

HEYCO

PETROLEUM PRODUCERS



HARVEY E. YATES COMPANY

P. O. BOX 1933

ONE SUNWEST CENTRE

505 / 623-6601

FAX 505 / 622-4221

ROSWELL, NEW MEXICO 98202-1933

April 8, 1991

VIA FAX

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

Attention: D. D. Taimuty

Re: Proposed Tamano WF Unit
Sections 10 & 11
T-18S, R-31E, N.M.P.M.
Eddy County, New Mexico

Gentlemen:

Harvey E. Yates Company (HEYCO) has received Marathon's letter dated April 3, 1991, along with a copy of the minutes of the March 25th preliminary Tamano waterflood unit meeting and the three letter ballots.

Pursuant to your request, we are enclosing signed copies of all three letter ballots. HEYCO has approved Ballot 1B, with the stipulation that if this is not the ballot accepted by a consensus of the working interest owners, HEYCO will not be able to commit its interest, nor those of the ten other entities it represents, to the proposed waterflood unit.

Very truly yours,

Rosemary T. Avery
Senior Landman

RTA/sm
Attachments
tamar11.vo2/LL

(Copies Sent to Other WI Owners on Marathon Mailing List)

RECEIVED BY STOGNER

Production Division

Marathon 15

10341

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: _____

ABSTAINED BY: _____

PRINT/TYPE NAME: Ray F. Nokes

COMPANY: HARVEY E. YATES COMPANY

DATE: April 5, 1991

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

HEYCO EMPLOYEES, LTD.
EXPLORERS PETROLEUM CORPORATION

JAMES H. YATES, INC.

LAURELIND CORPORATION

ROGERS ASTON

EXBY, LTD.

SPIRAL, INC.

COLKELAN CORPORATION

TOM STEPHENS

BEARING SERVICE

MANZANO OIL CORPORATION

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: _____

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PRINT/TYPE NAME: Ray F. Nokes

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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. HEYCO hereby stipulates that if Ballot 1B is not the winning Ballot, HEYCO will withdraw from further negotiations and will not commit its interest nor that of the companies it represents to the unit.

APPROVED BY:

DISAPPROVED BY:

ABSTAINED BY:

PRINT/TYPE NAME: Ray F. Nokes

COMPANY: HARVEY E. YATES COMPANY

DATE: April 5, 1991

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

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LAURELIND CORPORATION

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TOM STEPHENS

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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: Ray F. Nokes

ABSTAINED BY: _____

PRINT/TYPE NAME: Ray F. Nokes

COMPANY: HARVEY E. YATES COMPANY

DATE: April 5, 1991

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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