



**Marathon
Oil Company**

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

June 18, 1991

Wilma E. Voigt
609 South 6th Street
Carlsbad, New Mexico 88220

BEFORE EXAMINER STOONER	
OIL CONSERVATION DIVISION	
VOIGT	EXHIBIT NO. 1
CASE NO.	11396

CERTIFIED MAIL & RETURN
RECEIPT REQUESTED

Re: Marathon-Voigt Com #1 well - NW/4 Section 29, T-19-S, R-25-E
Your mineral interest in NW/4 NW/4 - 20 net/40 gross acres
Eddy County, New Mexico

Dear Mrs. Voigt:

Please be advised that Marathon Oil Company is proposing to drill the captioned well at a location 660' FNL and 660' FWL on a 160 acre proration unit as captioned. This well is being planned as an 8,000' Cisco Canyon test. In accordance with telephone conversations with Mr. Lee Voigt, Marathon proposes that we agree as follows in consideration of the mutual promises contained herein:

1. Your unleased mineral interest underlying the NW/4 NW/4 of Section 29 as captioned shall be pooled to form a standard 160 acre spacing and proration unit for any and all formations and/or pools within the vertical extent from the surface of the ground to the deepest depth drilled in the captioned well. You shall sign a standard Communitization Agreement which will be prepared upon completion of a well capable of producing in paying quantities.
2. Marathon shall commence the drilling of the captioned well on or before the 1st day of October, 1991, and thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Cisco Canyon Formation and to completion or abandonment.
3. Within 90 days prior to commencing said well, Marathon shall furnish you with an itemized schedule of estimated well costs.
4. Your unleased mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this agreement. You shall be treated as a non-consenting working interest owner with regard to your seven-eighths (7/8) working interest and shall not be responsible for paying your pro rata share of the costs of drilling, completing and equipping the well, or a share of the cost of operating the well prior to revenue from the well equaling twice the cost of drilling, completing,

equipping and operating the well. However, Marathon shall be entitled to recover out of production your share of the cost of drilling, completing, equipping and operating the well as provided below.

5. Any well costs or charges which are to be paid out of production shall be withheld only from your seven-eighths (7/8) working interest share of production, and no costs or charges shall be withheld from production attributable to your one-eighth (1/8) royalty interest share. You shall in all events be paid your one-eighth (1/8) royalty share of production from the unit.
6. Marathon is authorized to withhold the following costs and charges from production attributable to the seven-eighths (7/8) working interest portion of your unleased mineral interest:
 - A. The pro rata share of 100% of the actual well costs attributable to the seven-eighths (7/8) working interest portion of your unleased mineral interest for the drilling, completing, equipping and operating the well;
 - B. As a charge for the risk involved in the drilling of the well the pro rata share of an additional 100% of the actual costs attributable to the seven-eighths (7/8) working interest portion of your unleased minerals acres for the drilling, completing, equipping and operating the well.
7. \$6,000.00 per month while drilling and \$600.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); Marathon is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to the seven-eighths (7/8) working interest portion of your unleased mineral interest, and in addition thereto, Marathon is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well attributable to the seven-eighths (7/8) working interest portion of your unleased mineral interest.
8. It is understood that upon payout of the amounts provided for above, your unleased mineral interest shall automatically revert to a full working interest and you shall own an undivided 12.50% working interest in such well, the material and equipment in or pertaining thereto, and the production therefrom as you would be entitled to had you participated with your unleased mineral interest in the drilling, reworking, deepening or plugging back of said well. Thereafter, you shall be charged with and pay your proportionate share of further costs of the operation of said well in accordance with the terms of a standard A.A.P.L. Form 610 - MODEL FORM OPERATING AGREEMENT - 1982 and the Accounting Procedure attached thereto, which shall have been the operative agreement for the drilling, equipping, completing and operating of the subject well by the original working interest parties. In accordance with Article III.A of the Operating Agreement your unleased mineral interest will be treated as a 7/8ths working interest portion and a 1/8th royalty share as if you were the owner of an oil and gas lease providing for such. A form of oil and gas lease will be attached to the Operating Agreement as Exhibit "B".

You will become party to the Operating Agreement by executing it at payout.

9. Marathon shall comply with all valid laws, rules and regulations in the conduct of its operations of the subject well and unit.
10. All of the provisions hereof shall be binding on Marathon and you and on all respective successors and assigns, heirs, administrators and legal representatives.

Very truly yours,

MARATHON OIL COMPANY



Mark A. Skrabacz
Contract Landman

MAS;mmc'

AGREED TO AND ACCEPTED this _____ day
of _____, 1991.

Wilma E. Voigt

Lee Voigt