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VIA FACSIMILE 915-687-0888
and 1st Class Mail

October 29, 1997

Re: Avalon Federal Com. 1 well no. 2
Section 1, T21S, R25E
Eddy County, New Mexico
(Catalaw Draw Morrow)

Ms. Sely M. Kvasnicka
Fasken Land and Minerals, Ltd.
Fasken Oil and Ranch, Ltd.
303 West Yell, Suite 1800
Midland, Texas 79701

Dear Ms. Kvasnicka:

ICA is in receipt of your October 24, 1997, correspondence in which you have, once again, attempted to confuse an already complex issue regarding the matters between Fasken, et al and Mewbourne, et al with respect to disagreement over Morrow location in Section 1 captioned.

You make reference in the first page of your letter to certain recent working interest owner meetings which have been held to hopefully respond to engineering and geologic questions to resolve this matter, however, we feel that your letter misstates the obvious as it is ICA's opinion after attending said meetings that Fasken's location request is predicated entirely upon their inability to support a Cisco formation test independently of the Morrow location as a "ballout."

It is obvious from our engineering and geologic examination that Mewbourne's proposed application for drill location is scientifically the better prospect as well as risk engineered for a greater chance of success in the Morrow than the Fasken proposed location.

Therefore, please be advised that ICA continues to support Mewbourne's application for drill position and believes that it is the only logical choice for Morrow location in this dedicated drilling and spacing unit that will allow economic return on investment.

In this regard we have notified the New Mexico Oil Conservation Division by separate correspondence (a copy of which will be addressed to your office) to support the October 30 hearing application by Mewbourne and to facilitate the needed termination to this long dispute regarding exploitation of Cisco formation at the expense of Morrow formation development.

As always though, we look forward to a speedy resolution between Fasken and Mewbourne with respect to the leasehold position involved and should there be any further requirements you may need from ICA regarding this matter, please do not hesitate to address them to my attention for fastest handling.

Sincerely,

Curtis N. Leonard
Counsel/Land Manager

OCT-30-1997 08:36
10-29-1997 11:48AM

MOC MIDLAND
FROM ICA Companies

915 685 4170 P.004/004
1-21-0007410

cc: Matador Petroleum Corporation
8340 Meadow Road, Suite 158
Fossil Creek
Dallas, Texas 75231
Attn: Mona Ables

Mexbourne Oil Company
Attn: Steve Cobb
500 W. Texas, Suite 1020
Midland, Texas 79701
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TOTAL P.03

TOTAL P.004