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MEWBOURNE OIL COMPANY'S - SCANLON DRAW "35" STATE #1 NORTH TURKEY TRACK (MORROW) FIELD SCANLON DRAW PROSPECT Section 35(N)-T18S-R28E Eddy County, New Mexico

UNORTHODOX DRILLSITE RECOMMENDATION:

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The Lower Morrow "Orange" Sand is the primary objective for this 11,200' test. Stratigraphically the "Orange" Sand is located approximately 50' below the base of the Lower Morrow shale and is interpreted to be in a <u>"channel sand" deposition facies.</u> It is a significant gas producer in this area.

This will be a west-half (stand-up) proration unit and it is critical that the drillsite be located 660' FSL and 1980' FWL, Unit (N), Section 35, T18S-R28E. The east-half (Morrow) proration unit is dedicated to Anadarko Production Company's State "AC" Com. #1 located in unit (H), Section 35, T18S-R28E. Accordingly, an unorthodox location will be required to test this prospect.

The Lower Morrow Gross "Orange" Sand Isopach Map clearly illustrates the need for this unorthodox location. Morrow tests are the only wells shown on this map and the "Orange" Sand producers are indicated as such. The test well is an attempt to extend "Orange" Sand production to the northwest from the Bass Enterprise Production - Turkey Track "2" Well #1 located in Section 2(H), T19S-R28E.

Our interpretation suggests maximum "Orange" Sand development (approximately 40') at this unorthodox drillsite. Anadarko Production Company's New Mexico "AA" State #1 located in 35(F) was drilled in 1978 and has only 8' of gross "Orange" Sand. It was originally completed as a "Orange" Sand producer for 4.5 MIMCFGPD and produced until it was plugged back in 1981 after producing (0.487 BCF and 2,522 barrels). This well is now operated by Xeric Oil & Gas Company and produces only from the Queen-Grayburg-San Andres section.

Our interpretation indicates that maximum "Orange" Sand thickness should be developed at this unorthodox location. <u>The nearest orthodox location (1650' FSL and 1980' FWL) would encounter</u> significantly less "Orange" Sand (approximately 28') and would compromise the economics of the test.

It is critical that the drillsite be located 660' FSL and 1980' FWL.

N.M.O.C.D. Case No. 11713 Bass Enterprises Production Co. EXHIBIT No. ______ February 20, 1997