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MABEE MINERALS INCORPORATED

202 - 850 West Hastings Street, Vancouver, B.C. V6C 1E1 - Telephone: (604) 681-7431

TO THE SHAREHOLDERS:

May 4th, 1977

Re: Jumbo Gas Prospect

Mabee Minerals Incorporated has purchased a 1/32 interest in the East Moyers Anticline Gas prospect from Sweetwater Mineral Corporation. The prospect comprises 1,920 acres and is considered to off-set three successful gas wells that are presently being taken on stream at an initial production rate of 730,000 cubic feet gas/day/well with a well head price of approximately \$1.55/1,000 cubic feet.

U.S. Mineral Corporation, the operator, has initiated drilling of the first off-set well, and if successful, Mabee Minerals expects to be on stream by late May. There is a planned twelve well development programme.

Gary Hart, an independent petroleum geologist from Oklahoma City, estimates the recoverable gas reserves for each well drilled to be four billion cubic feet with an average deliverability of 730 thousand cubic feet gas/day, total prospect reserves of 48 billion cubic feet, and a commercial well life in excess of fifteen years.

Sweetwater Mineral Corporation estimates the first well payout to be 1.6 years and subsequent wells to payout in approximately 1.0 years.

The first hole was completed to a depth of 4,108 feet and 7 7/8 inches production casing has now been run to that depth. The logs of the hole indicate three pay zones, as follows:

at 1800	163' of net pay
at 3200	150' of net pay
at 3700	300' of net pay

This compares favourably with the nearest hole in the field which tested at 850,000 MCF production. Construction of the gas pipeline has commenced with completion approximately June 1, 1977.

Re: White & Shiloh

The first stage of development has commenced on the White & Shiloh property at Battle Mountain, Nevada. Geophysical and geochemical surveys are underway and diamond drilling targets should be plotted shortly. Dewatering of the shafts and underground sampling with bulk shipping is being commenced.

On Behalf of the Board:


L.P. Price, C.A.
President