

**MALLON OIL COMPANY
Mescalero 30 Federal No. 4
SWNE Section 30-T19S-R34E
Lea County, New Mexico**

**STRAWN EXAMPLE ECONOMICS
QUAIL RIDGE AREA
LEA COUNTY, NM**

Example economics are attached for drilling a single Strawn completion in the Quail Ridge area. The oil and gas projections were based upon the closest Strawn producer, Union Oil Co. Smith #1 in S25T19SR33E. Drilling and operating costs were based upon current price estimates. As shown by the attached economics, a single zone Strawn completion would be uneconomic and, therefore, not attempted without downhole commingling.