below beside each party's name.

OPERATOR:

Date Executed:		E.C. Potti	v.
		E. C. Potter, Attorney-in-Fact MARATHON OIL COMPANY	-
Date Executed:		NON-OPERATORS:	
,		By: Its: YATES PETROLEUM CORPORATION	_
Date Executed:			RB
10-14-97		Japon Jaco	
		By: Peyton Yates Its: Attorney-in-Fact ATLANTIC RICHFIELD COMPANY	-
Date Executed:			
	_	By: Its: MARALO, INC.	-
Date Executed:			
	_	By: Its: LOUIS DREYFUS NATURAL GAS CORPORATION	-
Date Executed:			
	-	By: Its: ENRON OIL & GAS COMPANY	_
Date Executed:			
		By:	_
		Its: READ & STEVENS, INC.	
Data Francisco de	provided and the provided after an a	READ & 51 EVENS, INC.	
Date Executed:			
		Roy G. Barton, Jr., Trustee of the Roy G. Barton, Sr. and Opa Barton Revocable Trust	īl

. . . .

STATE OF TEXAS	§	
COUNTY OF MIDLAND	§ §	
The foregoing instruby E. C. Potter, Attorney-incorporation.	iment was acknowledg Fact of MARATHON (ged before me this 22 day of logically 1997, DIL COMPANY, an Ohio corporation, on behalf of said
<u>k</u>		
My Commission expires:		Debarah F. Rosso
Summinum Summinum	.5	Notary Public in and for the State of Texas.
	DEBORAH K. REESE SMY COMMISSION EXPIRES SEBRUARY 28, 2001	Notary, please print or type name.
STATE OFNEW MEXICO	<u> </u>	
COUNTY OF EDDY	_§	
by Peyton Yates	asAttor	ged before me this 14th day of October 1997,
CORPORATION, a(n)Ne	ew Mexico corp	oration, on behalf of said corporation.
My Commission expires:		Barbara Moloon
1-8-2000		Notary Public in and for the State of New Mexico
1 0 2000		Barbara Nelson
		Notary, please print or type name.
STATE OF	_ §	
COUNTY OF	§	
The foregoing instr	rmant rusa salenarulada	rad balana ma this day of too
bv	as acknowledg	ged before me this day of, 1997,
COMPANY, a(n)	corporatio	of ATLANTIC RICHFIELD on, on behalf of said corporation.
Mr. Commission arminas		
My Commission expires:		Notary Public in and for the State of
		Natural Property of the Control of t
		Notary, please print or type name.
CTATE OF	c	
STATE OF	g.	
COUNTY OF	_§	
The foregoing instri	iment was acknowledg	ged before me this day of, 1997,
by	as	of MARALO, INC., a(n)
corpo	ration, on behalf of sa	of MARALO, INC., a(n) id corporation.
My Commission expires:		
		Notary Public in and for the State of
		Notary, please print or type name.

Mid-Continent Travis Mitchusson 4 State No. 1 SW/4 Section 4, T19S-R28E, Eddy County, NM Total Depth Drilling Days Compl Days AFE#

ource	Quantity		Feature	Cond A
	Di	RILLING COSTS - TANGIBLE		
		Drive Pipe	81-7	
urchase		Conductor Pipe- 20",PE	81-8	
urchase	425	Surface Pipe- 13-3/8",48#,H-40,8rd,STC	81-9	\$9,000
urchase	27(X)	Casing, Int. String No. 1- 9-5/8*	81-11	\$30,000
		Casing, Intermediate String No. 2	81-12	
		Drilling Liner	81-19	
urchase		Drilling Liner Hanger and Tieback Equipment	81-22	
urchase		Dritting Wellhead Equipment Miscellaneous Materials	81-80	\$4,500
dichase	TO	OTAL DRILLING - TANGIBLE	81-217	\$1,00
	•			\$44,50
	DI	RILLING COSTS - INTANGIBLE		
Contract		Surveying, Location & Access	81-2	\$50
Comract		Well Location & Access	81-5	\$15,00
Contract	36	Daywork Drfg \$6200/24 hour day inct. Fuel	81-36	\$224,00
		Footage Basis Drlg Dry Hole Drilling	81-37	
		Turnkey Drilling	81-38	
Contract		Drifting Rig Mob/Demob	81-39	\$22,00
Contract		Blowout Prevention Equipment	81-41	
		Drill Pipe & Collars	81-44	
		Drilling & Service Tools Drilling Services	81-45 81-50	
		Snubbing Units, Company	81-62	
		Snubbing Units, Contract	81-68	
Contract		Mud System/Solids Control	81-40	\$4,00
Comraci		Mud and Mud Services	81-71	\$25,00
Contract		Bits	81-69	\$45,00
		Stabilizers, Hole Openers, Underreamers	81-70	
		Oil	81-72	
		Grease	81-72	
		Fuel, Diesel (Not furnished by Contractor)	81-74	
Contract		Water	81-336	\$12,00
Contract		Casing Tools and Services	81-90	\$9,00
Contract		Cement and Cementing Service	81-91	\$25,00
Contract		Logging Services, Open Hole	81-93	\$30,00
Canna at		Logging Services, Cased Hole	81-94	
Contract Contract		Mud Logging Inspection, Pipe & Casing	81-95 81-97	\$10,00
Contract		Directional Services	81-101	\$3,40
		Coring	81-102	
Contract		Formation Testing, Open Hole	81-104	\$5,0
		Formation Testing, Cased Hole	81-105	
·····		Well Control Services	81-120	
Contract		Trucking/Transportation, Other	81-126	\$5,5
Contract		Well Test Equipment	81-127	\$2,5
		Fishing Tools and Services	81-133	
		Abandoning Tools and Services	81-136	
		Sidetracking, Milling Sections, Whipstocks	81-185	
Contract		Miscellaneous Materials	81-217	\$3,5
Contract		Contract Labor, Welding	81-233	\$1,0
Contract		Contract Labor, Other- \$400/24 hour day	81-237	\$15,0
Contract		Contract Services, Living Qtrs \$100/day	81-243	\$3.5
		Contract Services, Other	81-266	
Contract	~ 4 ₀	Hydrogen Sulfide Testing- \$150/day	81-320	\$4,0
Com	SIL .	Spill Control Equipment	81-454	
C & ANI	10	Computer Hardware- \$25/day Commo, Field- \$50/day	81-568 81-658	\$1,8
L' THEON	/ * _^ ·	Regulatory Compliance	81-685	31,8
OFT OF SIT AND	4 100,	Company Labor & Burden- \$375/day	81-085	\$13,0
ATT AND	att w.	Overhead	81-770	\$13,0
ad Com	pe	Indirect Expense	81-779	
~~ · · ·	•			
Contract Con		TOTAL DRILLING - INTANGIBLE		\$480,5

Car Oil C

Mid-Continent Travis Mitchusson 4 State No. 1 SW/4 Section 4, T19S-R28E, Eddy County, NM Total Depth Drilling Days Compl Days AFE#

ource	Quantity		Feature	Cond A
	CC	OMPLETION COST - TANGIBLE		
urchase	11200	Production Casing (5 1/2" 15.5 & 17 #)	82-15	\$92,000
		Production Liner	82-18	77.000
		Production Liner Hanger & Tieback Equipment	82-21	
urchase	11200	Tubing - 2 3/8" O.D., 4.7#, L-80	82-23	\$36,000
		Wellhead Equipment (Drilling)	82-80	\$4,500
urchase		Christmas Tree	82-87	\$9,000
urchase		Packers	82-137	\$6,000
		Rod Pump.	82-143	
		Electric Submersible Pump	82-149	
		Completion Wellhead Equipment	82-167	
	Т	OTAL COMPLETION - TANGIBLE		\$147,500
	C	DMPLETION COST - INTANGIBLE		
Contract		Location and Access	82-1	\$1,500
		Drilling Rig During Completion	82-34	\$11,000
Contract		Blowout Preventer	82-41	\$1,500
		Tools - Drilling & Service	82-45	
		Rig, Completion	82-48	
		Workover Units, Company	82-55	
Contract		Workover Units, Contract	82-56	\$7,500
		Snubbing Units, Company	82-62	
		Coiled Tubing Service Units, Contract	82-67	
		Snubbing Units, Contract	82-68	
		Underreamers, Stabilizers, Hole Openers	82-70	
		Lubricants	82-72	
		Fuel, Diesel	82-74	
		Casing Tools & Services- Longstring	82-90	\$9,00
		Cement & Cementing Services- Longstring	82-91	\$28,00
		Logging Services, Open Hole Wells	82-93	
Contract		Logging Services, Cased Hole Wells	82-94	\$3,50
Contract		Tubular Inspection, Testing & Cleaning	82-96	\$7,00
Contract		Formation Testing	82-103	\$3,00
Contract		Formation Treating	82-113	\$4,00
Contract		Transportation, Other	82-126	\$3,50
Contract		Test Equipment - Well Testing	82-127	\$7,50
		Fishing Tools and Services	82-133	
Contract		Completion and Packer Fluids	82-180	\$1,00
Contract		Perforating	82-182	\$16,00
Contract		Wireline Services	82-183	\$1,50
		Sidetracking, Milling Sections, Whipstocks	82-185	
Contract		Miscellaneous Materials	82-217	\$3,50
Contract	-	Miscellaneous Services	82-218	\$7,00
Contract		Contract Labor, Laborer	82-234	\$3,00
Contract		Contract Services, Other	82-240	\$7,40
Contract		Treating Chemicals, Other	82-291	\$1,00
Contract		Salt Water Disposall & Trans Fees	82-371	\$1,00
Contract		Rental Tools & Equip.	82-585	\$4,30
		Communications - Field	82-658	
1400		Regulatory Compliance	82-685	
мос		Company Labor & Burden	82-750	\$3,80
		Overhead	82-770	
 		Indirect Expense	82-779	\$3,00
	•	TOTAL COMPLETION - INTANGIBLE		\$139,50
		TOTAL COMPLETION COSTS		\$287,00

Mid-Continent Travis Mitchusson 4 State No. 1 SW/4 Section 4, T19S-R28E, Eddy County, NM

Total Depth Drilling Days Compl Days AFE#

outce	Quantity	Feature Co	end A
	FACILITY COSTS		1
	FACILITY COSTS	02.07	
urchase	Line Pipe	83-27	\$1.50
urchase	Transportation, Other	83-126	\$2,500
	Pumping Unit	83-141	
	Pumping Equipment - Rod Pump	83-143	
	Flowing/Plunger Lift Equipment	83-146	
	Submersible Pump - Electric Panel	83-149	
	Submersible Pump - Hydraulic	83-152	
	Gas Lift Equipment	83-155	
	Pumps	83-158	
urchase	Tanks	83-170	\$10,00
urchase	Metering Equipment	83-190	\$4,00
	Instrumentation	83-194	
	Electrical Equipment, Other	83-201	
urchase	Valves	83-205	\$2,50
urchase	Miscellaneous Materials	83-217	\$10,00
	Contract Labor, Electrical	83-229	
Contract	Contract Labor, Welding	83-233	\$1,00
Contract	Contract Labor, Other	83-237	\$4,00
Contract	Contract Services, Other	83-240	\$2,00
	Compressor Installation	83-365	
urchase	Dehydration	83-376	\$10,00
	Crude Oil Treaters	83-378	
Purchase	Separator	83-380	\$10,00
	Vapor Recovery Units	83-386	
	Free Water Knockouts	83-388	
	Regulatory Compliance (Includes Permitting)	83-685	
мос	Company Labor & Burden	83-750	\$2,0
	TOTAL FACILITY COSTS		\$59,50
	SUMMARY OF GROSS COSTS		
	Total Drilling		\$525,0
	Total Completion		\$287,0
	Total Surface Equipment		\$59,5
	GRAND TOTAL GROSS COSTS		\$871,5
	SUMMARY OF NET COSTS		
· !	Total Drilling		
	Total Completion		1
	Total Surface Equipment		
	GRAND TOTAL NET COSTS		
	TOTAL TANGIBLE COSTS		\$251,5
	TOTAL INTANGIBLE COSTS		\$620,0
i	TANGIBLE PERCENT OF TOTAL		28.

PARTICIPANT'S AF	PROVAL	
Participant Name:	BARTON	THUST
	10-1-	1 ~/ /
Signature:	Mgallo G	_ Date: 7/16/97
75		, ,

Roy G. Barton, Jr., Trustee of the Roy G. Barton, Sr. & Opal Barton Revocable Trust

MARTIN YATES, III 1912 - 1985 FRANK W. YATES 1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

September 17, 1997

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

Marathon Oil Company PO Box 552 Midland, Texas 79702-0552

Attention: Tim B. Robertson

RE: AFE

Mitchusson 4 State No. 1

S/2 Section 4, T-19-S, R-28E, NMPM

Eddy County, New Mexico

Gentlemen:

Please find enclosed your AFE executed on behalf of Yates Petroleum Corporation subject to our review and acceptance of a mutually agreed upon Operating Agreement.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Røb Bullock Landman

RB:bn enclosure(s)

OIL CONSERVATION NO. 1997
Case No. 1884 Exhibit No. Case No. 1884 Exhibit No. 1997
Submitted By Oil Company
Submitted Date: December 4. 1997
Hearing Date: December 4.

RECEIVED

SEP 1 8 1997

MARATHUM OIL COMPANY
MCR LAND DEPARTMENT

Mid-Continent Travis Mitchusson 4 State No. 1 SW/4 Section 4, T19S-R28E, Eddy County, NM Total Depth Drilling Days Compl Days AFE#

urce	Quantity		Feature	Cond A
	()	RILLING COSTS - TANGIBLE		
		Drive Pipe	81-7	- 1
rchase		Conductor Pipe- 20*,PE	81-8	
rchase	425	Surface Pipe- 13-3/8",48#,H-40,8rd,STC	81-9	\$9,000
rchase	27(X)	Casing, Int. String No. 1- 9-5/8"	81-11	\$30,000
		Casing, Intermediate String No. 2	81-12	
		Drilling Liner	81-19	
		Drilling Liner Hanger and Tieback Equipment	81-22	
irchase		Drifting Wellhead Equipment	81-80	\$4,500
irchase		Miscellaneous Materials	81-217	21,00
	70	OTAL DRILLING - TANGIBLE		\$44,500
	bi	RILLING COSTS - INTANGIBLE	.	
ontract		Surveying, Location & Access	81-2	\$50
ontract	36	Well Location & Access	81-5 81-36	\$15,00
ontract	30	Daywork Dilg \$6200/24 hour day inct. Fuel		\$224,00
		Footage Basis Dilg Dry Hole Drilling	81-37 81-38	
ontract		Turnkey Drilling Drilling Rig Mob/Demob	81-39	£22.0V
ontract		Blowout Prevention Equipment	81-41	\$22,00
O.M. act		Drill Pipe & Collars	81-44	
		Driffing & Service Tools	81-45	
		Drilling Services	81-50	
		Snubbing Units, Company	81-62	
		Snubbing Units, Contract	81-68	
ontract		Mud System/Solids Control	81-40	\$4,00
Contract		Mud and Mud Services	81-71	\$25,00
Contract		Bits	81-69	\$45,00
		Stabilizers, Hole Openers. Underreamers	81-70	
············		Oil	81-72	
		Grease	81-72	
		Fuel, Diesel (Not furnished by Contractor)	81-74	
Contract		Water	81-336	\$12,00
Contract		Casing Tools and Services	81-90	\$9,00
Contract		Cement and Cementing Service	81-91	\$25,00
Contract		Logging Services, Open Hole	81-93	\$30,00
		Logging Services, Cased Hole	81-94	
Contract		Mud Logging	81-95	\$10,00
Contract		Inspection, Pipe & Casing	81-97	\$3,40
		Directional Services	81-101	
		Coring	81-102	
Contract		Formation Testing, Open Hole	81-104	\$5,00
		Formation Testing, Cased Hole	81-105	
		Well Control Services	81-120	
Contract		Trucking/Transportation, Other	81-126	\$5,50
Contract		Well Test Equipment	81-127	\$2,5
		Fishing Tools and Services	81-133	
		Abandoning Tools and Services	81-136	
		Sidetracking, Milling Sections, Whipstocks	81-185	
Contract		Miscellaneous Materials	81-217	\$3,5
Contract		Contract Labor, Welding	81-233	\$1.0
		Contract Labor, Other- \$400/24 hour day	81-237	\$15,0
Contract		Contract Services, Living Qtrs \$100/day	81-243	\$3,5
Contract Contract				
		Contract Services, Other	81-266	
Contract			81-266 81-320	\$4,0
		Contract Services, Other		\$4,0
Contract		Contract Services, Other Hydrogen Sulfide Testing- \$150/day	81-320	
Contract		Contract Services, Other Hydrogen Sulfide Testing- \$150/day Spill Control Equipment	81-320 81-454	38
Contract Contract		Contract Services, Other Hydrogen Sulfide Testing- \$150/day Spill Control Equipment Computer Hardware- \$25/day	81-320 81-454 81-568	38
Contract Contract		Contract Services, Other Hydrogen Sulfide Testing- \$150/day Spill Control Equipment Computer Hardware- \$25/day Commo, Field- \$50/day	81-320 81-454 81-568 81-658	\$8.12
Contract Contract Contract Contract		Contract Services, Other Hydrogen Sulfide Testing- \$150/day Spill Control Equipment Computer Hardware- \$25/day Commo, Field- \$50/day Regulatory Compliance	81-320 81-454 81-568 81-658 81-685	\$4,0 \$8 \$1,8 \$13,0
Contract Contract Contract Contract		Contract Services, Other Hydrogen Sulfide Testing- \$150/day Spill Control Equipment Computer Hardware- \$25/day Commo, Field- \$50/day Regulatory Compliance Company Labor & Burden- \$375/day	81-320 81-454 81-568 81-658 81-685 81-750	\$8.12
Contract Contract Contract		Contract Services, Other Hydrogen Sulfide Testing- \$150/day Spill Control Equipment Computer Hardware- \$25/day Commo, Field- \$50/day Regulatory Compliance Company Labor & Burden- \$375/day Overhead	81-320 81-454 81-568 81-658 81-685 81-750 81-770	\$8.12

Region Field Lease Mid-Continent Travis Mitchusson 4 State No. 1 SW/4 Section 4, T19S-R28E, Eddy County, NM Total Depth Drilling Days Compl Days AFE#

ource	Quantity		Feature Co	ikl A
	COMPLETE	ON COST - TANGIBLE		
urchase		tion Casing (5 1/2" 15.5 & 17 #)	82-15	\$92,000
		tion Liner	82-18	773,530
		tion Liner Hanger & Tieback Equipment	82-21	
urchase		- 2 3/8" O.D., 4.7#, L-80	82-23	\$36,000
	Welllie	ad Equipment (Drilling)	82-80	\$4,500
urchase	Chrisu	nas Tree	82-87	\$9,000
urchase	Packer	s	82-137	\$6,000
	Rod P	imp	82-143	
	Electri	c Submersible Pump	82-149	
	Comp	etion Wellhead Equipment	82-167	
	TOTAL CO	MPLETION - TANGIBLE		\$147,500
	COMPLET	ON COST - INTANGIBLE		
Contract	Locati	on and Access	82-1	\$1,500
	Drillin	g Rig During Completion	82-34	\$11,000
Contract		ut Preventer	82-41	\$1,500
	Tools	- Drilling & Service	82-45	
		Completion	82-48	
		over Units, Company	82-55	
Contract		over Units, Contract	82-56	\$7,50
		ing Units, Company	82-62	
		Tubing Service Units, Contract	82-67	
		ing Units, Contract	82-68	
·		reamers, Stabilizers, Hole Openers	82-70	
	Lubri		82-72	
		Diesel	82-74	
		g Tools & Services- Longstring	82-90	\$9,00
		nt & Cementing Services- Longstring	82-91	\$28,00
3		ng Services, Open Hole Wells	82-93	
Contract		ng Services, Cased Hole Wells ar Inspection, Testing & Cleaning	82-94 82-96	\$3,50
Contract				\$7,00
		ation Testing	82-103	\$3,00
Contract		ation Treating	82-113	\$4,00
Contract		portation, Other	32-126	\$3,50
Contract		Equipment - Well Testing	82-127	\$7,50
		ng Tools and Services	82-133	-1
Contract Contract		pletion and Packer Fluids	82-180 82-182	\$1,00
Contract		rating line Services	82-183	\$16,00
Contract		racking, Milling Sections, Whipstocks	82-185	31.2
Contract		ellaneous Materials	82-217	\$3,50
Contract		ellaneous Services	82-218	\$7,00
Contract		ract Labor, Laborer	82-234	\$3,00
Contract		ract Services, Other	82-240	\$7,40
Contract		ing Chemicals, Other	82-291	\$1,00
Contract		Water Disposall & Trans Fees	82-371	\$1,00
Contract		nl Tools & Equip.	82-585	\$4,30
		munications - Field	82-658	
		statory Compliance	82-685	
MOC		pany Labor & Burden	82-750	\$3,80
		head	82-770	
		ect Expense	82-770	\$3,0
		COMPLETION - INTANGIBLE	V2 117	\$139,50
		COMPLETION COSTS		\$287,0

Mid-Continent
Travis
Mitchusson 4 State No. 1
SW/4 Section 4,
T19S-R28E, Eddy County, NM

Total Depth Drilling Days Compl Days AFE#

iource	Quantity	Feature	Cond	Α
	FACILITY COSTS			
urchase	Line Pipe	83-27		\$1,50
Purchase	Transportation, Other	83-126		\$2,50
	Pumping Unit	83-141		
	Pumping Equipment - Rod Pump	83-143		
	Flowing/Plunger Lift Equipment	83-146		
	Submersible Pump - Electric Panel	83-149		
	Submersible Pump - Hydraulic	83-152		
	Gas Lift Equipment	83-155		
	Pumps	83-158		
urchase	Tanks	83-170		\$10,00
urchase	Metering Equipment	83-190		\$4,0
	Instrumentation	83-194		
	Electrical Equipment, Other	83-201		
urchase	Valves	83-205		\$2,5
Purchase	Miscellaneous Materials	83-217		\$10,0
	Contract Labor, Electrical	83-229		
Contract	Contract Labor, Welding	83-233		\$1,0
Contract	Contract Labor, Other	83-237		\$4,0
Contract	Contract Services, Other	83-240		\$2,0
	Compressor Installation	83-365		
Purchase	Dehydration	83-376		\$10,0
· · · · · · · · · · · · · · · · · · ·	Crude Oil Treaters	83-378		
Purchase	Separator	83-380		\$10,0
	Vapor Recovery Units	83-386		
	Free Water Knockouts	83-388		
	Regulatory Compliance (Includes Permitting)	83-685		
MOC	Company Labor & Burden	83-750		\$2,0
	TOTAL FACILITY COSTS			\$59,5
	SUMMARY OF GROSS COSTS			
	Total Drilling	•	1	\$525,0
	Total Completion			\$287,0
	Total Surface Equipment		ļ.	\$59,5
	GRAND TOTAL GROSS COSTS		ļ	\$871,5
	SUMMARY OF NET COSTS		}	
l	Total Drilling			
	Total Completion		}	
	Total Surface Equipment		,	
	GRAND TOTAL NET COSTS		Ī	
			i	<u></u>
	TOTAL TANGIBLE COSTS			\$251,
	TOTAL INTANGIBLE COSTS			\$620,
	TANGUBLE PERCENT OF TOTAL			28

PARTICIPANT'S APPROVAL

Participant Name: 14tes Petroleun	Corporation 5.64236
Signature: John Man	Date: 9-16-97
Tilte: Atto-in-Fart	

UNITED BANK PLAZA 400 N. PENN, SUITE 1000

> CHARLES 8. READ PRESIDENT

Read & Stevens, Inc.

Oil Producers

P. O. Box 1518

Roswell, New Mexico 88202

September 22, 1997

Marathon Oil Company P.O. Box 552 Midland, TX 79702-0552

Attn: Tim Robertson

Re: Courtman 4 State No. 1

NW/4 Sec. 33, T185-R28E Eddy County, New Mexico

R&S #9828W

Mitchusson 4 State No. 1 SW/4 Sec. 4, T19S-R28E Eddy County, New Mexico PHONE 505 622-3770 FAX: 505 622-8643

R&S #9829W

Dear Tim:

Enclosed please find A.F.E.'s for the captioned wells executed on behalf of Read & Stevens, Inc. Also enclosed is a copy of our Geological Requirements.

Respectfully,

READ & STEVENS, INC.

Kim D. Stuart
Land Secretary

/ks

Enclosures

BEFORE THE
OIL CONSERVATION COMMISSION
Case No.11884 Exhibit No. _ / 2
Submitted By:
Marathon Oil Company
Hearing Date: December 4
Hearing Date: December 4

Region Field Lease Location Mid-Continent Travis Mitchusson 4 State No. 1 SW/4 Section 4, T19S-R28E, Eddy County, NM Total Depth Drilling Days Compl Days AFE#

xirce	Quantity		Feature Cond	A
	DI	RILLING COSTS - TANGIBLE		
	.,,	Drive Pipe	81-7	
urchase		Conductor Pipe- 20*,PE	81-8	
irchase	425	Surface Pipe- 13-3/8",48#,II-40,8rd,STC	81-9	\$9,00
irchase	27(X)	Casing, Int. String No. 1- 9-5/8"	81-11	\$30,00
		Casing, Intermediate String No. 2	81-12	
		Drilling Liner	81-19	
		Dritting Liner Hanger and Tieback Equipment	81-22	
urchase		Drilling Wellhead Equipment	81-80	\$4,50
urchase		Miscellaneous Materials	81-217	\$1,00
	TC	TAL DRILLING - TANGIBLE		\$44,50
	DI	GILLING COSTS - INTANGIBLE		
ontract		Surveying, Location & Access	81-2	\$50
ontract	2/	Well Location & Access	81-5	\$15,00
ontract	36	Daywork Drlg \$6200/24 hour day inct. Fuel	81-36	\$224,00
		Footage Basis Drlg Dry Hole Drilling	81-37	
ontract		Turnkey Drilling	81-38	
ontract		Drilling Rig Mob/Demob Blowout Prevention Equipment	81-39 81-41	\$22,(X
Ontract		Drill Pipe & Collars	81-44	
		Drilling & Service Tools	81-45	
		Drilling Services	81-50	1
		Snubbing Units, Company	81-62	1
		Snubbing Units, Contract	81-68	
Contract		Mud System/Solids Control	81-40	\$4,00
Contract		Mud and Mud Services	81-71	\$25,00
Contract		Bits	81-69	\$45,00
		Stabilizers, Hule Openers, Underreamers	81-70	
		Oil	81-72	1
		Grease	81-72	1
		Puel, Diesel (Not furnished by Contractor)	81-74	
Contract		Water	81-336	\$12,00
Contract		Casing Tools and Services	81-90	\$9,00
Contract		Cement and Cementing Service	81-91	\$25,00
Contract		Logging Services, Open Hole	81-93	\$30,0
		Logging Services, Cased Hole	81-94	
Contract		Mud Logging	81-95	\$10,00
Contract		Inspection, Pipe & Casing	81-97	\$3,40
		Directional Services	81-101	
		Coring	81-102	<u> </u>
Contract		Formation Testing, Open Hole	81-104	\$5,0
		Formation Testing, Cased Hole	81-105	
		Well Control Services	81-120	ļ
Contract		Trucking/Transportation, Other	81-126	\$5,5
Contract		Well Test Equipment	81-127	\$2,5
		Fishing Tools and Services	81-133	
·		Abandoning Tools and Services	81-136	
		Siderracking, Milling Sections, Whipstocks	81-185	
Contract		Miscellaneous Materials	81-217	\$3,5
Contract		Contract Labor, Melding		\$1,0
Contract		Contract Labor, Other- \$400/24 hour day	81-237	\$15,0
Contract		Contract Services, Living Qtrs \$100/day	81-243	\$3,5
		Contract Services, Other	81-266	
Contract		Hydrogen Sulfide Testing- \$150/day	81-320	\$4,0
		Spill Control Equipment	81.454	
Contract		Computer Hardware- \$25/day	81-568	\$8
Contract		Commo, Field- \$50/day	81-658	\$1,8
		Regulatory Compliance	81-685	
мос		Company Labor & Burden- \$375/day	81-750	\$13,0
		Overhend	81-770	
		Indirect Expense	81-779	1
	 ,	FOTAL DRILLING - INTANGIBLE		\$480,5

Region Field Lease Location Mid-Continent Travis Mitchusson 4 State No. 1 SW/4 Section 4, T19S-R28E, Eddy County, NM Total Depth Drilling Days Compl Days AFE#

ource	Quantity		Feature	Cond A
	co	OMPLETION COST - TANGIBLE		
urchase	11200	Production Casing (5 1/2" 15.5 & 17 #)	82-15	\$92,000
·		Production Liner	82-18	
		Production Liner Hanger & Tieback Equipment	82-21	
urchase	11200	Tubing - 2 3/8" O.D., 4.7#, L-80	82-23	\$36,000
		Wellhead Equipment (Drilling)	82-80	\$4,500
urchase		Christmas Tree	82-87	\$9,000
urchase		Packers	82-137	\$6,000
		Rod Pump	82-143	
		Electric Submersible Pump	82-149	
		Completion Wellhead Equipment	82-167	
	170	OTAL COMPLETION - TANGUBLE		\$147,500
	C	OMPLETION COST - INTANGIBLE		
Contract		Location and Access	82-1	\$1,500
		Drilling Rig During Completion	82-34	\$11,000
Contract		Blowout Preventer	82-41	\$1,500
		Tools - Drilling & Service	82-45	
		Rig, Completion	82-48	
		Workover Units, Company	82-55	
Contract		Workover Units, Contract	82-56	\$7,50
 _		Snubbing Units, Company	82-62	
		Coiled Tubing Service Units, Contract	82-67	
		Snubbing Units, Contract	82-68	
		Underreamers, Stabilizers, Hole Openers	82-70	
		Lubricants	82-72	
		Fuel, Diesel	82-74	
		Casing Tools & Services- Longstring	82-90	\$9,00
		Cement & Cementing Services- Longstring	82-91	\$28,00
		Logging Services, Open Hale Wells	82-93	
Contract		Logging Services, Cased Hole Wells	82-94	\$3,50
Contract		Tubular Inspection, Testing & Cleaning	82-96	\$7,00
Contract	·	Formation Testing	82-103	\$3,00
Contract		Formation Treating	82-113	\$4,00
Contract		Transportation, Other	82-126	\$3,50
Contract		Test Equipment - Well Testing	82-127	\$7,50
		Fishing Tools and Services	82-133	
Contract		Completion and Packer Fluids	82-180	00,12
Contract		Perforating	82-182	\$16,00
Contract		Wireline Services	82-183	\$1,50
		Sidetracking, Milling Sections, Whipstocks	82-185	
Contract		Miscellaneous Materials	82-217	\$3,50
Contract		Miscellaneous Services	82-218	\$7,00
Contract		Contract Labor, Laborer	82-234	\$3,00
Contract		Contract Services, Other	82-240	\$7,40
Contract		Treating Chemicals, Other	82-291	\$1,00
Contract		Salt Water Disposall & Trans Fees	82-371	\$1,00
Contract		Rental Tools & Equip.	82-585	\$4,30
e na Lebago na Lebago ne ne na lebago ne ne ne ne			82-658	
		Regulatory Compliance	82-685	
мос		Company Labor & Burden	82-750	\$3,80
		Overhead	82-770	
		Indirect Expense	82-779	\$3,00
	1	TOTAL COMPLETION - INTANGIBLE		\$139,50
	r	TOTAL COMPLETION COSTS		\$287,00

Region Field Lease Location

Mid-Continent Travis Mitchusson 4 State No. 1 SW/4 Section 4, T19S-R28E, Eddy County, NM

Total Depth Drilling Days Compl Days AFE#

ource	Quantity	Feature	Cond	Α
	FACILITY COSTS		}	
urchase	Line Pipe	83-27		\$1,500
urchase	Transportation, Other	83-126		\$2,50
	Pumping Unit	83-141		
	Pumping Equipment - Rod Pump	83-143		
	Flowing/Plunger Lift Equipment	83-146		
	Submersible Pump - Electric Panel	83-149		
	Submersible Pump - Hydraulic	83-152		
	Gas Lift Equipment	83-155		
	Pumps	83-158		
urchase	Tanks	83-170		\$10,00
urchase	Metering Equipment	83-190		\$4,00
	Instrumentation	83-194		
	Electrical Equipment, Other	83-201		
Purchase	Valves	83-205		\$2,50
Purchase	Miscellaneous Materials	83-217		\$10,00
	Contract Labor, Electrical	83-229		
Contract	Contract Labor, Welding	83-233		\$1,00
Contract	Contract Labor, Other	83-237		\$4,00
Contract	Contract Services, Other	83-240		\$2,00
	Compressor Installation	83-365		
Purchase	Dehydration	83-376		\$10,0
	Crude Oil Treaters	83-378		
Purchase	Separator	83-380		\$10,0
	Vapor Recovery Units	83-386		
	Free Water Knockouts	83-388		
	Regulatory Compliance (Includes Permitting)	83-685		
мос	Company Labor & Burden	83-750		\$2,0
	TOTAL FACILITY COSTS			\$59,5
	SUMMARY OF GROSS COSTS			
	Total Drilling			\$525,0
	Total Completion		1	\$287,0
	Total Surface Equipment			\$59,5
	GRAND TOTAL GROSS COSTS			\$871,5
	SUMMARY OF NET COSTS			
	Total Drilling			
	Total Completion		}	
	Total Surface Equipment		<u> </u>	
	GRAND TOTAL NET COSTS			
1	TOTAL TANGIBLE COSTS			\$251,5
į.				
	TOTAL INTANGIBLE COSTS			\$620,0

PARTICIPANT'S AP	PROVAL	
Participant Name:	Read & Stevens, Inc. By: Charles B. Read, Pres	icient
Signature:		Date: 9/32/97
Tile		,

GEOLOGICAL REQUIREMENTS

READ & STEVENS, INC. P. O. BOX 1518 ROSWELL, NEW MEXICO 88202

		HON OIL C	COMPANY		
ME OF WEI	LL: MITCH	USSON 4	STATE NO. 1		
CATION:	SW/4	SECTION A	4. T19S-R28E. EDDY	COUNTY, NEW 1	1EXICO
We re		•	f copies of well d		low:
	All Gover	nmental i	Forms & Completion	Reports	1
	Drill Ste	m Tests			2
	Core Anal	ysis			2
LOGS:	<u>:</u>			Field	Final
	Electrica	l Logs		2	2
	Other Ele	ctrical :	Surveys	2	2
	Mud Logs			2	2
DAIL	Y DRILLING	REPORTS:			
	on said w	ell with	r company with dai full information or telefax.		
COMP1	LETION REPO	RT:			
			copy of the Well propriate regulato	-	Report
<u>MONTI</u>		h the ap	- •	-	Report
MONTI	filed wit	h the app EPORT:	propriate regulato	ry agency.	
MONTI	filed wit	h the ap _i EPORT: rnish a c	propriate regulato copy of <u>Monthly C-l</u>	ry agency. 15 Report after nc. que co 88202	
MONTI	filed wit. <u>FLY C-115 R</u> Please fu	h the ap _i EPORT: rnish a c	propriate regulato copy of <u>Monthly C-l</u> n to: Read & Stevens, I Attn: Susie Rodri P. O. Box 1518 Roswell, New Mexi	ry agency. 15 Report after nc. que co 88202 2-3770	
	filed wit. HLY C-115 R Please fur goes on p	h the app EPORT: rnish a c roduction	propriate regulato copy of <u>Monthly C-l</u> n to: Read & Stevens, I Attn: Susie Rodri P. O. Box 1518 Roswell, New Mexi Telephone: 505/62	ry agency. 15 Report afte. nc. que co 88202 2-3770	r well
₩ e (filed wit. FLY C-115 R Please fur. goes on p	h the apperent of the second o	propriate regulato copy of <u>Monthly C-1</u> n to: Read & Stevens, I Attn: Susie Rodri P. O. Box 1518 Roswell, New Mexi Telephone: 505/62 Fax: 505/622-8643	ry agency. 15 Report afte. nc. que co 88202 2-3770	ing, etc. 5/622-3770 5/626-3436
₩ e (filed wit. FLY C-115 R Please fur. goes on p	h the apperent of the second o	propriate regulato copy of <u>Monthly C-lands</u> n to: Read & Stevens, I Attn: Susie Rodri P. O. Box 1518 Roswell, New Mexi Telephone: 505/62 Fax: 505/622-8643 ation for logging,	nry agency. 15 Report after inc. que co 88202 2-3770 testing, corr Office #: 505 Mobile #: 505	ing, etc. 5/622-3770 5/626-3436
₩ e _ <u></u>	filed wit. FLY C-115 R Please fur. goes on p	h the apperent of the second o	propriate regulato copy of <u>Monthly C-lands</u> n to: Read & Stevens, I Attn: Susie Rodri P. O. Box 1518 Roswell, New Mexi Telephone: 505/62 Fax: 505/622-8643 ation for logging,	nry agency. 15 Report after inc. que co 88202 2-3770 testing, corr Office #: 505 Mobile #: 505	ing, etc. 5/622-3770 5/625-0279
₩ e _ <u></u>	filed wit. RLY C-115 R Please fur goes on p do request se notify:	h the apperent of the second o	propriate regulators copy of Monthly C-1 n to: Read & Stevens, I Attn: Susie Rodri P. O. Box 1518 Roswell, New Mexi Telephone: 505/62 Fax: 505/622-8643 ation for logging, acshaw/Geologist	ory agency. 15 Report after inc. que co 88202 2-3770 testing, corr Office #: 503 Mobile #: 503 Fax #: 503	ing, etc. 5/622-3770 5/625-0279



December 1, 1997

Mr. Joe Pulido Maralo, Inc. MRL Partners, LP Lowe Partners, LP L. R. French, Jr. 5151 San Felipe St., Ste. 400 Houston, TX 77056-3607

Re:

Term Assignment

Our Lease NM-6017 - State of New Mexico Lease No. OG-605

Lots 1, 2, S/2 NE/4 Section 4, T-19-S, R-28-E,

161.04 gross acres, more or less Eddy County, New Mexico

Gentlemen:

This is to confirm our agreement to purchase a Term Assignment on the captioned acreage which is within the spacing unit for the Courtman 4 State No. 1 Well. The terms of this assignment would include:

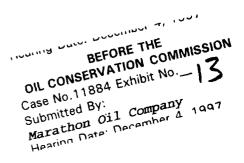
- 1. 2-year term,
- 2. \$300 per net mineral acre,
- 3. Delivery of 78% net revenue interest and
- 4. 180-day continuous drilling provision.

Our records show your working interests in this tract are:

	PERCENT	NET ACRES
Maralo, Inc.	7.8125%	12.59
Lowe Partners, LP	25.0000%	40.26
MRL Partners, LP	12.5000%	20.13
L. R. French, Jr.	12.5000%	20.13
TOTAL	57.8125%	93.11

Although record title is as shown above, you advise that prior to assignment to Marathon the interests and bonuses should be as shown below:

A subsidiary of USX Corporation



COMPANY	PERCENT W.I.	NET ACRES	BONUS
LOWE PARTNERS, LP	28.90625%	46.555	\$13,966.50
L. R. FRENCH, JR.	28.90625%	46.555	\$13,966.50
TOTAL	57.8125%	93.11	\$27,933.00

This Agreement is subject to the Parties' agreement upon a mutually acceptable term assignment. If this correctly states our agreement, please sign and return one (1) copy of

this letter. I will send a draft Term Assignment soon. Sincerely, Tim Robertson, CPL Advanced Landman TBR; mmc' L. R. French, Jr. xc: P. O. Box 11327 AGREED TO AND ACCEPTED this_ Midland, TX 79702-8327 day of ______, 1997. LOWE PARTNERS, LP AGREED TO AND ACCEPTED this ____ day of _____, 1997. By: Its: L. R. French, Jr. MRL PARTNERS, LP By: Its: MARALO, INC. By: Its:



LAND DEPARTMENT

FAX COVER SHEET Mail
DATE: 4226-207 12-1-97
TO: Mr. Joe Pulido COMPANY: Marulo, Inc LOCATION: Houston
PANAFAX NUMBER: 713-960-1672
NUMBER OF PAGES (including cover sheet):3
FROM: Tim Robertson
COMPANY: Marathon Oil Company
LOCATION: Land Department, Midland, TX
LOCATION: Land Department, Midland, TX
LOCATION: Land Department, Midland, TX
LOCATION: Land Department, Midland, TX PANAFAX NUMBER: (915) 687-8483 If you do not receive all pages, please call back ASAP
LOCATION: Land Department, Midland, TX PANAFAX NUMBER: (915) 687-8483

Mid-Continent Region Production United States



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

December 1, 1997

Mr. Joe Pulido Maralo, Inc. MRL Partners, LP Lowe Partners, LP L. R. French, Jr. 5151 San Felipe St., Ste. 400 Houston, TX 77056-3607

Re: Term Assignment

Our Lease NM-6017 - State of New Mexico Lease No. OG-605

Lots 1, 2, 8/2 NE/4 Section 4, T-19-8, R-28-E,

161.04 gross acres, more or less Eddy County, New Mexico

Gentlemen:

This is to confirm our agreement to purchase a Term Assignment on the captioned acreage which is within the spacing unit for the Courtman 4 State No. 1 Well. The terms of this assignment would include:

- 2-year term,
- 2. \$300 per net mineral acre,
- 3. Delivery of 78% net revenue interest and
- 4. 180-day continuous drilling provision.

Our records show your working interests in this tract are:

Maralo, Inc.	7.8125%	12.59
Lowe Partners, LP	25.0000%	40.26
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A subsidiary of USX Corporation

TERM ASSIGNMENT December 1, 1997 Page -2-

	。 學學學學學		la kokenik
LOWE PARTNERS, LP	28.90625%	46.555	\$13,966.50
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TOTAL	57.8125%	93.11	\$27,933.00

This Agreement is subject to the Parties' agreement upon a mutually acceptable term assignment. If this correctly states our agreement, please sign and return one (1) copy of this letter.

I will ser	nd a draft Term Assignment soon.	
Sincerely	Robertson	
	ertson, CPL d Landman	
TBR; ma	nc' :	
P	. R. French, Jr. . O. Box 11327 Iidland, TX 79702-8327	AGREED TO AND ACCEPTED this 222
	O TO AND ACCEPTED this y of 1997.	*LOWE PARTNERS, LE Jour
*L. R. Fre	nch, Ir.	By: MARY RALPH LOWE, Presiden Its: Merato, Inc., Managing Partner
		By: MARY RALPH/LOWE Its: Managing Partner

* MARALO, INC.

*Limited to Leasehold Right's " presently owned.

TOTAL P.03

President of

MARY RALPH LOWE, PRESIDENT

TU

NO.587 P802

Mid-Continent Plegion Production United States



P.O. Box 552 Midland, TX 79702-0552 Telephone 915/862-1628

December 1, 1997

Mr. Joe Pulido Maralo, Inc. MRI, Partners, LP Lowe Partners, LP L. R. French, Jr. 5151 San Felipe St., Stc. 400 Houston, TX 77056-8607

Ræ

Term Assignment

Our Lease NM-6017 - State of New Mendeo Lease No. OG-605

Lots 1, 2, 8/2 NE/4 Section 4, T-19-8, R-28-E.

161.04 gross scres, more or less Eddy County, New Medeo

Gentlemen:

This is to confirm our agreement to purchase a Term Assignment on the exptioned acreage which is within the spacing unit for the Couriman & State No. 1 Well. The terms of this assignment would include:

- 1_
- 2-year texts, \$300 per net mineral scre, 2.
- Delivery of 78% net revenue interest and 3.
- 180-day continuous drilling provision.

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MRL Partners, LP	12.8000%	20.18			
L. R. French, Jr.	12.5000%	20.18			
TOTAL	57.8125%	93.11			

Although record title is as shown above, you advise that prior to assignment to Marathon the interests and hommer should be as shown below:

A subsidiary of USIX Corporation

COMPANY	PERCENTWIL	NET ACRES	BONUS
LOWE PARTNERS, LP	28.90625%	46.555	\$13,966.50
L. R. FRENCH, JR.	28.90625%	46.555	\$13,966.50
TOTAL	57.8125%	93.11	\$27,933.00

If this correctly states our agreement, please sign and return one (1) copy of this letter.

I will send a draft Term Assignment soon.

Si:	ΩI	to
$\mathcal{C}_{\mathcal{C}}}}}}}}}}$	$-\mathbb{R}\mathcal{A}_{\sim}$	en Lan

Tim Robertson, CPL Advanced Landman

TBR;mmc'

Sincerely,

xc:

L. R. French, Jr.

P. O. Box 11327

Midland, TX 79702-8327

AGREED TO AND ACCEPTED this 2 day of Decenser 1997	AGREED TO AND ACCEPTED this day of 1997. ** LOWE PARTNERS, LP	
* L. R. French, Jr.	By: Its:	
By: Its:	Erma Lowe ✓ MRL PARTNERS, LP	
* Louted to Lense hold Rights	By: Its:	



December 2, 1997

Mr. Joe Pulido MARALO, INC. 5151 San Felipe, Ste. 400 Houston, TX 77056-3607

Ra

Compulsory Pooling, OCD Case No. 11,884

Mitchusson 4 State No. 1

S/2 Section 4, T-19-S, R-28-E, N.M.P.M.,

Eddy County, New Mexico

Gentlemen:

I have just been informed today that Maralo intends to appear in opposition to Marathon at the Mitchusson pooling hearing set for December 4, 1997. Marathon is willing to drop Maralo, Inc., Erma Lowe, MRL Partners, LP, Lowe Partners, LP, and L. R. French, Jr. (hereafter collectively called "the Maralo Group") from the Mitchusson pooling case if Maralo, on behalf of the Maralo Group, will agree as follows:

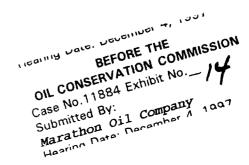
- 1) Maralo will sign and fax to me by the end of the day tomorrow the letter agreement I faxed to you yesterday setting out the basic terms you and I have agreed to regarding the term assignments from the Maralo Group to Marathon of the Group's interests in the Courtman well.
- The Maralo Group will elect in writing to either join the Mitchusson well or assign its interests to Marathon on the same terms as it is assigning its interests in the Courtman well, within 30 days of Maralo's receipt of all logs run by Marathon on the Courtman well, except that if Marathon plans to move the drilling rig directly from the Courtman well to the Mitchusson well, the Maralo Group will make its election within 48 hours of Maralo receiving the Courtman logs.

If Maralo accepts these terms on behalf of the Maralo Group, please sign below and fax this letter back to me by the end of the day tomorrow, along with the letter agreement pertaining to the Courtman well.

Sincerely,	AGREED TO AND ACCEPTED thisday
CP DIA	of, 1997.
dem Polyl	MARALO, INC.
T. B. Robertson	•
Advanced Landman	
TBR;mmc'	By:
	Its:

A subsidiary of USX Corporation

1 1 1





LAND DEPARTMENT

FAX COVER SHEET
DATE: 12-2-97
TO: Mr Joe Pulido COMPANY: Maralo, Inc.
LOCATION: Houston PANAFAX NUMBER: 713-960-1672
NUMBER OF PAGES (including cover sheet):
FROM: Tim Robertson EXT.
COMPANY: Marathon Oil Company
LOCATION: Land Department, Midland, TX
PANAFAX NUMBER: (915) 687-8483
If you do not receive all pages, please call back ASAP
Telephone: 915-687-8490
Comments:

A subsidiary of USX Corporation

Mid-Continent Region Production United States



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

December 2, 1997

Mr. Joe Pulido MARALO, INC. 5151 San Felipe St., Ste. 400 Houston, TX 77056-3607

VIA FAX 713-960-1672

Re

Courtman 4 State No. 1 - Lots 1-4, S/2 N/2 Sec. 4, T-19-S, R-28-E,

Mitchusson 4 State No. 1 - S/2 Section 4, T-19-S, R-28-E,

Eddy County, New Mexico

Gentlemen:

Maralo, Inc. received Marathon's proposals for the captioned wells on September 16, 1997. Negotiations for Marathon to acquire a Term Assignment under the Courtman Well have been ongoing since that time. On November 4, 1997, you informed Marathon that the ownership of the "Maralo Interests" in these wells belonged to Maralo, Inc., Erma Lowe, MRL Partners, LP and L. R. French, Jr., and that Maralo, Inc. would represent these parties in the negotiations. These parties were all sent notices for our Compulsory Pooling hearings for these two wells which are now scheduled for December 4, 1997. On November 26, 1997, you informed Marathon that the interest of Erma Lowe was actually owned by Lowe Partners, LP and that Maralo, Inc. would also represent them in the negotiations.

If the above sequence of events is incorrect, please contact me today at 915-687-8490.

If you have any questions, please call me.

Sincerely,

Tim Robertson, CPL Advanced Landman

TBR;mmc'

BEFORE THE
OIL CONSERVATION COMMISSION
Case No. 11884 Exhibit No. 15
Submitted By:
Submitted By:
Marathon Oil Company
Marathon Data December 1

Mid-Continent Region Production United States



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

LAND DEPARTMENT

FAX COVER SHEET DATE: 12-2-97 TO: Mr Richard Gill COMPANY: Maralo, Inc. LOCATION: midland 684-9836 PANAFAX NUMBER: NUMBER OF PAGES (including cover sheet): 2 FROM: Tim Robertson EXT. Marathon Oil Company COMPANY: LOCATION: Land Department, Midland, TX PANAFAX NUMBER: (915) 687-8483 If you do not receive all pages, please call back ASAP Telephone: 687-8490 vegnested that I fax Comments: Joe Pulido

Mid-Continent Region Production United States



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

LAND DEPARTMENT

EARD DELARMENT
FAX DO NOT COVER MAIL SHEET
DATE: 12-2-97
TO: Mr Joe Pulido COMPANY: Maralo, Inc. LOCATION: Howston, TX PANAFAX NUMBER: 713-960-1672
NUMBER OF PAGES (including cover sheet):
FROM: Tim Robertson EXT.
COMPANY: Marathon Oil Company
LOCATION: Land Department, Midland, TY
PANAFAX NUMBER: (915) 687-8483
If you do not receive all pages, please call back ASAP
Telephone: 915-687 - 8490
Comments: This letter is for our heaving on
Thursday at OCD