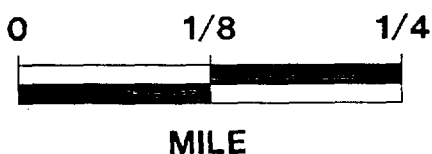


MITCHUSSON 4 STATE NO.1  
1750' FSL AND 1980' FWL  
S/2 SECTION 4, T19S-R28E  
EDDY COUNTY, NEW MEXICO

4			
STATE LEASE NO. 648-145			STATE LEASE NO. 0G-605-1
MARATHON	50.93611%		MARATHON 35.3750%
ARCO	25.00%		MARALO, INC. 7.8125%
YATES	9.02778%		ENRON 5.4875%
DREYFUS	7.98611%		READ & S. .78125%
ENRON	5.4875%	O LOCATION	BARTON .78125%
READ & S.	.78125%		LOWE PARTNERS 25.00%
BARTON	.78125%		MRL PARTNERS 12.50%
			L.R. FRENCH, JR. 12.50%
STATE LEASE NO. 0G-605-1		STATE LEASE NO. 648-145	
MARATHON	42.95%	MARATHON	43.123615%
LOWE PARTNERS, LP	25.00%	HANAGAN PET.	25.00%
ENRON	5.4875%	YATES	9.02778%
READ & STEVENS	.78125%	DREYFUS	7.98611%
BARTON	.78125%	MARALO, INC.	7.8125%
MRL PARTNERS, LP	12.50%	ENRON	5.4875%
L.R. FRENCH, JR.	12.50%	READ & STEVENS	.78125%
		BARTON	.78125%

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



MARATHON OIL COMPANY  
MID-CONTINENT REGION

BEFORE THE  
OIL CONSERVATION COMMISSION  
Case No. 11884 Exhibit No. — 2  
Submitted By:  
Marathon Oil Company  
Hearing Date: December 4, 1997

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%
P	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	4.99132%
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  
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

### 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 interests 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 Assignment 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. 4  
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**

**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.

Mid-Continent Region  
Production United States



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

September 8, 1997

**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. Sell 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'

BEFORE THE  
OIL CONSERVATION COMMISSION  
Case No. 11884 Exhibit No. 6  
Submitted By: Marathon Oil Company  
Hearing Date: December 4, 1997

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. Five Post Oak Park, Ste. 1010 Houston, TX 77027-3489	22.65625%
ATLANTIC RICHFIELD COMPANY Attn: Mr. Lee Scarborough P. O. Box 1610 Midland, TX 79702-1610	15.62500%
YATES PETROLEUM CORPORATION Attn: Mr. Robert Bullock 105 S. Fourth St. Artesia, NM 88210	5.64236%
ENRON OIL & GAS COMPANY Attn: Mr. Pat Tower P. O. Box 2267 Midland, TX 79702-2267	5.48750%
LOUIS DREYFUS NATURAL GAS CORP. Attn: Mr. Rusty Waters 14000 Quail Springs Prkwy., Ste 600 Oklahoma City, OK 73134	4.99132%
READ & STEVENS, INC. Attn: Mr. Bob Watson P. O. Box 1510 Roswell, NM 88202-1518	0.78125%
MR. ROY G. BARTON, JR., TRUSTEE ROY G. BARTON, SR. AND OPAL BARTON REVOCABLE TRUST P. O. Box 978 Hobbs, NM 88240-0978	0.78125%

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 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:  
*Shryver N S Corp.*  
*14000 Quail Ave. Plany, Ste 600*  
*OKC, OK 73134*

4a. Article Number  
*P 175 143 234*

4b. Service Type  
☐ Registered ☒ Certified  
☐ Express Mail ☐ Insured  
☒ Return Receipt for Merchandise ☐ COD

7. Date of Delivery  
*9-10*

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)  
*X Pearson*

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

PS Form 3811, December 1994 Domestic Return Receipt

Thank you for using Return Receipt Service.

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- ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  
*Charalo, Inc.*  
*2111 Post Oak Pl, Ste 1010*  
*Houston, TX 77027-3489*

4a. Article Number  
*P 245 774 747*

4b. Service Type  
☐ Registered ☒ Certified  
☐ Express Mail ☐ Insured  
☒ Return Receipt for Merchandise ☐ COD

7. Date of Delivery  
*9-16-97*

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)  
*X J. Hallen*

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

PS Form 3811, December 1994 Domestic Return Receipt

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- ☐ Addressee's Address
- ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  
*Atlantic Richfield Co.*  
*POB 1610*  
*Bossier, TX 79702-1610*

4a. Article Number  
*P 245 774 748*

4b. Service Type  
☐ Registered ☒ Certified  
☐ Express Mail ☐ Insured  
☒ Return Receipt for Merchandise ☐ COD

7. Date of Delivery  
*SEP 09 1997*

5. Received By: (Print Name)  
*S. Lee*

6. Signature: (Addressee or Agent)  
*X*

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

PS Form 3811, December 1994 Domestic Return Receipt

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- ☐ Addressee's Address
- ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Read & Stevens Inc.  
POB 1518  
Roswell, Nm,  
88202-1518

4a. Article Number

P245 774 720

4b. Service Type

- ☐ Registered ☒ Certified  
☐ Express Mail ☐ Insured  
☒ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

9-10-97

5. Received By: (Print Name)

ARTHUR SEITHEIMER

6. Signature: (Addressee or Agent)

X [Signature]

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

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

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- ☐ Addressee's Address
- ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Ray B. Barton, Jr.  
POB 978  
Jesse, Nm  
88240-0978

4a. Article Number

P175 143 235

4b. Service Type

- ☐ Registered ☒ Certified  
☐ Express Mail ☐ Insured  
☒ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

9-10-97

5. Received By: (Print Name)

J. ISBELL

6. Signature: (Addressee or Agent)

X [Signature]

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

PS Form 3811, December 1994

Domestic Return Receipt

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- ☐ Addressee's Address
- ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Yates Pet Corp.  
105 So. 4th St  
Artesia, Nm  
JOANN GRIGGS

4a. Article Number

P245 774 749

4b. Service Type

- ☐ Registered ☒ Certified  
☐ Express Mail ☐ Insured  
☒ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

9-10-97

5. Received By: (Print Name)

JoAnn Griggs

6. Signature: (Addressee or Agent)

X [Signature]

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

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

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#

11,200  
35  
10  
659997

Source	Quantity	Feature	Cond	A
DRILLING COSTS - TANGIBLE				
		Drive Pipe	81-7	
Purchase		Conductor Pipe- 20", PE	81-8	
Purchase	425	Surface Pipe- 13-3/8", 48#, H-40, 8rd, STC	81-9	\$9,000
Purchase	2700	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	
Purchase		Drilling Wellhead Equipment	81-80	\$4,500
Purchase		Miscellaneous Materials	81-217	\$1,000
TOTAL DRILLING - TANGIBLE				\$44,500
DRILLING COSTS - INTANGIBLE				
Contract		Surveying, Location & Access	81-2	\$500
Contract		Well Location & Access	81-5	\$15,000
Contract	36	Daywork Drlg. - \$6200/24 hour day incl. Fuel	81-36	\$224,000
		Footage Basis Drlg.- Dry Hole Drilling	81-37	
		Turnkey Drilling	81-38	
Contract		Drilling Rig Mob/Demob	81-39	\$22,000
Contract		Blowout Prevention Equipment	81-41	
		Drill Pipe & Collars	81-44	
		Drilling & Service Tools	81-45	
		Drilling Services	81-50	
		Snubbing Units, Company	81-62	
		Snubbing Units, Contract	81-68	
Contract		Mud System/Solids Control	81-40	\$4,000
Contract		Mud and Mud Services	81-71	\$25,000
Contract		Bits	81-69	\$45,000
		Stabilizers, Hole Openers, Underreamers	81-70	
		Oil	81-72	
		Grease	81-72	
		Fuel, Diesel (Not furnished by Contractor)	81-74	
Contract		Water	81-336	\$12,000
Contract		Casing Tools and Services	81-90	\$9,000
Contract		Cement and Cementing Service	81-91	\$25,000
Contract		Logging Services, Open Hole	81-93	\$30,000
		Logging Services, Cased Hole	81-94	
Contract		Mud Logging	81-95	\$10,000
Contract		Inspection, Pipe & Casing	81-97	\$3,400
		Directional Services	81-101	
		Coring	81-102	
Contract		Formation Testing, Open Hole	81-104	\$5,000
		Formation Testing, Cased Hole	81-105	
		Well Control Services	81-120	
Contract		Trucking/Transportation, Other	81-126	\$5,500
Contract		Well Test Equipment	81-127	\$2,500
		Fishing Tools and Services	81-133	
		Abandoning Tools and Services	81-136	
		Sidetracking, Milling Sections, Whipstocks	81-185	
Contract		Miscellaneous Materials	81-217	\$3,500
Contract		Contract Labor, Welding	81-233	\$1,000
Contract		Contract Labor, Other- \$400/24 hour day	81-237	\$15,000
Contract		Contract Services, Living Qtrs.- \$100/day	81-243	\$3,500
		Contract Services, Other	81-266	
Contract		Hydrogen Sulfide Testing- \$150/day	81-320	\$4,000
		Spill Control Equipment	81-454	
Contract		Computer Hardware- \$25/day	81-568	\$800
Contract		Commo. Field- \$50/day	81-658	\$1,800
		Regulatory Compliance	81-685	
MOC		Company Labor & Burden- \$375/day	81-750	\$13,000
		Overhead	81-770	
		Indirect Expense	81-779	
TOTAL DRILLING - INTANGIBLE				\$480,500
TOTAL DRILLING COSTS				\$525,000

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#

11,200  
35  
10  
659997

Source	Quantity	Feature	Cond	A
COMPLETION COST - TANGIBLE				
Purchase	11200	Production Casing (5 1/2" 15.5 & 17 #)	82-15	\$92,000
		Production Liner	82-18	
		Production Liner Hanger & Tieback Equipment	82-21	
Purchase	11200	Tubing - 2 3/8" O.D., 4.7#, L-80	82-23	\$36,000
		Wellhead Equipment (Drilling)	82-80	\$4,500
Purchase		Christmas Tree	82-87	\$9,000
Purchase		Packers	82-137	\$6,000
		Rod Pump	82-143	
		Electric Submersible Pump	82-149	
		Completion Wellhead Equipment	82-167	
TOTAL COMPLETION - TANGIBLE				\$147,500
COMPLETION 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	\$9,000
		Cement & Cementing Services- Longstring	82-91	\$28,000
		Logging Services, Open Hole Wells	82-93	
Contract		Logging Services, Cased Hole Wells	82-94	\$3,500
Contract		Tubular Inspection, Testing & Cleaning	82-96	\$7,000
Contract		Formation Testing	82-103	\$3,000
Contract		Formation Treating	82-113	\$4,000
Contract		Transportation, Other	82-126	\$3,500
Contract		Test Equipment - Well Testing	82-127	\$7,500
		Fishing Tools and Services	82-133	
Contract		Completion and Packer Fluids	82-180	\$1,000
Contract		Perforating	82-182	\$16,000
Contract		Wireline Services	82-183	\$1,500
		Sidetracking, Milling Sections, Whipstocks	82-185	
Contract		Miscellaneous Materials	82-217	\$3,500
Contract		Miscellaneous Services	82-218	\$7,000
Contract		Contract Labor, Laborer	82-234	\$3,000
Contract		Contract Services, Other	82-240	\$7,400
Contract		Treating Chemicals, Other	82-291	\$1,000
Contract		Salt Water Disposall & Trans Fees	82-371	\$1,000
Contract		Rental Tools & Equip.	82-585	\$4,300
		Communication* - Field	82-658	
		Regulatory Compliance	82-685	
MOC		Company Labor & Burden	82-750	\$3,800
		Overhead	82-770	
		Indirect Expense	82-779	\$3,000
TOTAL COMPLETION - INTANGIBLE				\$139,500
TOTAL COMPLETION COSTS				\$287,000

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

Total Depth 11,200  
 Drilling Days 35  
 Compl Days 10  
 AFE# 659997

Source	Quantity	Feature	Cond	A
FACILITY COSTS				
Purchase	Line Pipe	83-27		\$1,500
Purchase	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		
Purchase	Tanks	83-170		\$10,000
Purchase	Metering Equipment	83-190		\$4,000
	Instrumentation	83-194		
	Electrical Equipment, Other	83-201		
Purchase	Valves	83-205		\$2,500
Purchase	Miscellaneous Materials	83-217		\$10,000
	Contract Labor, Electrical	83-229		
Contract	Contract Labor, Welding	83-233		\$1,000
Contract	Contract Labor, Other	83-237		\$4,000
Contract	Contract Services, Other	83-240		\$2,000
	Compressor Installation	83-365		
Purchase	Dehydration	83-376		\$10,000
	Crude Oil Treaters	83-378		
Purchase	Separator	83-380		\$10,000
	Vapor Recovery Units	83-386		
	Free Water Knockouts	83-388		
	Regulatory Compliance (Includes Permitting)	83-685		
MOC	Company Labor & Burden	83-750		\$2,000
TOTAL FACILITY COSTS				\$59,500
SUMMARY OF GROSS COSTS				
Total Drilling				\$525,000
Total Completion				\$287,000
Total Surface Equipment				\$59,500
GRAND TOTAL GROSS COSTS				\$871,500
SUMMARY OF NET COSTS				
Total Drilling				\$0
Total Completion				\$0
Total Surface Equipment				\$0
GRAND TOTAL NET COSTS				\$0
TOTAL TANGIBLE COSTS				
				\$251,500
TOTAL INTANGIBLE COSTS				
				\$620,000
TANGIBLE PERCENT OF TOTAL				
				28.9%

## PARTICIPANT'S APPROVAL

Participant Name: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

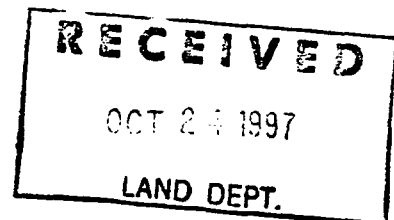
Title: \_\_\_\_\_

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

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,

A handwritten signature in cursive script that reads 'Tim Robertson'.

Tim Robertson, CPL  
Advanced Landman

TBR:mmc'

Mitchusson 4 State No. 1 Well proposal  
received on the 9th day of  
September, 1997.

ENRON OIL & GAS COMPANY

A handwritten signature in cursive script that reads 'Patrick J. Tower'.  
By: PATRICK J. TOWER  
Its: Project LANDMAN

Mid-Continent Region  
Production United States



**Marathon  
Oil Company**

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. — 7  
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. Five Post Oak Park, Ste. 1010 Houston, TX 77027-3489	22.65625%
ATLANTIC RICHFIELD COMPANY Attn: Mr. Lee Scarborough P. O. Box 1610 Midland, TX 79702-1610	15.62500%
YATES PETROLEUM CORPORATION Attn: Mr. Robert Bullock 105 S. Fourth St. Artesia, NM 88210	5.48750%
ENRON OIL & GAS COMPANY Attn: Mr. Pat Tower P. O. Box 2267 Midland, TX 79702-2267	5.48750%
LOUIS DREYFUS NATURAL GAS CORP. Attn: Mr. Rusty Waters 14000 Quail Springs Prkwy., Ste 600 Oklahoma City, OK 73134	4.99132%
READ & STEVENS, INC. Attn: Mr. Bob Watson P. O. Box 1518 Roswell, NM 88202-1518	0.78125%
MR. ROY G. BARTON, JR., TRUSTEE ROY G. BARTON, SR. AND OPAL BARTON REVOCABLE TRUST P. O. Box 978 Hobbs, NM 88240-0978	0.78125%

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 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):  
1. ☐ Addressee's Address  
2. ☐ Restricted Delivery  
Consult postmaster for fee.

3. Article Addressed to:  
**MARALO, INC.**  
Five Post Oak Park, Ste. 1010  
Houston, TX 77027-3489

4a. Article Number  
**P245 774 735**

4b. Service Type  
☐ Registered ☒ Certified  
☐ Express Mail ☐ Insured  
☒ Return Receipt for Merchandise ☐ COD

7. Date of Delivery  
**7-28-87**

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)  
**X [Signature]**

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

PS Form 3811, December 1994 Domestic Return Receipt

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, 4a, and 4b.  
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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:  
**DREYFUS NATURAL GAS CORP.**  
Attn: Mr. Rusty Waters  
14000 Quail Springs Prkwy., Ste 600  
Oklahoma City, OK 73134

4a. Article Number  
**P245 774 731**

4b. Service Type  
☐ Registered ☒ Certified  
☐ Express Mail ☐ Insured  
☒ Return Receipt for Merchandise ☐ COD

7. Date of Delivery  
**9-26**

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)  
**X [Signature]**

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

PS Form 3811, December 1994 Domestic Return Receipt

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, 4a, and 4b.  
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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:  
**ENRON OIL & GAS COMPANY**  
Attn: Mr. Pat Tower  
P. O. Box 2267  
Midland, TX 79702-2267

4a. Article Number  
**P245 774 732**

4b. Service Type  
☐ Registered ☒ Certified  
☐ Express Mail ☐ Insured  
☒ Return Receipt for Merchandise ☐ COD

7. Date of Delivery  
**SEP 24 1997**

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)  
**X [Signature]**

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

PS Form 3811, December 1994 Domestic Return Receipt

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, 4a, and 4b.  
• 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:  
**ATLANTIC RICHFIELD COMPANY**  
Attn: Mr. Lee Scarborough  
P. O. Box 1610  
Midland, TX 79702-1610

4a. Article Number  
**P245 774 734**

4b. Service Type  
☐ Registered ☒ Certified  
☐ Express Mail ☐ Insured  
☒ Return Receipt for Merchandise ☐ COD

7. Date of Delivery  
**SEP 24 1997**

5. Received By: (Print Name)  
**[Signature]**

6. Signature: (Addressee or Agent)  
**X**

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

PS Form 3811, December 1994 Domestic Return Receipt

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, 4a, and 4b.
- 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):

- ☐ Addressee's Address
- ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

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

4a. Article Number

P245 774 729

4b. Service Type

- ☐ Registered ☒ Certified  
☐ Express Mail ☐ Insured  
☒ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

9-24

5. Received By: (Print Name)

J. ISBEN

6. Signature: (Addressee or Agent)

X [Signature]

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

PS Form 3811, December 1994

Domestic Return Receipt

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, 4a, and 4b.
- 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):

- ☐ Addressee's Address
- ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

YATES PETROLEUM CORPORA  
Attn: Mr. Robert Bullock  
105 S. Fourth St.  
Artesia, NM 88210

4a. Article Number

P245 774 733

4b. Service Type

- ☐ Registered ☒ Certified  
☐ Express Mail ☐ Insured  
☒ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

9-24-97

5. Received By: (Print Name)

JOHN GRIGGS

6. Signature: (Addressee or Agent)

X [Signature]

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

PS Form 3811, December 1994

Domestic Return Receipt

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, 4a, and 4b.
- 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:

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

4a. Article Number

P245 774 730

4b. Service Type

- ☐ Registered ☒ Certified  
☐ Express Mail ☐ Insured  
☒ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

5. Received By: (Print Name)

ALANA SEIDHEIMER

6. Signature: (Addressee or Agent)

X [Signature]

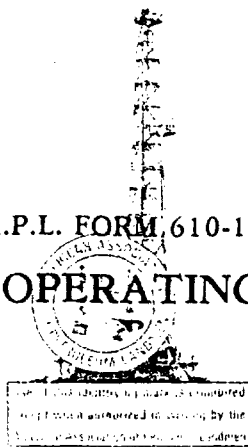
8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

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



MITCHUSSON 4 STATE No. 1

OPERATING AGREEMENT

DATED

September 15, 19 97,

OPERATOR MARATHON OIL COMPANY

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

COUNTY ~~OR PARISH~~ OF Eddy STATE OF New Mexico

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

## 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 ~~it~~ <sup>all parties</sup> 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 ~~if it~~ <sup>all parties</sup> 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 revert to it as above provided; and if there is a credit balance, it shall be paid to such Non-Consenting Party.



This document is a model form and should not be used without the advice of a qualified professional. It is not a contract and does not constitute an offer of insurance or any other financial product.

12. Insurance

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 self-insurance program and in that event, Operator shall include a charge at Operator's cost not to exceed manual rates.

13. 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

1. Overhead - Drilling and Producing Operations

i. As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge drilling and producing operations on either:

- ( X ) Fixed Rate Basis, Paragraph 1A, or  
( ) Percentage 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.

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

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

iii. 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.

A. Overhead - Fixed Rate Basis

(1) 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

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

(a) Drilling Well Rate

- (1) 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

PHONE 505 622-3770  
FAX: 505 622-8643

*Read & Stevens, Inc.*

*Oil Producers  
P. O. Box 1518  
Roswell, New Mexico 88202*

September 25, 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, 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

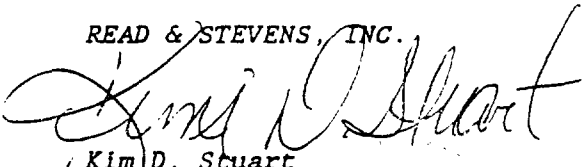
Dear Tim:

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, INC.

  
Kim D. Stuart  
Land Secretary

/ks

Enclosures

BEFORE THE  
OIL CONSERVATION COMMISSION  
Case No. 11884 Exhibit No. — 8  
Submitted By:  
Marathon Oil Company  
Hearing Date: December 4, 1997

RECEIVED

SEP 29 1997

MARATHON OIL COMPANY  
MCR LAND DEPARTMENT

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ARTICLE XVI.  
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 15th day of September 1997.

OPERATOR  
MARATHON OIL COMPANY

E.C. Potter  
E. C. Potter, Attorney-in-Fact

NON-OPERATORS

YATES PETROLEUM CORPORATION

ATLANTIC RICHFIELD COMPANY

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

ENRON OIL & GAS COMPANY

MARALO, INC.

By \_\_\_\_\_  
Its: \_\_\_\_\_

By \_\_\_\_\_  
Its: \_\_\_\_\_

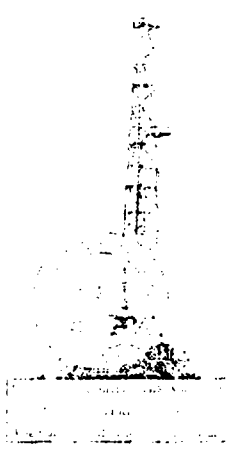
LOUIS DREYFUS NATURAL GAS CORP.

READ & STEVENS, INC.

By: \_\_\_\_\_

Charles H. Read  
Its: **Charles H. Read, President**

Roy G. Barton, Jr., Trustee of the  
ROY G. BARTON, SR. AND OPAL BARTON  
REVOCABLE TRUST

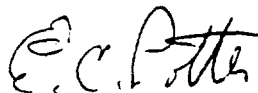


EXECUTED on the date set out below beside each party's name.

OPERATOR:

Date Executed:

\_\_\_\_\_



E. C. Potter, Attorney-in-Fact  
MARATHON OIL COMPANY

NON-OPERATORS:

Date Executed:

\_\_\_\_\_

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

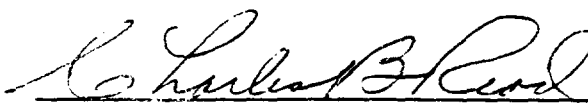
Date Executed:

\_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
ENRON OIL & GAS COMPANY

Date Executed:

9/25/97



By: \_\_\_\_\_  
Its: Charles H. Read, President  
READ & STEVENS, INC.

Date Executed:

\_\_\_\_\_

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

STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1997,  
by \_\_\_\_\_ as \_\_\_\_\_ of LOUIS DREYFUS NATURAL GAS  
CORPORATION, a(n) \_\_\_\_\_ 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 \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1997,  
by \_\_\_\_\_ as \_\_\_\_\_ of ENRON OIL & GAS COMPANY,  
a(n) \_\_\_\_\_ corporation, on behalf of said corporation.

My Commission expires: \_\_\_\_\_

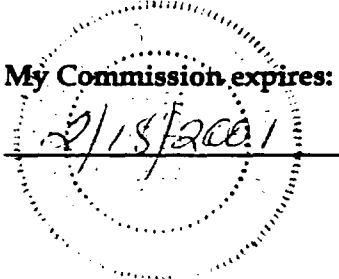
Notary Public in and for the State of \_\_\_\_\_

Notary, please print or type name.

STATE OF New Mexico §  
COUNTY OF Chaves §

The foregoing instrument was acknowledged before me this 25<sup>th</sup> day of September, 1997,  
by Charles B. Read as President of READ & STEVENS, INC., a(n)  
New Mexico corporation, on behalf of said corporation.

My Commission expires: \_\_\_\_\_



Notary Public in and for the State of NEW MEXICO.

Kim D. STUART  
Notary, please print or type name.

STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1997,  
by Roy G. Barton, Jr., Trustee of the ROY G. BARTON, SR., AND OPAL BARTON REVOCALBE TRUST.

My Commission expires: \_\_\_\_\_

Notary Public in and for the State of \_\_\_\_\_

Notary, please print or type name.

[Attachment: Exhibit "A" Description 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

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

October 15, 1997

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)

BEFORE THE  
OIL CONSERVATION COMMISSION  
Case No. 11884 Exhibit No. 9  
Submitted By:  
Marathon Oil Company  
Hearing Date: December 4, 1997

RECEIVED  
OCT 17 1997

MARATHON OIL COMPANY  
MCR LAND DEPARTMENT

ARTICLE XVI.  
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 15th day of September, 1997.

OPERATOR  
MARATHON OIL COMPANY

E. C. Potter  
E. C. Potter, Attorney-in-Fact

NON-OPERATORS  
YATES PETROLEUM CORPORATION ATLANTIC RICHFIELD COMPANY

By: Peyton Yates  
Its: Attorney-in-Fact

RB

By:  
Its:

ENRON OIL & GAS COMPANY

MARALO, INC.

By  
Its:

By  
Its:

LOUIS DREYFUS NATURAL GAS CORP.

READ & STEVENS, INC.

By:

Its:

Roy G. Barton, Jr., Trustee of the  
ROY G. BARTON, SR. AND OPAL BARTON  
REVOCABLE TRUST



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

OPERATOR:

Date Executed:

\_\_\_\_\_

*E. C. Potter*

E. C. Potter, Attorney-in-Fact  
MARATHON OIL COMPANY

NON-OPERATORS:

Date Executed:

\_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
YATES PETROLEUM CORPORATION

Date Executed:

10-14-97

\_\_\_\_\_

*Peyton Yates*  
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.

Date Executed:

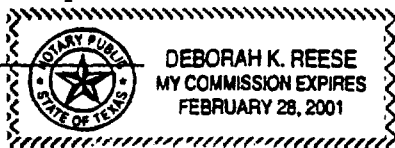
\_\_\_\_\_

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

STATE OF TEXAS §  
COUNTY OF MIDLAND §

The foregoing instrument was acknowledged before me this 22<sup>nd</sup> day of September, 1997, by E. C. Potter, Attorney-in-Fact of MARATHON OIL COMPANY, an Ohio corporation, on behalf of said corporation.

My Commission expires:



Deborah K. Reese  
Notary Public in and for the State of Texas.

Notary, please print or type name.

STATE OF NEW MEXICO §  
COUNTY OF EDDY §

The foregoing instrument was acknowledged before me this 14<sup>th</sup> day of October, 1997, by Peyton Yates as Attorney-in-Fact of YATES PETROLEUM CORPORATION, a(n) New Mexico corporation, on behalf of said corporation.

My Commission expires:

1-8-2000

Barbara Nelson  
Notary Public in and for the State of New Mexico.

Barbara Nelson  
Notary, please print or type name.

STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1997, by \_\_\_\_\_ as \_\_\_\_\_ of ATLANTIC RICHFIELD COMPANY, a(n) \_\_\_\_\_ 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 \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1997, by \_\_\_\_\_ as \_\_\_\_\_ of MARALO, INC., a(n) \_\_\_\_\_ corporation, on behalf of said corporation.

My Commission expires:

\_\_\_\_\_

Notary Public in and for the State of \_\_\_\_\_.

Notary, please print or type name.

Barton

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  
Compt Days  
AFE#

11,200  
35  
10  
659997

Source	Quantity	Feature	Cond	A
DRILLING COSTS - TANGIBLE				
		Drive Pipe	81-7	
Purchase		Conductor Pipe- 20", PE	81-8	
Purchase	425	Surface Pipe- 13-3/8", 48#, H-40, 8rd, STC	81-9	\$9,000
Purchase	2700	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	
Purchase		Drilling Wellhead Equipment	81-80	\$4,500
Purchase		Miscellaneous Materials	81-217	\$1,000
TOTAL DRILLING - TANGIBLE				\$44,500
DRILLING COSTS - INTANGIBLE				
Contract		Surveying, Location & Access	81-2	\$500
Contract		Well Location & Access	81-5	\$15,000
Contract	36	Daywork Drlg. - \$6200/24 hour day incl. Fuel	81-36	\$224,000
		Footage Basis Drlg. - Dry Hole Drilling	81-37	
		Turnkey Drilling	81-38	
Contract		Drilling Rig Mob/Demob	81-39	\$22,000
Contract		Blowout Prevention Equipment	81-41	
		Drill Pipe & Collars	81-44	
		Drilling & Service Tools	81-45	
		Drilling Services	81-50	
		Snubbing Units, Company	81-62	
		Snubbing Units, Contract	81-68	
Contract		Mud System/Solids Control	81-40	\$4,000
Contract		Mud and Mud Services	81-71	\$25,000
Contract		Bits	81-69	\$45,000
		Stabilizers, Hole Openers, Underreamers	81-70	
		Oil	81-72	
		Grease	81-72	
		Fuel, Diesel (Not furnished by Contractor)	81-74	
Contract		Water	81-336	\$12,000
Contract		Casing Tools and Services	81-90	\$9,000
Contract		Cement and Cementing Service	81-91	\$25,000
Contract		Logging Services, Open Hole	81-93	\$30,000
		Logging Services, Cased Hole	81-94	
Contract		Mud Logging	81-95	\$10,000
Contract		Inspection, Pipe & Casing	81-97	\$3,400
		Directional Services	81-101	
		Coring	81-102	
Contract		Formation Testing, Open Hole	81-104	\$5,000
		Formation Testing, Cased Hole	81-105	
		Well Control Services	81-120	
Contract		Trucking/Transportation, Other	81-126	\$5,500
Contract		Well Test Equipment	81-127	\$2,500
		Fishing Tools and Services	81-133	
		Abandoning Tools and Services	81-136	
		Sidetracking, Milling Sections, Whipstocks	81-185	
Contract		Miscellaneous Materials	81-217	\$3,500
Contract		Contract Labor, Welding	81-233	\$1,000
Contract		Contract Labor, Other- \$400/24 hour day	81-237	\$15,000
Contract		Contract Services, Living Qtrs.- \$100/day	81-243	\$3,500
		Contract Services, Other	81-266	
Contract		Hydrogen Sulfide Testing- \$150/day	81-320	\$4,000
		Spill Control Equipment	81-454	
Contract		Computer Hardware- \$25/day	81-568	\$800
		Commo, Field- \$50/day	81-658	\$1,800
		Regulatory Compliance	81-685	
		Company Labor & Burden- \$375/day	81-750	\$13,000
		Overhead	81-770	
		Indirect Expense	81-779	
TOTAL DRILLING - INTANGIBLE				\$480,500
TOTAL DRILLING COSTS				\$525,000

BEFORE THE  
OIL CONSERVATION COMMISSION  
Case No. 11884 Exhibit No. 10  
Submitted By: Marathon Oil Company  
Hearing Date: December 4, 1997

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#

11,200  
35  
10  
659997

Source	Quantity	Feature	Cond	A
COMPLETION COST - TANGIBLE				
Purchase	11200	Production Casing (5 1/2" 15.5 & 17 #)	82-15	\$92,000
		Production Liner	82-18	
		Production Liner Hanger & Tieback Equipment	82-21	
Purchase	11200	Tubing - 2 3/8" O.D., 4.7#, L-80	82-23	\$36,000
		Wellhead Equipment (Drilling)	82-80	\$4,500
Purchase		Christmas Tree	82-87	\$9,000
Purchase		Packers	82-137	\$6,000
		Rod Pump.	82-143	
		Electric Submersible Pump	82-149	
		Completion Wellhead Equipment	82-167	
TOTAL COMPLETION - TANGIBLE				\$147,500
COMPLETION 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	\$9,000
		Cement & Cementing Services- Longstring	82-91	\$28,000
		Logging Services, Open Hole Wells	82-93	
Contract		Logging Services, Cased Hole Wells	82-94	\$3,500
Contract		Tubular Inspection, Testing & Cleaning	82-96	\$7,000
Contract		Formation Testing	82-103	\$3,000
Contract		Formation Treating	82-113	\$4,000
Contract		Transportation, Other	82-126	\$3,500
Contract		Test Equipment - Well Testing	82-127	\$7,500
		Fishing Tools and Services	82-133	
Contract		Completion and Packer Fluids	82-180	\$1,000
Contract		Perforating	82-182	\$16,000
Contract		Wireline Services	82-183	\$1,500
		Sidetracking, Milling Sections, Whipstocks	82-185	
Contract		Miscellaneous Materials	82-217	\$3,500
Contract		Miscellaneous Services	82-218	\$7,000
Contract		Contract Labor, Laborer	82-234	\$3,000
Contract		Contract Services, Other	82-240	\$7,400
Contract		Treating Chemicals, Other	82-291	\$1,000
Contract		Salt Water Disposal & Trans Fees	82-371	\$1,000
Contract		Rental Tools & Equip.	82-585	\$4,300
		Communications - Field	82-658	
		Regulatory Compliance	82-685	
MOC		Company Labor & Burden	82-750	\$3,800
		Overhead	82-770	
		Indirect Expense	82-779	\$3,000
TOTAL COMPLETION - INTANGIBLE				\$139,500
TOTAL COMPLETION COSTS				\$287,000

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#

11,200  
35  
10  
659997

Source	Quantity	Feature	Cond	A
FACILITY COSTS				
Purchase	Line Pipe	83-27		\$1,500
Purchase	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		
Purchase	Tanks	83-170		\$10,000
Purchase	Metering Equipment	83-190		\$4,000
	Instrumentation	83-194		
	Electrical Equipment, Other	83-201		
Purchase	Valves	83-205		\$2,500
Purchase	Miscellaneous Materials	83-217		\$10,000
	Contract Labor, Electrical	83-229		
Contract	Contract Labor, Welding	83-233		\$1,000
Contract	Contract Labor, Other	83-237		\$4,000
Contract	Contract Services, Other	83-240		\$2,000
	Compressor Installation	83-365		
Purchase	Dehydration	83-376		\$10,000
	Crude Oil Treaters	83-378		
Purchase	Separator	83-380		\$10,000
	Vapor Recovery Units	83-386		
	Free Water Knockouts	83-388		
	Regulatory Compliance (Includes Permitting)	83-685		
MOC	Company Labor & Burden	83-750		\$2,000
TOTAL FACILITY COSTS				\$59,500
SUMMARY OF GROSS COSTS				
Total Drilling				\$525,000
Total Completion				\$287,000
Total Surface Equipment				\$59,500
GRAND TOTAL GROSS COSTS				\$871,500
SUMMARY OF NET COSTS				
Total Drilling				\$0
Total Completion				\$0
Total Surface Equipment				\$0
GRAND TOTAL NET COSTS				\$0
TOTAL TANGIBLE COSTS				
				\$251,500
TOTAL INTANGIBLE COSTS				\$620,000
TANGIBLE PERCENT OF TOTAL				28.9%

PARTICIPANT'S APPROVAL

Participant Name:

BARTON TRUST

Signature:

Roy G. Barton, Jr.

Date:

9/16/97

Title:

Trustee

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

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

September 17, 1997

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

Rob Bullock  
Landman

RB:bn  
enclosure(s)

BEFORE THE  
OIL CONSERVATION COMMISSION  
Case No. 11884 Exhibit No. — 11  
Submitted By:  
Marathon Oil Company  
Hearing Date: December 4, 1997

RECEIVED

SEP 18 1997

MARATHON OIL COMPANY  
MCR LAND DEPARTMENT



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  
AFEN

11,200  
35  
10  
659997

Source	Quantity	Feature	Cond	A
DRILLING COSTS - TANGIBLE				
		Drive Pipe	81-7	
Purchase		Conductor Pipe- 20", PE	81-8	
Purchase	425	Surface Pipe- 13-3/8", 48#, H-40, 8rd, STC	81-9	\$9,000
Purchase	2700	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	
Purchase		Drilling Wellhead Equipment	81-80	\$4,500
Purchase		Miscellaneous Materials	81-217	\$1,000
TOTAL DRILLING - TANGIBLE				\$44,500
DRILLING COSTS - INTANGIBLE				
Contract		Surveying, Location & Access	81-2	\$500
Contract		Well Location & Access	81-5	\$15,000
Contract	36	Daywork Drlg. - \$6200/24 hour day incl. Fuel	81-36	\$224,000
		Footage Basis Drlg. - Dry Hole Drilling	81-37	
		Turnkey Drilling	81-38	
Contract		Drilling Rig Mob/Demob	81-39	\$22,000
Contract		Blowout Prevention Equipment	81-41	
		Drill Pipe & Collars	81-44	
		Drilling & Service Tools	81-45	
		Drilling Services	81-50	
		Snubbing Units, Company	81-62	
		Snubbing Units, Contract	81-68	
Contract		Mud System/Solids Control	81-40	\$4,000
Contract		Mud and Mud Services	81-71	\$25,000
Contract		Bits	81-69	\$45,000
		Stabilizers, Hole Openers, Underreamers	81-70	
		Oil	81-72	
		Grease	81-72	
		Fuel, Diesel (Not furnished by Contractor)	81-74	
Contract		Water	81-336	\$12,000
Contract		Casing Tools and Services	81-90	\$9,000
Contract		Cement and Cementing Service	81-91	\$25,000
Contract		Logging Services, Open Hole	81-93	\$30,000
		Logging Services, Cased Hole	81-94	
Contract		Mud Logging	81-95	\$10,000
Contract		Inspection, Pipe & Casing	81-97	\$3,400
		Directional Services	81-101	
		Coring	81-102	
Contract		Formation Testing, Open Hole	81-104	\$5,000
		Formation Testing, Cased Hole	81-105	
		Well Control Services	81-120	
Contract		Trucking/Transportation, Other	81-126	\$5,500
Contract		Well Test Equipment	81-127	\$2,500
		Fishing Tools and Services	81-133	
		Abandoning Tools and Services	81-136	
		Sidetracking, Milling Sections, Whipstocks	81-185	
Contract		Miscellaneous Materials	81-217	\$3,500
Contract		Contract Labor, Welding	81-233	\$1,000
Contract		Contract Labor, Other- \$400/24 hour day	81-237	\$15,000
Contract		Contract Services, Living Qtrs.- \$100/day	81-243	\$3,500
		Contract Services, Other	81-266	
Contract		Hydrogen Sulfide Testing- \$150/day	81-320	\$4,000
		Spill Control Equipment	81-454	
Contract		Computer Hardware- \$25/day	81-568	\$800
Contract		Commo, Field- \$50/day	81-658	\$1,800
		Regulatory Compliance	81-685	
MOC		Company Labor & Burden- \$375/day	81-750	\$13,000
		Overhead	81-770	
		Indirect Expense	81-779	
TOTAL DRILLING - INTANGIBLE				\$480,500
TOTAL DRILLING COSTS				\$525,000

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#

11,200  
35  
10  
659997

Source	Quantity	Feature	Concl	A
COMPLETION COST - TANGIBLE				
Purchase	11200	Production Casing (5 1/2" 15.5 & 17 #)	82-15	\$92,000
		Production Liner	82-18	
		Production Liner Hanger & Tieback Equipment	82-21	
Purchase	11200	Tubing - 2 3/8" O.D., 4.7#, L-80	82-23	\$36,000
		Wellhead Equipment (Drilling)	82-80	\$4,500
Purchase		Christmas Tree	82-87	\$9,000
Purchase		Packers	82-137	\$6,000
		Rod Pump	82-143	
		Electric Submersible Pump	82-149	
		Completion Wellhead Equipment	82-167	
TOTAL COMPLETION - TANGIBLE				\$147,500
COMPLETION 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	\$9,000
		Cement & Cementing Services- Longstring	82-91	\$28,000
		Logging Services, Open Hole Wells	82-93	
Contract		Logging Services, Cased Hole Wells	82-94	\$3,500
Contract		Tubular Inspection, Testing & Cleaning	82-96	\$7,000
Contract		Formation Testing	82-103	\$3,000
Contract		Formation Treating	82-113	\$4,000
Contract		Transportation, Other	82-126	\$3,500
Contract		Test Equipment - Well Testing	82-127	\$7,500
		Fishing Tools and Services	82-133	
Contract		Completion and Packer Fluids	82-180	\$1,000
Contract		Perforating	82-182	\$16,000
Contract		Wireline Services	82-183	\$1,500
		Sidetracking, Milling Sections, Whipstocks	82-185	
Contract		Miscellaneous Materials	82-217	\$3,500
Contract		Miscellaneous Services	82-218	\$7,000
Contract		Contract Labor, Laborer	82-234	\$3,000
Contract		Contract Services, Other	82-240	\$7,400
Contract		Treating Chemicals, Other	82-291	\$1,000
Contract		Salt Water Disposal & Trans Fees	82-371	\$1,000
Contract		Rental Tools & Equip.	82-585	\$4,300
		Communications - Field	82-658	
		Regulatory Compliance	82-685	
MOC		Company Labor & Burden	82-750	\$3,800
		Overhead	82-770	
		Indirect Expense	82-779	\$3,000
TOTAL COMPLETION - INTANGIBLE				\$139,500
TOTAL COMPLETION COSTS				\$287,000

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

Total Depth 11,200  
Drilling Days 35  
Compl Days 10  
AFE# 659997

Source	Quantity	Feature	Cond	A
FACILITY COSTS				
Purchase	Line Pipe	83-27		\$1,500
Purchase	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		
Purchase	Tanks	83-170		\$10,000
Purchase	Metering Equipment	83-190		\$4,000
	Instrumentation	83-194		
	Electrical Equipment, Other	83-201		
Purchase	Valves	83-205		\$2,500
Purchase	Miscellaneous Materials	83-217		\$10,000
	Contract Labor, Electrical	83-229		
Contract	Contract Labor, Welding	83-233		\$1,000
Contract	Contract Labor, Other	83-237		\$4,000
Contract	Contract Services, Other	83-240		\$2,000
	Compressor Installation	83-365		
Purchase	Dehydration	83-376		\$10,000
	Crude Oil Treaters	83-378		
Purchase	Separator	83-380		\$10,000
	Vapor Recovery Units	83-386		
	Free Water Knockouts	83-388		
	Regulatory Compliance (Includes Permitting)	83-685		
MOC	Company Labor & Burden	83-750		\$2,000
TOTAL FACILITY COSTS				\$59,500
SUMMARY OF GROSS COSTS				
Total Drilling				\$525,000
Total Completion				\$287,000
Total Surface Equipment				\$59,500
GRAND TOTAL GROSS COSTS				\$871,500
SUMMARY OF NET COSTS				
Total Drilling				\$0
Total Completion				\$0
Total Surface Equipment				\$0
GRAND TOTAL NET COSTS				\$0
TOTAL TANGIBLE COSTS				
				\$251,500
TOTAL INTANGIBLE COSTS				
				\$620,000
TANGIBLE PERCENT OF TOTAL				
				28.9%

#### PARTICIPANT'S APPROVAL

Participant Name: Yates Petroleum Corporation 5.642367

Signature: [Signature] Date: 9-16-97

Title: Field In-Field

UNITED BANK PLAZA  
400 N. PENN. SUITE 1000

CHARLES B. READ  
PRESIDENT

*Read & Stevens, Inc.*

*Oil Producers  
P. O. Box 1518  
Roswell, New Mexico 88202*

PHONE 505 622-3770  
FAX: 505 622-8643

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, 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 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*

Kim D. Stuart  
Land Secretary

/ks

Enclosures

Receiving Date: December 17, 1997  
BEFORE THE  
OIL CONSERVATION COMMISSION  
Case No. 11884 Exhibit No. — 12  
Submitted By:  
Marathon Oil Company  
Hearing Date: December 4, 1997

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#

11,200  
35  
10  
659997

Source	Quantity	Feature	Cond	A
DRILLING COSTS - TANGIBLE				
		Drive Pipe	81-7	
Purchase		Conductor Pipe- 20", PE	81-8	
Purchase	425	Surface Pipe- 13-3/8", 48#, 11-40, 8rd, STC	81-9	\$9,000
Purchase	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	
Purchase		Drilling Wellhead Equipment	81-80	\$4,500
Purchase		Miscellaneous Materials	81-217	\$1,000
TOTAL DRILLING - TANGIBLE				\$44,500
DRILLING COSTS - INTANGIBLE				
Contract		Surveying, Location & Access	81-2	\$500
Contract		Well Location & Access	81-5	\$15,000
Contract	36	Daywork Drlg. - \$6200/24 hour day incl. Fuel	81-36	\$224,000
		Footage Basis Drlg. - Dry Hole Drilling	81-37	
		Turnkey Drilling	81-38	
Contract		Drilling Rig Mob/Demob	81-39	\$22,000
Contract		Blowout Prevention Equipment	81-41	
		Drill Pipe & Collars	81-44	
		Drilling & Service Tools	81-45	
		Drilling Services	81-50	
		Snubbing Units, Company	81-62	
		Snubbing Units, Contract	81-68	
Contract		Mud System/Solids Control	81-40	\$4,000
Contract		Mud and Mud Services	81-71	\$25,000
Contract		Bits	81-69	\$45,000
		Stabilizers, Hole Openers, Underreamers	81-70	
		Oil	81-72	
		Grease	81-72	
		Fuel, Diesel (Not furnished by Contractor)	81-74	
Contract		Water	81-336	\$12,000
Contract		Casing Tools and Services	81-90	\$9,000
Contract		Cement and Cementing Service	81-91	\$25,000
Contract		Logging Services, Open Hole	81-93	\$30,000
		Logging Services, Cased Hole	81-94	
Contract		Mud Logging	81-95	\$10,000
Contract		Inspection, Pipe & Casing	81-97	\$3,400
		Directional Services	81-101	
		Coring	81-102	
Contract		Formation Testing, Open Hole	81-104	\$5,000
		Formation Testing, Cased Hole	81-105	
		Well Control Services	81-120	
Contract		Trucking/Transportation, Other	81-126	\$5,500
Contract		Well Test Equipment	81-127	\$2,500
		Fishing Tools and Services	81-133	
		Abandoning Tools and Services	81-136	
		Sidetracking, Milling Sections, Whipstocks	81-185	
Contract		Miscellaneous Materials	81-217	\$3,500
Contract		Contract Labor, Welding	81-233	\$1,000
Contract		Contract Labor, Other- \$400/24 hour day	81-237	\$15,000
Contract		Contract Services, Living Qtrs.- \$100/day	81-243	\$3,500
		Contract Services, Other	81-266	
Contract		Hydrogen Sulfide Testing- \$150/day	81-320	\$4,000
		Spill Control Equipment	81-454	
Contract		Computer Hardware- \$25/day	81-568	\$800
Contract		Commo, Field- \$50/day	81-658	\$1,800
		Regulatory Compliance	81-685	
MOC		Company Labor & Burden- \$375/day	81-750	\$13,000
		Overhead	81-770	
		Indirect Expense	81-779	
TOTAL DRILLING - INTANGIBLE				\$480,500
TOTAL DRILLING COSTS				\$525,000

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#

11,200  
35  
10  
659997

Source	Quantity	Feature	Cond	A
COMPLETION COST - TANGIBLE				
Purchase	11200	Production Casing (5 1/2" 15.5 & 17 #)	82-15	\$92,000
		Production Liner	82-18	
		Production Liner Hanger & Tieback Equipment	82-21	
Purchase	11200	Tubing - 2 3/8" O.D., 4.7#, L-80	82-23	\$36,000
		Wellhead Equipment (Drilling)	82-80	\$4,500
Purchase		Christmas Tree	82-87	\$9,000
Purchase		Packers	82-137	\$6,000
		Rod Pump	82-143	
		Electric Submersible Pump	82-149	
		Completion Wellhead Equipment	82-167	
TOTAL COMPLETION - TANGIBLE				\$147,500
COMPLETION 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	\$9,000
		Cement & Cementing Services- Longstring	82-91	\$28,000
		Logging Services, Open Hole Wells	82-93	
Contract		Logging Services, Cased Hole Wells	82-94	\$3,500
Contract		Tubular Inspection, Testing & Cleaning	82-96	\$7,000
Contract		Formation Testing	82-103	\$3,000
Contract		Formation Treating	82-113	\$4,000
Contract		Transportation, Other	82-126	\$3,500
Contract		Test Equipment - Well Testing	82-127	\$7,500
		Fishing Tools and Services	82-133	
Contract		Completion and Packer Fluids	82-180	\$1,000
Contract		Perforating	82-182	\$16,000
Contract		Wireline Services	82-183	\$1,500
		Sidetracking, Milling Sections, Whipstocks	82-185	
Contract		Miscellaneous Materials	82-217	\$3,500
Contract		Miscellaneous Services	82-218	\$7,000
Contract		Contract Labor, Laborer	82-234	\$3,000
Contract		Contract Services, Other	82-240	\$7,400
Contract		Treating Chemicals, Other	82-291	\$1,000
Contract		Salt Water Disposal & Trans Fees	82-371	\$1,000
Contract		Rental Tools & Equip.	82-585	\$4,300
		Communications - Field	82-658	
		Regulatory Compliance	82-685	
MOC		Company Labor & Burden	82-750	\$3,800
		Overhead	82-770	
		Indirect Expense	82-779	\$3,000
TOTAL COMPLETION - INTANGIBLE				\$139,500
TOTAL COMPLETION COSTS				\$287,000

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

Total Depth 11,200  
 Drilling Days 35  
 Compl Days 10  
 AFE# 659997

Source	Quantity	Feature	Cond	A
FACILITY COSTS				
Purchase	Line Pipe	83-27		\$1,500
Purchase	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		
Purchase	Tanks	83-170		\$10,000
Purchase	Metering Equipment	83-190		\$4,000
	Instrumentation	83-194		
	Electrical Equipment, Other	83-201		
Purchase	Valves	83-205		\$2,500
Purchase	Miscellaneous Materials	83-217		\$10,000
	Contract Labor, Electrical	83-229		
Contract	Contract Labor, Welding	83-233		\$1,000
Contract	Contract Labor, Other	83-237		\$4,000
Contract	Contract Services, Other	83-240		\$2,000
	Compressor Installation	83-365		
Purchase	Dehydration	83-376		\$10,000
	Crude Oil Treaters	83-378		
Purchase	Separator	83-380		\$10,000
	Vapor Recovery Units	83-386		
	Free Water Knockouts	83-388		
	Regulatory Compliance (Includes Permitting)	83-685		
MOC	Company Labor & Burden	83-750		\$2,000
TOTAL FACILITY COSTS				\$59,500
SUMMARY OF GROSS COSTS				
Total Drilling				\$525,000
Total Completion				\$287,000
Total Surface Equipment				\$59,500
GRAND TOTAL GROSS COSTS				\$871,500
SUMMARY OF NET COSTS				
Total Drilling				\$0
Total Completion				\$0
Total Surface Equipment				\$0
GRAND TOTAL NET COSTS				\$0
TOTAL TANGIBLE COSTS				
				\$251,500
TOTAL INTANGIBLE COSTS				
				\$620,000
TANGIBLE PERCENT OF TOTAL				
				28.9%

# PARTICIPANT'S APPROVAL

Participant Name: **Read & Stevens, Inc.**  
**By: Charles B. Read, President**

Signature: *Charles B. Read* Date: 9/30/97

Title: \_\_\_\_\_

GEOLOGICAL REQUIREMENTS

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

OPERATOR: MARATHON OIL COMPANY

NAME OF WELL: MITCHUSSON 4 STATE NO. 1

LOCATION: SW/4 SECTION 4, T19S-R28E, EDDY COUNTY, NEW MEXICO

We request the number of copies of well data listed below:

All Governmental Forms & Completion Reports	<u>1</u>
Drill Stem Tests	<u>2</u>
Core Analysis	<u>2</u>

<u>LOGS:</u>	<u>Field</u>	<u>Final</u>
Electrical Logs	<u>2</u>	<u>2</u>
Other Electrical Surveys	<u>2</u>	<u>2</u>
Mud Logs	<u>2</u>	<u>2</u>

DAILY DRILLING REPORTS:

Please furnish our company with daily drilling reports on said well with full information thereon each day by mail, telephone, or telefax.

COMPLETION REPORT:

Please furnish a copy of the Well Completion Report filed with the appropriate regulatory agency.

MONTHLY C-115 REPORT:

Please furnish a copy of Monthly C-115 Report after well goes on production to:

Read & Stevens, Inc.  
Attn: Susie Rodrique  
P. O. Box 1518  
Roswell, New Mexico 88202  
Telephone: 505/622-3770  
Fax: 505/622-8643

We do request notification for logging, testing, coring, etc.

Please notify: Bill Bradshaw/Geologist    Office #: 505/622-3770  
Mobile #: 505/626-3436  
Fax #: 505/625-0279

OR

John Maxey/Engineer    Office #: 505/622-3770  
Mobile #: 505/626-7602

SPECIAL PROVISIONS:

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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, 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
<b>TOTAL</b>	<b>57.8125%</b>	<b>93.11</b>

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

Hearing Date: December 4, 1997  
BEFORE THE  
OIL CONSERVATION COMMISSION  
Case No. 11884 Exhibit No. **13**  
Submitted By:  
Marathon Oil Company  
Hearing Date: December 4, 1997

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'

xc: L. R. French, Jr.  
P. O. Box 11327  
Midland, TX 79702-8327

AGREED TO AND ACCEPTED this  
\_\_\_\_ day of \_\_\_\_\_, 1997.

\_\_\_\_\_  
L. R. French, Jr.

AGREED TO AND ACCEPTED this \_\_\_\_  
day of \_\_\_\_\_, 1997.

LOWE PARTNERS, LP

\_\_\_\_\_  
By:  
Its:

MRL PARTNERS, LP

\_\_\_\_\_  
By:  
Its:

MARALO, INC.

\_\_\_\_\_  
By:  
Its:



**Marathon  
Oil Company**

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

## LAND DEPARTMENT

F A X C O V E R S H E E T		F A X and mail
DATE: <del>4-22-97</del> 12-1-97		
TO: Mr. Joe Pulido		
COMPANY: Marula, Inc		
LOCATION: Houston		
PANAFAX NUMBER: 713-960-1672		
NUMBER OF PAGES (including cover sheet): <u>3</u>		
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: Let me know if there are any problems with this.		



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.  
MRI 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-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
MRI 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

TERM ASSIGNMENT

December 1, 1997

Page -2-

COMPANY	PERCENTAGE	NET AGREE	BONUS
LOWE PARTNERS, LP	28.90625%	46.555	\$13,966.50
L. R. FRENCH, JR.	28.90625%	46.555	\$13,966.50
<b>TOTAL</b>	<b>57.8125%</b>	<b>93.11</b>	<b>\$27,933.00</b>

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*

Tim Robertson, CPL  
Advanced Landman

TBR: mnc'

cc: L. R. French, Jr.  
P. O. Box 11327  
Midland, TX 79702-8327

AGREED TO AND ACCEPTED this \_\_\_\_\_ day of \_\_\_\_\_, 1997.

\*L. R. French, Jr.

AGREED TO AND ACCEPTED this 2nd day of December, 1997.

\* LOWE PARTNERS, LP

*Mary Ralph Lowe*

By: MARY RALPH LOWE, President of  
Its: Maralo, Inc., Managing Partner

\* MRL PARTNERS, LP

*Mary Ralph Lowe*

By: MARY RALPH/LOWE  
Its: Managing Partner

\* MARALO, INC.

*Mary Ralph Lowe*

By: MARY RALPH LOWE, PRESIDENT  
Its:

\*Limited to Leasehold Rights presently owned.

TOTAL P.03

Mid-Continent Region  
Production United States



P.O. Box 552  
Midland, TX 79702-0552  
Telephone 818/682-1628

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 77056-8607

Re: Term Assignment  
Our Lease NM-6017 - State of New Mexico Lease No. OG-605  
Lots 1, 2, 8 1/2 NE 1/4 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 & State No. 1 Well. The terms of this assignment would include:

1. 2-year term,
2. \$900 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:

Interest Holder	Working Interest (%)	Net Revenue Interest (%)
Maralo, Inc.	7.8125%	12.59
Lowe Partners, LP	28.0000%	40.26
MRL Partners, LP	12.8000%	20.13
L. R. French, Jr.	12.5000%	20.13
<b>TOTAL</b>	<b>57.8125%</b>	<b>93.11</b>

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

A subsidiary of USX Corporation

**TERM ASSIGNMENT**

November 26, 1997

Page -2-

COMPANY	PERCENT WEL	NET ACRES	BONUS
LOWE PARTNERS, LP	28.90625%	46.555	\$13,966.50
L. R. FRENCH, JR.	28.90625%	46.555	\$13,966.50
<b>TOTAL</b>	<b>57.8125%</b>	<b>93.11</b>	<b>\$27,933.00</b>

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*

Tim Robertson, CPL  
Advanced Landman

TBR:mmc'

xc: L. R. French, Jr.  
P. O. Box 11327  
Midland, TX 79702-8327

AGREED TO AND ACCEPTED this  
2 day of December, 1997

\* L. R. French, Jr.

✓ MARALO, INC.

By:  
Its:

\* Limited to Leasehold Rights  
presently owned

AGREED TO AND ACCEPTED this  
day of , 1997.

✓ LOWE PARTNERS, LP

By:  
Its:

Erma Lowe

✓ MRL PARTNERS, LP

By:  
Its:



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

December 2, 1997

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

Re: 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.
- 2) 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,

A handwritten signature in cursive script, appearing to read 'T. B. Robertson'.

T. B. Robertson  
Advanced Landman

TBR:mmc'

A subsidiary of USX Corporation

AGREED TO AND ACCEPTED this \_\_\_\_ day  
of \_\_\_\_\_, 1997.

MARALO, INC.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Hearing Date: December 4, 1997  
BEFORE THE  
OIL CONSERVATION COMMISSION  
Case No. 11884 Exhibit No. 14  
Submitted By:  
Marathon Oil Company  
Hearing Date: December 4, 1997





**Marathon  
Oil Company**

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

## LAND DEPARTMENT

### F A X C O V E R S H E E T

DATE: 12-2-97

TO: Mr. Joe Pulido

COMPANY: Maralo, Inc.

LOCATION: Houston

PANAFAX NUMBER: 713-960-1672

NUMBER OF PAGES (including cover sheet): 2

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:

Mid-Continent Region  
Production United States



**Marathon  
Oil Company**

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'

Mid-Continent Region  
Production United States



**Marathon  
Oil Company**

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

## LAND DEPARTMENT

### F A X C O V E R S H E E T

DATE: 12-2-97

TO: Mr Richard Gill

COMPANY: Maralo, Inc.

LOCATION: Midland

PANAFAX NUMBER: 684-9836

NUMBER OF PAGES (including cover sheet): 2

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: 687-8490

Comments: Joe Pulido requested that I fax  
this to you

Mid-Continent Region  
Production United States



**Marathon  
Oil Company**

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

## LAND DEPARTMENT

F A X  
C O V E R  
S H E E T

DO NOT  
MAIL

DATE: 12-2-97

TO: Mr Joe Pulido

COMPANY: Maralo, Inc.

LOCATION: Houston, TX

PANAFAX NUMBER: 713-960-1672

NUMBER OF PAGES (including cover sheet): 2

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: This letter is for our hearing on  
Thursday at OCO