



**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

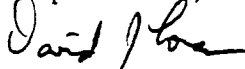
RE: Final Participation Formula
Proposed Tamano (BSSC) Unit
Tamano (Bone Spring) Field
Eddy County, New Mexico

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.

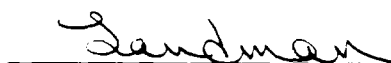
Please advise if you have any questions or comments regarding this matter. Your time and consideration of this matter are greatly appreciated.

Respectfully,


D. J. Loran
Engineering Manager
Midland Operations


APPROVED BY

DISAPPROVED BY


ITS

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