

MEWBOURNE OIL COMPANY

P.O. BOX 7698
TYLER, TEXAS 75711
903 - 561-2900
FAX 903 - 561-1870

January 10, 1994

NEW MEXICO
OIL CONSERVATION DIVISION

ANADARKO PETROLEUM
ATT: RICHARD PRATT
P. O. BOX 1330
HOUSTON, TX 77251-1330

Mewbourne EXHIBIT 5A

CASE NO. 10959 + 10960

Re: Proposed Querecho Plains
Queen Associated Sand Unit
Lea County, New Mexico

Dear Working Interest Owner:

Mewbourne Oil Company proposes to unitize an area of the Querecho Plains Field, comprising 1,520 acres of Lea County, New Mexico to perform secondary recovery operations through waterflooding of the Queen/Penrose reservoirs. The field is nearing depletion and without unitization and waterflooding, most of the wells will be abandoned in the near future.

Mewbourne Oil Company is requesting to be appointed Operator since Mewbourne operates 67 percent of the wells included in the proposed Unit.

Unitization, as is herein proposed, treats each party equitably in that the unitization parameters represent the actual quality of each well contributed to the Unit. The participation formula for the Unit is 95% Ultimate Primary Oil Reserves, plus 5% surface acres.

Waterflooding is projected to recover an additional 220,000 barrels of incremental secondary oil. The total capital costs are estimated to be \$600,000. Unrisked incremental economics yield an Internal Rate of Return in excess of 35% with an Undiscounted Return on Investment in excess of 250% over a 5.5 year life.

Plan of Unitization

The attached Plan of Unitization is in compliance with New Mexico Statutory Unitization Act [70-7-1 to 7-7-21 NMSA (1987 Repl.)]. Exhibits "A", "B", "C", and "D" are found at the end of the Unit Agreement. Exhibit "A" shows

the proposed unitized area. Exhibit "B" describes each tract and its respective ownership, Exhibit "C" gives Unit participation of each tract, and Exhibit "D" identifies the Unitized Formation. Your individual participation in the proposed Unit is shown in Exhibit "E" located at the end of the Unit Operating Agreement.

Based on the foregoing discussions, Mewbourne requests your early concurrence in joining the proposed Querecho Plains Queen Associated Sand Unit. Upon approval of 75% of the Working Interest Owners, Mewbourne will proceed to obtain final approval for the project by the New Mexico Oil Conservation Division. The targeted date for initiating injection is June 1, 1994.

The Plan of Unitization, Unit Agreement, and Unit Operating Agreement have been executed on behalf of Mewbourne Oil Company. Working Interest signature pages for the Unit Agreement, Unit Operating Agreement, and the Plan of Unitization are found at the end of each of these agreements. In addition, two copies of the signature pages have been included. Please show your approval by signing, attesting, notarizing and dating the two extra sets of signature pages and return them to my attention in the enclosed self-addressed envelope. Also, please sign the identical signature pages in the book for your files.

If you have questions regarding this proposal, please contact me at A/C 903 561-2900.

Yours truly,



K.M. Calvert
Engineering Manager
Secondary Recovery

KMC/sh

Enclosures: Plan of Unitization (Book)
2 Sets of Signature Pages
Return Envelope

MEWBOURNE OIL COMPANY

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TYLER, TEXAS 75711
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February 7, 1994

Certified No. P 028 722 324

Anadarko Petroleum
Att: Richard Pratt
P.O.Box 1330
Houston, TX 77251-1330

Re: Proposed Querecho Plains
Queen Associated Sand Unit
Lea County, New Mexico

Dear Mr. Pratt:

The purpose of this letter is to confirm that you have received the Unit and Unit Operating Agreements as transmitted under our letter of January 10, 1994. As of this date we have not received your executed signature pages concerning these agreements.

We again invite you to join the proposed Waterflood Project and ask that you contact the undersigned with any questions you may have in this matter.

We would appreciate hearing from you prior to our making application to the New Mexico Oil Conservation Division approximately March 1, 1994.

Yours truly,



K. M. Calvert
Engineering Manager
Secondary Recovery

KMC/sh