



**Marathon
Oil Company**

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

March 14, 1991

Working Interest Owners
(Mailing List Attached)

Re: Proposed Tamano (Bone Spring Second Carbonate) Unit
Tamano Field
Eddy County, New Mexico

Gentlemen:

Marathon Oil Company has recently conducted a preliminary study of the waterflood potential of the Bone Spring (Second Carbonate) formation in the Tamano Field, Sections 10 & 11, T-18-S, R-31-E, Eddy County, New Mexico. Our conclusions are that a waterflood in this area is technically feasible and economically attractive. A copy of our study will be provided at the meeting proposed below.

To initiate formal unitization proceedings, a meeting of working interest owners is requested for 10:00 a.m., March 25, 1991, in the second floor Conference Room at Marathon's office at 125 W. Missouri Street, Midland, Texas. Marathon's office is located directly south of the Midland Hilton Hotel.

The agenda for this meeting will include:

1. Establishment of procedures for conducting meetings and voting on proposals.
2. Preliminary estimates of secondary recovery, required investment and profitability.
3. Establish a Technical Committee and charge that committee to develop unitization parameters, optimum waterflood plan and an economic analysis.
4. Select date for the initial technical committee meeting.
5. Provide name of Land/Legal representative of each party.
6. Any other appropriate business.

Marathon

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We are looking forward to meeting with you on March 25, 1991, to begin what we believe to be a profitable venture for all concerned. Please advise by March 22, 1991, as to the number of people that will attend the meeting. If you have any questions or concerns, please contact the undersigned at (915) 687-8286.

Very truly yours,

MARATHON OIL COMPANY

David J. Loran
Engineering Manager,
Mid-Continent Region

DJL/RPW:mmc'

ADDRESSEE LIST

Hudson & Hudson
616 Texas Street
Fort Worth, Texas 76102-4216
Attention: Mr. Ed Hudson

Wainoco Oil & Gas Co.
1200 Smith Street, Suite 1500
Houston, Texas 77002
Attention: Mr. Grant Rice

Moore & Shelton Co. Ltd.
1414 Sugarcreek Blvd.
Sugarland, Texas 77478
Attention: Mr. Donald B. Moore

Pennzoil Exploration and Production Co.
P. O. Box 2967
Houston, Texas 77252-2967
Attention: Mr. Bob Blucher