

**Summary of Communications**  
**Spyglass "17" Federal No. 2H**

Ard Oil, Ltd.

- 1) Mailed well proposal letter with AFE via overnight mail dated 6-1-2011.
- 2) Received confirmation letter was received and signed for by J. Srader.

James H. Yates, Inc.

- 1) Mailed well proposal letter with AFE via certified mail dated 6-2-2011.
- 2) Received green card signed by Carolyn B. Yates.

Oil Conservation Division  
Case No. \_\_\_\_\_  
Exhibit No. 3



TrackingUpdates@fedex.com

To cmitchell@mewbourne.com

06/02/2011 09:34 AM

cc

Please respond to  
trackingmail@fedex.com

bcc

Subject FedEx Shipment 797160085547 Delivered

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This tracking update has been requested by:

Company Mewbourne Oil  
Name: Company  
Name: Corey Mitchell  
E-mail: midland@mewbourne.co  
m

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Our records indicate that the following shipment has been delivered:

Reference: Spyglass 17 #2  
Ship (P/U) date: Jun 1, 2011  
Delivery date: Jun 2, 2011 9:25 AM  
Sign for by: J.SRADER  
Delivery location: FORT WORTH, TX  
Delivered to: Guard/Security Station  
Service type: FedEx Priority  
Overnight  
Packaging type: FedEx Envelope  
Number of pieces: 1  
Weight: 0.50 lb.  
Special handling/Services: Deliver Weekday  
Residential Delivery

Tracking number: 79716008554  
7

Shipper Information	Recipient Information
Corey Mitchell	Mary Ard
Mewbourne Oil Company	Ard Oil
500 W. Texas Suite 1020	222 W 4TH ST PH 5
Midland TX	PH-5
TX	FORT WORTH
US	TX
79701	US
	76102

Please do not respond to this message. This email was sent from an unattended mailbox. This report was generated at approximately 9:28 AM CDT on 06/02/2011.

To learn more about FedEx Express, please visit our website at [fedex.com](http://fedex.com).

All weights are estimated.

To track the latest status of your shipment, click on the tracking number above, or visit us at [fedex.com](http://fedex.com).

This tracking update has been sent to you by FedEx on the behalf of the Requestor noted

above. FedEx does not validate the authenticity of therequestor and does not validate, guarantee or warrant the authenticity of therequest, the requestor's message, or the accuracy of this tracking update. Fortracking results and fedex.com's terms of use, go to [fedex.com](http://fedex.com).

Thank you for your business.

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

June 1, 2011

Via Overnight Mail

Ard Oil, Ltd.  
222 West 4<sup>th</sup> Street, PH-5  
Fort Worth, Texas 76102

Re: Spyglass "17" Federal No. 2H  
660' FNL & 330' FWL (SL)  
660' FNL & 330' FEL (BHL)  
Section 17, T19S, R33E  
Lea County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("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 9,958 feet subsurface to evaluate the Second Bone Spring Sand interval for oil production. The proposed well will have a measured depth (MD) of approximately 14,260 feet. The N/2N/2 of the captioned Section 17 will be dedicated to the well as the oil proration unit.

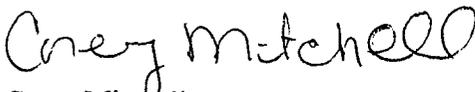
Public records indicate Ard Oil, Ltd. ("Ard Oil") owns an undivided 10.625% WI in the NW/4 and a 3.0275% WI in the NE/4 of the captioned Section 17.

Regarding the above, enclosed is our AFE dated June 1, 2011 prepared for your signature in the event Ard Oil elects to participate in the captioned proposed well as to their 6.82625% WI in the proposed proration unit. Please sign and return the enclosed AFE in the event Ard Oil elects to participate in the proposed well. Upon receipt of same, I will forward you our proposed Operating Agreement for execution.

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

Sincerely,

MEWBOURNE OIL COMPANY



Corey Mitchell  
Landman

Special M #24

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

**James H. Yates, Inc.  
P.O. Box 189  
Roswell, New Mexico 88202  
Attn: Carolyn B. Yates**

2. Article Number  
(Transfer from service label)

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  
 *Carolyn B. Yates*  Addressee

B. Received by (Printed Name)  Yes  
*Carolyn B. Yates*  No

C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

7009 2250 0000 0618 1182

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

June 2, 2011

Via Certified Mail-Return Receipt No.1182

James H. Yates, Inc.  
P.O. Box 189  
Roswell, New Mexico 88202  
Attn: Carolyn B. Yates

Re: Spyglass "17" Federal No. 2H  
660' FNL & 330' FWL (SL)  
660' FNL & 330' FEL (BHL)  
Section 17, T19S, R33E  
Lea County, New Mexico

Dear Ms. Yates:

Mewbourne Oil Company ("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 9,958 feet subsurface to evaluate the Second Bone Spring Sand interval for oil production. The proposed well will have a measured depth (MD) of approximately 14,260 feet. The N/2N/2 of the captioned Section 17 will be dedicated to the well as the oil proration unit.

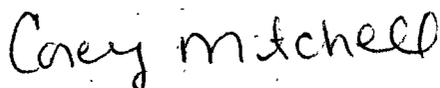
Public records indicate James H. Yates, Inc. owns an undivided 0.164456% WI in the NE/4 of the captioned Section 17.

Regarding the above, enclosed is our AFE dated June 1, 2011 prepared for your signature in the event James H. Yates, Inc. elects to participate in the captioned proposed well as to their 0.082228% WI in the proposed proration unit. Please sign and return the enclosed AFE in the event James H. Yates, Inc. elects to participate in the proposed well. Upon receipt of same, I will forward you our proposed Operating Agreement for execution.

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

Sincerely,

MEWBOURNE OIL COMPANY



Corey Mitchell  
Landman