

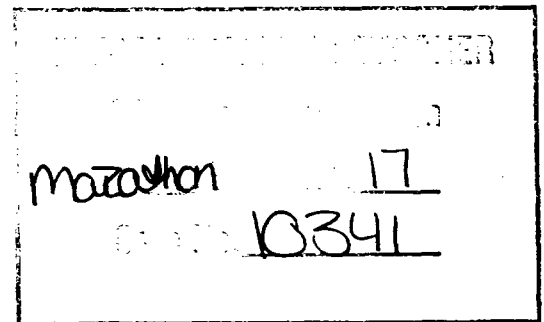


P.O. Box 552
Midland, Texas 79702
Telephone 915/682-1626

April 10, 1991

WORKING INTEREST OWNERS
PROPOSED TAMANO (BSSC) UNIT
(Mailing List Attached)

RE: Results of Ballot 1
Establishment of Voting Procedure for
Consensus of Pre-Unitization Matters
Proposed Tamano (BSSC) Unit
Tamano (Bone Spring) Field
Eddy County, New Mexico



Please be advised that no voting procedure was established to form a consensus for pre-unitization matters regarding the proposed Tamano (Bone Spring Second Carbonate) Unit. Results from Ballot 1 are enclosed as Table 1.

Stipulations were imposed on some of the returned ballots. The HEYCO group, the Yates Energy group, and Kerr-McGee indicated that if Ballot 1B was not the ballot accepted by a consensus of the working interest owners, none of the three groups were willing to commit their respective interests, nor the interests of the parties they represented, to the proposed unit. Also, Pennzoil and Wainoco failed to return Ballot 1C as it was proposed. Therefore, no vote pertaining to Ballot 1C was registered for either company, as shown on Table 1. Pennzoil submitted Ballot 1C with seven amendments. The amended ballot basically called for a voting procedure using the average oil rate for each well between October 1, 1990 and March 31, 1991 as the lone parameter, with the condition that only active producing days would be used to determine average oil rate. For instance, if a well produced for one day during the specified six-month period and produced 460 BO that day, then the well would be credited with an average rate of 460 BOPD for the six-month period. Pennzoil and Wainoco indicated each would approve Ballot 1C as amended by Pennzoil. For informational purposes, ownership as determined using Pennzoil's proposed formula is summarized in Table 2.

In a related matter, please be aware that Pennzoil has submitted to the Stetco "10" Federal Working Interest Owners an AFE proposing an 8,300-foot test of the Bone Spring Second Carbonate at a location 810' FSL and 510' FEL of Section 10, Township 18 South, Range 31 East, Eddy County, New Mexico. According to the provisions of the governing JOA, the Stetco partners have 30

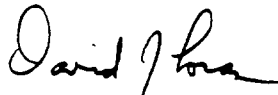
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Proposed Tamano (BSSC) Unit
Establishment of Voting Procedures
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days to respond. Failure to do so within 30 days will automatically be considered as a non-consenting election. The 30-day period for this AFE expires on April 30, 1991.

Without a voting procedure for pre-unitization matters established, and, in light of Pennzoil's well proposal, Marathon hereby cancels the next Working Interest Owners meeting of the proposed Tamano (BSSC) Unit, scheduled for April 16, 1991. Marathon remains very much interested in pursuing unitization and will contact each owner in the near future. As always, do not hesitate to contact me at (915) 682-1626 with any questions or comments.

Respectfully,



D. J. Loran
Engineering Manager
Midland Operations

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.: 915-688-5757

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: R. F. Blucher
VIA FAX NO.: 713-546-6495

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

TABLE 1

PROPOSED TAMANO (BSSC) UNIT
TAMANO FIELD
EDDY COUNTY, NEW MEXICO
BALLOT 1
VOTE TO ESTABLISH VOTING PROCEDURE FOR PRE-UNIT MATTERS

WORKING INTEREST OWNER	BALLOT 1A	APPROVED	DISAPPR.	ABSTAIN
ARCO	9.80861	-	-	9.80861
HEYCO, et al	11.46214	-	11.46214	-
HUDSON & HUDSON, et al	15.19139	-	15.19139	-
KERR McGEE	1.96172	-	1.96172	-
MARATHON	44.61723	-	44.61723	-
PENNZOIL	6.28897	-	6.28897	-
WAINOCO	4.47658	-	4.47658	-
YATES ENERGY, et al	6.19335	-	6.19335	-
TOTAL	100.00000	0	90.19138	9.80861

WORKING INTEREST OWNER	BALLOT 1B	APPROVED	DISAPPR.	ABSTAIN
ARCO	9.80861	-	-	9.80861
HEYCO, et al	11.46214	11.46214	-	-
HUDSON & HUDSON, et al	15.19139	-	15.19139	-
KERR McGEE	1.96172	1.96172	-	-
MARATHON	44.61723	-	44.61723	-
PENNZOIL	6.28897	-	6.28897	-
WAINOCO	4.47658	-	4.47658	-
YATES ENERGY, et al	6.19335	6.19335	-	-
TOTAL	100.00000	19.61721	70.57417	9.80861

WORKING INTEREST OWNER	BALLOT 1C	APPROVED	DISAPPR.	ABSTAIN
ARCO	1.56342	-	1.56342	-
HEYCO, et al	2.91755	-	2.91755	-
HUDSON & HUDSON, et al	21.75244	21.75244	-	-
KERR McGEE	0.76305	-	0.76305	-
MARATHON	56.14813	56.14813	-	-
PENNZOIL	8.85453	-	-	-
WAINOCO	6.30279	-	-	-
YATES ENERGY, et al	1.69810	-	1.69810	-
TOTAL	100.00000	77.90057	6.94212	0.00000

TABLE 2

100% DAILY OIL RATE
 PENNZOIL'S PROPOSED FORMULA
 OWNER SUMMARY

PROPOSED TAMANO (BSSC) UNIT
 TAMANO (BONE SPRING) FIELD
 EDDY COUNTY, NEW MEXICO

<u>WORKING INTEREST OWNER</u>	<u>TRACT NOS.</u>	<u>WI</u>
MARATHON	3, 4, 5, 6, 7	52.01674
PENNZOIL	4, 5	11.56160
WAINOCO	4, 5	8.22972
F. H. HUDSON	4, 5, 6, 7	7.29842
HUDSON TRUSTEES	4, 5	4.20566
HUDSON TRUST	6, 7	5.19559
SHELTON & MOORE	4, 5, 6, 7	3.31808
DELMAR H. LEWIS	4, 5	2.10283
HARVEY E. YATES COMPANY	1, 2, 8	1.80139
JAMES H. YATES, INC.	1, 2, 8	0.00328
COLKELAN CORPORATION	1, 2, 8	0.00328
EXPLORERS PETROLEUM CORP.	1, 2, 8	0.20665
EXBY, LTD.	1, 2, 8	0.07589
HEYCO EMPLOYEES LTD.	1, 2, 8	0.12041
SPIRAL, INC.	1, 2, 8	0.26934
YATES ENERGY CORPORATION	1, 2, 8	1.47916
ATLANTIC RICHFIELD COMPANY	1, 8	1.38616
KERR MCGEE	2	0.65981
<u>LAURELIND CORPORATION</u>	<u>2</u>	<u>0.06598</u>

100.00000