

FASKEN OIL AND RANCH, LTD.
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February 26, 1997

VIA FACSIMILE AND FEDERAL EXPRESS

(See attached list of Working Interest Owners)

NEW MEXICO
OIL CONSERVATION DIVISION

MOC EXHIBIT 5
CASE NO. 11723

RE: NOTICE OF ALTERNATIVE WELL
PROPOSAL AND ELECTION TO
PARTICIPATE
Mewbourne's proposed
Catclaw Draw "1" Federal Well No. 1
2310 feet FEL & 660 FSL,
Irregular Section 1, T21S, R25E, NMPM
Eddy County, New Mexico

Gentlemen:

Fasken Oil and Ranch, Ltd. ("Fasken") has received Mewbourne Oil Company's ("Mewbourne") letter dated January 20, 1997 which proposed that the referenced well be drilled at an unorthodox well location and dedicated to a 297.88 acre-acre non-standard gas proration and spacing unit consisting of the southern portion of Irregular Section 1 for production from the Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico.

On February 14, 1997, Fasken notified Mewbourne, that Fasken would submit an alternative well proposal for locating the well at a different location in this same spacing unit. The parties have agreed to meet on February 26, 1997 to discuss these competing proposed operations.

So that you will have time to review the specifics of Fasken's alternative proposal prior to the February 26th meeting, Fasken hereby formally proposes that the subject well be located 2080 feet from the South line and 750 feet from the West line of Irregular Section 1, T21S, R25S, NMPM, Eddy County, New Mexico, to be dedicated to the same non-standard spacing unit proposed by Mewbourne and to be drilled to a total depth of 10,650' for an estimated total costs of \$776,100.00. We have enclosed our AFE for your approval.

In addition, Fasken's application to the New Mexico Oil Conservation Division for approval for an unorthodox gas well location and a non-standard proration and spacing unit to be dedicated to its proposed well will follow shortly. This matter is set for hearing on April 3, 1997.

Both Fasken's and Mewbourne's proposals are being made pursuant to that Joint Operating Agreement dated April 1, 1970 ("JOA") between Monsanto Oil Company as operator and others. Fasken Oil and Ranch, Ltd is now operator under this agreement and Matador et al are non-operators. This JOA provides that any party may propose a well and all other parties must elect to participate within thirty days and if not then they are deemed "non-consent" with the consenting parties having the obligation to commence the well within the next thirty day period, and if not, then that well proposal terminates and the