



# United States Department of the Interior

~~DEPARTMENT OF THE INTERIOR~~

Roswell District Office  
P.O. Box 1397  
Roswell, New Mexico 88202-1397



IN REPLY  
REFER TO:

Tamano (BSSC) Unit  
3180 (065)

RECEIVED

RECEIVED  
MARATHON OIL CO.

JUN 07 1991

JUN 06 1991

Marathon Oil Company  
Attention: Mr. Thomas C. Lowry  
P. O. Box 552  
Midland, TX 79702

MARATHON OIL COMPANY  
LAND DEPARTMENT  
MIDLAND, TEXAS

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

JUN 05 1991

Gentlemen:

Your application of May 24, 1991, filed with the BLM requests the designation of the Tamano (BSSC) Unit area, embracing 880.00 acres, more or less, Eddy County, New Mexico, as logically subject to secondary operations under the unitization provisions of the Mineral Leasing Act as amended.

Pursuant to unit plan regulations 43 CFR 3180, the land requested as outlined on your plat marked Marathon Oil Company, Tamano (BSSC) Unit, Eddy County, New Mexico, is hereby designated as a logical unit area for the purpose of conducting secondary recovery operations. Waterflooding will be limited to the following interval: That vertical interval underlying the Unit Area, known as the Bone Spring Second Carbonate. This interval is correlative to the interval shown in the type log from the Marathon Johnson "B" Federal No. 4, Section 11, T. 18 S., R. 31 E., Eddy County, New Mexico. This interval is 7,908 feet below KB (-4,156 feet subsea) to 8,190 feet below KB (-4,438 feet subsea). This designation is valid for a period of one year from the date of this letter.

Your basis for allocation of unitized substances and your proposed form of unit agreement are acceptable. Corrections requested by the Bureau of Land Management are shown in red on p. 24 of the Form of Agreement and Tracts 1, 6, 7, 8, and 9 of Exhibit B.

If conditions are such that further modification of said standard form is deemed necessary, three copies of the proposed modifications with appropriate justification must be submitted to this office for preliminary approval.

In the absence of any type of land requiring special provisions or any objections not now apparent, a duly executed agreement identical with said form, modified as outlined above, will be approved if submitted in approvable status within a reasonable period of time. However, notice is hereby given that the right is reserved to deny approval of any executed agreement submitted which in our opinion, does not have the full commitment of sufficient lands to afford effective control of operations in the unit area.

Marathon

42

10341

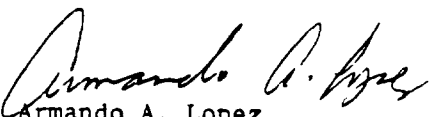
RECEIVED

JUN 12 1991

MARATHON OIL COMPANY  
LAND DEPARTMENT  
MIDLAND, TEXAS

When the executed agreement is transmitted to the BLM for approval, include the latest status of all acreage. In preparation of Exhibits "A" and "B", follow closely the format of the sample exhibits attached to the reprint of the aforementioned form.

Sincerely,

  
Armando A. Lopez  
Assistant District Manager,  
Minerals

2 Enclosures:

- 1 - Page 24 of Unit Agreement
- 2 - Exhibit B

SECTION 24. EFFECTIVE DATE AND TERM. This Agreement shall become binding upon each party who executes or ratifies it as of the date of execution or ratification by such party and shall become effective as of 7:00 a.m. Eddy County, New Mexico local time on the later of (1) January 1, 1992 or (2) the first day of the calendar month next following the approval of this Agreement by all of the Working Interest Owners and all of the Royalty Owners and final approval of this Agreement by the A.O. and the approval of the Plan of Operations by the A.O. and the Division.

If this Agreement does not become effective on or before January 1, 1993, it shall ipso facto expire on said date (hereinafter called "Expiration Date") and thereafter be of no further force or effect, unless prior thereto this Agreement has been executed or ratified by Working Interest Owners owning a combined Participation of at least eighty percent (80%); and at least seventy-five percent (75%) of such Working Interest Owners committed to this Agreement have decided to extend Expiration Date for a period not to exceed one (1) year (hereinafter called "Extended Expiration Date"). If Expiration Date is so extended and this Agreement does not become effective on or before Extended Expiration Date, it shall ipso facto expire on Extended Expiration Date and thereafter be of no further force and effect.

Unit Operator shall file for record within thirty (30) days after the Effective Date of this Agreement, in the office of the County Clerk of Eddy County, New Mexico, a Certificate of Effectiveness describing the lands and unitized formation committed and stating the effective date of the Agreement.

The term of this Agreement shall be for and during the time that Unitized Substances are produced <sup>in paying quantities</sup> from the unitized land and so long thereafter as drilling, reworking or other operations (including improved recovery operations)

**EXHIBIT 'B'**  
**SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF**  
**OIL AND GAS INTERESTS IN ACCORDANCE WITH THE PARTICIPATION FORMULA**  
**FOR THE UNITIZED FORMATION FOR THE TAWANO (SSSC) UNIT**  
**EDOT COUNTY, NEW MEXICO**

Tract No. Tract Name	Description of Land	Acres	Serial No. & Eff. Date	Basic Royalty Owner and Percentage	Lease of Record	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage	Percentage Participation of Tract in Unit
A Section 11 and 65	NE/4NE/4 Section 11 1-10-S, R-31-E	40	LC-062052 12-15-39 Exchange 12-1-50	USA 12.5	Francis H. Hudson 50%	Margaret Balch Masters 2.000000	James H. Yates, Inc. .055000	1.44914
					Delmar H. Lewis 50%	Betty Balch Stridmeyer .250000	Colbelen Corp. .055000	
					Edward R. Hudson, Jr. & William R. Hudson, II, Trustees U/V Edward R. Hudson	Kerren Elizabeth Charles .003334	Explorers Pet. Corp. 2.449375	
						Katherine Mary Scott .003333	Edby, Ltd. 1.250000	
						Mary Elizabeth Balch .003333	Merco Employees Ltd. 1.205000	
						Margaret Jane Johnson 1.250000	Spiral, Inc. 3.719375	
						San Diego Trust & Savings Bank, Trustee U/A dated 5/26/83 for Balch	Votes Energy Corp. 15.785464	
						A. Shupert 1.250000	Merco Dev. Corp. 25.420766	
					Francis H. Hudson 1.593750		AMCO Oil & Gas Co. 50.000000	
					Delmar H. Lewis 1.593750			
					Edward R. Hudson, Jr. & William A. Hudson, II, Trustees U/V Edward R. Hudson	3.187500		
					Moore & Shelton Co., Ltd. 1.125000			
					Sally Weeder-Roberts .250000			
					O. E. Groves .250000			
					Explorers Petroleum Corp. .025000			
					Edby, Ltd. .012500			
					Merco Employees, Ltd. .012500			
					Spiral, Inc. .034844			
					Votes Energy Corp. .157855			
					Merco Development Corp. .247207			
					H. J. Wyer .008750			

ILLEGIBLE

EXHIBIT 'B'  
 SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF  
 OIL AND GAS INTERESTS IN ACCORDANCE WITH THE PARTICIPATION FORMULA  
 FOR THE UNLITTED FORMATION FOR THE TAMAKO (BSSC) UNIT  
 EDOY COUNTY, NEW MEXICO

Tract No.	Description of Land	Acres	Serial No. & Date	Basic Royalty Owner and Percentage	Lease of Record	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage	Percentage Participation of Tract in Unit
7	U/2NE/4 Section 11	80	LC-062052	USA 12.5	Francis M. Hudson 50% Belmar N. Lewis 50%	Margaret Balch Masters 2.000000 Betty Balch Stradmyer .250000 Karen Elizabeth Charles .003333 Katherine Mary Scott .003333 Mary Elizabeth Balch .003333 Margaret Jane Johnson 1.250000 San Diego Trust & Savings Bank, Trustee U/A dated 5/26/83 for Ralph A. Shugart 1.250000 Francis M. Hudson 1.593750 Belmar N. Lewis 1.593750 Edward E. Hudson, Jr. & William A. Hudson, III, Trustees U/V Edward E. Hudson, Deceased 3.187500 Moore & Shelton Co., Ltd. 1.125000 Sally Hecker-Roberts .500000 O. E. Groves .500000	Explorers Petroleum Corp. 4.188750 Edby, Ltd. 1.250000 Laurillard Corporation 2.000000 Neyco Employees Ltd. 2.570000 Sofrel, Inc. 5.030750 James R. Yates, Inc. .070000 Colleton Corporation 20.000000 Kerr-McGee Corp. 17.020000 Yates Energy Corp. 2.500000 Tom Stephens 2.500000 Regina Aston 2.625000 Bearing Services 1.750000 Nurens Oil Corp. 33.244375 Neyco Development Corp. 1.750000 James Ray 1.750000 Loy Fletcher .075000 J. I. Jackson 1.750000	4.03210
Tract Name	1-18-5, R-31-E		12-15-30 Exchange 12-1-50		<del>Edward E. Hudson, Jr.</del> <del>William A. Hudson, III</del> <del>Trustees U/V Edward E. Hudson</del>			4.7722874

ILLEGIBLE

EDDY COUNTY, NEW MEXICO

Aaren Elizabeth Charles, 1000000

# ILLEGIBLE

EXHIBIT 'B'  
 SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF  
 OIL AND GAS INTERESTS IN ACCORDANCE WITH THE PARTICIPATION FORMULA  
 FOR THE UNITIZED FORMATION FOR THE TAMARCO (BSSC) UNIT  
 EDY COUNTY, NEW MEXICO

Tract No. Tract Name	Description of Land	Acres	Serial No. & Eff. Date	Basic Royalty Owner and Percentage	Lessee of Record	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage	Percentage Participation of Tract in Unit
6	W/2SW/4 Section 11	80	LC-062052 12-15-39	USA 12.5	Francis M. Hudson, Sr. Delmar R. Lewis Edward R. Hudson, Jr. William A. Hudson, II, Trustee U/V Edward R. Hudson	Margaret Balish Masters Betty Balish Strohmayer Karen Elizabeth Charles Katherine Mary Scott Mary Elizabeth Balish Margaret Jane Johnson San Diego Trust & Savings Bank, Trustee U/A dated 5/26/83 for Ralph A. Shugart	Marathon Oil Company Francis M. Hudson Delmar R. Lewis Edward R. Hudson, Jr. & William A. Hudson, II, Trustees U/V Edward R. Hudson Moore & Sheltan Co. Ltd. & 999999	12.52820
Tract 8	1-18-S, 8-31-E Exchange 12-1-39					2.000000 .250000 .003334 .003333 .003333 1.250000	66.666667 7.003334 7.003333 16.666667	
						1.250000		

ILLEGIBLE

**EXHIBIT 'B'**  
**SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF**  
**OIL AND GAS INTERESTS IN ACCORDANCE WITH THE PARTICIPATION FORMULA**  
**FOR THE UNITIZED FORMATION FOR THE TAMARCO (BSSC) UNIT**  
**EDOT COUNTY, NEW MEXICO**

Tract No. Tract Name	Description of Land	Acres	Serial No. & Eff. Date	Basic Royalty Owner and Percentage	Lessee of Record	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage	Percentage Participation of Tract in Unit
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Tract 11  
Tract 67

SE/4th Section 11  
1-18-5, R-31-E  
12-15-30  
Exchange  
12-1-50

Francis M. Hudson  
Belmar R. Lewis  
Edward R. Hudson, Jr.  
William R. Hudson, II,  
Trustee U/V Edward R.  
Hudson

Margaret Balch Masters  
Betty Balch Strickmeyer  
Karen Elizabeth Charles  
Katherine Mary Scott  
Mary Elizabeth Balch  
Margaret Jane Johnson  
San Diego Trust & Savings  
Bank, Trustee U/A dated  
5/26/83 for Ralph  
A. Shupert  
Francis M. Hudson  
Belmar R. Lewis  
Edward R. Hudson, Jr.  
& William A. Hudson, III,  
Trustees U/V Edward R.  
Hudson, Deceased  
Moore & Swetten Co., Ltd.  
Sally Meader-Rodriguez  
O. E. Groves  
Explorers Petroleum Corp.  
Embry, Ltd.  
Neyco Employees, Ltd.  
Spiral, Inc.  
Votec Energy Corp.  
Neyco Development Corp.  
H. S. Wynn

James R. Votec, Inc.  
Calbeton Corp.  
Explorers Pet. Corp.  
Embry, Ltd.  
Neyco Employees Ltd.  
Spiral, Inc.  
Votec Energy Corp.  
Neyco Dev. Corp.  
MCO Oil & Gas Co.

*RECAPITULATION*

TOTAL UNIT ACRES 88000 ACRES  
 100% FEDERAL LANDS

100% Federal Lands  
 100% Federal Lands

100%  
 100% Federal Lands

**ILLEGAL**



June 20, 1991

Working Interest Owners  
Tamano (BSSC) Unit

Re: Change to Unit Operating Agreement  
Tamano (BSSC) Unit  
Eddy County, New Mexico

To the Working Interest Owners:

In the hopes of achieving 100% sign-up to the Unit Agreement and the Unit Operating Agreement for the Tamano (BSSC) Unit in advance of the New Mexico Oil Conservation Division hearing on June 27, 1991, Marathon has agreed with Pennzoil Exploration and Production Company to change the voting procedure in the Unit Operating Agreement to provide that passage of any item voted on shall only occur upon the affirmative vote of three Working Interest Owners owning 80% of total Unit Participation.

To facilitate this change you will find enclosed replacement pages for pages 6 and 7 of the Unit Operating Agreement sent to you by overnight mail on June 13, 1991. Please remove pages 6 and 7 from the document as originally sent to you and replace them with these two new pages. Please then execute the signature pages for the Unit Operating Agreement, Unit Agreement and Amendment to Unit Agreement as sent to you last week and return them to me. If you have already executed these pages and returned them, and wish to withdraw your execution of any of the documents because of this change, please let me know and I will return your signature pages to you. If I do not hear from you then I will assume you are in agreement with the change. Both Marathon and Pennzoil will be executing the Unit Operating Agreement in this amended form and we would encourage you to do likewise.

If you have any questions at all regarding this change please call me at your earliest convenience.

Very truly yours,

Thomas C. Lowry  
Attorney

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