

Midcontinent Region
Production United States



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

October 28, 1996

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mallon Resources
999 18th Street, Suite 1700
Denver, CO 80202

Attn: Mr. Randy Stallcap

Re: Application for Administrative Approval of
An Orthodox Well Location
Silverstrand #1, 660' FNL & 1980' FWL,
Sec. 2, T-17-S, R-34-E,
Lea County, New Mexico

Dear Mr. Stallcap:

Enclosed is a copy of Marathon Oil Company's request seeking Administrative Approval of an unorthodox location for an Atoka well to be drilled at the above referenced footage calls.

As an offset operator, you are hereby notified of Marathon's intent to drill the above referenced well. Should you have any objection, you must file a protest in writing with the New Mexico Oil Conservation Division at its Santa Fe office within twenty (20) days of the date of this notice.

If you have no objection to this request, please signify by signing below and returning one executed copy to me in the envelope provided.

Enclosed please find a copy of the Application to Drill as submitted to the New Mexico Oil Conservation Division. Should you have any questions, please feel free to call me at (800) 351-1417.

Very truly yours,

A handwritten signature in cursive script, appearing to read 'Walter J. Dueease'.

Walter J. Dueease
MARATHON OIL COMPANY

MALLON RESOURCES HAS NO OBJECTION TO MARATHON OIL COMPANY'S INTENT TO DRILL THE PROPOSED ATOKA TEST - SILVERSTRAND #1, 660' FNL & 1980' FWL, SEC. 2, T-17-S, R-34-E, LEA COUNTY, NEW MEXICO.

MALLON RESOURCES

By: _____
Title: _____
Date: _____