



April 5, 1991

VIA FAX (915)687-8287

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

Re: Proposed Tamano WF Unit
Section 10 & 11, T18S, R31E
Eddy County, NM

Gentlemen:

Pursuant to your letter dated April 3, 1991, we are enclosing the three executed letter ballots. Yates Energy Corporation has approved Ballot 1B, with the stipulation that if this is not the ballot accepted by a consensus of the working interest owners, we will not be able to commit our interest, nor those of the three other entities we represent, to the proposed waterflood unit.

Yours very truly,

YATES ENERGY CORPORATION

Sharon R. Hamilton
Landman

SRH/jj

Enclosure

NOTE: (Copies sent to other Working
Interest Owners on Marathon
Mailing List)

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Marathon
14
10341

RECEIVED

APR 08 1991

MARATHON OIL COMPANY
LAND DEPARTMENT
MIDLAND, TEXAS

MAILING LIST

WORKING INTEREST OWNERS
PROPOSED TAMANO (BSSC) UNIT

ARCO Oil and Gas Company
P. O. Box 1610
Midland, Texas 79702
Attention: Mr. Jim Hubbard
VIA FAX NO.: 915-688-5250

Harvey E. Yates Company
P. O. Box 1933
Roswell, New Mexico 88202
Attention: Ms. Rosemary T. Avery
VIA FAX NO.: 505-622-4221

Hudson and Hudson
616 Texas Street
Fort Worth, Texas 76102-4216
Attention: Mr. Ed Hudson
VIA FAX NO.: 817-334-0442

Kerr-McGee Corporation
P. O. Box 11050
Midland, Texas 79701
Attention: Ms. Donna Suchy
VIA FAX NO.: 915-688-7056

Marathon Oil Company
P. O. Box 552
Midland, Texas 79702
Attention: D. D. Taimuty
VIA FAX NO.: 915-687-8287

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

Pennzoil Exploration & Production Company
P. O. Box 2967
Houston, Texas 77252
Attention: H. W. Hollingshead, Jr.
VIA FAX NO: 713-546-8559

Wainoco Oil and Gas Company
1200 Smith Street, Suite 1500
Houston, Texas 77002
Attention: Mr. Grant Rice
VIA FAX NO.: 713-658-8136

Yates Energy Corporation
500 N. Main, Suite 1010
Roswell, New Mexico 88201
Attention: Mr. Brian K. Luginbill
VIA FAX NO.: 505-623-4947

BALLOT 1B

ESTABLISHMENT OF A PRE-UNIT VOTING PROCEDURE
PROPOSED TAMANO (BSSC) UNIT
EDDY COUNTY, NEW MEXICO

April 3, 1991

Proposal: In order to establish a voting procedure to govern pre-unitization matters regarding the proposed Tamano (BSSC) Unit in Eddy County, New Mexico, the voting percentage of each Working Interest Owner will be the sum of said owner's working interest in the proposed unit's surface acreage multiplied by 0.5 and divided by the total proposed unit acreage plus said owner's working interest in each usable wellbore within the proposed unit acreage multiplied by 0.5 and divided by the total number of wells.. Attachment 4 summarizes each Working Interest Owner's voting percentage based on this formula. The proposed unit area is Section 11, Township 18 South, Range 31 East, Eddy County, New Mexico and the southeast quarter and the south half of the northeast quarter of Section 10, Township 18 South, Range 31 East, Eddy County, New Mexico. Approval representing 75 percent of the voting percentage plus two parties in addition to Marathon Oil Company and the Hudson Group if the combined voting interest of Marathon and the Hudson Group is a majority.. Yates Energy Corporation hereby stipulates that if Ballot 1B is not the winning Ballot, Yates Energy Corporation will withdraw from further negotiations and will not commit its interest nor that of the companies it represents APPROVED BY: Sharon R. Hamilton to the unit.

DISAPPROVED BY: _____

ABSTAINED BY: _____

PRINT/TYPE NAME: Sharon R. Hamilton

COMPANY: YATES ENERGY CORPORATION

DATE: April 5, 1991

Please indicate any companies, in addition to your own, that you are representing.

<u>James Guy</u>	_____
<u>Loy Fletcher</u>	_____
<u>W. T. Jackson</u>	_____
_____	_____

Please return this ballot to Marathon Oil Company's office in Midland, Texas by 4:30 CDT on Monday, April 8, 1991. Marathon's address is P. O. Box 552, Midland, Texas, 79702. Street Address: 125 West Missouri, Midland, Texas, 79701. Panafax number: (915) 687-8287.



BALLOT 1A

ESTABLISHMENT OF A PRE-UNIT VOTING PROCEDURE
PROPOSED TAMANO (BSSC) UNIT
EDDY COUNTY, NEW MEXICO

April 3, 1991

Proposal: In order to establish a voting procedure to govern pre-unitization matters regarding the proposed Tamano (BSSC) Unit in Eddy County, New Mexico, the voting percentage of each Working Interest Owner will be the sum of said owner's working interest in the proposed unit's surface acreage multiplied by 0.5 and divided by the total proposed unit acreage plus said owner's working interest in each usable wellbore within the proposed unit acreage multiplied by 0.5 and divided by the total number of wells. Attachment 4 summarizes each Working Interest Owner's voting percentage based on this formula. The proposed unit area is Section 11, Township 18 South, Range 31 East, Eddy County, New Mexico and the southeast quarter and the south half of the northeast quarter of Section 10, Township 18 South, Range 31 East, Eddy County, New Mexico. Approval representing 85 percent of the voting percentage will be required to form a consensus.

APPROVED BY: _____

DISAPPROVED BY: Sharon R. Hamilton

ABSTAINED BY: _____

PRINT/TYPE NAME: Sharon R. Hamilton

COMPANY: YATES ENERGY CORPORATION

DATE: April 5, 1991

Please indicate any companies, in addition to your own, that you are representing.

<u>James Guy</u>	_____
<u>Loy Fletcher</u>	_____
<u>W. T. Jackson</u>	_____
_____	_____

Please return this ballot to Marathon Oil Company's office in Midland, Texas by 4:30 CDT on Monday, April 8, 1991. Marathon's address is P. O. Box 552, Midland, Texas, 79702. Street Address: 125 West Missouri, Midland, Texas, 79701. Panafax number: (915) 687-8287.



BALLOT 1C

ESTABLISHMENT OF A PRE-UNIT VOTING PROCEDURE
PROPOSED TAMANO (BSSC) UNIT
EDDY COUNTY, NEW MEXICO

April 3, 1991

Proposal: In order to establish a voting procedure to govern pre-unitization matters regarding the proposed Tamano (BSSC) Unit in Eddy County, New Mexico, the voting percentage of each Working Interest Owner will be the sum of the products of said owner's working interest in each well within the proposed unit area multiplied by the volume of oil produced from each respective well between October 1, 1990 and March 31, 1991, divided by the total oil production from the proposed unit area for the same six month period. Attachment 5 summarizes each Working Interest Owner's voting percentage based on this formula. The proposed unit area is Section 11, Township 18 South, Range 31 East, Eddy County, New Mexico and the southeast quarter and the south half of the northeast quarter of Section 10, Township 18 South, Range 31 East, Eddy County, New Mexico. Approval representing 75 percent of the voting percentage with agreement from at least three parties will be required to form a consensus.

APPROVED BY: _____

DISAPPROVED BY: Sharon R. Hamilton

ABSTAINED BY: _____

PRINT/TYPE NAME: Sharon R. Hamilton

COMPANY: YATES ENERGY CORPORATION

DATE: April 3, 1991

Please indicate any companies, in addition to your own, that you are representing.

<u>James Guy</u>	_____
<u>Loy Fletcher</u>	_____
<u>W. T. Jackson</u>	_____
_____	_____

Please return this ballot to Marathon Oil Company's office in Midland, Texas by 4:30 CDT on Monday, April 8, 1991. Marathon's address is P. O. Box 552, Midland, Texas, 79702. Street Address: 125 West Missouri, Midland, Texas, 79701. Panafax number: (915) 687-8287.

