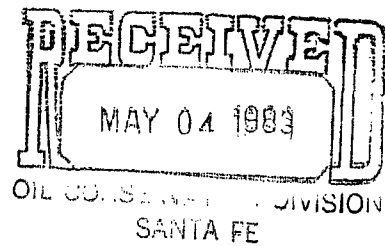


PROPOSED BISBEE HILLS UNIT
LUNA COUNTY, NEW MEXICO



INTRODUCTION

Marshall R. Young Oil Co. proposes the formation of a Federal Unit to be known as the Bisbee Hills Unit covering approximately 24,960 acres. The outline of the proposed unit is shown on the attached map labeled Exhibit A. It is located approximately 18 miles southwest of Deming, New Mexico, in Luna County.

GEOLOGY

The proposed Bisbee Hills Unit is located on the northeast flank of the Pedregosa Basin of southwestern New Mexico. Seismic exploration has delineated an anticline trending northwest to southeast bounded on the northwest and northeast by faults. The Time Structure Map on the Top of the Fusselman Formation (Exhibit A) indicates 100 milliseconds of structural closure on the anticline with 400 milliseconds of lateral closure into the faults.

No wells have been drilled near the proposed unit. Nearest drilling is 12 miles north at an active location in section 8-T24S-R10W, on the north flank of Red Mountain. Nearest production is 180 miles east in Lea County, New Mexico.

Primary objectives are the Paleozoic carbonates which have yielded shows of oil and gas in several wells drilled in this basin. There is no production in the basin.

DELINEATION OF THE UNIT AREA

The potential producing area of the proposed Bisbee Hills Unit is defined as the area south of the two faults and within the 1.4 second contour which closes laterally into the faults.

PROPOSED UNIT WELL

The initial unit well will be drilled in the NW 1/4 NE 1/4 of section 11-T26S-R11W to a depth of \pm 10,000 feet sufficient to test Paleozoic age rocks.