

Thomas C. Lowry
Attorney



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

May 20, 1991

WORKING INTEREST OWNERS
Proposed Tamano (BSSC) Unit
(Mailing List Attached)

VIA TELECOPY ONLY

RE: Unit Agreement Exhibits A & B, Inclusion of Allocation Formula in
Section 13

Dear Working Interest Owner:

Attached you will find a copy of page 14 of the Unit Agreement which now shows the allocation formula approved at our meeting on May 16, 1991, and copies of what I hope are the final versions of Exhibits A & B of the Unit Agreement. Please examine these at your earliest convenience and let me know if you have any problems.

As a reminder, you are all to let me know before the end of the day on May 21, 1991 if you have any problems with the form of Draft 5 of the Unit Agreement as sent to you on May 9, 1991. If I have received no objections by the end of the day on May 21, I am going to submit the Agreement to BLM along with our application for designation of the unit.

If you have any questions at all, please give me a call.

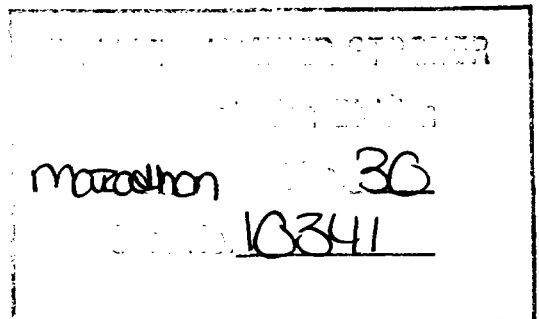
Sincerely,

Handwritten signature of Thomas C. Lowry in cursive script.

Thomas C. Lowry
Attorney

xc: Land Dept.
D. J. Loran
D. D. Taimuty

TCL30A/1e





**Marathon
Oil Company**

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

May 21, 1991

Yates Energy Corporation
500 North Main, Suite 1010
P. O. Box 2323
Roswell, New Mexico 88202

Attention: Shari Hamilton

RE: Final Participation Formula
Proposed Tamano (BSSC) Unit
Tamano (Bone Spring) Field
Eddy County, New Mexico

RECEIVED
MARATHON OIL CO.

MAY 27 1991

Region Counsel
Mid-Continent Region Law Dept.
Midland, Texas

Dear Ms. Hamilton,

As you are aware, a final participation formula regarding the subject unit was passed by approximately 97.1 percent of the working interest owners. That formula is based on 5 percent surface acreage, 6 percent wellbores, 33 percent remaining primary production from April 1, 1991, and 56 percent average oil rate from October 1, 1990 through March 31, 1991. The block of working interest represented by Yates Energy Corporation has roughly a 2.097 percent working interest using the formula. Because Yates Energy was not represented at the May 16, 1991 meeting, an "abstain" vote has been indicated for your working interest. If you would like to change the "abstain" vote, please do so by signing the appropriate line at the bottom of both originals, and return one signed original to Marathon at the letterhead address.

Please advise if you have any questions or comments regarding this matter. Your time and consideration of this matter are greatly appreciated.

Respectfully,

A handwritten signature in cursive script, appearing to read 'David J. Loran'.

D. J. Loran
Engineering Manager
Midland Operations

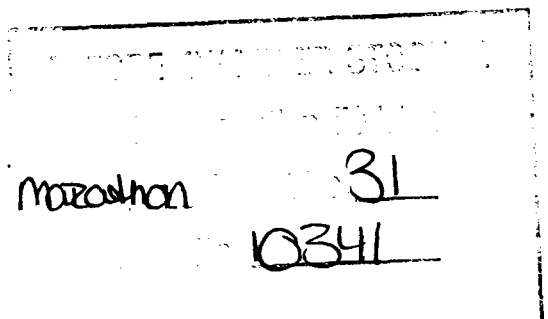
APPROVED BY

DISAPPROVED BY

ITS

DDT/TAMANO.059.274/sk

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