

EXHIBIT

TRACT OWNERSHIP
Pronghorn 15 B3AP Federal Com No. 1H
E/2E/2 of Section 15,
Township 23 South, Range 34 East
Lea County, New Mexico

E/2E/2 of Section 15:
Bone Spring formation:

Mewbourne Oil Company 31.476095%
500 West Texas, Suite 1020
Midland, Texas 79701

*Black Mountain Operating, LLC 24.781619%
500 Main Street, Suite 1200
Fort Worth, Texas 76102
Attn: Mr. Luke Mildren

Challenger Crude, Ltd. 12.463839%
3525 Andrews Highway
Midland, Texas 79703
Attn: Mr. Mike Curry

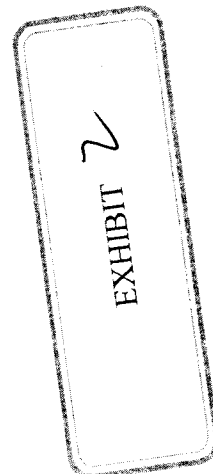
SFF Production, LLC 7.975589%
P.O. Box 1015
Midland, Texas 79702

*Tom M. Ragsdale 6.837475%
12012 Wickchester Lane, Suite 410
Houston, Texas 77079

Seeligson Oil Co., Ltd. 5.357624%
808 Travis Street, Suite 2200
Houston, Texas 77002
Attn: Mr. Arthur Seeligson

Viersen Oil & Gas Co. 2.500000%
P.O. Box 702708
Tulsa, Oklahoma 74170
Attn: Mr. J.J. Chisholm

ICA Energy, Inc. 2.279159%
P.O. Box 233
Odessa, Texas 79760
Attn: Mr. Curtis Leonard



1 \$ 750 / \$ 7500

Wildcat Energy, L.L.C. P.O. Box 13323 Odessa, Texas 79768 Attn: Mr. Roger Becker	2.160000%
Landis Drilling Co. P.O. Box 994 Midland, Texas 79701 Attn: Land Department	1.066667%
Bonnie Bowman Korbell and John Korbell P.O. Box 12199 San Antonio, Texas 78212	0.868134%
Mark G. Kalpakis Irrevocable Trust 5416 Birchman Avenue Fort Worth, Texas 76107 Attn: Mrs. Rachelle Whiteman	0.468792%
R. Dean Williams Irrevocable Trust 5416 Birchman Avenue Fort Worth, Texas 76107 Attn: Mrs. Rachelle Whiteman	0.468792%
Texas Independent Exploration, Inc. 6760 Portwest Drive Houston, Texas 77024 Attn: Mr. Chad Barbe	0.316407%
Gerald W. Green 414 W. Texas Avenue, Suite 317 Midland, Texas 79701	0.316406%
Axis Energy Corporation P.O. Box 2107 Roswell, New Mexico 88202 Attn: Mr. Chad Barbe	0.231482%
Black & Gold Resources, LLC 800 Bering, Suite 201 Houston, Texas 77057 Attn: David V. De Marco	0.158350%
Charles C. Albright, III, Trustee 729 W. 16 th Street, Suite B8 Costa Mesa, CA 92627	0.084175%

M. Kurt Chapman P.O. Box 344 Post, Texas 79356	0.084175%
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Lillian E. Rutherford and Kenneth Rutherford, Trustees of the Rutherford Family 1970 Trust 321 Grove Drive Portola Valley, CA 94028	0.042088%
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ABC Oil & Gas Properties c/o Darleen Cockburn 3208 Boyd Midland, Texas 79705	0.021044%
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Constance B. Cartwright 435 E. 52 nd Street New York, New York 10022	0.021044%
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Phoebe Tompkins 5184 Pine Tree Drive Miami Beach, FL 33140	<u>0.021044%</u> 100.000000%
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*** Total interest being pooled: 31.619094%**

Summary of Communications
Pronghorn 15 B3AP Federal Com No. 1H

Black Mountain Operating, LLC

- 1) Called Carolyn Dick on 1-19-2015 to discuss prospect.
- 2) Mailed Term Assignment offer by letter dated 1-27-2015 via certified mail to Merit Energy Company.
- 3) Received green card signed by J. Graham.
- 4) Emailed Carolyn Dick our offer by email dated 1-27-2015.
- 5) Talked with Eric Roberts on 7-6-2015 to discuss prospect.
- 6) Talked with Eric Roberts on 7-14-2015 to discuss options other than participating.
- 7) Received email from Eric Roberts on 7-21-2015 stating they are not interested in participating at this time and to propose a farmout offer.
- 8) Talked with Eric Roberts on 7-27-2015 to discuss prospect and options.
- 9) Emailed farmout offer to Eric Roberts on 7-28-2015.
- 10) Followed up with Eric Roberts regarding our farmout offer by email dated 8-11-2016. Eric sent back a counter to our offer.
- 11) Emailed Eric Roberts on 8-17-2015 and told him his counter needed to be more in line with our original proposal.
- 12) Emailed Eric Roberts on 8-28-2015 a revised Farmout proposal.
- 13) Called Nick Peters on 9-8-2015 to discuss proposal. No answer, left message.
- 14) Nick Peters called back on 9-10-2015 and discussed counter terms to our offer.
- 15) Emailed Nick Peters on 9-11-2015 responses to his counter.
- 16) Talked with Nick Peters on 9-14-2015 regarding our Farmout offer.
- 17) Emailed Nick Peters on 12-8-2015 wanting to try and finish our negotiations regarding a farmout agreement.
- 18) Received email from Nick Peters on 12-17-2015 stating they did not wish to do anything at this time.
- 19) Followed up with Nick Peters on 3-28-2016 concerning our farmout offer.
- 20) Followed up with Nick Peters on 4-25-2016 concerning our farmout offer.
- 21) Received email from Nick Peters on 4-25-2016 stating Merit did not wish to participate or farmout.
- 22) Talked with Nick Peters on 5-9-2016 about the prospect. He said they are selling this interest as a bigger package.
- 23) Merit Energy Company sold its interest to Black Mountain Operating, LLC.
- 24) Emailed Kyle Biery with Black Mountain on 6-13-2016 to get correct contact information.
- 25) Mailed well proposal letter with AFE via certified mail dated 9-15-2016 to Black Mountain Operating, LLC.
- 26) Received green card signed by ???
- 27) Received phone call from Luke Mildren on 9-19-2016. I called back and left message.
- 28) Talked with Luke Mildren on 9-26-2016 about needing to get a JOA signed.
- 29) Emailed Luke Mildren on 10-21-2016 about the 3 additional well proposals and the need to get a JOA executed so we didn't have to go through force pooling again.
- 30) Received email from Luke Mildren on 10-24-2016 stating it was out of his hands.

- 31) Emailed Luke Mildren on 10-27-2016 copies of JOAs limited to the proration units as they requested.
- 32) Received email from Luke Mildren on 10-31-2016 claiming he received the JOAs and would re-present them along with the well proposals to his team.
- 33) Received email from Luke Mildren on 11-17-2016 stating he was sending me the JOA covering the W2W2 overnight mail. I asked if the other JOAs would be coming as well and said just the W2W2 JOA as of right now.
- 34) Received email from Luke Mildren on 12-12-2016 asking if Mewbourne would be interested in trading the E2 for the W2 of Section 15.
- 35) Talked with Luke Mildren on 12-12-2016 about a possible trade concerning Section 12 and Section 15.
- 36) Emailed Luke Mildren on 12-14-2016 for an update concerning our conversation. He said he didn't want to trade Section 12 and 15 and just wanted to trade E2 for W2 in Section 15. I again emailed back additional terms that we would be willing to trade under. Luke emailed back and said he would get with his technical team and get back.
- 37) I have not heard back from Black Mountain concerning our last offer.

Tom M. Ragsdale

- 1) Mailed well proposal letter with AFE via certified mail dated 4-27-2016.
- 2) Received green card signed by John Lelek.
- 3) Received email dated 5-25-2016 from Tom Ragsdale inquiring about our proposal.
- 4) Talked with Tom Ragsdale regarding our proposal on 5-28-2016.
- 5) Emailed Tom Ragsdale on 6-16-2016 to follow up to our proposal for a trade instead of him participating.
- 6) Received phone call from Karen Stanford on 6-24-2016. I was not available and she left a message.
- 7) Called Karen Stanford on 6-27-2016 and we discussed the prospect.
- 8) Received and email on 6-29-2016 from Mark Crosswell and Tom Ragsdale stating they would like to discuss the AFE.
- 9) Talked with Mark Crosswell and Tom Ragsdale 6-30-2016 regarding the AFE.
- 10) Talked with Karen Stanford on 7-15-2016 concerning the prospect.
- 11) Talked with Karen Stanford on 7-22-2016 concerning an offer.
- 12) Emailed Karen Stanford on 8-3-2016 setting out a Term Assignment offer and received a counter proposal from Karen the same day.
- 13) Emailed Karen Stanford on 8-5-2016 with another counter proposal for a Term Assignment.
- 14) Received feedback on 8-8-2016 regarding our proposal from Karen Stanford.
- 15) Emailed Karen Stanford on 8-15-2016 a revised offer.
- 16) Received email from Karen Stanford on 8-17-2016 confirming receipt of our revised offer and stating she will look it over.
- 17) Emailed Karen Stanford on 8-22-2016 to see if she has any feedback. Received email back from Karen Stanford stating the basic structure of our deal is fine.
- 18) Emailed Karen Stanford on 8-29-2016 letting her know we will have to move forward with force pooling.
- 19) Received email from Karen Stanford on 8-31-2016 requesting additional information.
- 20) Emailed Karen Stanford on 9-1-2016 and faxed her a copy of the JOA. Confirmed receipt of the JOA on 9-7-2016.
- 21) Received comments back on 9-12-2016 regarding our Term Assignment form.

- 22) Emailed Karen Stanford on 9-13-2016 regarding her revision to the Term Assignment and our final offer terms.
- 23) Emailed Karen Stanford on 9-14-2016 clarifying our offer.
- 24) Mailed well proposal letter with AFE via certified mail dated 9-15-2016.
- 25) Received green card signed by ???
- 26) Talked with Karen Stanford about our offer and emailed her on 9-19-2016 with our redlined Term Assignment.
- 27) Karen emailed me 9-23-2016 with some questions concerning the Term Assignment.
- 28) Talked with Karen on 9-23-2016 and she said Mr. Ragsdale is no longer interested in doing the term assignment and instead is going to participate.
- 29) Emailed Karen on 9-26-2016 with her respective changes to the Term Assignment.
- 30) Received email from Karen dated 9-28-2016 inform me that Mr. Ragsdale is no longer interested in doing the term assignment and instead is going to participate.
- 31) Talked with Karen on 10-5-2016 regarding the AFE and JOA.
- 32) Received email from Karen dated 10-7-2016 stating Mr. Ragsdale has some questions with our AFE.
- 33) Emailed Karen to let her know I received Mr. Ragsdale executed AFEs but had not received the JOA yet.
- 34) By email dated 11-8-2016, Karen said she would get with Mr. Ragsdale to get the JOA executed.
- 35) Talked with Karen in 11-10-2016 regarding the prospect.
- 36) By email dated 11-14-2016, Karen sent me a list of changes that Mr. Ragsdale wanted to our JOA.
- 37) Talked with Karen on 12-12-2016 about just a W2W2 JOA only.
- 38) Sent Karen our W2W2 JOA by email dated 12-13-2016. Karen acknowledged receipt and said she would get back with me.

Corey Mitchell

From: Luke Mildren <luke.mildren@blackmtn.com>
Sent: Wednesday, December 14, 2016 3:47 PM
To: Corey Mitchell
Subject: RE: Pronghorn 15

Corey,

Thanks for the heads up here. I don't believe Siana Oil & Gas has executed the JOA here, therefore all the other partners have not signed up thus far.

Black Mountain is committed to the area as well. We hope to develop the acreage as efficiently as possible, which is why we prefer longer laterals when possible.

According to our due diligence files, we have an NRI of 81.33% in Section 15. I am not sure where the title dispute stems from, but we will work to clear this up. I will relay this offer back to our technical guys and see if this gets them over the hump.

Thanks again for working with us here.
-Luke

From: Corey Mitchell [mailto:cmitchell@Mewbourne.com]
Sent: Wednesday, December 14, 2016 2:47 PM
To: Luke Mildren <luke.mildren@blackmtn.com>
Subject: RE: Pronghorn 15

Luke,

We appreciate BMOG working with us to try and come to an agreement whereby we can get out of each other's way and move forward. However, our President is not willing to trade out of Section 15 due to the fact that we have invested considerable amount of time and money, are drilling a well in the W/2W/2, have APDs covering the section, and have all the other partners support for MOC being operator in the section by virtue of an executed JOA covering all of Section 15. It is worth noting that we have been working on this prospect since January 2015.

Also, MOC is committed to this area and plans on being out here long term. This is evidenced by our recent drilling activity and investment in infrastructure. As previously mentioned, MOC also has the W2 of Section 14 and interest in 5 other nearby sections that we operate.

Though you are hoping to drill 7,500' laterals out of section 10 into section 15, I don't see this as an option given MOC's position in Section 15.

I'm not sure what title information you have, but we have a title opinion that sets out the NRIs in Section 15. It shows that at best the NRI is around 77%-78%. The leases we have picked up in Section 12 range from 1/5 royalty to 1/4 royalty. We do have some leases with 3 year term, but most are 3+2 or 5 years. That would give you at least until 2019 to develop, which doesn't seem unreasonable if BMOG is wanting to start drilling early next year.

With that said, MOC would be willing to trade out of our position in Section 12 to BMOG for a portion of BMOG's interest in Section 15. What are your thoughts on trading approximately 160 of MOC's acres in Section 12 for 120 of BMOG's acres in Section 15? This would allow for us to get out of your way in Section 12 and also leave you with an

interest to participate with in Section 15. Basically, some form of the previous offer is all we are going to be able to get approval for right now as trading out of Section 15 is not going to be an option for us.

Please review and let me know if we can work something out. Thanks.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

From: Luke Mildren [<mailto:luke.mildren@blackmtn.com>]
Sent: Wednesday, December 14, 2016 11:19 AM
To: Corey Mitchell
Subject: RE: Pronghorn 15

Our engineers aren't crazy about the idea of giving up potential 7,500' laterals with good NRI's for non-hbp acreage and we don't own any offsetting leasehold. We would still prefer to trade, rather than to slow one another down, if we can come up with a fair deal for both parties.

From: Corey Mitchell [<mailto:cmitchell@Mewbourne.com>]
Sent: Wednesday, December 14, 2016 11:05 AM
To: Luke Mildren <luke.mildren@blackmtn.com>
Subject: RE: Pronghorn 15

Luke,

Any update from our conversation concerning Section 12 and 15? Thanks,

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

From: Luke Mildren [<mailto:luke.mildren@blackmtn.com>]
Sent: Monday, December 12, 2016 2:30 PM
To: Corey Mitchell
Subject: RE: Pronghorn 15

Corey,

Would Mewbourne be willing to trade interest in the E2 of Section 15 for Black Mountain's W2?

Thanks,
Luke

From: Corey Mitchell [<mailto:cmitchell@Mewbourne.com>]
Sent: Thursday, November 17, 2016 9:27 AM

Corey Mitchell

From: Luke Mildren <luke.mildren@blackmtn.com>
Sent: Wednesday, December 14, 2016 11:19 AM
To: Corey Mitchell
Subject: RE: Pronghorn 15

Our engineers aren't crazy about the idea of giving up potential 7,500' laterals with good NRI's for non-hbp acreage and we don't own any offsetting leasehold. We would still prefer to trade, rather than to slow one another down, if we can come up with a fair deal for both parties.

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Sent: Thursday, November 17, 2016 9:27 AM
To: Luke Mildren <luke.mildren@blackmtn.com>
Subject: RE: Pronghorn 15

Thanks, Luke. I will keep an eye out for it. See if you can push on the others as well that way we can avoid pooling hearings. Have a great day.

Corey Mitchell
Land Department
Mewbourne Oil Company

Corey Mitchell

From: Luke Mildren <luke.mildren@blackmtn.com>
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To: Corey Mitchell
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From: Corey Mitchell [mailto:cmitchell@Mewbourne.com]
Sent: Thursday, November 17, 2016 9:27 AM
To: Luke Mildren <luke.mildren@blackmtn.com>
Subject: RE: Pronghorn 15

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Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

From: Luke Mildren [mailto:luke.mildren@blackmtn.com]
Sent: Thursday, November 17, 2016 9:13 AM
To: Corey Mitchell
Subject: RE: Pronghorn 15

Just the initial well thus far.

From: Corey Mitchell [mailto:cmitchell@Mewbourne.com]
Sent: Thursday, November 17, 2016 9:12 AM
To: Luke Mildren <luke.mildren@blackmtn.com>
Subject: RE: Pronghorn 15

Luke,

Were you able to get all four JOAs executed or just the initial well? Thanks.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701

Corey Mitchell

From: Luke Mildren <luke.mildren@blackmtn.com>
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Subject: RE: Pronghorn 15

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Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

From: Luke Mildren [mailto:luke.mildren@blackmtn.com]
Sent: Thursday, November 17, 2016 9:10 AM
To: Corey Mitchell
Subject: RE: Pronghorn 15

Corey,

I am having this overnighted to you. Sorry it took so long to get executed.

Thanks,
Luke

From: Corey Mitchell [mailto:cmitchell@Mewbourne.com]
Sent: Thursday, October 27, 2016 10:10 AM
To: Luke Mildren <luke.mildren@blackmtn.com>
Subject: RE: Pronghorn 15

Luke,

Please see attached. I have attached a JOA limited to the proration unit and Bone Spring formation for the Pronghorn 15 B3DM Fed Com No. 1H. Also, I will send similar JOAs (different Exhibit "A") by separate emails for the other 3 active proposals currently in front of Black Mountain. We will be moving forward with force pooling on these wells as we do not have an AFE and JOA in place for Black Mountain. Let me know if you have any questions. Thanks.

Corey Mitchell

From: Luke Mildren <luke.mildren@blackmtn.com>
Sent: Thursday, November 17, 2016 9:10 AM
To: Corey Mitchell
Subject: RE: Pronghorn 15

Corey,

I am having this overnighted to you. Sorry it took so long to get executed.

Thanks,
Luke

From: Corey Mitchell [mailto:cmitchell@Mewbourne.com]
Sent: Thursday, October 27, 2016 10:10 AM
To: Luke Mildren <luke.mildren@blackmtn.com>
Subject: RE: Pronghorn 15

Luke,

Please see attached. I have attached a JOA limited to the proration unit and Bone Spring formation for the Pronghorn 15 B3DM Fed Com No. 1H. Also, I will send similar JOAs (different Exhibit "A") by separate emails for the other 3 active proposals currently in front of Black Mountain. We will be moving forward with force pooling on these wells as we do not have an AFE and JOA in place for Black Mountain. Let me know if you have any questions. Thanks.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

From: Luke Mildren [mailto:luke.mildren@blackmtn.com]
Sent: Monday, October 24, 2016 11:26 AM
To: Corey Mitchell
Subject: RE: Pronghorn 15

Corey,

I appreciate your update below. Unfortunately, this is out my hands. Our CEO stated that if y'all would like to meet to resolve this issue, he would be more than willing to sit down and hash it out.

Thanks,
Luke

From: Corey Mitchell [mailto:cmitchell@Mewbourne.com]
Sent: Friday, October 21, 2016 9:50 AM
To: Luke Mildren <luke.mildren@blackmtn.com>
Subject: RE: Pronghorn 15

Corey Mitchell

From: Luke Mildren <luke.mildren@blackmtn.com>
Sent: Monday, October 31, 2016 8:26 AM
To: Corey Mitchell
Subject: RE: Pronghorn 15 B3AP Fed Com No. 1H JOA

Thanks for passing these along. I will re-present them, along with the well proposals to our team this week.

From: Corey Mitchell [<mailto:cmitchell@Mewbourne.com>]
Sent: Thursday, October 27, 2016 10:14 AM
To: Luke Mildren <luke.mildren@blackmtn.com>
Subject: Pronghorn 15 B3AP Fed Com No. 1H JOA

Luke,

Please see attached JOA for the captioned well. This JOA is to coincide with the well proposal sent by letter dated September 15, 2016. Let me know if you have any questions. Thanks.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

Corey Mitchell

From: Luke Mildren <luke.mildren@blackmtn.com>
Sent: Monday, October 24, 2016 11:26 AM
To: Corey Mitchell
Subject: RE: Pronghorn 15

Corey,

I appreciate your update below. Unfortunately, this is out my hands. Our CEO stated that if y'all would like to meet to resolve this issue, he would be more than willing to sit down and hash it out.

Thanks,
Luke

From: Corey Mitchell [mailto:cmitchell@Mewbourne.com]
Sent: Friday, October 21, 2016 9:50 AM
To: Luke Mildren <luke.mildren@blackmtn.com>
Subject: RE: Pronghorn 15

Luke,

I appreciate you getting back with me. Execution of the AFE only is not sufficient to be released from the force pooling application as we do not have a vehicle to operate under if we do not have a JOA or pooling order in place.

Also, it does not make sense to limit the JOA to the proration unit only. As previously mentioned, all the other partners have executed a full section JOA with MOC covering from the surface to the base of the Wolfcamp formation. In an effort to be good partners and help move things along, we have agreed to limit Black Mountain's contract area to the Bone Spring formation only.

We have proposed three more wells covering the additional Bone Spring proration units in the section. If Black Mountain refuses to execute a full section JOA then we will have to move forward with force pooling applications for every well. This is extremely inefficient and wastes everyone's time. There is no point in having 4 separate JOAs covering each respective proration unit as to the Bone Spring formation if 1 JOA will serve the same purpose. I do not see what Black Mountain is trying to gain by going well by well as we have all the other parties signed up with MOC designated as Operator. Not to mention we also already have APDs for these units.

Please take these thoughts into consideration and see if you can get the full section JOA executed. Let me know if you have any questions.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

From: Luke Mildren [mailto:luke.mildren@blackmtn.com]
Sent: Friday, October 21, 2016 8:53 AM



Date: September 19, 2016

Simple Certified:

The following is in response to your September 19, 2016 request for delivery information on your Certified Mail™/RRE item number 9414810699945017848816. The delivery record shows that this item was delivered on September 19, 2016 at 1:59 pm in FORT WORTH, TX 76102. The scanned image of the recipient information is provided below.

Signature of Recipient :

A handwritten signature in black ink, appearing to be "K. Biery", written over a horizontal line.

Address of Recipient :

A handwritten address in black ink, reading "500 Main", written in a cursive style.

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,
United States Postal Service

Mr. Kyle Biery
Black Mountain Operating, LLC
500 MAIN ST STE 1200
FORT WORTH, TX 76102
Reference #: Proposal Pronghorn 15 B3AP B3BO B3CN #1H CM

MEWBOURNE OIL COMPANY

500 West Texas, Suite 1020

Midland, Texas 79701

Phone (432) 682-3715

Fax (432) 685-4170

September 15, 2016

Via Certified Mail

Black Mountain Operating, LLC

500 Main Street, Suite 1200

Fort Worth, Texas 76102

Attn: Mr. Kyle Biery

Re: Pronghorn 15 B3AP Fed Com No. 1H
185' FNL & 660' FEL (SL)
330' FSL & 450' FEL (BHL)
Section 15, T23S, R34E
Lea County, New Mexico

Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to form a 640.00 acre Working Interest Unit ("WIU") covering the captioned Section 15 as to depths from the surface to the base of the Wolfcamp formation for oil and gas production.

In reference to the above, Mewbourne as Operator hereby proposes to drill the captioned well at the above referenced surface location (SL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 11,280 feet subsurface to evaluate the Third Bone Spring Sand in the Bone Spring Formation. The proposed well will have a measured depth (MD) of approximately 15,825 feet. The E/2E/2 of the captioned Section 15 will be dedicated to the well as the oil proration unit.

Regarding the above, enclosed for your further handling is our AFE dated August 26, 2016 for the captioned proposed well. In the event your firm elects to participate in the proposed well, please execute the enclosed AFE and return to me within thirty (30) days. Our Operating Agreement dated February 1, 2016 as previously been provided to you.

Should you have any questions regarding the above, please email me at cmitchell@mewbourne.com or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY

Corey Mitchell

Corey Mitchell

Landman

From: Kyle Biery
Sent: Monday, June 13, 2016 4:34 PM
To: Corey Mitchell <cmitchell@Mewbourne.com>
Cc: Luke Mildren <luke.mildren@blackmtn.com>
Subject: RE: Pronghorn 15 Prospect

Corey,

Please send me proposed AFE & JOA? We operate under Black Mountain Operating, LLC. I will see if I can get a copy of that assignment from our land department.

Thanks,

Kyle

From: Corey Mitchell [<mailto:cmitchell@Mewbourne.com>]
Sent: Monday, June 13, 2016 9:49 AM
To: Kyle Biery <kyle.biery@blackmtn.com>
Subject: FW: Pronghorn 15 Prospect

Kyle,

It is my understanding that Black Mountain Oil and Gas recently acquired the interest of Merit in Section 15, T23S, R34E, Lea County, New Mexico. We have been going back and forth with Merit for some time now regarding this prospect. I would assume Black Mountain's intent would be to participate in our proposed operations.

Can you please give me the entity name that succeeded to Merit's interest? I will revise our AFE and JOA and get over to you for review. Also, can I get a copy of the assignment for my file?

Let me know if you have any questions. I look forward to working with you. Thanks. Have a great day.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

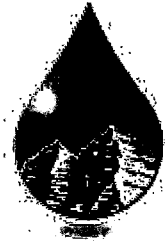
From: Peters, Nick [<mailto:Nick.Peters@meritenergy.com>]
Sent: Monday, June 06, 2016 10:54 AM
To: Corey Mitchell
Cc: Kyle Biery
Subject: RE: Pronghorn 15 Prospect

Corey:

We did indeed close with Black Mountain Oil and Gas. You can speak with Kyle Biery, their VP of Business Development. His contact information is set forth below and he's cc'd on this email.

Best of luck with everything.

Kyle M. Biery
Vice President of Business Development



BLACK MOUNTAIN OIL & GAS

500 Main Street, Suite 1200

Fort Worth, TX 76102

817-698-9901 ph.

817-698-9902 fax

Kyle.biery@blackmtn.com

www.blackmountainoilandgas.com

Nick Peters

972.628.1507

From: Corey Mitchell [<mailto:cmitchell@Mewbourne.com>]

Sent: Monday, June 06, 2016 9:41 AM

To: Peters, Nick

Subject: RE: Pronghorn 15 Prospect

Nick,

Just wanted to check in and see if you closed your transaction involving Section 15, T23S, R34E, Lea County, NM? If so, can you share with me who the buyer is? Thanks.

Corey Mitchell

Land Department

Mewbourne Oil Company

500 West Texas, Suite 1020

Midland, TX 79701

Bus. (432) 682-3715

Fax (432) 685-4170

From: Peters, Nick [<mailto:Nick.Peters@meritenergy.com>]

Sent: Thursday, May 26, 2016 6:30 PM

To: Corey Mitchell

Subject: RE: Pronghorn 15 Prospect

Corey:

All is well, and I hope you're good too. The transaction is moving along and the parties are set to close 5/31. As soon as we're closed, I believe our buyer is going to contact you. If you haven't heard from us by Wednesday, please ping me and I'll make an introduction.

Take care.

Nick Peters

972.628.1507

From: Corey Mitchell [<mailto:cmitchell@Mewbourne.com>]

Sent: Wednesday, May 25, 2016 9:45 AM

To: Peters, Nick

Subject: Pronghorn 15 Prospect

Nick,

I hope all is going well. I just wanted to check in and see how the transaction is going regarding certain Merit New Mexico properties. Any closer to being finalized so we can know who the purchaser is? Thanks for the update. Have a great day.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

Corey Mitchell

From: Peters, Nick <Nick.Peters@meritenergy.com>
Sent: Monday, April 25, 2016 4:26 PM
To: Corey Mitchell
Subject: RE: Pronghorn 15 Prospect

Corey:

I apologize for not getting back to you - I've been on the road a fair amount. I circled up internally, and we are not presently interested in participating in this well. I also do not believe we are interested in farming out this acreage. Where do you think that leaves things?

Thanks.

Nick Peters
972.628.1507

-----Original Message-----

From: Corey Mitchell [<mailto:cmitchell@Mewbourne.com>]
Sent: Monday, April 25, 2016 1:07 PM
To: Peters, Nick
Subject: FW: Pronghorn 15 Prospect

Nick,

I just wanted to follow up on this prospect. Have you heard anything back yet on what Merit is wanting to do? Any update will be appreciated. Thanks. Have a great day.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

-----Original Message-----

From: Corey Mitchell
Sent: Monday, March 28, 2016 5:03 PM
To: 'Peters, Nick'
Subject: Pronghorn 15 Prospect

Nick,

Pursuant to our conversation, please see attached well proposal I sent Merit back in February. Please review and let me know what you hear back. As mentioned, I am looking for direction (participate or work a deal) on Merit's thoughts

concerning this prospect. Let me know if you have any questions or need additional information. Thanks Nick. Have a great evening.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

Corey Mitchell

From: Peters, Nick <Nick.Peters@meritenergy.com>
Sent: Thursday, December 17, 2015 10:27 AM
To: Corey Mitchell
Subject: RE: Mewbourne Oil Co. New Well proposal :PRONGHORN 15 B3DM FED COM NO. 1H

Core:

I discussed this with management. Unfortunately, we do not want to farmout this acreage at this time. Thank you very much for your interest, and I'll be sure to let you know if our level of interest changes.

Take care, and enjoy the holidays.

Nick Peters
972.628.1507

From: Corey Mitchell [mailto:cmitchell@Mewbourne.com]
Sent: Tuesday, December 08, 2015 5:01 PM
To: Peters, Nick
Subject: RE: Mewbourne Oil Co. New Well proposal :PRONGHORN 15 B3DM FED COM NO. 1H

Nick,

Hope all is going well. I would like to start up our conversation again regarding the Farmout covering Merit's interest in Section 15, T23S, R34E, Lea County, New Mexico. Based on our last conversation, I believe Merit was okay with the terms below but was wanting to get a better feel for its NRI. We had title rendered and it appears Merit has an average NRI of 80.271718% interest throughout the section.

Please look it over and let me know your thoughts. Thanks Nick. I look forward to hearing from you. Have a great evening.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

From: Peters, Nick [mailto:Nick.Peters@meritenergy.com]
Sent: Friday, September 11, 2015 5:01 PM
To: Corey Mitchell
Subject: RE: Mewbourne Oil Co. New Well proposal :PRONGHORN 15 B3DM FED COM NO. 1H

Thanks, Corey. We'll review this and get back to you.

Have a great weekend.

Nick Peters
972.628.1507

Corey Mitchell

From: Peters, Nick <Nick.Peters@meritenergy.com>
Sent: Tuesday, December 08, 2015 5:03 PM
To: Corey Mitchell
Subject: RE: Mewbourne Oil Co. New Well proposal :PRONGHORN 15 B3DM FED COM NO. 1H

Thanks, Corey. We'll take a look at this again and get back to you.

Nick Peters
972.628.1507

From: Corey Mitchell [mailto:cmitchell@Mewbourne.com]
Sent: Tuesday, December 08, 2015 5:01 PM
To: Peters, Nick
Subject: RE: Mewbourne Oil Co. New Well proposal :PRONGHORN 15 B3DM FED COM NO. 1H

Nick,

Hope all is going well. I would like to start up our conversation again regarding the Farmout covering Merit's interest in Section 15, T23S, R34E, Lea County, New Mexico. Based on our last conversation, I believe Merit was okay with the terms below but was wanting to get a better feel for its NRI. We had title rendered and it appears Merit has an average NRI of 80.271718% interest throughout the section.

Please look it over and let me know your thoughts. Thanks Nick. I look forward to hearing from you. Have a great evening.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

From: Peters, Nick [mailto:Nick.Peters@meritenergy.com]
Sent: Friday, September 11, 2015 5:01 PM
To: Corey Mitchell
Subject: RE: Mewbourne Oil Co. New Well proposal :PRONGHORN 15 B3DM FED COM NO. 1H

Thanks, Corey. We'll review this and get back to you.

Have a great weekend.

Nick Peters
972.628.1507

From: Corey Mitchell [mailto:cmitchell@Mewbourne.com]
Sent: Friday, September 11, 2015 4:08 PM
To: Peters, Nick
Subject: RE: Mewbourne Oil Co. New Well proposal :PRONGHORN 15 B3DM FED COM NO. 1H

Nick,

Pursuant to our conversation, Mewbourne Oil Company hereby offers to acquire a Farmout from Merit Energy Company (including internal entities) covering its interest in Section 15, T23S, R34E, Lea County, New Mexico under the following revised terms:

- Mutually acceptable form with a two (2) year term. (I know you had requested a term of 1 year, but I think we will need longer simply due to the extensive title work that needs to be done on this section)
- Merit will reserve an ORI equal to the difference between 25% and existing burdens, whereby MOC is delivered a 75% NRI.
- If MOC drills a well within the primary term will earn 320 acres and will then have 180 day continuous development after expiration of the primary term to drill an additional well, earning the other 320 acres. Will earn term assignment by drilling the 2 wells "earning wells".
- Merit will have the option to convert its reserved ORI to a 25% working interest (proportionately reduced) on the earning wells.
- MOC would earn 75% of Merit's interest outside the wellbores of the earning wells.
- Merit would be heads up on subsequent wells with its retained 25% interest and have the option to either participate or farmout its interest with the option to convert its reserved ORI to a 25% working interest (proportionately reduced).
- Exclude existing wellbores and the production therefrom.
- Limited in depths as to the Bone Spring formation.

I believe the above terms cover what we discussed on the phone. Let me know if I am missing something or if you have any questions. Thanks Nick. Have a great weekend.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

From: Peters, Nick [<mailto:Nick.Peters@meritenergy.com>]
Sent: Wednesday, September 02, 2015 3:48 PM
To: Corey Mitchell
Subject: RE: Mewbourne Oil Co. New Well proposal :PRONGHORN 15 B3DM FED COM NO. 1H

Corey:

Do you have any time to briefly discuss this today? If so, please let me know and we can set something up.

Thanks.

Nick Peters
972.628.1507

From: Corey Mitchell [<mailto:cmitchell@Mewbourne.com>]
Sent: Friday, August 28, 2015 9:43 AM
To: Roberts, Eric
Subject: RE: Mewbourne Oil Co. New Well proposal :PRONGHORN 15 B3DM FED COM NO. 1H

Eric,

Pursuant to our conversation last week and Merit's preference to not be at a heads up basis on subsequent wells, Mewbourne Oil Company hereby offers to acquire a Farmout from Merit Energy Company (including internal entities) covering its interest in Section 15, T23S, R34E, Lea County, New Mexico under the following revised terms:

- Mutually acceptable form with a two (2) year term.
- Merit will reserve an ORI equal to the difference between 25% and existing burdens, whereby MOC is delivered a 75% NRI.
- MOC would earn 75% of Merit's interest outside the wellbore of the initial well in each proration unit.
- Merit will have the option to convert its reserved ORI to a 25% working interest (proportionately reduced) on a well by well basis.
- If MOC drills a well within the primary term will earn 320 acres and will then have 180 day continuous development after expiration of the primary term to drill an additional well, earning the other 320 acres. Will earn term assignment by drilling the 2 wells.
- Exclude existing wellbores and the production therefrom.
- Limited in depths as to the Bone Spring formation.

Let me know if you have any questions. Thanks Eric. Have a great weekend.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

From: Roberts, Eric [<mailto:Eric.Roberts@meritenergy.com>]
Sent: Monday, August 17, 2015 5:26 PM
To: Corey Mitchell
Subject: Re: Mewbourne Oil Co. New Well proposal :PRONGHORN 15 B3DM FED COM NO. 1H

Glad you didn't agree to this as an offer, I would have felt horrible had it come across felt like I was jerking you all around.

Eric

On Aug 17, 2015, at 4:57 PM, Corey Mitchell <cmitchell@Mewbourne.com> wrote:

Eric,

Thanks for getting back with me. I believe we did a deal similar to your revisions a couple years ago. However, that was a different price environment and we didn't have a foothold in that prospect. Given the current environment and the fact we already have a position in this section, we are not going to be acceptable to working a deal based on your countered terms. Our offer is still valid and any counter would need to be closer to those terms. I hope this helps you out. Let me know if you have any questions. I look forward to hearing back from you. Thanks.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701

Bus. (432) 682-3715
Fax (432) 685-4170

From: Roberts, Eric [<mailto:Eric.Roberts@meritenergy.com>]
Sent: Tuesday, August 11, 2015 11:09 AM
To: Corey Mitchell
Subject: RE: Mewbourne Oil Co. New Well proposal :PRONGHORN 15 B3DM FED COM NO. 1H

I followed up and should hear something by EOD or tomorrow

- Mutually acceptable form with a two (2) year term. **1 year term**
- Merit will reserve an ORI equal to the difference between 25% and existing burdens, whereby MOC is delivered a 75% NRI. **SAME**
- Merit will have the option to convert its reserved ORI to a ~~25%~~ working interest (proportionately reduced) on the initial well drilled in each proration unit. **33 1/3%**
- MOC would earn 75% of Merit's interest outside the wellbore of the initial well in each proration unit. **MOC earns 100% in First Test Well vertically limited to First Bone Spring interval and Earn 50% interest of Farmers interest in each of the 2nd Bone Spring & Third Bone Spring**
- Merit would be heads up on subsequent wells with its retained 25% interest. N/A
- 180 day continuous development language. **180 days Continuous Dev**
- Exclude existing wellbores and the production therefrom.
- Limited in depths from the surface to the base of the Wolfcamp formation. **Limited stratigraphically from first bone Spring 9,354' to 9,880', 2nd Bone Spring 9,880' to 10,493' etc.**

Eric Roberts, RPL, CPLTA | Landman

<image001.jpg> **Merit Energy Company** | 13727 Noel Road, Suite 1200 | Dallas, TX 75240
Office 972.628.1493 | Fax 972.628.1793

From: Corey Mitchell
[<mailto:cmitchell@Mewbourne.com>]

Sent: Tuesday, August 11, 2015 9:25 AM
To: Roberts, Eric
Subject: RE: Mewbourne Oil Co. New Well proposal :PRONGHORN 15 B3DM FED COM NO. 1H

Eric,

I just wanted to touch base with you and see if you have heard anything back regarding our offer? Any update will be appreciated. Thanks. Have a great day.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

From: Corey Mitchell
Sent: Tuesday, July 28, 2015 8:19 AM
To: 'Roberts, Eric'
Subject: RE: Mewbourne Oil Co. New Well proposal :PRONGHORN 15 B3DM FED COM NO. 1H

Eric,

Pursuant to our conversation, Mewbourne Oil Company hereby offer to acquire a Farmout from Merit Energy Company (including internal entities) covering its interest in Section 15, T23S, R34E, Lea County, New Mexico under the following terms:

- Mutually acceptable form with a two (2) year term.
- Merit will reserve an ORI equal to the difference between 25% and existing burdens, whereby MOC is delivered a 75% NRI.
- Merit will have the option to convert its reserved ORI to a 25% working interest (proportionately reduced) on the initial well drilled in each proration unit.
- MOC would earn 75% of Merit's interest outside the wellbore of the initial well in each proration unit.
- Merit would be heads up on subsequent wells with its retained 25% interest.
- 180 day continuous development language.
- Exclude existing wellbores and the production therefrom.
- Limited in depths from the surface to the base of the Wolfcamp formation.

Please review and let me know if this is acceptable. If so, I will send over a Farmout Agreement for review. Let me know if you have any questions. Thanks. Have a great day.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

From: Roberts, Eric [<mailto:Eric.Roberts@meritenergy.com>]
Sent: Monday, July 27, 2015 8:33 AM
To: Corey Mitchell
Subject: RE: Mewbourne Oil Co. New Well proposal :PRONGHORN 15 B3DM FED COM NO. 1H

Morning Cory,

Unfortunately, this was just bad timing for Merit to have to make a decision on a capital rich horizontal, but I appreciate your interest and hope we can put something together when the timing is right. Please do stay in touch.

Thank you,

Eric Roberts, RPL, CPLTA | Landman

<image001.jpg> Merit Energy Company | 13727 Noel Road, Suite 1200 | Dallas, TX 75240

Office 972.628.1493 | Fax 972.628.1793

From: Roberts, Eric
Sent: Tuesday, July 21, 2015 5:53

PM

To: 'Corey Mitchell'

Subject: Mewbourne Oil Co. New Well proposal :PRONGHORN 15 B3DM FED COM NO. 1H

Cory,

We are not interested in participating/developing the acreage at this time. If you want to draft a farm out agreement proposal with favorable terms, we would be willing to consider it.

I apologize for just getting back to you on this,

Eric Roberts, RPL, CPLTA | Landman

<image001.jpg> **Merit Energy Company** | 13727 Noel Road, Suite 1200 | Dallas, TX 75240

Office 972.628.1493 | Fax 972.628.1793

Corey Mitchell

From: Corey Mitchell
Sent: Tuesday, January 27, 2015 3:06 PM
To: 'Dick, Carolyn'
Subject: Lea County, New Mexico Offer
Attachments: Merit Offer Letter.pdf

Carolyn,

Pursuant to our conversation, please see attached offer regarding Merit Energy Company's (and affiliates) interest in Section 15, T23S, R34E, Lea County, New Mexico. Hopefully this will help in moving forward. Please let me know your thoughts once you have had a chance to review. Let me know if you have any questions. Thanks. Have a great day.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170



Date: February 1, 2015

Simple Certified:

The following is in response to your February 1, 2015 request for delivery information on your Certified Mail™/RRE item number 9414810699945007651099. The delivery record shows that this item was delivered on January 31, 2015 at 12:26 pm in DALLAS, TX 75240. The scanned image of the recipient information is provided below.

Signature of Recipient :

Delivery Record	
Signature	X <i>J. Graham</i>
Printed Name	<i>JT Graham</i>

Address of Recipient :

Delivery Address
<i>13727 Noel Rd #200</i>

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,
United States Postal Service

Carolyn Dick
Merit Energy Company
13727 NOEL RD STE 1200
DALLAS, TX 75240
Reference #: Mad Dog 15 cm

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(432) 682-3715
FAX (432) 685-4170

January 27, 2015

Via Email and Certified Mail

Merit Energy Company
13727 Noel Road, Suite 1200
Dallas, Texas 75240
Attn: Ms. Carolyn Dick

Re: Mad Dog "15" Prospect
Section 15, T23S, R34E
Lea County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne") is interested in acquiring a Term Assignment covering all of Merit Management Partners III, L.P., Merit Management Partners II, L.P., Merit Management Partners I, L.P., Merit Energy Partners F-III, L.P., Merit Energy Partners E-III, L.P. and Merit Energy Partners III, L.P. ("Merit") right, title and interest in the above captioned Section 15 as to depths from the surface to 11,710' beneath the surface, save and except all interest in and to the existing wellbores and production therefrom from any well currently located on the lands or communitized therewith.

According to the records in Lea County, New Mexico, Merit appears to own approximately 33.333333% working interest (53.333333 net acres) in the NW/4 and 39.356050% working interest (62.96968 net acres) in the SE/4 of the captioned Section 15.

Regarding the above, Mewbourne hereby offers to purchase a three (3) year Term Assignment covering all of Merit's interest in the above captioned Section 15 for \$750.00 per net acre; based upon delivery of a 77% net revenue interest to Mewbourne (116.303013 net acres x \$750.00 per acre = \$87,227.26).

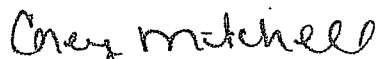
This offer is subject to Mewbourne's approval of title and execution of a mutually acceptable form of assignment. Please indicate your acceptance by signing and returning page 2 of this letter within 30 days of receipt.

As previously mentioned, there are several documents this interest appears to be subject to that are not filed of record in Lea County, New Mexico. Mewbourne's offer is subject to verification/confirmation that Merit owns the above working interest in the captioned Section 15, as we believe they do.

Should you have any questions regarding the above, please email me at cmitchell@mewbourne.com or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY


Corey Mitchell

Merit Energy Company
Mad Dog "15" Prospect
January 27, 2015
Page 2 of 2

The undersigned elects to assign and convey all of their interest, subject to approval of title and a mutually acceptable Term Assignment, in and to the lands and depths referenced below, delivering no less than 77% net revenue interest to Mewbourne Oil Company.

Township 23 South, Range 34 East
Section 15: All
Lea County, New Mexico
Limited to depths from the surface to 11,710'

MERIT ENERGY COMPANY

BY: _____

TITLE: _____

DATE: _____

Corey Mitchell

From: Karen Stanford <karenstanford@yahoo.com>
Sent: Tuesday, December 13, 2016 7:55 PM
To: Corey Mitchell
Subject: Re: Tom M. Ragsdale JOA

Thanks so much for sending Corey. I'll look through it and get back with you soon! Karen

From: Corey Mitchell <cmitchell@Mewbourne.com>
To: Karen Stanford <karenstanford@yahoo.com>; Karen Stanford <kstanford@sianoil.com>
Sent: Tuesday, December 13, 2016 5:01 PM
Subject: Tom M. Ragsdale JOA

Karen,

Pursuant to our conversation, please see attached JOA and extra set of signature pages. Please have the extra set of signature pages executed and return to me for further handling.

As mentioned, we are moving forward with spudding this well in January. Mr. Ragsdale will receive an invoice for the drilling costs around the first week of January should he still wish to participate. If not, please let me know and we will see if we can work something out.

Let me know if you have any questions. Thanks. Have a great day.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

Corey Mitchell

From: Karen Stanford <karenstanford@yahoo.com>
Sent: Monday, November 14, 2016 8:22 AM
To: Corey Mitchell
Cc: Tom Ragsdale
Subject: Pronghorn "15" JOA

Hi Corey,

I left a message for you on Thursday concerning the drilling plan for Pronghorn wells, when you get a minute can you call me so we can discuss that and the comments below concerning the JOA. Please call my cell 713-320-6871. Thanks, Karen

Pronghorn JOA:

1. Article IV. A. Titles. The last sentence is deleted. By doing that Mewbourne can charge for in house attorneys, however that expense should be covered by the Overhead charges. We would like that sentence to remain in the JOA.
2. Article V. 7(b) Drilling and Testing Operations. This concerns well information. We would like to add Tom's Well Data requirements as Exhibit "G" to the JOA.
3. Article VI. B. 9 Spudder Rigs. Are you planning to use a spudder rig?
4. Article XVI. Other Provisions.
 - A. This is concerning the expense incurred for governmental hearings, specifically fees paid to attorneys and witnesses. This should be covered by the Overhead. Please delete this paragraph.
 - E. This is concerning prepayment of costs and states that if prepayment is not received timely that the non-consent penalty goes into effect. Please delete this paragraph.
5. Exhibit "C" COPAS. Section III.1.A(i) . All charges should be covered by the overhead rates. Please check Alternative 2.
Section III.1.A(ii). All charges should be covered by the overhead rates. Please check Alternative 1

Corey Mitchell

From: on behalf of Karen Stanford <karenstanford@yahoo.com>
Sent: Tuesday, November 08, 2016 8:01 PM
To: Corey Mitchell
Subject: Re: AFEs

Hi Corey,

I am not working in Tom's office anymore, although I am still helping him out when I can. The move of the office near the airport added more time to my already long drive and it was just getting to be too much for me!

I talked to Tom today and told him the JOA needs to be reviewed and signed. I am hoping tomorrow I can go through it with him - I remember having a couple of issues - but nothing too major.

Do you have a good estimation on the spud date yet?

Thanks for all your help with this - I know Tom is looking forward to the project!

Karen

From: Corey Mitchell <cmitchell@Mewbourne.com>
To: Karen Stanford <kstanford@sianaoil.com>
Cc: "karenstanford@yahoo.com" <karenstanford@yahoo.com>
Sent: Monday, November 7, 2016 4:04 PM
Subject: RE: AFEs

Karen,

I hope all is well. I received Tom's executed AFEs in the mail. However, I have yet to receive the executed JOA. Do you know what the status is on the JOA? Thanks.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

From: Karen Stanford [<mailto:kstanford@sianaoil.com>]
Sent: Monday, October 17, 2016 12:38 PM
To: Corey Mitchell
Subject: AFEs

Hi Corey – quick question. You sent AFEs for 3 additional wells – what are the anticipated spud dates of those wells?

Thanks,

Corey Mitchell

From: Karen Stanford <kstanford@sianaoil.com>
Sent: Friday, October 07, 2016 11:50 AM
To: Corey Mitchell
Subject: AFE questions

Hi Corey,

Tom has looked over the AFEs and is questioning the \$203,000 TCP and \$85,000 CC charges for Company Supervision for each well. Can you tell us how these numbers were derived?

I received the JOA – thanks for sending it.

Thanks,

Karen

Corey Mitchell

From: Karen Stanford <karenstanford@yahoo.com>
Sent: Wednesday, September 28, 2016 2:25 PM
To: Corey Mitchell
Subject: Re: Term Assignment

Great - thanks. We should be in the new office and working normally on Friday. Phone number should be the same 713-568-1082.

Thanks,

Karen

From: Corey Mitchell <cmitchell@Mewbourne.com>
To: Karen Stanford <karenstanford@yahoo.com>
Sent: Wednesday, September 28, 2016 2:21 PM
Subject: Re: Term Assignment

Thanks Karen. I will be back in the office on Friday and will give you a call then. Have a great day.

Sent from my iPhone

On Sep 28, 2016, at 1:03 PM, Karen Stanford <karenstanford@yahoo.com> wrote:

Hi Corey - I just left you a message at your office - they said you were not in.

Just wanted you to know that Tom is going to participate in the Section 15 well after all. Just need to talk to you about the AFE when you get a chance.

I am working from home today. The office is being moved to a new location and I don't have access to the sianaoil email.

You can reach me at this email karenstanford@yahoo.com

713-320-6871 cell
281-265-0361 home

Thanks!

Karen Stanford

From: Corey Mitchell <cmitchell@Mewbourne.com>
To: "karenstanford@yahoo.com" <karenstanford@yahoo.com>
Sent: Tuesday, September 27, 2016 12:12 PM
Subject: FW: Term Assignment

Karen,

See if this one makes it through. Thanks.

Corey Mitchell
Land Department
Mewbourne Oil Company

Corey Mitchell

From: Karen Stanford <karenstanford@yahoo.com>
Sent: Tuesday, September 27, 2016 1:08 PM
To: Corey Mitchell
Subject: Re: Term Assignment

Got it! Thanks Corey.

I'll look through it and get back with you!

Karen

From: Corey Mitchell <cmitchell@Mewbourne.com>
To: "karenstanford@yahoo.com" <karenstanford@yahoo.com>
Sent: Tuesday, September 27, 2016 12:12 PM
Subject: FW: Term Assignment

Karen,

See if this one makes it through. Thanks.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

From: Corey Mitchell
Sent: Monday, September 26, 2016 2:00 PM
To: Karen Stanford
Subject: RE: Term Assignment

Karen,

Please see attached. I have revised the last part of the first sentence under the Continuous Development Option to read "(2) all depths lying above and below the formation in which the well was completed.". I believe this should satisfy your 1. below.

Also, I believe the last sentence under Continuous Development Option should satisfy your 2. below. It reads "Thereafter, this Assignment shall be considered as a separate assignment as to lands covered hereby that are included in a pooled, communitized, proration unit and/or project area."

Lastly, I received your well information and will get Mr. Ragsdale set up to receive said information should wrap this deal up.

Please review and let me know if this is acceptable. I hope we can move forward and close this deal fairly quickly.

Corey Mitchell

From: Karen Stanford <kstanford@sianaoil.com>
Sent: Friday, September 23, 2016 2:05 PM
To: Corey Mitchell
Subject: RE: Term Assignment
Attachments: WELL REQUIREMENTS SHEET.doc

Hi Corey - Just in case Tom decides not to participate and goes with the Term Assignment I wanted to give you a some comments on the latest version you sent.

1. The Reassignment still isn't clear. As we agreed, Mewbourne will only earn 160 per well unless its drilled to a zone that has a larger minimum proration unit. Pooling / unitization is also limited to the same size. I don't think the agreement as currently drafted reflects that. Also, the depths to be reassigned is everything but the currently producing (or capable of producing zone). If you drill a Bone Spring, Siana will receive a reassignment of the Wolfcamp and vice versa. Again, I don't think the agreement reflects that.
2. Once the Term Assignment expires, the assignment is considered a separate assignment of the acreage included in the unit (as per the pooling / communitized clause) for each well drilled.
3. Well Information is attached.

Thanks Corey - hope you have a great weekend!

Karen

-----Original Message-----

From: Corey Mitchell [mailto:cmitchell@Mewbourne.com]
Sent: Monday, September 19, 2016 5:00 PM
To: Karen Stanford
Cc: karenstanford@yahoo.com
Subject: RE: Term Assignment

Karen,

Pursuant to our conversation, please see attached redlined Term Assignment. I believe I have incorporated all the changes we discussed.

Please send me over the respective paperwork showing Mr. Ragsdale owns this as his separate property.

I talked to my team about purchasing a full assignment as opposed to doing a term assignment. They don't think we would be able to add much more value, but said if you have something to offer we will look at it.

Because we would look to wrap this up sooner than later, I believe sticking with the Term Assignment will be our best option. However, please have Mr. Ragsdale sign and send in the executed AFE should he wish to participate instead.

Let me know if you have any questions or if I am missing anything. Thanks. Have a great evening.

Corey Mitchell
Land Department

Corey Mitchell

From: Karen Stanford <karenstanford@yahoo.com>
Sent: Tuesday, September 20, 2016 7:22 AM
To: Corey Mitchell
Cc: Karen Stanford
Subject: Re: Term Assignment

Thanks Corey. I will look at the changes and discuss this again with Tom.

I forgot to give you the well information requirements for the term assignment. Assuming that's the way Tom wants to go, I will get that to you and we can add it as an Exhibit to the Assignment.

Thanks,

Karen

From: Corey Mitchell <cmitchell@Mewbourne.com>
To: Karen Stanford <kstanford@sianaoil.com>
Cc: "karenstanford@yahoo.com" <karenstanford@yahoo.com>
Sent: Monday, September 19, 2016 4:59 PM
Subject: RE: Term Assignment

Karen,

Pursuant to our conversation, please see attached redlined Term Assignment. I believe I have incorporated all the changes we discussed.

Please send me over the respective paperwork showing Mr. Ragsdale owns this as his separate property.

I talked to my team about purchasing a full assignment as opposed to doing a term assignment. They don't think we would be able to add much more value, but said if you have something to offer we will look at it.

Because we would look to wrap this up sooner than later, I believe sticking with the Term Assignment will be our best option. However, please have Mr. Ragsdale sign and send in the executed AFE should he wish to participate instead.

Let me know if you have any questions or if I am missing anything. Thanks. Have a great evening.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

-----Original Message-----



Date: September 22, 2016

Simple Certified:

The following is in response to your September 22, 2016 request for delivery information on your Certified Mail™/RRE item number 9414810699945017848953. The delivery record shows that this item was delivered on September 22, 2016 at 7:40 am in HOUSTON, TX 77079. The scanned image of the recipient information is provided below.

Signature of Recipient :

A handwritten signature in black ink, appearing to read "Tom M. Ragsdale".

Address of Recipient :

12012 Wickchester
Lane Ste 410
Houston, TX 77079

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,
United States Postal Service

Tom M. Ragsdale
12012 WICKCHESTER LN STE 410
HOUSTON, TX 77079
Reference #: Proposal Pronghorn 15 B3AP B3BO B3CN #1H CM

MEWBOURNE OIL COMPANY

500 West Texas, Suite 1020
Midland, Texas 79701
Phone (432) 682-3715
Fax (432) 685-4170

September 15, 2016

Via Certified Mail

Tom M. Ragsdale
12012 Wickchester Lane, Suite 410
Houston, Texas 77079

Re: Pronghorn 15 B3AP Fed Com No. 1H
185' FNL & 660' FEL (SL)
330' FSL & 450' FEL (BHL)
Section 15, T23S, R34E
Lea County, New Mexico

Dear Mr. Ragsdale:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to form a 640.00 acre Working Interest Unit ("WIU") covering the captioned Section 15 as to depths from the surface to the base of the Wolfcamp formation for oil and gas production.

In reference to the above, Mewbourne as Operator hereby proposes to drill the captioned well at the above referenced surface location (SL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 11,280 feet subsurface to evaluate the Third Bone Spring Sand in the Bone Spring Formation. The proposed well will have a measured depth (MD) of approximately 15,825 feet. The E/2E/2 of the captioned Section 15 will be dedicated to the well as the oil proration unit.

Regarding the above, enclosed for your further handling is our AFE dated August 26, 2016 for the captioned proposed well. In the event you elect to participate in the proposed well, please execute the enclosed AFE and return to me within thirty (30) days. Our Operating Agreement dated February 1, 2016 as previously been provided to you.

Should you have any questions regarding the above, please email me at cmitchell@mewbourne.com or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY



Corey Mitchell
Landman

Corey Mitchell

From: Karen Stanford <kstanford@sianoil.com>
Sent: Friday, September 16, 2016 10:54 AM
To: Corey Mitchell
Subject: RE: Term Assignment

Monday sounds good. How about 10:00 - I'll call you?

Hope you have a good weekend!

Karen

From: Corey Mitchell [cmitchell@Mewbourne.com]
Sent: Friday, September 16, 2016 10:35 AM
To: Karen Stanford
Subject: RE: Term Assignment

Karen,

Monday would probably be best. I have a meeting 2-3, but should be available the rest of the day. Any time work better for you than another? Thanks.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

-----Original Message-----

From: Karen Stanford [mailto:kstanford@sianoil.com]
Sent: Friday, September 16, 2016 9:48 AM
To: Corey Mitchell
Subject: RE: Term Assignment

Hi Corey - I am at an offsite meeting today, but can take your call if you want to talk through the Assignment. Might be best to set up a time to talk. Just let me know.

Thanks,

Karen Stanford
713-320-6871

From: Karen Stanford
Sent: Thursday, September 15, 2016 9:39 AM

To: Corey Mitchell
Subject: RE: Term Assignment

Corey - My apologies - if you mentioned the Wolfcamp as an objective I overlooked it. My intention has always been for Mewbourne to earn 160 acres per Bone Spring well during the term of the Assignment, with Tom having the option to back-in on wells drilled on the remaining 480 acres.

At this point it probably makes more sense to discuss this by phone so we can timely work through this issue and any others regarding the Assignment. Please let me know when you are available to discuss.

Thanks,

Karen

From: Corey Mitchell [cmitchell@Mewbourne.com]
Sent: Wednesday, September 14, 2016 5:19 PM
To: Karen Stanford
Subject: RE: Term Assignment

Karen,

Our initial well is the Pronghorn 15 B3DM Fed Com #1H, which will be a Bone Spring test. However, we are looking at the Wolfcamp as a secondary target. We plan on spudding this well in the coming months.

The terms as proposed by you and accepted by MOC were that Mr. Ragsdale would farmout its interest in Section 15 and have no back-in option on the first well and have a back-in option on all subsequent wells. This is how the deal is set up. Mr. Ragsdale would not have the option to participate upfront on subsequent wells, but would instead have the option at payout.

Hope this helps clear up the confusion.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

-----Original Message-----

From: Karen Stanford [mailto:kstanford@sianaoil.com]
Sent: Wednesday, September 14, 2016 5:08 PM
To: Corey Mitchell
Subject: RE: Term Assignment

Hi Corey - Thanks for your response.

I had been under the assumption that the objective of the Pronghorn 15 #1H was the Bone Spring and not the Wolfcamp. Would you please let me know what the drilling plan is for the well, what the future plan is for Section 15, what your interest is and who your partners are in the well.

My expectation is that Mewbourne would drill to the Bone Spring, earn 160 acres per well and Tom will have the opportunity to have a working interest in 3 other potential wells in Section 15. If this is not the case I need to revisit with Tom to make sure he understands and the deal you are proposing.

Thanks,

Karen

From: Corey Mitchell [cmitchell@Mewbourne.com]

Sent: Tuesday, September 13, 2016 11:25 AM

To: Karen Stanford

Subject: RE: Term Assignment

Karen,

Please see attached Term Assignment regarding your suggested revisions.

MOC is not agreeable to the additional back-in after payout on the initial well. Therefore, I have limited the term assignment to cover depths from the top of the Bone Spring formation to the base of the Wolfcamp formation.

This is our final modification on terms. For clarification, we are agreeing to the following:

- 3 year term
- Limited from the top of the Bone Spring to the base of the Wolfcamp formation.
- [REDACTED] bonus
- ORRI - [REDACTED]
- [REDACTED]
- 180 day continuous development earning through the base of the producing formation in each proration unit.

Also, we are ok with adding well requirements as Exhibit "C".

As a side note, the term assignment I sent to you is our standard form of assignment approved by our attorney, Allen Harvey. It is unlikely that many material changes will be approved at this point. All of the other term assignments we have acquired in this section are on the same form.

I hope we can close this deal soon. Let me know if you have any questions. Thanks.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

From: Karen Stanford [mailto:kstanford@sianaoil.com]
Sent: Monday, September 12, 2016 2:22 PM
To: Corey Mitchell
Subject: Term Assignment

Hi Corey,

Sorry it took so long to get comments on the Term Assignment to you. I have attached the document with my comments. I left in the earning of rights from the surface to the deepest producing zone, however, Tom will have the option to back in on the first well in addition to subsequent wells.

Call me when you are ready to talk through the changes.

Thanks,

Karen Stanford
713-568-1082

Corey Mitchell

From: Karen Stanford <kstanford@sianaoil.com>
Sent: Tuesday, September 13, 2016 10:06 AM
To: Corey Mitchell
Subject: RE: Term Assignment

Corey - I just realized that I forgot to include the information requirements. I'd like to add that to the agreement. I'll get those to you by tomorrow.

Thanks,

Karen

From: Karen Stanford
Sent: Monday, September 12, 2016 2:22 PM
To: Corey Mitchell
Subject: Term Assignment

Hi Corey,

Sorry it took so long to get comments on the Term Assignment to you. I have attached the document with my comments. I left in the earning of rights from the surface to the deepest producing zone, however, Tom will have the option to back in on the first well in addition to subsequent wells.

Call me when you are ready to talk through the changes.

Thanks,

Karen Stanford
713-568-1082

Corey Mitchell

From: Karen Stanford <kstanford@sianaoil.com>
Sent: Wednesday, September 07, 2016 5:32 PM
To: Corey Mitchell
Subject: Agreement

Hi Corey – I did not get a chance to look at the agreement today, but will try to do tomorrow and get back with you.

As for the shallow rights – Tom will give up the shallow rights for a back-in on the first well.

Talk to you tomorrow,

Karen

Corey Mitchell

From: Karen Stanford <kstanford@sianaoil.com>
Sent: Wednesday, September 07, 2016 9:29 AM
To: Corey Mitchell
Subject: RE: Pronghorn 15 Prospect

Got it! Thanks Corey. I will get back with you later today.

Karen

From: Corey Mitchell [<mailto:cmitchell@Mewbourne.com>]
Sent: Tuesday, September 06, 2016 5:30 PM
To: Karen Stanford
Subject: RE: Pronghorn 15 Prospect

Karen,

I tried faxing to you. Let me know if it did not go through. Thanks.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

From: Karen Stanford [<mailto:kstanford@sianaoil.com>]
Sent: Friday, September 02, 2016 9:03 AM
To: Corey Mitchell
Subject: RE: Pronghorn 15 Prospect

Thanks Corey – Is there a JOA that has been executed already? I would like to review it if it's the JOA that Tom will be subject to at payout. Do you have a fax machine? Maybe you can fax it? Our fax number is 832-767-1403.

I'll talk to Tom about the shallow rights and let you know.

Thanks,

Karen

From: Corey Mitchell [<mailto:cmitchell@Mewbourne.com>]
Sent: Thursday, September 01, 2016 11:23 AM
To: Karen Stanford
Subject: FW: Pronghorn 15 Prospect

Karen,

My email keeps getting kicked back when I attach the JOA form.

I was thinking it may not be necessary to attach the JOA as an exhibit. A simple reference describing the JOA to be effective at payout may suffice.

Also, we are not acceptable to limiting the term assignment to just the producing formation. We feel we are giving a lot on the terms and would like the opportunity to develop surface to the base of the Wolfcamp. Plus, this will keep things uniformed with the other partners as they are surface to base of Wolfcamp. In addition, we are only earning down to what we produce and the term assignment is already set up that any unproduced depths below our producing formation will revert back to Mr. Ragsdale.

We have this well set to spud late 2016 / early 2017.

Let me know if you need anything else. Thanks.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

From: Karen Stanford [<mailto:kstanford@sianaoil.com>]

Sent: Wednesday, August 31, 2016 5:19 PM

To: Corey Mitchell

Subject: RE: Pronghorn 15 Prospect

Hi Corey – thanks for the heads up. Do you have a lot of interest owners that need to be forced pooled? Who are your partners? Could you send me a copy of the JOA? I would like to review that and attach it to the Assignment. I need to review the Assignment more closely before I can give you comments and changes we may need, but we would like to only assign the producing formation. I should be able to give you my comments by Friday though. Let me know if there is a problem with attaching the JOA and assigning only the producing formation.

When is your expected spud date?

Thanks,

Karen

From: Corey Mitchell [<mailto:cmitchell@Mewbourne.com>]

Sent: Monday, August 29, 2016 4:39 PM

To: Karen Stanford

Subject: Pronghorn 15 Prospect

Karen,

I just wanted to give you a heads up that I will be moving forward with force pooling for all parties not under our JOA or an executed deal in place.

We recognize our recent negotiations on a term assignment and still want to move forward with closing said deal. Once executed, Mr. Ragsdale will be released from the pooling application.

I've been instructed to do this in order to prepare the well for drilling so we don't have any interest hanging out. Also, we do not want to go back and reopen the case should our deal fall apart for any reason. Although, I don't expect that it will.

I just wanted to give you a heads up so you didn't think we were not interested in working a deal out anymore.

Let me know if you have any questions. Thanks.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

Corey Mitchell

From: Karen Stanford <kstanford@sianaoil.com>
Sent: Monday, August 22, 2016 6:15 PM
To: Corey Mitchell
Cc: Mark Crosswell
Subject: RE: Pronghorn 15 Prospect

Hi Corey – Sorry for not getting back to you sooner. I just talked Tom about it. The basic structure of the deal he is fine with. There are some specifics we need to discuss such as:

1. Receiving well Information
2. Pugh clause
3. Wellbore only assignment
4. Definition of payout

Also, Mark Crosswell with Siana has been talking to your production people about the disposal of the saltwater from these wells. Siana has a SWD well nearby and would like to contract with Mewbourne for the disposal. Could we set up a meeting to discuss this with the appropriate people?

I am out tomorrow, but checking email. Let me know if you want to set up a time to talk about the assignment and/or the SWD contract.

Thanks,

Karen

From: Corey Mitchell [mailto:cmitchell@Mewbourne.com]
Sent: Monday, August 22, 2016 4:55 PM
To: Karen Stanford <kstanford@sianaoil.com>
Subject: RE: Pronghorn 15 Prospect

Karen,

Just checking in. Any feedback? Thanks.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

From: Karen Stanford [mailto:kstanford@sianaoil.com]
Sent: Wednesday, August 17, 2016 10:22 AM
To: Corey Mitchell
Subject: RE: Pronghorn 15 Prospect

Hi Corey - Thanks for your revised offer. Sorry I didn't get back to you yesterday. I will try to talk to Tom about it this afternoon and hopefully can get back with you then.

Thanks,

Karen

From: Corey Mitchell [cmitchell@Mewbourne.com]
Sent: Monday, August 15, 2016 9:01 AM
To: Karen Stanford
Subject: RE: Pronghorn 15 Prospect

Karen,

Pursuant to our conversation, please see revised offer below.

- 3 year term
- Limited from the Surface to the base of the Wolfcamp formation.
- [REDACTED] bonus
- ORRI - [REDACTED]
- [REDACTED]
- [REDACTED]
- 180 day continuous development earning through the base of the producing formation in each proration unit.

Please review and let me know if the above is acceptable. If so, I will forward a copy of our term assignment for review. Thanks. Have a great day.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

From: Karen Stanford [mailto:kstanford@sianaoil.com]
Sent: Thursday, August 11, 2016 6:25 PM
To: Corey Mitchell
Subject: RE: Pronghorn 15 Prospect

Hi Corey - Thanks for your note. I will be out Monday, but in Tuesday. Look forward to talking with you. Enjoy your weekend!

Karen
713- 568-1082

From: Corey Mitchell [cmitchell@Mewbourne.com]
Sent: Thursday, August 11, 2016 5:24 PM
To: Karen Stanford
Subject: RE: Pronghorn 15 Prospect

Karen,

Sorry, I am out of the office but will be back on Monday. I will get with you then and hopefully get a deal worked out. Thanks for your patience. Have a great weekend.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

From: Karen Stanford [<mailto:kstanford@sianaoil.com>]
Sent: Monday, August 08, 2016 4:54 PM
To: Corey Mitchell
Subject: RE: Pronghorn 15 Prospect

Hi Corey-

We can reduce the ORRI to the [REDACTED] difference between 25% and lease burdens, [REDACTED]
[REDACTED]

I am happy to discuss this with you by phone - just let me know when it's a good time for you to talk.

Thanks,

Karen

From: Corey Mitchell [<mailto:cmitchell@mewbourne.com>]
Sent: Friday, August 05, 2016 4:39 PM
To: Karen Stanford <kstanford@sianaoil.com>
Subject: RE: Pronghorn 15 Prospect

Karen,

We are not going to be able to do a deal based on the terms set out below. MOC is willing to purchase a Term Assignment based on the following:

- 3 year term
- Limited from the Surface to the base of the Wolfcamp formation.
- [REDACTED] bonus
- 25% - existing burdens, proportionately reduced, as an overriding royalty reservation.
- 180 day continuous development

I cannot get approval to pay the big bonus amount, have an ORI reservation that would potentially put our NRI less than 75% and burden the interest even further with a BIAPO.

Please review and let me know if the above is acceptable. Hopefully we can find some common ground here. Thanks. Have a great weekend.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701

Bus. (432) 682-3715
Fax (432) 685-4170

From: Karen Stanford [mailto:kstanford@sianaoil.com]
Sent: Wednesday, August 03, 2016 6:00 PM
To: Corey Mitchell
Subject: RE: Pronghorn 15 Prospect

Corey - Thanks for your counter proposal. I just ran it by Tom and this is what we would like to propose:

3 year term assignment from surface to Bone Springs

██████████ bonus

ORRI - ██████████

Pugh Clause - at end of primary term, all acreage not within 160 acre proration unit is released along with all non producing zones

Will need to attach a negotiated JOA

I will not be in the office tomorrow, but will be checking emails. Ill be back in on Friday.

Let me know what you think.

Thanks,

Karen
713-569-1082 (office)
713-320-6871 (cell)

From: Corey Mitchell [cmitchell@Mewbourne.com]
Sent: Wednesday, August 03, 2016 11:24 AM
To: Karen Stanford
Subject: Pronghorn 15 Prospect

Karen,

Pursuant to our conversation the other day, would Mr. Ragsdale be acceptable to a three (3) year term assignment covering all his interest in Section 15, T23S, R34E, Lea County, New Mexico for ██████████ per net acre, delivering a 75% NRI?

My records show that he owns 6.77495% interest (21.67984 net acres) in the S/2 and 6.9% interest (22.08 net acres) in the N/2. This would equate to ██████████ (21.67984 + 22.08 = 43.75984 net acres X ██████████ = ██████████).

Please review and let me know your thoughts. Thanks Karen. Have a great day.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

Corey Mitchell

From: Corey Mitchell
Sent: Thursday, June 30, 2016 1:29 PM
To: Mark Crosswell
Cc: Tom Ragsdale
Subject: RE: Pronghorn 15

Sounds good.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

From: Mark Crosswell [<mailto:mcrosswell@sianaoil.com>]
Sent: Thursday, June 30, 2016 10:13 AM
To: Corey Mitchell
Cc: Tom Ragsdale
Subject: RE: Pronghorn 15

Lets do 3pm - thanks

From: Corey Mitchell [<mailto:cmitchell@Mewbourne.com>]
Sent: Thursday, June 30, 2016 7:59 AM
To: Mark Crosswell <mcrosswell@sianaoil.com>
Cc: Tom Ragsdale <tmragsdale@sianaoil.com>
Subject: RE: Pronghorn 15

Mark,

I will be in meetings this morning. Will 2 or 3 work for you this afternoon?

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

From: Mark Crosswell [<mailto:mcrosswell@sianaoil.com>]
Sent: Wednesday, June 29, 2016 5:14 PM
To: Corey Mitchell
Cc: Tom Ragsdale
Subject: Pronghorn 15

Corey,

I left you a message to discuss the above captioned prospect. We were hoping to set up a call to discuss the AFE. Do you have anytime tomorrow for a call with Tom Ragsdale and myself?

H. Mark Crosswell, CFA
Siana Oil & Gas Co., LLC
12012 Wickchester Lane, ste 410
Houston, Texas 77079
713-568-1082
Cell: 713-410-1778

Corey Mitchell

From: Corey Mitchell
Sent: Thursday, June 16, 2016 10:59 AM
To: Tom Ragsdale
Subject: RE: Pronghorn 15 B3DM Fed Com No. 1

Hey Tom,

I just wanted to follow up on our conversation the other day. I believe you were looking at countering our offer as opposed to participating. I just wanted to check in and see if you had something else in mind. Let me know what you think. Thanks. Have a great day.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170

From: Tom Ragsdale [<mailto:tmragsdale@sianaoil.com>]
Sent: Wednesday, May 25, 2016 6:00 PM
To: Corey Mitchell
Subject: Pronghorn 15 B3DM Fed Com No. 1

Hi Corey,

We recently received your well proposal and AFE. We have a few questions about the proposed well. Let's visit tomorrow if you'll be in the office. I believe we met before with Larry Cunningham and your group at lunch. I will look forward to visiting with you. Thanks

Tom M. Ragsdale
President
Siana Oil & Gas Co., LLC.
12012 Wickchester Lane, Ste 410
Houston, TX 77079
713-568-1082



Date: May 17, 2016

Simple Certified:

The following is in response to your May 17, 2016 request for delivery information on your Certified Mail™/RRE item number 9414810699945015090651. The delivery record shows that this item was delivered on May 16, 2016 at 2:51 pm in MIDLAND, TX 79701. The scanned image of the recipient information is provided below.

Signature of Recipient :

John/Mark John Lelek

Address of Recipient :

*P. O. Box 10303
Midland, TX*

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,
United States Postal Service

Tom M. Ragsdale
PO BOX 10303
MIDLAND, TX 79702
Reference #: Pronghorn 15 B3DM 1H cm
Item ID: Pronghorn 15 B3DM 1H cm

MEWBOURNE OIL COMPANY

500 West Texas, Suite 1020

Midland, Texas 79701

Phone (432) 682-3715

Fax (432) 685-4170

April 27, 2016

Via Certified Mail

Tom M. Ragsdale
P.O. Box 10303
Midland, Texas 79702

Re: Pronghorn 15 B3DM Fed Com No. 1H
185' FNL & 450' FWL (SL)
330' FSL & 450' FWL (BHL)
Section 15, T23S, R34E
Lea County, New Mexico

Dear Mr. Ragsdale:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to form a 640.00 acre Working Interest Unit ("WIU") covering the captioned Section 15 as to depths from the surface to the base of the Wolfcamp formation for oil and gas production. Apparently you own 6.774950% interest in the S/2 and 6.900000% interest in the N/2 of the captioned Section 15. Accordingly, you would own 6.837475% working interest in the proposed WIU (6.774950% interest X 320 gross acres = 21.679840 net acres) (6.900000% interest X 320 gross acres = 22.080000 net acres) (21.679840 net acres + 22.080000 net acres = 43.759840 net acres / 640 gross acres = 6.837475% interest in the WIU).

In reference to the above, Mewbourne as Operator hereby proposes to drill the captioned well at the above referenced surface location (SL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 11,380 feet subsurface to evaluate the Third Bone Spring Sand in the Bone Spring Formation. The proposed well will have a measured depth (MD) of approximately 16,000 feet. The W/2W/2 of the captioned Section 15 will be dedicated to the well as the oil proration unit.

Regarding the above, enclosed for your further handling is our AFE dated January 29, 2016 for the captioned proposed well. In the event you elect to participate in the proposed well, please execute the enclosed AFE and return to me within thirty (30) days. Our Joint Operating Agreement to follow should you elect to participate.

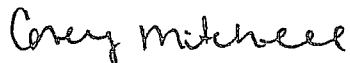
Tom M. Ragsdale
Pronghorn 15 Prospect
April 27, 2016
Page 2 of 2

In lieu of participating, Mewbourne hereby offers to purchase a three (3) year Term Assignment from you on the basis of \$1,000.00 per net acre whereby Mewbourne would be delivered a 75% net revenue interest, subject to proportionate reduction. The term assignment will be limited in depths from the surface to the base of the Wolfcamp formation (43.759840 net acres X \$1,000.00 = \$43,759.84).

Should you have any questions regarding the above, please email me at cmitchell@mewbourne.com or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY



Corey Mitchell
Landman

MEWBOURNE OIL COMPANY
AUTHORIZATION FOR EXPENDITURE

Well Name: Pronghorn 15 B3AP Fed Com #1H		Prospect: _____	
Location: SL: 185' FNL & 660' FEL; BHL: 330' FSL & 450' FEL		County: Lea	ST: NM
Sec: 15	Blk: _____	Survey: _____	TWP: 23S RNG: 34E Prop. TVD: 11280 TMD: 15825

INTANGIBLE COSTS 0180	CODE	TCP	CODE	CC
Regulatory Permits & Surveys	0180-0100	\$15,000	0180-0200	
Location / Road / Site / Preparation	0180-0105	\$30,000	0180-0205	\$30,000
Location / Restoration	0180-0106	\$125,000	0180-0206	\$20,000
Daywork / Turnkey / Footage Drilling 27 days drlg & 3 days comp @ \$16250/day	0180-0110	\$521,000	0180-0210	\$57,700
Fuel 1500 gal/day @ \$1.70/gal	0180-0114	\$72,100		
Mud, Chemical & Additives	0180-0120	\$150,000	0180-0220	\$5,000
Horizontal Drillout Services Coil Tbg Drillout			0180-0222	\$65,000
Cementing 2 Stg 7" w/ ECP	0180-0125	\$85,000	0180-0225	\$20,000
Logging & Wireline Services	0180-0130	\$1,500	0180-0230	\$135,000
Casing / Tubing / Snubbing Service	0180-0134	\$20,000	0180-0234	\$10,000
Mud Logging	0180-0137	\$15,000		
Stimulation 24 Stg 7MM gal/7MM lb			0180-0241	\$780,000
Stimulation Rentals & Other			0180-0242	\$100,000
Water & Other	0180-0145	\$25,000	0180-0245	\$360,000
Bits	0180-0148	\$70,000	0180-0248	\$3,000
Inspection & Repair Services	0180-0150	\$35,000	0180-0250	\$4,000
Misc. Air & Pumping Services	0180-0154	\$35,000	0180-0254	\$10,000
Testing & Flowback Services	0180-0158	\$10,000	0180-0258	\$25,000
Completion / Workover Rig			0180-0260	\$15,000
Rig Mobilization	0180-0164	\$125,000		
Transportation	0180-0165	\$16,000	0180-0265	\$12,000
Welding Services	0180-0168	\$5,000	0180-0268	
Contract Services & Supervision	0180-0170		0180-0270	
Directional Services	0180-0175	\$115,000		
Equipment Rental	0180-0180	\$180,000	0180-0280	\$30,000
Well / Lease Legal	0180-0184	\$5,000	0180-0284	
Well / Lease Insurance	0180-0185	\$5,000	0180-0285	
Intangible Supplies	0180-0188	\$8,000	0180-0288	\$1,000
Damages	0180-0190	\$20,000	0180-0290	
ROW & Easements	0180-0192	\$30,000	0180-0292	\$30,000
Pipeline Interconnect			0180-0293	
Company Supervision	0180-0195	\$203,000	0180-0295	\$85,000
Overhead Fixed Rate	0180-0196	\$10,000	0180-0296	\$20,000
Well Abandonment	0180-0198		0180-0298	
Contingencies 10% (TCP) 5% (CC)	0180-0199	\$193,200	0180-0299	\$90,900
TOTAL		\$2,124,800		\$1,908,600

TANGIBLE COSTS 0181	CODE	TCP	CODE	CC
Casing (19.1" - 30")	0181-0793			
Casing (10.1" - 19.0") 2085' - 13 3/8" 54.5# J55 STC @ \$24.00/ft + GRT	0181-0794	\$53,500		
Casing (8.1" - 10.0") 4875' - 9 5/8" 36#/40# J55/N80 LTC @ \$15.56/ft + GRT	0181-0795	\$81,100		
Casing (6.1" - 8.0")	0181-0796			
Casing (4.1" - 6.0") 15825' 5 1/2" 17# P110 LTC/BTC @ \$12.09/ft + GRT			0181-0797	\$205,100
Tubing (2" - 4")			0181-0798	\$37,100
Drilling Head	0181-0860	\$20,000		
Tubing Head & Upper Section			0181-0870	\$15,000
Horizontal Completion Tools			0181-0871	\$27,000
Sucker Rods			0181-0875	\$32,000
Subsurface Equipment			0181-0880	\$15,000
Artificial Lift Systems			0181-0884	
Pumping Unit Sentry 912 Unit			0181-0885	\$85,000
Surface Pumps & Prime Movers VRU / SWD Transfer Pump / Arrow Engine			0181-0886	\$65,000
Tanks - Oil 3 - 500 bbl steel			0181-0890	\$28,500
Tanks - Water 1 - 500 bbl steel coated			0181-0891	\$11,000
Separation / Treating Equipment 2 - 30"x10"x1k# 3ph/FWKO			0181-0895	\$25,000
Heater Treaters, Line Heaters 6"x20"x75# HT			0181-0897	\$13,000
Metering Equipment			0181-0898	\$7,000
Line Pipe & Valves - Gathering			0181-0900	\$25,000
Fittings / Valves & Accessories			0181-0906	\$45,000
Cathodic Protection			0181-0908	\$5,000
Electrical Installation			0181-0909	
Equipment Installation			0181-0910	\$30,000
Pipeline Construction			0181-0920	\$40,000
TOTAL		\$154,600		\$710,700
SUBTOTAL		\$2,279,400		\$2,619,300
TOTAL WELL COST		\$4,898,700		

EXHIBIT 4

Prepared by: **D. Robison** Date: **8/25/2016**

Co. Approval: *m. white* Date: **8/26/2016**

Joint Owner Interest: _____ Amount: _____

Joint Owner Name: _____ Signature: _____

Operator has secured Operator's Extra Expense Insurance covering costs of well control, clean up and redrilling as estimated in Line Item 0180-0185. Non-Operator may elect NOT to be covered by this Operator's Extra Expense Insurance only by signing below. **The undersigned elects NOT to be covered by Operator's Extra Expense Insurance for their well.**

Joint Owner Name: _____ Signature: _____ Form Rev: 9/01/2015