



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

May 23, 1986

Mr. James A. Davidson  
P. O. Box 494  
Midland, Texas 79702-0494

Re: Well Proposal - SE $\frac{1}{4}$  Section 14, T-16-S, R-38-E  
E. Garrett Area  
Lea County, New Mexico

Dear Mr. Davidson:

Marathon Oil Company is proposing to drill a 13,500' Silurian test at a legal location in the SE $\frac{1}{4}$  of Section 14, T-16-S, R-38-E, Lea County, New Mexico. Estimated dry hole costs are \$1,204,000.00 with completed well cost of \$1,719,000.00. Marathon hereby requests you elect one of the following options:

... Participate in the drilling of the well.

.... Farmout your interest to Marathon in the S $\frac{1}{2}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$  of Section 14, delivering a 75% net revenue interest lease before payout with the option to convert a 1/16 of 8/8 overriding royalty interest into a proportionate 25% working interest at payout.

Please respond to this proposal by June 23, 1986. Marathon's proprietary data will be made available to any party who elects in writing to participate or farmout by June 23, 1986.

If you have any questions, contact Steve Daniels, Landman, at the letterhead address.

Very truly yours,

MARATHON OIL COMPANY

A handwritten signature in cursive script that reads 'Steve Daniels'.

Steve Daniels  
Landman

SMD;mnc'

xc: L. M. Bullock, III

BEFORE EXAMINER STOGNER OIL CONSERVATION DIVISION	
EXHIBIT NO.	12
CASE NO.	8960