



P. O. BOX 233 • 700 N. GRANT SUITE 650 • ODESSA, TEXAS 79760-0233 • (915) 580-5722 • (915) 685-3547 • FAX (915) 333-8881

**VIA FEDERAL EXPRESS**

October 29, 1997

Re: Application of Mewbourne Oil Company  
for an Unorthodox Gas Well Location and  
a Non-Standard Gas Proration Unit,  
Eddy County, New Mexico  
Case No. 11723 (de novo)

Mr. William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Dear Mr. LeMay:

ICA Energy, Inc. ("ICA") owns a working interest in Section 1, T-21-S, R-25-E, Eddy County, New Mexico. Section 1 is the subject of the referenced application by Mewbourne Oil Company ("Mewbourne"), as well as an opposing application filed by Fasken Oil and Ranch, Ltd. ("Fasken").

We are writing to advise you that ICA fully supports Mewbourne's efforts to drill a Morrow test at the location 660' FSL and 2310' FEL of Section 1. ICA and Mewbourne have entered into a farmout agreement under which ICA as agreed to farmout to Mewbourne its working interest in Section 1. ICA has agreed to extend the term of the farmout agreement to enable Mewbourne to defer commencement of the test well until after final disposition of the referenced case. It is ICA's position that Mewbourne properly proposed the well under the governing operating agreement and timely sought regulatory approval for the well from the N.M.O.C.D. Further, ICA believes Fasken's actions in opposition to the Mewbourne application contravene the Operating Agreement.

ICA owned its interest for almost four years prior to being approached by Mewbourne for a farmout. During that almost four-year period ICA had never received any proposals or development options from Fasken, any Fasken affiliate or any other working interest owner of longstanding. Mewbourne's entrepreneurial proposal represented the first recognition of the need for a well in Section 1, and ICA is, therefore, very supportive of Mewbourne's initiative.

Mr. William LeMay  
October 29, 1997  
Page 2

ICA has received extensive briefings by Mewbourne and Fasken concerning their respective well proposals. It appears to ICA that Fasken opposes Mewbourne's Morrow location because Fasken regards its own Cisco location as entailing too much risk to drill alone, without some support, however meager, from the Morrow at Fasken's location. ICA's assessment of the respective merit of the two locations in the Morrow, based upon briefings by both Mewbourne and Fasken, is that Mewbourne's Morrow prospect is much stronger than Fasken's and should be drilled as soon as possible to protect the correlative rights of the owners in Section 1 and to prevent waste.

We, therefore, respectfully request your recognition of Mewbourne's efforts to drill and rule in favor of the Mewbourne application in this matter.

Sincerely,



Mike Irons  
President

FORM  
OK



cc: Fasken Oil and Ranch, Ltd.  
Attn: Sally M. Kvasnicka  
303 W Wall Ave Ste 1900  
Midland TX 79701

Mewbourne Oil Company  
Attn: Steve Cobb  
500 W Texas Ste 1020  
Midland TX 79701