



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

July 3, 1986

CERTIFIED MAIL & RETURN
RECEIPT REQUESTED

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

Re: Our Lease NM-3867 - Jessie Benson
Proposed Benson #1 well
SE $\frac{1}{4}$ of Section 14, T-16-S, R-38-E,
Our East Garrett Area
Lea County, New Mexico

Dear Mr. Davidson:

Marathon Oil Company, by letter dated May 23, 1986, advised you of our intention 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, N.M.P.M., Lea County, New Mexico.

Marathon is in receipt of your counter-offer letter dated June 30, 1986, and advises that all three (3) options contained in said counter-offer letter are unacceptable to Marathon.

Marathon hereby reiterates our previous offer of May 23, 1986, and requests that you elect one of the following options:

1. Participate in the drilling of the well.
2. Farmout your interest to Marathon in the S $\frac{1}{2}$, S $\frac{1}{4}$ 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.

If your reply to this offer is not received in this office on or before July 11, 1986, at 4:00 p.m., Marathon will proceed to take appropriate action with the New Mexico State Oil Conservation Division to pool the S $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 14, T-16-S, R-38-E, N.M.P.M., Lea County, New Mexico.

Very truly yours,

MARATHON OIL COMPANY

Steve Daniels

Steve Daniels
Landman

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico	
Case No. <u>8960</u>	Exhibit No. <u>16</u>
Submitted by <u>Marathon</u>	
Hearing Date <u>10-23-86</u>	

SMD;mmc'