

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020

MIDLAND, TEXAS 79701

915 / 682-3715

November 3, 1992

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504
Attn: Division Director

Gentlemen:

Mewbourne Oil Company finds it necessary to apply for and receive administrative approval of an unorthodox location to drill an 11,600' Morrow well on its Loco Hills Prospect located in Section 2, T18S, R30E, Eddy County, New Mexico. A location of 990' FEL (nearest side boundary) and 990' FNL (nearest end boundary) in this section would give Mewbourne Oil Company the opportunity to encounter a sufficient amount of net Lower Morrow Sand porosity to make a commercial well.

Enclosed you will find a Lower Morrow Structure/Isopach map and Morrow Cross Section A-A'. The map shows our proposed unorthodox location with an open circle while a standard location is marked by an "X". As you can see from the Isopach map, the Lower Morrow Brown Sand identified on Cross Section A-A' has a greater likelihood of being thick enough to be productive in the northeast corner of this section. Conversely a standard location would not give Mewbourne Oil a reasonable chance to meet it's minimum thickness of 10' of porous sand needed to have a reasonable expectation of economic success.

The unorthodox location Mewbourne Oil seeks will be almost a mile from the nearest producing Morrow gas well, the Enron Oil and Gas Company Cedar Lake "35" Federal Com. #1 (location B, Section 35, 17S, 30E), which has just been drilled and completed this year. It is also moving away from and further updip in a structurally more favorable position than the other two Morrow penetration wells in Section 2.

Mewbourne Oil Company has notified the offset operators and

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unleased mineral owners of our intention to apply for this
unorthodox location.

Sincerely,

A handwritten signature in cursive script, appearing to read "Dexter Harmon".

Dexter Harmon
District Geologist

Enclosures: Lower Morrow Structure/Isopach Map
Morrow Cross Section A-A'
Morrow Penetration Production Study

OFFSET LEASEHOLD OWNERSHIP
All in Eddy County, New Mexico
Below 5000'

TRACT NO. 1: Section 1-18S-30E
N/2, N/2SE/4, NE/4SW/4

- 1) Read and Stevens Inc.
P. O. Box 1518
Roswell, New Mexico 88202

TRACT NO. 2: Section 1-18S-30E
S/2SE/4, SE/4SW/4

- 1) Enron Oil and Gas Corporation
P. O. Box 1188
Houston, Texas 77251
- 2) Yates Petroleum Corporation
105 S. 4th Street
Artesia, New Mexico 88210
- 3) Read and Stevens, Inc.
- 4) Todd Memorial Trust
c/o Robert Armstrong
P. O. Box 1973
Roswell, New Mexico 88201
- 5) Meridian Oil Inc.
(formerly Southland Royalty Company)
21 Desta Drive
Midland, Texas 79705
- 6) Paul Slayton
P. O. Box 1936
Roswell, New Mexico 88201
- 7) William Patrick Dooley
P. O. Drawer G
Artesia, New Mexico 88210
- 8) Rio Pecos Corporation
110 W. Louisiana, Suite 460
Midland, Texas 79701

TRACT NO. 3: Section 1-18S-30E
W/2SW/4

- 1) Mewbourne Oil Company

TRACT NO. 4: Section 35-17S-30E
SW/4

- 1) Enron Oil and Gas Corporation

- 2) Meridian Oil Company, Successor in interest of El Paso Production Company
801 Cherry Street
Fort Worth, Texas 76102
- 3) Ann Mitchell Keenan
P. O. Box 248
Avenal, California 93204
- 4) Lee Roy and Doris Brigham, Trustees
under Declaration of Trust dated 2-24-84
9171 Patrick Avenue
Arleta, California

TRACT NO. 5: Section 35-17S-30E
N/2SE/4

- 1) Enron Oil and Gas Corporation

TRACT NO. 6: Section 35-17S-30E
NE/4

- 1) Enron Oil and Gas Corporation

TRACT NO. 7: Section 36-17S-30E
SW/4SW/4

- 1) Meridian Oil Company Successor in interest of El Paso Production Company
- 2) Meridian Oil Company Successor in interest of Odessa Natural Gasoline Company
801 Cherry Street
Fort Worth, Texas 76102

TRACT NO. 8: Section 36-17S-30E
SE/4SW/4

- 1) Amoco Production Company
P. O. Box 3092
Houston, Texas 77253

- 2) Enron Oil and Gas Corporation

TRACT NO. 9: Section 36-17S-30E
W/2SE/4 & NE/4SE/4

- 1) Amoco Production Company

TRACT NO. 10: Section 36-17S-30E
SE/4SE/4

- 1) Anadarko Petroleum Corporation
P. O. Box 1330
Houston, Texas 77251

TRACT NO. 11: Section 36-17S-30E
N/2SW/4

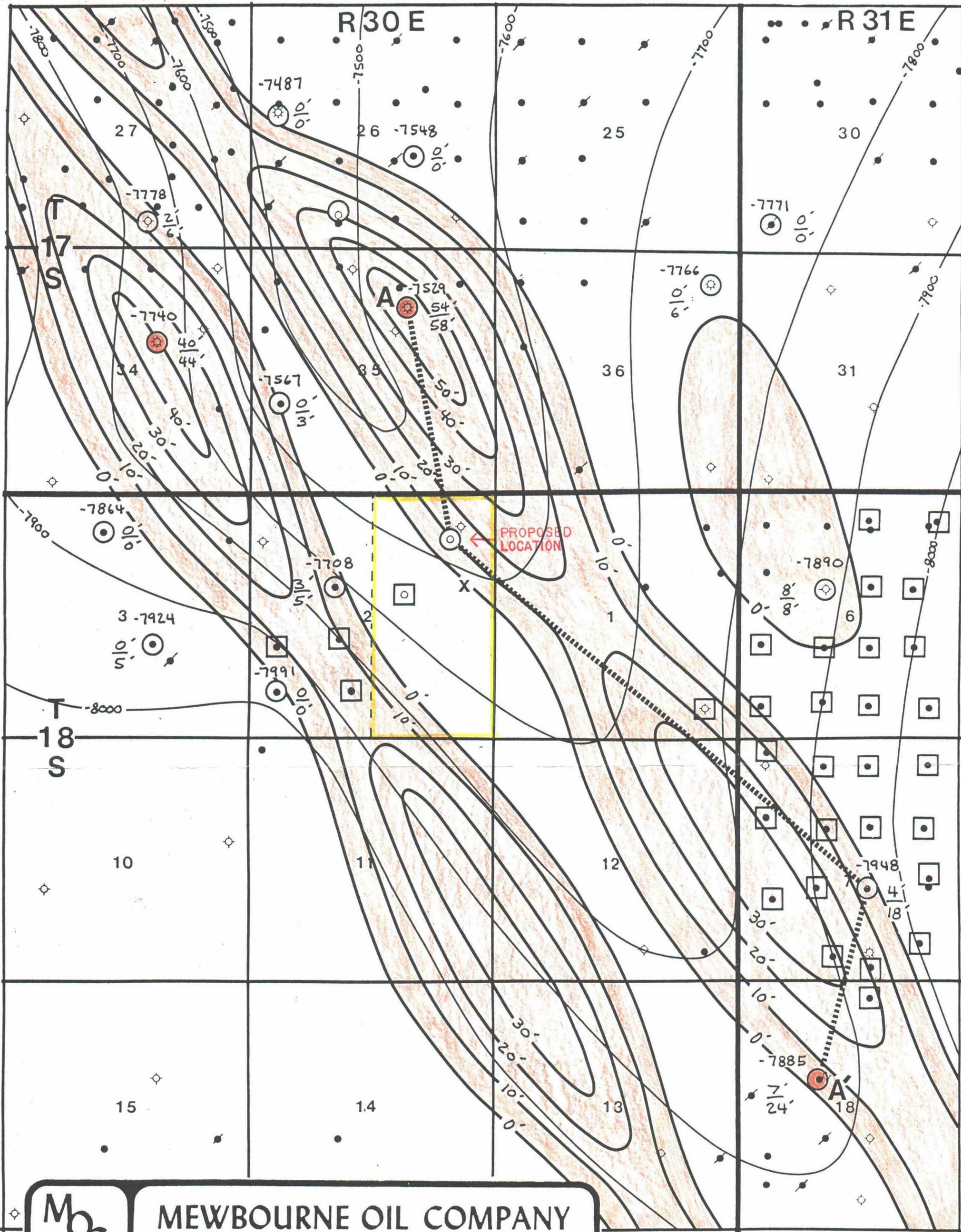
- 1) Amoco Production Company

TRACT NO. 12: Section 36-17S-30E
S/2NW/4 & NE/4NW/4

- 1) Amoco Production Company
- 2) Enron Oil and Gas Company

TRACT NO. 13: Section 36-17S-30E
NW/4NW/4

- 1) OXY USA, Inc.
P. O. Box 300
Tulsa, Oklahoma 79102



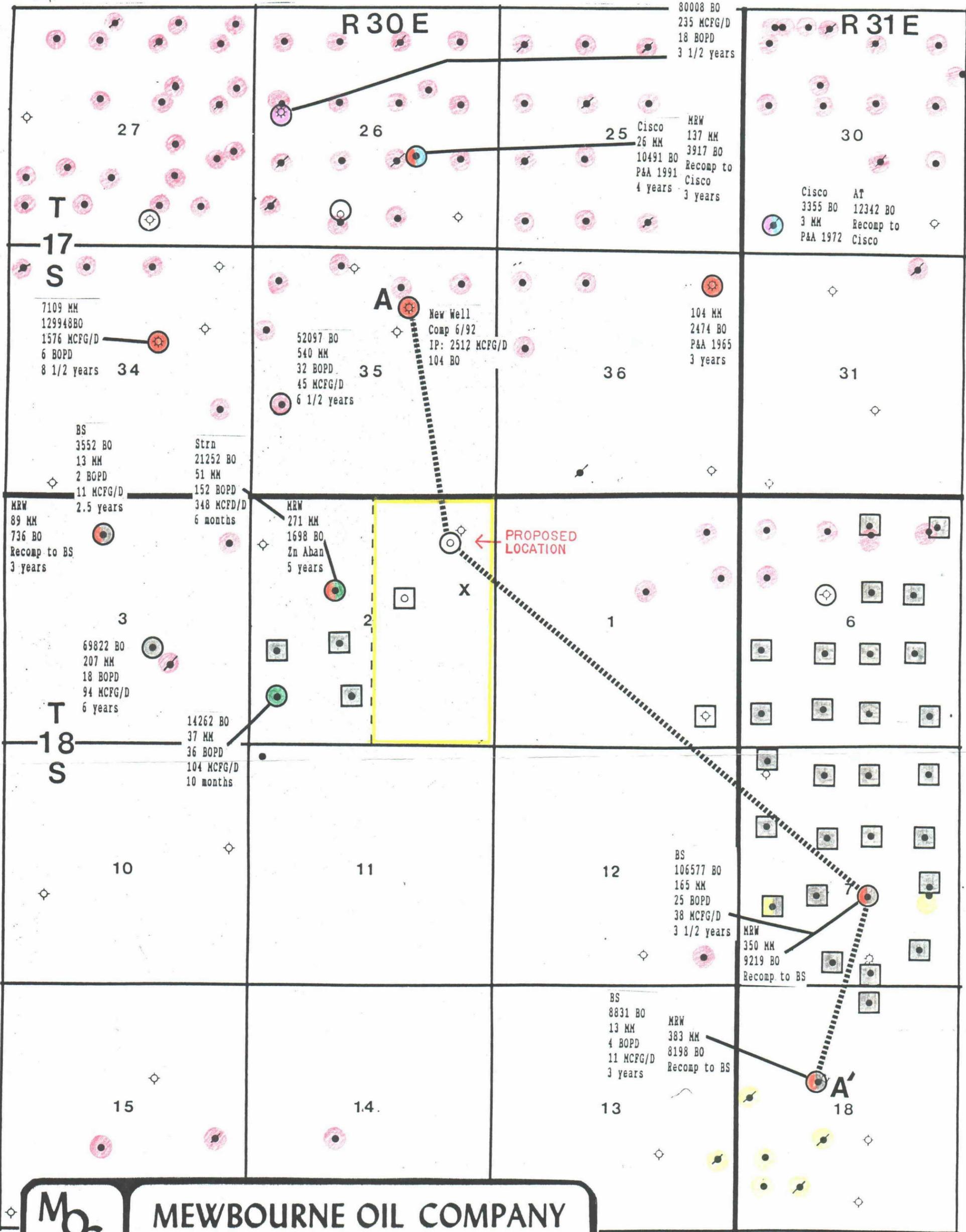
MEWBOURNE OIL COMPANY
MIDLAND, TEXAS DISTRICT

LOCO HILLS PROSPECT
EDDY COUNTY, NEW MEXICO

STRUCTURE: TOP OF LOWER MORROW
CONTOUR INTERVAL: 100'
ISOPACH: NET LOWER MORROW BROWN SAND
CONTOUR INTERVAL: 10'

- BONE SPRING PENETRATIONS
- MORROW PENETRATIONS

NET POROSITY \geq 7%
GROSS SAND



1057 MM
80008 BO
235 MCFG/D
18 BOPD
3 1/2 years

Cisco MRW
26 MM 137 MM
10491 BO 3917 BO
P&A 1991 Recomp to
4 years Cisco
3 years

Cisco AT
3355 BO 12342 BO
3 MM Recomp to
P&A 1972 Cisco

7109 MM
129948BO
1576 MCFG/D
6 BOPD
8 1/2 years

52097 BO
540 MM
32 BOPD
45 MCFG/D
6 1/2 years

104 MM
2474 BO
P&A 1965
3 years

BS
3552 BO
13 MM
2 BOPD
11 MCFG/D
2.5 years

Strn
21252 BO
51 MM
152 BOPD
348 MCFG/D
6 months

MRW
271 MM
1698 BO
Zn Ahan
5 years

MRW
89 MM
736 BO
Recomp to BS
3 years

69822 BO
207 MM
18 BOPD
94 MCFG/D
6 years

14262 BO
37 MM
36 BOPD
104 MCFG/D
10 months

BS
106577 BO
165 MM
25 BOPD
38 MCFG/D
3 1/2 years

MRW
350 MM
9219 BO
Recomp to BS

BS
8831 BO
13 MM
4 BOPD
11 MCFG/D
3 years

MRW
383 MM
8198 BO
Recomp to BS



MEWBOURNE OIL COMPANY
MIDLAND, TEXAS DISTRICT

LOCO HILLS PROSPECT
EDDY COUNTY, NEW MEXICO

PRODUCTION MAP
CUMULATIVE PRODUCTION THRU DECEMBER 1991
DAILY RATES AS OF DECEMBER 1991

□ BONE SPRING PENETRATIONS
○ MORROW PENETRATIONS

- Yates
- Qn-Grb-SA
- Bone Spring
- Cisco
- Strawn
- Atoka
- Morrow

R 30 E

R 31 E

27

26

25

30

T

17

S

34

31

6 6 13 12

6 6 12 12

4 4 5 5 11 11 9 9

4 4 4 4 7 8 9 10

T

18

S

3

2

6

1 1 1 1

1 1 1 1

3 1 1 1

3 2 2 2

10

11

12

7

15

14

13

18



MEWBOURNE OIL COMPANY

MIDLAND, TEXAS DISTRICT

LOCO HILLS PROSPECT
EDDY COUNTY, NEW MEXICO

- BONE SPRING PENETRATIONS
- MORROW PENETRATIONS
- OFFSET PRO-RATION UNITS
- CEDAR BREAKS 2 STATE NO. "2" PRO-RATION UNIT