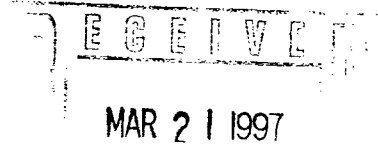


MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170



March 19, 1997

State of New Mexico
Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87505

Attn: Mr. Michael Stogner

Re: Case No. 11744
Pooling Order No. R-10779
MOC's Scanlon Draw "34" State #1 Well
S/2 of Section 34, T18S, R28E
Eddy County, New Mexico

Gentlemen:

Pursuant to the terms of the referenced Order, you are hereby notified that Mewbourne Oil Company (Mewbourne) has reached a voluntary agreement with the following parties who were named in testimony in the captioned Case:

- 1) Western Reserves Oil Company, Inc.
(executed a term assignment of their interest in favor of Mewbourne)
- 2) Harvey E. Yates Company
(executed an Operating Agreement to join Mewbourne in the above proposed well)
- 3) Yates Energy Corporation
(executed an Operating Agreement to join Mewbourne in the above proposed well)
- 4) Jalapeno Corporation and Cibola Energy Corporation
(executed an Operating Agreement to join Mewbourne in the above proposed well)

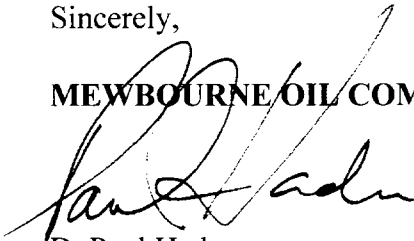
Regarding the above, the parties listed above are dismissed from the provisions relating to compulsory pooling as set out in the captioned Order. As agreed with Enron Oil & Gas Company (Enron), Enron will remain subject to the pooling provisions set forth in the referenced Order pursuant to the terms of the attached letter agreement dated March 4, 1997.

State of New Mexico
Oil Conservation Division
March 19, 1997
Page -2-

Should you have any questions regarding the above, please call.

Sincerely,

MEWBOURNE OIL COMPANY

A handwritten signature in black ink, appearing to read "D. Paul Haden", is written over the company name.

D. Paul Haden
Landman

DPH/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

March 19, 1997

Enron Oil & Gas Company
P.O. Box 2267
Midland, Texas 79702

Attn: Mr. Patrick J. Tower

Re: Case No. 11744
Order No. R-10779
MOC's Scanlon Draw "34" State #1 Well
S/2 of Section 34, from a depth of 3500'
beneath the surface to the base of the
Morrow formation, T18S, R28E
Eddy County, New Mexico

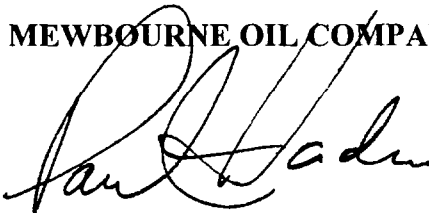
Gentlemen:

Regarding that certain letter agreement dated March 4, 1997 by and between Enron Oil & Gas Company and Mewbourne Oil Company as to the captioned well, enclosed for Enron's information and file is a copy of the above referenced Compulsory Pooling Order.

Although Enron has voluntarily agreed to be a non-consenting party under the terms of the referenced Order, enclosed for Enron's information is a copy of Mewbourne's AFE for the above well as required by the terms of the referenced Order.

Sincerely,

MEWBOURNE OIL COMPANY

A handwritten signature in black ink, appearing to read "D. Paul Haden", is written over the company name.

D. Paul Haden
Landman

DPH/gb

ENRON
Oil & Gas Company

MAR 14 1997

P. O. Box 2267 Midland, Texas 79702 (915) 686-3600

March 13, 1997

Mewbourne Oil Company
500 W. Texas, Suite 1020
Midland, Texas 79701
Attention: D. Paul Haden

RE: MOC's Scanlon Draw "34" St. #1 Well
S/2 Section 34, from a depth of 3500'
beneath the surface to the base of the
Morrow formation
Township 18 South, Range 28 East
Eddy County, New Mexico
K0012269

Gentlemen:

Following the faxed election, enclosed please find one (1) original Letter Agreement dated March 4, 1997 executed on behalf of Enron Oil & Gas Company evidencing its election to be non-consent under the compulsory pooling Order for the Scanlon Draw "34" St. #1 well, with Mewbourne to furnish Enron all well information as it becomes available to Mewbourne.

Should there be any questions, please feel free to contact the undersigned at (915) 686-3758.

Sincerely,

ENRON OIL & GAS COMPANY



Patrick J. Tower
Project Landman

PJT/ms
enclosure

cc: Rudy Mikulec - EOG Houston - 2nd Original
Ronnie Adams - EOG Houston
G. L. Thomas/R. L. Ingle/WDS/TJA/LISA/WF

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

March 4, 1997

Enron Oil & Gas Company
P.O. Box 2267
Midland, Texas 79702

Attn: Mr. Patrick J. Tower

Re: MOC's Scanlon Draw "34" St. #1 Well
S/2 of Section 34, from a depth of 3500'
beneath the surface to the base of the
Morrow formation, T18S, R28E
Eddy County, New Mexico

Gentlemen:

This letter shall evidence our agreement this date wherein Enron Oil & Gas Company (Enron) has elected to be a non-consenting party in connection with the captioned well proposed by Mewbourne Oil Company (Mewbourne). As agreed, Enron's non-consent election would be subject to the terms of a compulsory pooling Order to be issued by the New Mexico Oil Conservation Division (NMOCD) in connection with the currently scheduled compulsory pooling hearing set for hearing on March 6, 1997 for the captioned well.

In consideration of Enron's voluntary election to be bound by the terms of a pooling Order issued by the NMOCD and Enron's agreement not to oppose the referenced pooling hearing, Mewbourne agrees to furnish Enron a copy of all well information obtained by Mewbourne in connection with the above well as such information becomes available to Mewbourne.

Enron Oil & Gas Company

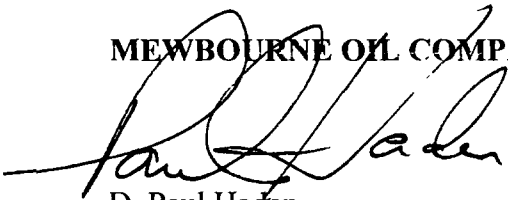
March 4, 1997

Page -2-

If the above correctly sets forth the terms of our agreement, please acknowledge same by signing and faxing a copy of this letter to the undersigned.

Sincerely,

MEWBOURNE OIL COMPANY



D. Paul Haden
Landman

DPH/gb

AGREED and ACCEPTED this 4th day of March, 1997.

ENRON OIL & GAS COMPANY

By: Gary L. Thomas *12 Feb*

Name typed

or printed: Gary L. Thomas
Sr. Vice President

**MEWBOURNE OIL COMPANY
AUTHORIZATION FOR EXPENDITURE**

NOV 22 1996

Prospect: Scanlon Draw

Field: Scanlon Draw Morrow

Well Name and No.: Scanlon Draw '34' State #1

Location: 660' FSL & 1650' FEL

Section: 34

Block:

Township: 18S

Range: 28E

County: Eddy

Proposed Depth:

11,200

DESCRIPTION		Cost To Casing Point AFE NO.	Completion Cost AFE NO.
INTANGIBLE COST 180			
300	Permits and Surveys	\$1,500	\$800
301	Location, Roads and Surveys	\$20,000	\$5,000
302	Footage or Turnkey Drilling	\$200,000	
303	Day Work	\$14,000	\$5,000
304	Fuel, Water and Other	\$17,500	\$500
305	Completion/Workover Rig 12 days		\$16,800
306	Mud and Chemicals	\$19,000	
307	Cementing 2 stage long string	\$15,000	\$22,000
308	Logging and Wireline CBL, perforate	\$18,000	\$4,500
309	Casing-Tubing Services Csg inspection, tubing testing	\$2,100	\$8,000
310	Mud Logging	\$5,000	
311	Testing 1 DST, 1 '72' hr buildup	\$4,300	\$1,600
312	Treating 1 breakdown		\$7,500
313	Coring		
320	Transportation	\$2,000	\$6,100
321	Welding and Construction Labor	\$2,000	\$400
322	Contract Supervision		
330	Equipment Rental Drill out	\$6,000	\$5,500
334	Well/Lease Legal/Tax	\$6,500	\$2,000
335	Well/Lease Insurance	\$8,000	
350	Intangible Supplies	\$250	\$250
360	Pipeline ROW and Easements		\$2,000
367	Pipeline Interconnect		
375	Company Supervision	\$12,000	\$8,000
380	Overhead Fixed Rate	\$5,000	\$5,000
399	Contingencies	\$7,500	\$3,500
Total Intangibles		\$365,650	\$104,450
TANGIBLE COST 181			
	Conductor Casing		
	Surface Casing 13 3/8" @ 450'	\$7,400	
	Intermediate Casing 8 5/8" @ 3,000'	\$26,500	
	Production Casing 5 1/2" @ 11,200'		\$64,200
	Production Casing		
	Tubing 2 3/8" @ 11,000'		\$24,100
860	Drilling Head	\$3,700	
865	Tubing Head		\$2,500
870	Upper Section		\$4,000
875	Sucker Rods		
880	Packer, Pump & Other Subsurface 5 1/2" PLS with profiles		\$7,500
885	Pumping Unit & Prime Mover		
890-1	Tanks (Steel & Fiberglass) 2 stock, 1 FG water		\$6,000
894-5	Separation Equipment (fired, Non-fired) 750k gas unit		\$8,500
898	Metering Equipment 1 4" meter run		\$4,200
900	Line Pipe ~5,300' 4" 0.188 wall		\$15,900
905	Valves		\$5,000
906	Miscellaneous Fittings & Accessories		\$8,000
910	Production Equipment Installation		\$4,000
920	Pipeline Construction ~5,300' 4" to El Paso (Sec. 35)		\$16,000
Total Tangibles		\$37,600	\$169,900
SUBTOTAL		\$403,250	\$274,350
TOTAL WELL COST		\$677,600	

Date Prepared: November 20, 1996

Prepared By: Erik L. Hoover

Company Approval:

Date Approved:

Joint Owner Approval:

Joint Owner Interest:

Joint Owner Amount:

Drilling Cost, \$/ft	\$36.00
Completion Cost, \$/ft	\$24.50
Total Well Cost, \$/ft	\$60.50