

MATERIAL CHANGE REPORT

1. **Reporting Issuer:**

Mesquite Exploration Ltd.
1545, 101 - 6th Avenue S.W.
Calgary, Alberta T2P 3P4

2. **Date of Material Change:**

December 28, 2001

3. **News Release:**

A press release disclosing the details outlined in this Material Change Report was issued by Mesquite Exploration Ltd. from Calgary, Alberta on January 10, 2002 and disseminated through the facilities of Canada Stock Watch.

4. **Summary of Material Change:**

Mesquite announced that construction of the facility at Medicine Lodge, required to produce the 16-31 gas well (MQL 18.75%WI), is complete and production commenced on December 28, 2001 at a rate of over nine million cubic feet per day plus associated liquids. Mesquite's net production from this well is approximately 285 barrels of oil equivalent per day ("boepd") (6 to1) plus 18 bpd of liquids. The company also announces that a well drilled over year end in the Utikuma area was successful. Mesquite expects this well to be on production by January 18, 2002, with initial production expected to be in the range of 20 boepd. Also, the previously announced asset acquisition in Mesquite's core areas is effective January 1, 2002 and is expected to close in January. Upon closing the transaction Mesquite will be producing in excess of 2000 boepd.

5. **Full Description of Material Change:**

Mesquite announced that construction of the facility at Medicine Lodge, required to produce the 16-31 gas well (MQL 18.75%WI), is complete and production commenced on December 28, 2001 at a rate of over nine million cubic feet per day plus associated liquids. Mesquite's net production from this well is approximately 285 barrels of oil equivalent per day ("boepd") (6 to1) plus 18 bpd of liquids. The company also announces that a well drilled over year end in the Utikuma area was successful. Mesquite expects this well to be on production by January 18, 2002, with initial production expected to be in the range of 20 boepd. Also, the previously announced asset acquisition in Mesquite's core areas is effective January 1, 2002 and is expected to close in January. Upon closing the transaction Mesquite will be producing in excess of 2000 boepd.

6. **Reliance on Confidentiality Provision:**

Not Applicable

7. **Omitted Information:**

Not Applicable

8. **Senior Officer:**

For further information, please contact:

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9. **Statement of Senior Officer:**

The foregoing accurately discloses the material change referred to in this report.

DATED January 10, 2002 at Calgary, Alberta.

Mesquite Exploration Ltd.

/ Signed / "*Christina M. Fehr*"

Per: _____
Christina M. Fehr, Secretary

cc: The Canadian Venture Exchange