

(11) A new pool for the production of oil from the Strawn formation should be created and designated the Shugart-Strawn Pool.

(12) The Shugart-Strawn Pool should initially comprise the NE/4 of Section 8, Township 18 South, Range 31 East, NMPM.

(13) Preliminary engineering data demonstrate that the Shugart-Strawn Pool exhibits similar reservoir characteristics to those found within the Cedar Lake-Strawn and Cedar Lake Reef-Strawn Pools.

(14) The preliminary engineering data further demonstrate that:

- (a) the Shugart-Strawn Pool appears to be a volatile oil reservoir;
- (b) the estimated ultimate oil recovery from the Shugart-Strawn Pool, based upon a recovery factor of 30%, will be approximately 739,000 barrels of oil;
- (c) the Fren "8" Federal Com Well No. 2 is currently capable of producing at a rate greater than 1,350 barrels of oil per day. The Fren "8" Federal Com Well No. 3 is currently capable of producing at a rate of approximately 200-300 barrels of oil per day;
- (d) wells in the Shugart-Strawn Pool should be capable of draining an area in excess of 40-acres; and
- (e) during the period from September 12-October 7, 2002, Mewbourne conducted a production test on the Fren "8" Federal Com Well No. 2. The results of the test demonstrate that the well initially produced at a GOR of approximately 2,250:1. During the test period, the well was produced at oil rates ranging from approximately 300-1,350 BOPD. The GOR during the test period remained relatively stable at approximately 3,000:1