MEWBOURNE OIL COMPANY 500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

September 26, 2011

Myrna Joyce Bradford 2404 Van Winkle Ct. Modesto, CA 95356

Re: MOC's Layla "35" Prospect Section 35, T23S, R28E Eddy County, New Mexico

Dear Mrs. Bradford:

Enclosed for your further handling is an Oil and Gas Lease prepared for your signature. Also enclosed is a copy of the Oil and Gas Lease for your keeping. Upon my receipt of the executed lease I will send you a check for \$62.50 which represents the lease bonus payment of \$400.00 per net acre for your undivided 1/32 mineral interest (.15625 net mineral acres) in the N/2 SW/4 NW/4 NW/4 of the captioned Section 35.

(\$400/ac X .15625 acres = \$62.50)

Regarding the above, please sign the enclosed Oil and Gas Lease in the presence of a Notary Public and return same in the enclosed postage paid envelope provided for your convenience.

Also, I will need your **sector and the sector and t** 

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

Sincerely,

MEWBOURNE OIL COMPANY

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Mason Wood Landman

Oil Conserv	ațion Division
Case No.	U
Exhibit No.	
1	

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

April 13, 2012

#### Via Certified Mail-Return Receipt No. 7757

Myrna Joyce Bradford 2404 Van Winkle Ct. Modesta, California 95356

Re: Layla "35" MD Fee Com #1H Well 330' FSL & 360' FWL (SL) 330' FNL & 360' FWL (BHL) Section 35, T23S, R28E Eddy County, New Mexico

#### Dear Ms. Bradford:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to drill the captioned well at the referenced surface location (SL) and drill same horizontally from a southerly direction to a northerly direction to a terminus point at the referenced bottom hole location (BHL). The proposed well will be drilled to a true vertical depth of approximately 6,246 feet beneath the surface and drilled horizontally to an approximate measured depth of 10,597 feet to evaluate the Brushy Canyon Delaware formation for oil production. The W/2W/2 of the captioned Section 35 will be dedicated to the well as the oil proration unit and project area which contains 160.00 acres, more or less.

Title examination indicates you own 0.15625 net mineral acres in a 5.0 acre tract of land in the N/2SW/4NW/4NW/4 of the captioned Section 35 which interest is currently unleased. In this regard, Mewbourne hereby offers to purchase a Paid-Up Oil and Gas Lease covering such interest on the basis of \$1,000 per net acre (\$156.25) for a lease providing for a  $3/16^{th}$  royalty interest. This offer is available for your acceptance for a period ending May 15, 2012.

In the event you elect not to lease your unleased mineral interest to Mewbourne on the terms referenced above, Mewbourne invites your participation in the proposed well. As you have 0.15625 net acres, your participation interest would be calculated as follows: 0.15625/160 = .0009765 working interest in the proposed well. Enclosed for your consideration regarding this option is our Authorization For Expenditure (AFE) which is an estimated well cost for the captiond well. Please sign and return the AFE to me should you elect to participate in the proposed well. Upon my receipt of same I'll forward you our Operating Agreement for execution.

Myrna Joyce Bradford Layla "35" MD Fee Com #1H Well April 13, 2012 Page 2 of 2

In the event you elect to lease your interest to Mewbourne as offered, please acknowledge such agreement by signing and returning this letter to me on or before May 15, 2012.

Sincerely yours,

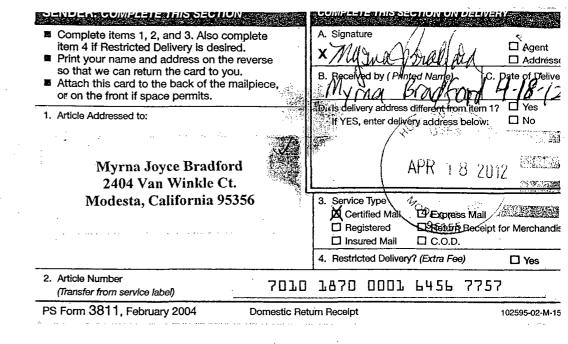
MEWBOURNE OIL COMPANY

D. Paul Haden Senior Landman

DPH/gb .

The undersigned agrees to lease their interest to Mewbourne on terms referenced above this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

Myrna Joyce Bradford



Myrna Joyce Bradford Layla "35" MD Fee Com #1H Well April 13, 2012 Page 2 of 2

In the event you elect to lease your interest to Mewbourne as offered, please acknowledge such agreement by signing and returning this letter to me on or before May 15, 2012.

Sincerely yours,

#### **MEWBOURNE OIL COMPANY**

D. Paul Haden Senior Landman

DPH/gb

The undersigned agrees to lease their interest to Mewbourne on terms referenced above this \_\_\_\_\_\_ day of \_\_\_\_\_\_, 2012.

Myrna Joyce Bradford

2 will not get any thing notarized with out an allarneys advice. Trankly I dan nat feel inclined to dire an attarney for other minute amount. So my answer er NO. M. joy or Bradfard 2 also will not be purchasing any thing

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

April 13, 2012

Via Certified Mail-Return Receipt No. 7764

Willis A. Paschal Trust No. 1 P.O. Box 98 Luray, Kansas 67649

Re: Layla "35" MD Fee Com #1H Well 330' FSL & 360' FWL (SL) 330' FNL & 360' FWL (BHL) Section 35, T23S, R28E Eddy County, New Mexico

Ladies and Gentlmen:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to drill the captioned well at the referenced surface location (SL) and drill same horizontally from a southerly direction to a northerly direction to a terminus point at the referenced bottom hole location (BHL). The proposed well will be drilled to a true vertical depth of approximately 6,246 feet beneath the surface and drilled horizontally to an approximate measured depth of 10,597 feet to evaluate the Brushy Canyon Delaware formation for oil production. The W/2W/2 of the captioned Section 35 will be dedicated to the well as the oil proration unit and project area which contains 160.00 acres, more or less.

Title examination indicates the Willis A. Paschal Trust No. 1 owns 0.625 net mineral acres in a 5.0 acre tract of land in the N/2SW/4NW/4NW/4 of the captioned Section 35 which interest is currently unleased. In this regard, Mewbourne hereby offers to purchase a Paid-Up Oil and Gas Lease covering such interest on the basis of \$1,000 per net acre (\$625.00) for a lease providing for a  $3/16^{th}$  royalty interest. This offer is available for your acceptance for a period ending May 15, 2012.

In the event you elect not to lease your unleased mineral interest to Mewbourne on the terms referenced above, Mewbourne invites your participation in the proposed well. As you have 0.625 net acres, your participation interest would be calculated as follows: 0.625/160 = .0039062 working interest in the proposed well. Enclosed for your consideration regarding this option is our Authorization For Expenditure (AFE) which is an estimated well cost for the captiond well. Please sign and return the AFE to me should you elect to participate in the proposed well. Upon my receipt of same I'll forward you our Operating Agreement for execution.

Willis A. Paschal Trust No. 1 Layla "35" MD Fee Com #1H Well April 13, 2012 Page 2 of 2

In the event you elect to lease your interest to Mewbourne as offered, please acknowledge such agreement by signing and returning this letter to me on or before May 15, 2012.

Sincerely yours,

#### MEWBOURNE OIL COMPANY

D. Paul Haden Senior Landman

DPH/gb

The undersigned agrees to lease their interest to Mewbourne on terms referenced above this \_\_\_\_\_\_\_, 2012.

#### WILLIS A. PASCHAL TRUST NO. 1

By:\_\_\_\_\_

Tax I.D. No.:\_\_\_\_\_

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul> <li>Complete items 1, 2, and 3. Also complete item 4 If Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	A Stenature X Netlis ( D. D. DAtdresse B. Received by (Printed Name) C. Date of Delive D. Is delivery address different from item 12 Yes
1. Article Addressed to:	D. Is delivery address different from item 1? If YES, enter delivery address below: No
Willis A. Paschal Trust No. 1 P.O. Box 98 Luray, Kansas 67649	3. Service Type     A Certified Mail      Express Mail     Registered      Return Receipt for Merchandik
······································	Insured Mail C.O.D.
	4. Restricted Delivery? (Extra Fee)
2. Article Number (Transfer from service label) 70	10 1870 0001 6456 7764
PS Form 3811, February 2004 Domestic	Return Receipt 102595-02-M-15

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500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

April 13, 2012

Via Certified Mail-Return Receipt No. 7764

Willis A. Paschal Trust No. 1 P.O. Box 98 Luray, Kansas 67649

Re: Layla "35" MD Fee Com #1H Well 330' FSL & 360' FWL (SL) 330' FNL & 360' FWL (BHL) Section 35, T23S, R28E Eddy County, New Mexico

Ladies and Gentlmen:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to drill the captioned well at the referenced surface location (SL) and drill same horizontally from a southerly direction to a northerly direction to a terminus point at the referenced bottom hole location (BHL). The proposed well will be drilled to a true vertical depth of approximately 6,246 feet beneath the surface and drilled horizontally to an approximate measured depth of 10,597 feet to evaluate the Brushy Canyon Delaware formation for oil production. The W/2W/2 of the captioned Section 35 will be dedicated to the well as the oil proration unit and project area which contains 160.00 acres, more or less.

Title examination indicates the Willis A. Paschal Trust No. 1 owns 0.625 net mineral acres in a 5.0 acre tract of land in the N/2SW/4NW/4NW/4 of the captioned Section 35 which interest is currently unleased. In this regard, Mewbourne hereby offers to purchase a Paid-Up Oil and Gas Lease covering such interest on the basis of \$1,000 per net acre (\$625.00) for a lease providing for a  $3/16^{th}$  royalty interest. This offer is available for your acceptance for a period ending May 15, 2012.

In the event you elect not to lease your unleased mineral interest to Mewbourne on the terms referenced above, Mewbourne invites your participation in the proposed well. As you have 0.625 net acres, your participation interest would be calculated as follows: 0.625/160 = .0039062 working interest in the proposed well. Enclosed for your consideration regarding this option is our Authorization For Expenditure (AFE) which is an estimated well cost for the captiond well. Please sign and return the AFE to me should you elect to participate in the proposed well. Upon my receipt of same I'll forward you our Operating Agreement for execution.

Willis A. Paschal Trust No. 1 Layla "35" MD Fee Com #1H Well April 13, 2012 Page 2 of 2

In the event you elect to lease your interest to Mewbourne as offered, please acknowledge such agreement by signing and returning this letter to me on or before May 15, 2012.

Sincerely yours,

#### **MEWBOURNE OIL COMPANY**

D. Paul Haden Senior Landman

DPH/gb

The undersigned agrees to lease their interest to Mewbourne on terms referenced above this  $\frac{28}{100}$  day of  $\frac{1000}{1000}$ , 2012.

WILLIS A. PASCHAL TRUST NO. 1

villin a Paschal By:

Tax I.D. No.: <u>58-1798424</u>

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

June 4, 2012

Willis A. Paschal Trust No. 1 P.O. Box 98 Luray, Kansas 67649

Re: Layla "35" MD Fee Com #1H Well W/2W/2 Section 35, T23S, R28E Eddy County, New Mexico

Dear Mr. Paschal:

As referenced in my previous letter dated April 13, 2012 (see copy enclosed) you signed my letter on behalf of the Willis A. Paschal Trust No. 1 to lease the Trust's unleased 1/8 mineral interest (0.625 net acres) in the N/2SW/4NW/4NW/4 on the terms offered being \$1,000 per net mineral acre (\$625.00) for a three (3) year primary term providing a 3/16<sup>th</sup> royalty interest. Title examination indicates that William A. Paschal, Mark J. Paschal, Martha M. Powell and Meredith A. Mense are the Trustees of the Willis A. Paschal Trust No. 1.

Regarding the above, Please advise me of the addresses and/or phone numbers for the above name Trustees so I can contact them regarding our lease offer. If the referenced Trust has been amended, please furnish me a copy of the amended Willis A. Paschal Trust No. 1 Trust Agreement.

Sincerely yours,

#### **MEWBOURNE OIL COMPANY**

D. Paul Haden Senior Landman

DPH/gb

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

August 18, 2011

Boys Club of America 1275 Peachtree St. NE Atlanta, Georgia 30309 Attn: Anand Mehta

Re: MOC's Layla "35" Prospect Section 35, T23S, R28E Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator is interested in drilling multiple horizontal wells under the captioned land for Delaware and Bone Spring oil production. The initial well will be drilled at a surface location 185' FNL & 2150' FWL of the captioned Section 35 and will be drilled horizontally to a bottom hole location 330' FSL & 2150' FWL of the captioned Section 35 to a true vertical depth of 6,700 feet beneath the surface to evaluate the middle Avalon (Bone Spring) Shale for oil and gas production. The proposed well will be drilled laterally to a measured depth of approximately 11,075 feet.

Regarding the above, you will recall that Mewbourne Oil Company as Operator previously drilled its Layla "35" Fee Com No. 1 Well at a location 1650' FSL & 1241' FEL of the captioned Section 35, which well was completed as a commercial gas well on February 8, 2003 producing from the Atoka formation. This well is still producing in paying quantities. In our title examination of the captioned land in preparation to drill the above referenced horizontal wells, we've discovered that the leases in the S/2 were not properly pooled for gas production under the terms of the leases. We also found that many of the leases in the N/2 of the captioned Section 35 were not properly pooled for the Williams No. 1 Well which was drilled by HNG Oil Company at a location 660' FNL & 2310' FWL of the captioned Section 35 and was completed as a commercial gas well producing from the Atoka formation in March of 1979 which well is now operated by Chevron U.S.A. Inc.

In reference to the above, we are in the process of securing new Oil and Gas Leases covering the captioned land as to the previous leases we discovered which might have expired since we deem that they were not properly pooled pursuant to the terms of their leases. Accordingly, Mewbourne hereby offers you \$400.00 per net acre for a three (3) year paid-up Oil and gas Lease providing a 3/16<sup>th</sup> royalty interest. According to our title examination of the captioned land, you own a 1/40 mineral interest in the S/2 NW/4 SW/4 SW/4 of the captioned Section 35 being 0.125 net mineral acres.

Boys Club of America Layla "35" Prospect 8/18/2011 Page 2 of 3

As to the royalty income you may be receiving from the Layla "35" Fee Com No. 1 Well as referenced above, you will continue to receive your royalty income attributable to your royalty interest in said well.

In the event you elect to accept Mewbourne's offer to lease your mineral interest, please acknowledge such acceptance by signing and returning this letter to me at your earliest convenience and I'll forward you our Oil and Gas Lease for your execution and our lease bonus check. For your convenience, enclosed is a postage paid envelope for your response.

Should you elect not to accept Mewbourne's lease offer, Mewbourne Oil Company hereby offers to purchase your .125 mineral acres for \$100. In the event you accept Mewbourne's purchase offer, please acknowledge such acceptance by signing the attached purchase agreement and returning the same to me, at which time I will send you a Quit Claim Assignment.

Should you have any questions regarding the above, please call me at (432) 682-3715 or my email address is <u>mwood@mewbourne.com</u>. As we are moving forward with getting the initial well drilled at the earliest possible date, the above offers are available for your acceptance for a period ending on Monday, September 19, 2011 at 5:00 P.M.

Sincerely yours,

**MEWBOURNE OIL COMPANY** 

When U.

Mason Wood Landman

The undersigned accepts Mewbourne's *lease offer* referenced above this \_\_\_\_\_ day of \_\_\_\_\_\_ 2011.

SS#

Boys Club of America Layla "35" Prospect 8/18/2011 Page 3 of 3

#### **Purchase Agreement**

The undersigned accepts Mewbourne's *purchase offer* referenced above this \_\_\_\_\_ day of \_\_\_\_\_\_, 2011.

SS#

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

August 30, 2011

Boys Club of America 1275 Peachtree St. NE Atlanta, Georgia 30309 Attn: Anand Mehta

Re: MOC's Layla "35" Prospect Section 35, T23S, R28E Eddy County, New Mexico

Ladies and Gentlemen:

Reference is made to my previous letter dated August 18, 2011 whereby Mewbourne Oil Company offered to purchase an Oil and Gas Lease from you covering your interest in the captioned land. To date you have not responded to our offer. Accordingly, please respond at your earliest convenience. In the event the terms we are offering are unacceptable, please advise me of the terms which would be acceptable as we are attempting to drill an initial horizontal Avalon Shale well during the first quarter of next year.

Sincerely yours,

**MEWBOURNE OIL COMPANY** 

aun

Mason Wood Landman

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

April 13, 2012

Via Certified Mail-Return Receipt No. 7795

Boys Club of America 1275 Peachtree St., NE Atlanta, Georgia 30309 Attn: Anand Mehta

Re: Layla "35" MD Fee Com #1H Well 330' FSL & 360' FWL (SL) 330' FNL & 360' FWL (BHL) Section 35, T23S, R28E Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to drill the captioned well at the referenced surface location (SL) and drill same horizontally from a southerly direction to a northerly direction to a terminus point at the referenced bottom hole location (BHL). The proposed well will be drilled to a true vertical depth of approximately 6,246 feet beneath the surface and drilled horizontally to an approximate measured depth of 10,597 feet to evaluate the Brushy Canyon Delaware formation for oil production. The W/2W/2 of the captioned Section 35 will be dedicated to the well as the oil proration unit and project area which contains 160.00 acres, more or less.

Title examination indicates you own 0.125 net mineral acres in a 5.0 acre tract of land in the S/2NW/4SW/4SW/4 of the captioned Section 35 which interest is currently unleased. In this regard, Mewbourne hereby offers to purchase a Paid-Up Oil and Gas Lease covering such interest on the basis of \$1,000 per net acre (\$125.00) for a lease providing for a 3/16<sup>th</sup> royalty interest. This offer is available for your acceptance for a period ending May 15, 2012.

In the event you elect not to lease your unleased mineral interest to Mewbourne on the terms referenced above, Mewbourne invites your participation in the proposed well. As you have 0.125 net acres, your participation interest would be calculated as follows: 0.125/160 = .0007812 working interest in the proposed well. Enclosed for your consideration regarding this option is our Authorization For Expenditure (AFE) which is an estimated well cost for the captiond well. Please sign and return the AFE to me should you elect to participate in the proposed well. Upon my receipt of same I'll forward you our Operating Agreement for execution.

Boys Club of America Layla "35" MD Fee Com #1H Well April 13, 2012 Page 2 of 2

In the event you elect to lease your interest to Mewbourne as offered, please acknowledge such agreement by signing and returning this letter to me on or before May 15, 2012.

Sincerely yours,

#### MEWBOURNE OIL COMPANY

D. Paul Haden Senior Landman

DPH/gb

The undersigned agrees to lease their interest to Mewbourne on terms referenced above this \_\_\_\_\_ day of \_\_\_\_\_\_, 2012.

#### **BOYS CLUB OF AMERICA**

By:

April 18, 2012

Mr. D. Paul Haden Senior Landman Mewbourne Oil Company 500 W. Texas, Suite 1020 Midland, TX 79701

Re: Layla "35" MD Fee Com #1H Well 330' FSL & 360' FWL (SL) 330' FNL & 360' FWL (BHL) Section 35, T23S, R28E Eddy County, NM

Dear Mr. Haden:

Attached is a signed agreement to lease BGCA's unleased mineral interest to Mewbourne Oil Company as referenced in the enclosed document.

BOYS & GIRLS CLUBS OF AMERICA

Please let me know if I can be of further assistance at 404-487-5712 or khoward@bgca.org.

Sincerely,

Karen Howaro

Karen Howard Executive Assistant to Anand Mehta, Sr. Vice President, Financial Services

Encl.

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

April 13, 2012

Via Certified Mail-Return Receipt No. 7795

Boys Club of America 1275 Peachtree St., NE Atlanta, Georgia 30309 Attn: Anand Mehta

Re: Layla "35" MD Fee Com #1H Well 330' FSL & 360' FWL (SL) 330' FNL & 360' FWL (BHL) Section 35, T23S, R28E Eddy County, New Mexico

# RECEIVED

APR 16 2012

SR. V.P. FINANCIAL SERVICES

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to drill the captioned well at the referenced surface location (SL) and drill same horizontally from a southerly direction to a northerly direction to a terminus point at the referenced bottom hole location (BHL). The proposed well will be drilled to a true vertical depth of approximately 6,246 feet beneath the surface and drilled horizontally to an approximate measured depth of 10,597 feet to evaluate the Brushy Canyon Delaware formation for oil production. The W/2W/2 of the captioned Section 35 will be dedicated to the well as the oil proration unit and project area which contains 160.00 acres, more or less.

Title examination indicates you own 0.125 net mineral acres in a 5.0 acre tract of land in the S/2NW/4SW/4SW/4 of the captioned Section 35 which interest is currently unleased. In this regard, Mewbourne hereby offers to purchase a Paid-Up Oil and Gas Lease covering such interest on the basis of \$1,000 per net acre (\$125.00) for a lease providing for a 3/16<sup>th</sup> royalty interest. This offer is available for your acceptance for a period ending May 15, 2012.

In the event you elect not to lease your unleased mineral interest to Mewbourne on the terms referenced above, Mewbourne invites your participation in the proposed well. As you have 0.125 net acres, your participation interest would be calculated as follows: 0.125/160 = .0007812 working interest in the proposed well. Enclosed for your consideration regarding this option is our Authorization For Expenditure (AFE) which is an estimated well cost for the captiond well. Please sign and return the AFE to me should you elect to participate in the proposed well. Upon my receipt of same I'll forward you our Operating Agreement for execution.

Boys Club of America Layla "35" MD Fee Com #1H Well April 13, 2012 Page 2 of 2

In the event you elect to lease your interest to Mewbourne as offered, please acknowledge such agreement by signing and returning this letter to me on or before May 15, 2012.

Sincerely yours,

#### **MEWBOURNE OIL COMPANY**

D. Paul Haden Senior Landman

DPH/gb

The undersigned agrees to lease their interest to Mewbourne on terms referenced above this 1% day of April, 2012.

**BOYS CLUB OF AMERICA** 

By

Tax I.D. No.: 13.5562976

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

April 24, 2012

Boys Club of America 1275 Peachtree St. NE Atlanta, Georgia 30309 Attn: Karen Howard

Re: MOC's Layla "35" Prospect Section 35, T23S, R28E Eddy County, New Mexico

Dear Ms. Howard:

Per your agreement with Paul Haden, enclosed for your further handling is an Oil and Gas Lease prepared for Anand Mehta's signature. Also enclosed is a copy of the Oil and Gas Lease for your keeping. Please have the lease executed at your earliest convenience and return same to me. Upon my receipt of the executed lease, I will send you a check for \$125.00 which represents the lease bonus payment agreed upon (\$1,000 per net acre) for Boys Club of America's .125 net minerals acres in the S/2NW/4SW/4SW/4 of the captioned Section 35. We thank you for your help with this project.

Sincerely yours,

**MEWBOURNE OIL COMPANY** 

as II

Mason Wood Landman

## **Mewbourne Oil Company**

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

August 18, 2011

Shannon C. Leonard, Trustee of the Shannon C. Leonard Child's Trust 1018 Sunset Canyon Drive N Dripping Springs, TX 78620

(512) 858-5204 TAX I.D.# 266403219

Re: MOC's Layla "35" Prospect Section 35, T23S, R28E Eddy County, New Mexico

Dear Ms. Leonard:

Mewbourne Oil Company ("Mewbourne") as Operator is interested in drilling multiple horizontal wells under the captioned land for Delaware and Bone Spring oil production. The initial well will be drilled at a surface location 185' FNL & 2150' FWL of the captioned Section 35 and will be drilled horizontally to a bottom hole location 330' FSL & 2150' FWL of the captioned Section 35 to a true vertical depth of 6,700 feet beneath the surface to evaluate the middle Avalon (Bone Spring) Shale for oil and gas production. The proposed well will be drilled laterally to a measured depth of approximately 11,075 feet.

Regarding the above, you will recall that Mewbourne Oil Company as Operator previously drilled its Layla "35" Fee Com No. 1 Well at a location 1650' FSL & 1241' FEL of the captioned Section 35, which well was completed as a commercial gas well on February 8, 2003 producing from the Atoka formation. This well is still producing in paying quantities. In our title examination of the captioned land in preparation to drill the above referenced horizontal wells, we've discovered that the leases in the S/2 were not properly pooled for gas production under the terms of the leases. We also found that many of the leases in the N/2 of the captioned Section 35 were not properly pooled for the Williams No. 1 Well which was drilled by HNG Oil Company at a location 660' FNL & 2310' FWL of the captioned Section 35 and was completed as a commercial gas well producing from the Atoka formation in March of 1979 which well is now operated by Chevron U.S.A. Inc.

In reference to the above, we are in the process of securing new Oil and Gas Leases covering the captioned land as to the previous leases we discovered which might have expired since we deem that they were not properly pooled pursuant to the terms of their leases. Accordingly, Mewbourne hereby offers you \$400.00 per net acre for a three (3) year paid-up Oil and gas Lease providing a 3/16<sup>th</sup> royalty interest. According to our title examination of the captioned land, you own a 1/120ths mineral interest in the lands described in the S/2 NW/4 SW/4 SW/4 of the captioned Section 35 being 0.041667 net mineral acres.

MOC's Layla "35" Prospect August 18, 2011 Page 2 of 2

As to the royalty income you may be receiving from the Layla "35" Fee Com No. 1 Well as referenced above, you will continue to receive your royalty income attributable to your royalty interest in said well.

In the event you elect to accept Mewbourne's offer to lease your mineral interest, please acknowledge such acceptance by signing and returning this letter to me at your earliest convenience and I'll forward you our Oil and Gas Lease for your execution and our lease bonus check. For your convenience, enclosed is a postage paid envelope for your response.

Should you have any questions regarding the above, please call me at (432) 682-3715 or email me at <u>kcartwright@mewbourne.com</u>. As we are moving forward with getting the initial well drilled at the earliest possible date, the above offer is available for your acceptance for a period ending on Monday, September 19, 2011 at 5:00 P.M.

Sincerely yours,

#### **MEWBOURNE OIL COMPANY**

Kevin Cartwright Landman

The undersigned accepts Mewbourne's lease offer referenced above this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

SHANNON C. LEONARD, TRUSTEE OF THE SHANNON C. LEONARD CHILD'S TRUST

Shannon C. Leonard

SS#

xc: Dan Leonard 415 West Wall, Suite 1620 Midland, TX 79701

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

October 10, 2011

Shannon C. Leonard 1018 Sunset Canyon Drive N. Dripping Springs, Texas 78620

Re: MOC's Layla "35" Prospect Section 35, T23S, R28E Eddy County, New Mexico

Mr. Leonard:

Enclosed for your further handling is an Oil and Gas Lease prepared for your signature. Also enclosed is a copy of the Oil and Gas Lease for your keeping. This lease reflects the changes that were agreed to by Kevin Leonard. Please initial in the margins where language has been marked through. Upon my receipt of the executed lease I will send you a check for \$20.83 which represents the lease bonus payment of \$500.00 per net acre for your undivided 1/120 mineral interest (.041667 net mineral acres) in the S/2 NW/4 SW/4 SW/4 of the captioned Section 35.

(\$500/ac X .041667 acres = \$20.83)

Regarding the above, please sign the enclosed Oil and Gas Lease in the presence of a Notary Public and return same in the enclosed postage paid envelope provided for your convenience.

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

Sincerely,

MEWBOURNE OIL COMPANY

Mason Wood Landman

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

April 13, 2012

Via Certified Mail-Return Receipt No. 7818

Shannon C. Leonard Child's Trust 1018 Sunset Canyon Drive North Dripping Springs, Texas 78620

Re: Layla "35" MD Fee Com #1H Well 330' FSL & 360' FWL (SL) 330' FNL & 360' FWL (BHL) Section 35, T23S, R28E Eddy County, New Mexico

Dear Mr. Leonard:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to drill the captioned well at the referenced surface location (SL) and drill same horizontally from a southerly direction to a northerly direction to a terminus point at the referenced bottom hole location (BHL). The proposed well will be drilled to a true vertical depth of approximately 6,246 feet beneath the surface and drilled horizontally to an approximate measured depth of 10,597 feet to evaluate the Brushy Canyon Delaware formation for oil production. The W/2W/2 of the captioned Section 35 will be dedicated to the well as the oil proration unit and project area which contains 160.00 acres, more or less.

Title examination indicates you own 0.041667 net mineral acres in a 5.0 acre tract of land in the S/2NW/4SW/4SW/4 of the captioned Section 35 which interest is currently unleased. In this regard, Mewbourne hereby offers to purchase a Paid-Up Oil and Gas Lease covering such interest on the basis of \$1,000 per net acre (\$41.67) for a lease providing for a 3/16<sup>th</sup> royalty interest. This offer is available for your acceptance for a period ending May 15, 2012.

In the event you elect not to lease your unleased mineral interest to Mewbourne on the terms referenced above, Mewbourne invites your participation in the proposed well. As you have 0.041667 net acres, your participation interest would be calculated as follows: 0.041667/160 = .0002604 working interest in the proposed well. Enclosed for your consideration regarding this option is our Authorization For Expenditure (AFE) which is an estimated well cost for the captiond well. Please sign and return the AFE to me should you elect to participate in the proposed well. Upon my receipt of same I'll forward you our Operating Agreement for execution.

Shannon C. Leonard Child's Trust Layla "35" MD Fee Com #1H Well April 13, 2012 Page 2 of 2

In the event you elect to lease your interest to Mewbourne as offered, please acknowledge such agreement by signing and returning this letter to me on or before May 15, 2012.

Sincerely yours,

#### MEWBOURNE OIL COMPANY

D. Paul Haden Senior Landman

DPH/gb

The undersigned agrees to lease their interest to Mewbourne on terms referenced above this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

#### SHANNON C. LEONARD CHILD'S TRUST

By:

Shannon C. Leonard, Trustee

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.	A. Signature X Spart Addressee
Attach this card to the back of the mailpiece, or on the front if space permits.	B. Received by ( <i>Printed Name</i> ) C. Date of Delivery
Article Addressed to: Shannon C. Leonard Child's Trust 1018 Sunset Canyon Drive North	If YES, enter delivery address below: D No
Dripping Springs, Texas 78620	3. Service Type         Certified Mail       Express Mail         Registered       Return Receipt for Merchandise         Insured Mail       C.O.D.
	4. Restricted Delivery? (Extra Fee)
Article Number 7010 (Transfer from service label)	1870 0001 6456 7818

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Lay la 35 Agent

4-18-17

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## Mewbourne Oil Company

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

August 18, 2011

Bill C. Ruiz P. O. Box 161 Sultana, CA 93666

Re: MOC's Layla "35" Prospect Section 35, T23S, R28E Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator is interested in drilling multiple horizontal wells under the captioned land for Delaware and Bone Spring oil production. The initial well will be drilled at a surface location 185' FNL & 2150' FWL of the captioned Section 35 and will be drilled horizontally to a bottom hole location 330' FSL & 2150' FWL of the captioned Section 35 to a true vertical depth of 6,700 feet beneath the surface to evaluate the middle Avalon (Bone Spring) Shale for oil and gas production. The proposed well will be drilled laterally to a measured depth of approximately 11,075 feet.

Regarding the above, you will recall that Mewbourne Oil Company as Operator previously drilled its Layla "35" Fee Com No. 1 Well at a location 1650' FSL & 1241' FEL of the captioned Section 35, which well was completed as a commercial gas well on February 8, 2003 producing from the Atoka formation. This well is still producing in paying quantities. In our title examination of the captioned land in preparation to drill the above referenced horizontal wells, we've discovered that the leases in the S/2 were not properly pooled for gas production under the terms of the leases. We also found that many of the leases in the N/2 of the captioned Section 35 were not properly pooled for the Williams No. 1 Well which was drilled by HNG Oil Company at a location 660' FNL & 2310' FWL of the captioned Section 35 and was completed as a commercial gas well producing from the Atoka formation in March of 1979 which well is now operated by Chevron U.S.A. Inc.

In reference to the above, we are in the process of securing new Oil and Gas Leases covering the captioned land as to the previous leases we discovered which might have expired since we deem that they were not properly pooled pursuant to the terms of their leases. Accordingly, Mewbourne hereby offers you \$400.00 per net acre for a three (3) year paid-up Oil and gas Lease providing a 3/16<sup>th</sup> royalty interest. According to our title examination of the captioned land, you own a 1/12 mineral interest in the S/2 NW/4 SW/4 SW/4 of the captioned Section 35 being 0.41666 net mineral acres.

Bill C. Ruiz Layla "35" Prospect 8/18/2011 Page 2 of 2

As to the royalty income you may be receiving from the Layla "35" Fee Com No. 1 Well as referenced above, you will continue to receive your royalty income attributable to your royalty interest in said well.

In the event you elect to accept Mewbourne's offer to lease your mineral interest, please acknowledge such acceptance by signing and returning this letter to me at your earliest convenience and I'll forward you our Oil and Gas Lease for your execution and our lease bonus check. For your convenience, enclosed is a postage paid envelope for your response.

Should you have any questions regarding the above, please call me at (432) 682-3715 or my email address is <u>mwood@mewbourne.com</u>. As we are moving forward with getting the initial well drilled at the earliest possible date, the above offers are available for your acceptance for a period ending on Monday, September 19, 2011 at 5:00 P.M.

Sincerely yours,

#### MEWBOURNE OIL COMPANY

Mason Wood Landman

The undersigned accepts Mewbourne's *lease offer* referenced above this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

SS#\_\_\_\_\_

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

August 30, 2011

Bill C. Ruiz P. O. Box 161 Sultana, CA 93666

Re: MOC's Layla "35" Prospect Section 35, T23S, R28E Eddy County, New Mexico

Mr. Ruiz:

Reference is made to my previous letter dated August 18, 2011 whereby Mewbourne Oil Company offered to purchase an Oil and Gas Lease from you covering your interest in the captioned land. To date you have not responded to our offer. Accordingly, please respond at your earliest convenience. In the event the terms we are offering are unacceptable, please advise me of the terms which would be acceptable as we are attempting to drill an initial horizontal Avalon Shale well during the first quarter of next year.

Sincerely yours,

**MEWBOURNE OIL COMPANY** 

are G

Mason Wood Landman

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

April 13, 2012

Via Certified Mail-Return Receipt No. 7832

Bill C. Ruiz P.O. Box 161 Sultana, California 93666

Re: Layla "35" MD Fee Com #1H Well 330' FSL & 360' FWL (SL) 330' FNL & 360' FWL (BHL) Section 35, T23S, R28E Eddy County, New Mexico

Dear Mr. Ruiz:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to drill the captioned well at the referenced surface location (SL) and drill same horizontally from a southerly direction to a northerly direction to a terminus point at the referenced bottom hole location (BHL). The proposed well will be drilled to a true vertical depth of approximately 6,246 feet beneath the surface and drilled horizontally to an approximate measured depth of 10,597 feet to evaluate the Brushy Canyon Delaware formation for oil production. The W/2W/2 of the captioned Section 35 will be dedicated to the well as the oil proration unit and project area which contains 160.00 acres, more or less.

Title examination indicates you own 0.416667 net mineral acres in a 5.0 acre tract of land in the S/2NW/4SW/4SW/4 of the captioned Section 35 which interest is currently unleased. In this regard, Mewbourne hereby offers to purchase a Paid-Up Oil and Gas Lease covering such interest on the basis of \$1,000 per net acre (\$416.67) for a lease providing for a 3/16<sup>th</sup> royalty interest. This offer is available for your acceptance for a period ending May 15, 2012.

In the event you elect not to lease your unleased mineral interest to Mewbourne on the terms referenced above, Mewbourne invites your participation in the proposed well. As you have 0.416667 net acres, your participation interest would be calculated as follows: 0.416667/160 = .0026041 working interest in the proposed well. Enclosed for your consideration regarding this option is our Authorization For Expenditure (AFE) which is an estimated well cost for the captiond well. Please sign and return the AFE to me should you elect to participate in the proposed well. Upon my receipt of same I'll forward you our Operating Agreement for execution.

 Bill C. Ruiz Layla "35" MD Fee Com #1H Well April 13, 2012 Page 2 of 2

In the event you elect to lease your interest to Mewbourne as offered, please acknowledge such agreement by signing and returning this letter to me on or before May 15, 2012.

Sincerely yours,

MEWBOURNE OIL COMPANY

D. Paul Haden Senior Landman

DPH/gb

The undersigned agrees to lease their interest to Mewbourne on terms referenced above this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

### Bill C. Ruiz

Layla 35 ···		, , , , , , , , , , , , , , , , , , ,		
NDER: COMPLETE THIS SECTION		COMPLETE THIS	SECTION ON DE	LIVERY
Complete items 1, 2, and 3. Also complet tem 4 if Restricted Delivery is desired. Print your name and address on the rever		A. Signature	MAR	Agent
so that we can return the card to you. Attach this card to the back of the mailple or on the front if space permits.	ece,	B. Received by (F	intea Name)	C. Date of Delivery
Article Addressed to:		D. Is delivery address different from item 1?		
Bill C. Ruiz	1	-		
P.O. Box 161				
Sultana, California 93666		3. Service Type Certified Ma Registered Insured Mai	🗖 Return Re	iail Ceipt for Merchandise
		4. Restricted Deli	very? (Extra Fee)	C Yes
Article Number (Transfer from service label)	7010	1870 000	1 6456 7	832

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500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

August 18, 2011

Juan G. Ruiz c/o Mika A. Padilla 1225 N Thorne Ave. Fresno, CA 93728

Re: MOC's Layla "35" Prospect Section 35, T23S, R28E Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator is interested in drilling multiple horizontal wells under the captioned land for Delaware and Bone Spring oil production. The initial well will be drilled at a surface location 185' FNL & 2150' FWL of the captioned Section 35 and will be drilled horizontally to a bottom hole location 330' FSL & 2150' FWL of the captioned Section 35 to a true vertical depth of 6,700 feet beneath the surface to evaluate the middle Avalon (Bone Spring) Shale for oil and gas production. The proposed well will be drilled laterally to a measured depth of approximately 11,075 feet.

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Juan G. Ruiz Layla "35" Prospect 8/18/2011 Page 2 of 2

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Should you have any questions regarding the above, please call me at (432) 682-3715 or my email address is <u>mwood@mewbourne.com</u>. As we are moving forward with getting the initial well drilled at the earliest possible date, the above offers are available for your acceptance for a period ending on Monday, September 19, 2011 at 5:00 P.M.

Sincerely yours,

#### MEWBOURNE OIL COMPANY

11004/1

Mason Wood Landman

The undersigned accepts Mewbourne's *lease offer* referenced above this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

SS#\_\_\_\_\_

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

August 30, 2011

Juan G. Ruiz c/o Mika A. Padilla 1225 N Thorne Ave. Fresno, CA 93728

Re: MOC's Layla "35" Prospect Section 35, T23S, R28E Eddy County, New Mexico

Mr. Ruiz:

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Sincerely yours,

**MEWBOURNE OIL COMPANY** 

man

Mason Wood Landman

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

April 13, 2012

Via Certified Mail-Return Receipt No. 7849

Juan G. Ruiz P.O. Box 161 Sultana, California 93666

Re: Layla "35" MD Fee Com #1H Well 330' FSL & 360' FWL (SL) 330' FNL & 360' FWL (BHL) Section 35, T23S, R28E Eddy County, New Mexico

Dear Mr. Ruiz:

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Juan G. Ruiz Layla "35" MD Fee Com #1H Well April 13, 2012 Page 2 of 2

In the event you elect to lease your interest to Mewbourne as offered, please acknowledge such agreement by signing and returning this letter to me on or before May 15, 2012.

Sincerely yours,

**MEWBOURNE OIL COMPANY** 

D. Paul Haden Senior Landman

DPH/gb

The undersigned agrees to lease their interest to Mewbourne on terms referenced above this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

Juan G. Ruiz

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

September 22, 2011

Via Certified Mail Return Receipt No.6590

Alfred Enderud 8520 NE 1011<sup>th</sup> Ave. Vancouver, Washington 98662

Re: MOC's Layla "35" Prospect Section 35, T23S, R28E Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator is interested in drilling multiple horizontal wells under the captioned land for Delaware and Bone Spring oil production. As part of our leasing efforts, we are trying to determine the mineral ownership of the N/2 SW/4 SW/4 NW/4 of the above mentioned Section 35. I have attached a portion of our Title Opinion that explains the discrepancies of title in this tract ("Tract 5"), which appears to be unleased.

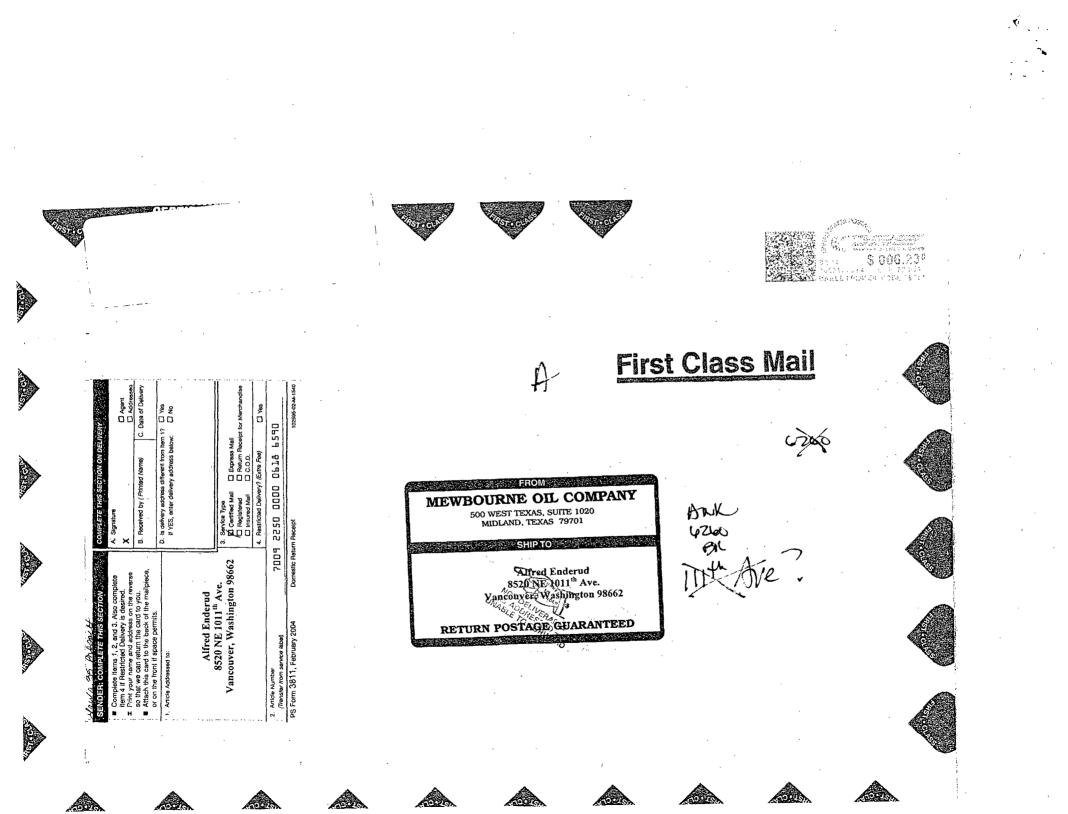
Please advise me what interest, if any, you claim in the mineral ownership in Tract 5. Also, I would appreciate your advising me who the other owners are and their addresses so we can proceed with acquiring Oil and Gas Leases on this property. We would like to drill an initial well in the first quarter of next year.

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

Sincerely yours,

**MEWBOURNE OIL COMPANY** 

Maser Wal



500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

September 22, 2011

Via Certified Mail Return Receipt No. 6903

Clarence Enderud 471 Cinebar Road Cinebar, Washington 98533

Re: MOC's Layla "35" Prospect Section 35, T23S, R28E Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator is interested in drilling multiple horizontal wells under the captioned land for Delaware and Bone Spring oil production. As part of our leasing efforts, we are trying to determine the mineral ownership of the N/2 SW/4 SW/4 NW/4 of the above mentioned Section 35. I have attached a portion of our Title Opinion that explains the discrepancies of title in this tract ("Tract 5"), which appears to be unleased.

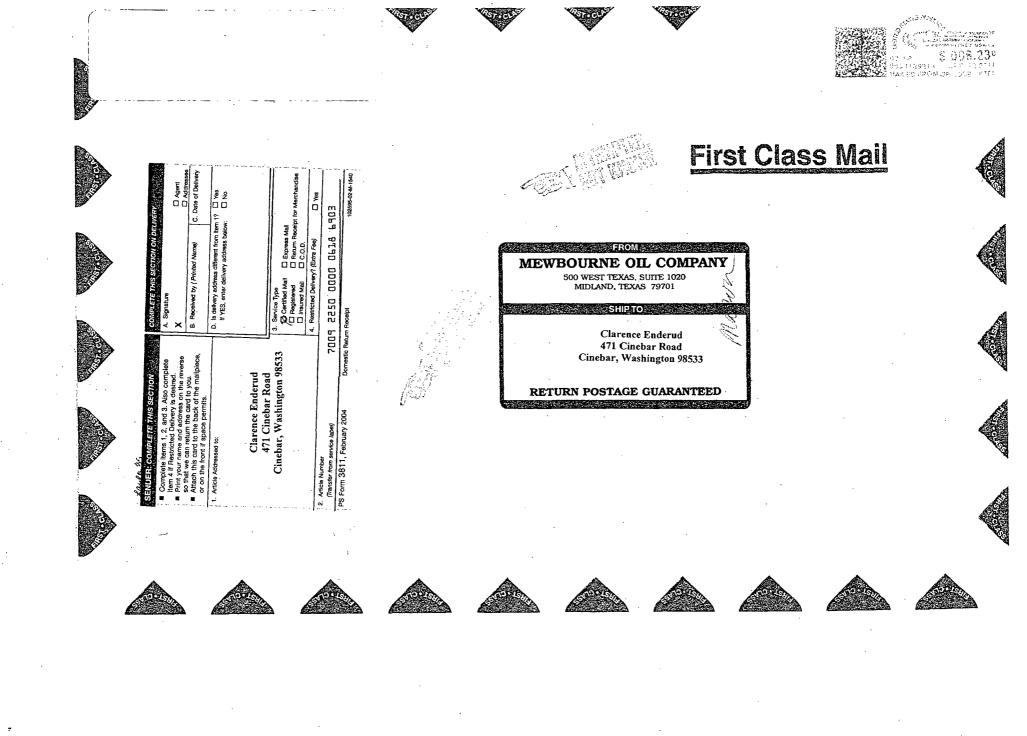
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Should you have any questions regarding the above, please call me at (432) 682-3715 or my email address is mwood@mewbourne.com.

Sincerely yours,

**MEWBOURNE OIL COMPANY** 

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500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

September 22, 2011

Via Certified Mail Return Receipt No. 6613

Jesse Enderud Route 2 Leon, Kansas 67074

Re: MOC's Layla "35" Prospect Section 35, T23S, R28E Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator is interested in drilling multiple horizontal wells under the captioned land for Delaware and Bone Spring oil production. As part of our leasing efforts, we are trying to determine the mineral ownership of the N/2 SW/4 SW/4 NW/4 of the above mentioned Section 35. I have attached a portion of our Title Opinion that explains the discrepancies of title in this tract ("Tract 5"), which appears to be unleased.

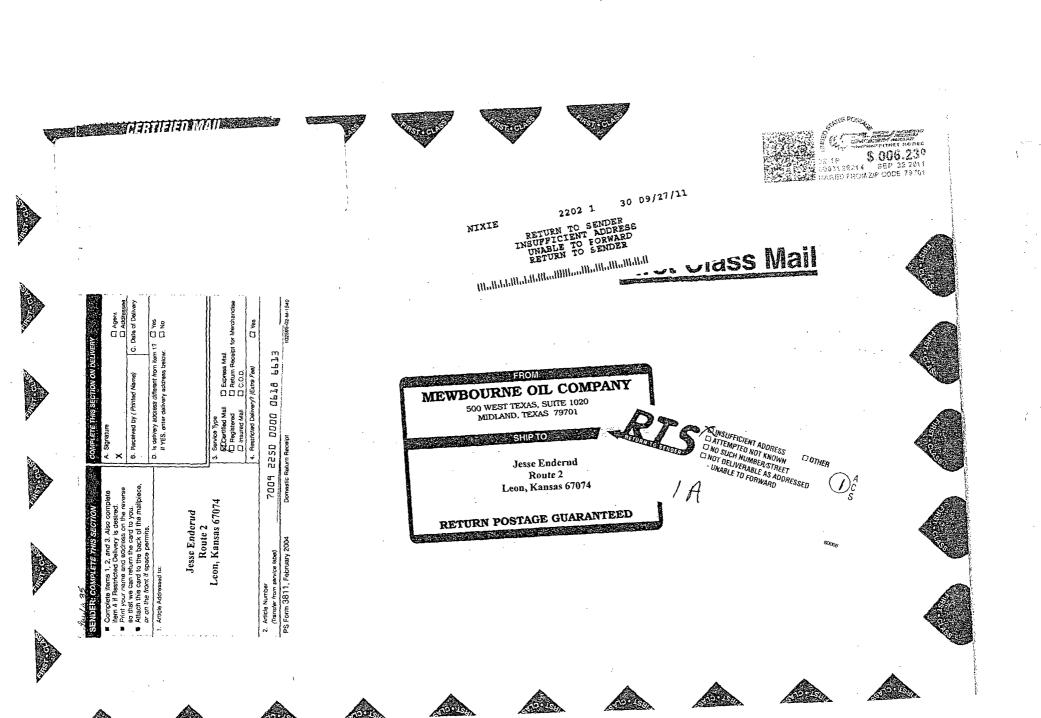
Please advise me what interest, if any, you claim in the mineral ownership in Tract 5. Also, I would appreciate your advising me who the other owners are and their addresses so we can proceed with acquiring Oil and Gas Leases on this property. We would like to drill an initial well in the first quarter of next year.

Should you have any questions regarding the above, please call me at (432) 682-3715 or my email address is <u>mwood@mewbourne.com</u>.

Sincerely yours,

**MEWBOURNE OIL COMPANY** 

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500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

September 22, 2011

#### Via Certified Mail Return Receipt No. 6637

Louis E. Enderud Rural Route 3, Box 115 Arkansas City, Kansas 67005

Re: MOC's Layla "35" Prospect Section 35, T23S, R28E Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator is interested in drilling multiple horizontal wells under the captioned land for Delaware and Bone Spring oil production. As part of our leasing efforts, we are trying to determine the mineral ownership of the N/2 SW/4 SW/4 NW/4 of the above mentioned Section 35. I have attached a portion of our Title Opinion that explains the discrepancies of title in this tract ("Tract 5"), which appears to be unleased.

Please advise me what interest, if any, you claim in the mineral ownership in Tract 5. Also, I would appreciate your advising me who the other owners are and their addresses so we can proceed with acquiring Oil and Gas Leases on this property. We would like to drill an initial well in the first quarter of next year.

Should you have any questions regarding the above, please call me at (432) 682-3715 or my email address is <u>mwood@mewbourne.com</u>.

Sincerely yours,

**MEWBOURNE OIL COMPANY** 

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	<ul> <li>SENDER: COMPLETE THIS SECTION</li> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	COMPLETE THIS SECTION ON DELIVERY         A. Signature         X         Humble Cleant         X         Humble Cleant         Address         B. Received by (Printed Name)         C. Date of Deliv         Y=2-G         D. Is delivery address different from item 1?	
	1. Article Addressed to: e	If YES, enter delivery address below:	
	Louis E. Enderud Rural Route 3, Box 115	233-3 E. Modison	
	Arkansas City, Kansas 67005	3. Service Type PCertified Mail  Express Mail Registered Return Receipt for Merchanc Insured Mail C.O.D.	
		4. Restricted Delivery? (Extra Fee)	
Å	2. Article Number                                 7009 (Transfer from service label)	2250 0000 0618 6637	
٣	PS Form 3811, February 2004 Domestic Ret		
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500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

September 22, 2011

Via Certified Mail Return Receipt No. 6644

Opal Sample 515 ½ North First Street Arkansas City, Kansas 67005

Re: MOC's Layla "35" Prospect Section 35, T23S, R28E Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator is interested in drilling multiple horizontal wells under the captioned land for Delaware and Bone Spring oil production. As part of our leasing efforts, we are trying to determine the mineral ownership of the N/2 SW/4 SW/4 NW/4 of the above mentioned Section 35. I have attached a portion of our Title Opinion that explains the discrepancies of title in this tract ("Tract 5"), which appears to be unleased.

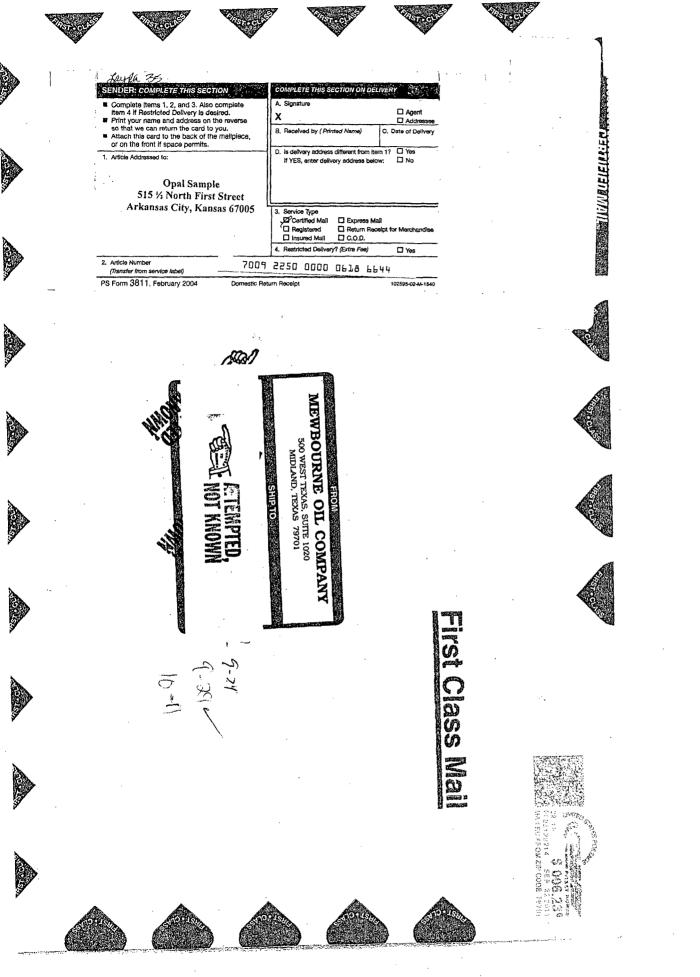
Please advise me what interest, if any, you claim in the mineral ownership in Tract 5. Also, I would appreciate your advising me who the other owners are and their addresses so we can proceed with acquiring Oil and Gas Leases on this property. We would like to drill an initial well in the first quarter of next year.

Should you have any questions regarding the above, please call me at (432) 682-3715 or my email address is <u>mwood@mewbourne.com</u>.

Sincerely yours,

**MEWBOURNE OIL COMPANY** 

Marin Wal



500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

September 22, 2011

Via Certified Mail Return Receipt No. 6682

Ruby Luce 415 East Sixth Street Winfield, Kansas 67156

Re: MOC's Layla "35" Prospect Section 35, T23S, R28E Eddy County, New Mexico

Ladies and Gentlemen:

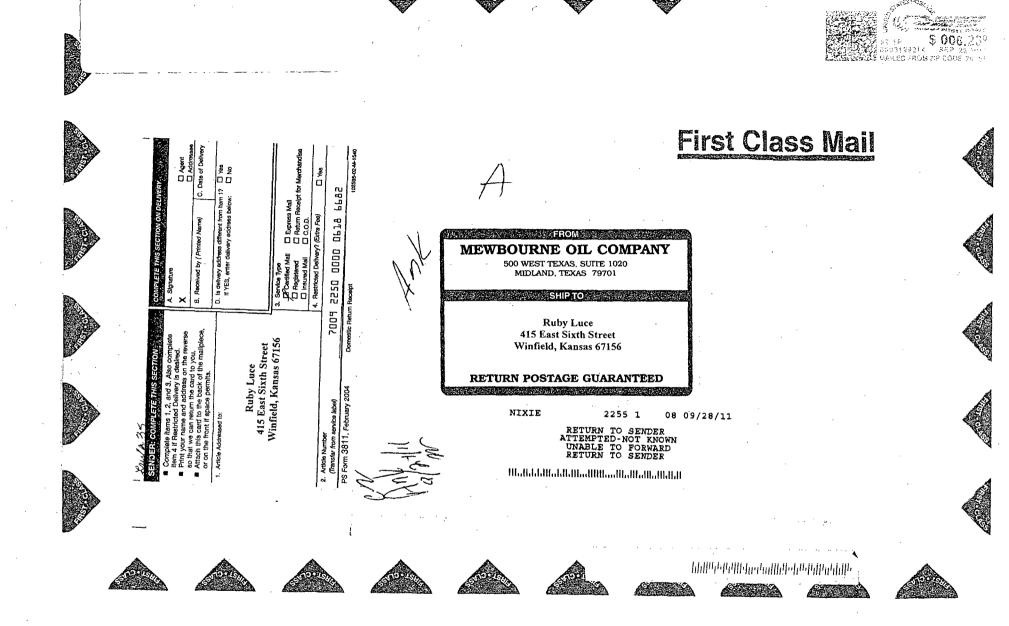
Mewbourne Oil Company ("Mewbourne") as Operator is interested in drilling multiple horizontal wells under the captioned land for Delaware and Bone Spring oil production. As part of our leasing efforts, we are trying to determine the mineral ownership of the N/2 SW/4 SW/4 NW/4 of the above mentioned Section 35. I have attached a portion of our Title Opinion that explains the discrepancies of title in this tract ("Tract 5"), which appears to be unleased.

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Should you have any questions regarding the above, please call me at (432) 682-3715 or my email address is <u>mwood@mewbourne.com</u>.

Sincerely yours,

MEWBOURNE OIL COMPANY



500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

September 22, 2011

#### Via Certified Mail Return Receipt No.6606

Carl Enderud 510 Hemlock St. Centralia, Washington 98531

Re: MOC's Layla "35" Prospect Section 35, T23S, R28E Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator is interested in drilling multiple horizontal wells under the captioned land for Delaware and Bone Spring oil production. As part of our leasing efforts, we are trying to determine the mineral ownership of the N/2 SW/4 SW/4 NW/4 of the above mentioned Section 35. I have attached a portion of our Title Opinion that explains the discrepancies of title in this tract ("Tract 5"), which appears to be unleased.

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Should you have any questions regarding the above, please call me at (432) 682-3715 or my email address is <u>mwood@mewbourne.com</u>.

Sincerely yours,

**MEWBOURNE OIL COMPANY** 

Vlason h/n

Layla "35" #2H Well February 21, 2012 Page 2 of 2

Should you elect to lease your interest to us as referenced above, please sign and return this letter to me at your earliest convenience and I'll send you an Oil and Gas Lease to you for execution. Upon our receipt of the executed lease, I will forward you \$100 which represents the lease bonus payment. Should you have any questions regarding the above, please call me at (432) 682-3715 or my email address is <u>mwood@mewbourne.com</u>.

Sincerely yours,

**MEWBOURNE OIL COMPANY** 

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Mason Wood Landman

MW/gb

The undersigned elects to grant Mewbourne Oil Company and Oil and Gas Lease as referenced above.

· By:

Mary Jo Dickerson

Date signed:

Tax I.D.#:



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500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

March 6, 2012

Mary Jo Dickerson P. O. Box 642 Glenpool, Oklahoma 74033

Re: Layla "35" #2H Well 185' FNL & 2150' FWL (SL) 330' FSL & 21550' FWL (BHL) Section 35, T23S, R28E Eddy County, New Mexico

Dear Mrs. Dickerson:

Reference is made to my previous letter dated February 21, 2012 (see copy enclosed) whereby Mewbourne Oil Company as Operator proposed drilling the captioned well. To date, you have not responded to our well proposal regarding your decision to participate in the proposed well as an unleased mineral interest owner, or alternatively, our offer to lease your unleased mineral interest in the event you elect not to participate in the captioned proposed well. Accordingly, we will be filing an Application for Compulsory Pooling regarding your uncommitted interest whereby your interest will be force pooled at an Examiner's Hearing in Santa Fe, New Mexico at the offices of the New Mexico Oil Conservation Division. You will be notified of the hearing date which is scheduled for Thursday, April 12, 2012.

To avoid the necessity of our having to force pool your unleased mineral interest so we can drill the captioned proposed well in a timely manner, please respond to our well proposal or our offer to lease your interest on the terms offered.

Sincerely yours,

**MEWBOURNE OIL COMPANY** 

Mason Wood Landman

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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Mary Jo Dickerson P. O. Box 642 Glenpool, Oklahoma 74033

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Heildelen Manadaladalad Haddalada Husbard

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

April 16, 2012

Mary Jo Dickerson P.O. Box 642 Glenpool, Oklahoma 77033

Re: Layla "35" MD Fee Com #1H Well 330' FSL & 360' FWL (SL) 330' FNL & 360' FWL (BHL) Section 35, T23S, R28E Eddy County, New Mexico

Dear Ms. Dickerson:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to drill the captioned well at the referenced surface location (SL) and drill same horizontally from a southerly direction to a northerly direction to a terminus point at the referenced bottom hole location (BHL). The proposed well will be drilled to a true vertical depth of approximately 6,246 feet beneath the surface and drilled horizontally to an approximate measured depth of 10,597 feet to evaluate the Brushy Canyon interval in the Delaware formation for oil production. The W/2W/2 of the captioned Section 35 will be dedicated to the well as the oil proration unit and project area which contains 160.00 acres, more or less.

Title examination indicates you may own a portion of a 12.6/350 mineral interest in a 350 acre tract of land in the S/2S/2NE/4 (Tract #8), SE/4, E/2SW/4, W/2NW/4SW/4, SE/4NW/4SW/4, S/2NE/4NW/4SW/4, E/2SW/4SW/4, SW/4SW/4 SW/4 and N/2NW/4SW/4SW/4 (Tract #9). For your information, I have included a copy of Page 1 of our Drilling Title Opinion dated May 16, 2011 which describes the above referenced Tract #8 and Tract #9, among other lands. I have also included a copy of Pages 11, 12, 13, 53, 54, 55, 56, 57, 58, 59 and 60 which describes the uncertainty and title confusion associated with Tracts #8 and #9 as to the 12.6/350 mineral interest referenced above.

As our title attorney nor I can determine your ownership, if any, in the referenced 350 acre tract of land, Mewbourne hereby offers to purchase a Quit Claim Assignment of your interest in the referenced 350 acre tract of land on the basis of \$100 cash. If you are agreeable to such offer, please acknowledge such acceptance by signing and returning this letter to me within thirty (30) days of receipt of same. Failure to respond will subject your interest to being force pooled at an Examiner's hearing in Santa Fe, New Mexico on June 7, 2012 in order to allow us to timely drill the proposed well. Layla "35" MD Fee Com #1H W April 16, 2012 Page 2 of 2

Should you have any questions regarding the above, please call me at (432) 682-3715 or my email address is <u>phaden@mewbourne.com</u>.

Sincerely yours,

### **MEWBOURNE OIL COMPANY**

D. Paul Haden Senior Landman

DPH/gb

The undersigned elects to accept Mewbourne's offer as referenced above.

......

### MARY JO DICKERSON

By:

Mary Jo Dickerson

Date signed:

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

April 24, 2012

Mary Jo Dickerson P.O. Box 642 Glenpool, Oklahoma 77033

Re: Layla "35" MD Fee Com #1H Well W/2/W2 Section 35, T23S, R28E Eddy County, New Mexico

Dear Ms. Dickerson:

In reference to my previous letter dated April 16, 2012 whereby Mewbourne Oil Company as Operator proposed drilling the captioned well, enclosed for your information and further handling is a copy of our Authorization For Expenditure (AFE) for the captioned well which is an estimated well cost. In the event you can prove your mineral ownership in the captioned land and you desire to participate in the proposed well as to your respective mineral ownership, please sign and return the AFE to me at your earliest convenience.

In the event you can not prove your ownership in the captioned Section 35, our offer to purchase whatever interest you own, if any, is available for your acceptance on the terms as previously offered.

Sincerely yours,

**MEWBOURNE OIL COMPANY** 

D. Paul Haden Senior Landman

DPH/tgm

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701



Mary Jo Dickerson P.O. Box 642 Glenpool, Oklahoma 77033

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500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

April 16, 2012

Thomas W. Gregory 305 S. Hemlock Ave. Roswell, New Mexico 88203

Re: Layla "35" MD Fee Com #1H Well 330' FSL & 360' FWL (SL) 330' FNL & 360' FWL (BHL) Section 35, T23S, R28E Eddy County, New Mexico

Dear Mr. Gregory:

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Date signed:

Sincerely yours,

### **MEWBOURNE OIL COMPANY**

D. Paul Haden Senior Landman

DPH/gb

The undersigned elects to accept Mewbourne's offer as referenced above.

### **THOMAS W. GREGORY**

By:

Thomas W. Gregory

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

April 24, 2012

Thomas W. Gregory 305 S. Hemlock Ave. Roswell, New Mexico 88203

Re: Layla "35" MD Fee Com #1H Well W/2/W2 Section 35, T23S, R28E Eddy County, New Mexico

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In the event you can not prove your ownership in the captioned Section 35, our offer to purchase whatever interest you own, if any, is available for your acceptance on the terms as previously offered.

Sincerely yours,

**MEWBOURNE OIL COMPANY** 

D. Paul Haden Senior Landman

DPH/tgm

500 W TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

April 16, 2012

William I. Gregory 305 S. Hemlock Ave. Roswell, New Mexico 88203

Re: Layla "35" MD Fee Com #1H Well 330' FSL & 360' FWL (SL) 330' FNL & 360' FWL (BHL) Section 35, T23S, R28E Eddy County, New Mexico

Dear Mr. Gregory:

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Title examination indicates you may own a portion of a 12.6/350 mineral interest in a 350 acre tract of land in the S/2S/2NE/4 (Tract #8), SE/4, E/2SW/4, W/2NW/4SW/4, SE/4NW/4SW/4, S/2NE/4NW/4SW/4, E/2SW/4SW/4, SW/4SW/4 SW/4 and N/2NW/4SW/4SW/4 (Tract #9). For your information, I have included a copy of Page 1 of our Drilling Title Opinion dated May 16, 2011 which describes the above referenced Tract #8 and Tract #9, among other lands. I have also included a copy of Pages 11, 12, 13, 53, 54, 55, 56, 57, 58, 59 and 60 which describes the uncertainty and title confusion associated with Tracts #8 and #9 as to the 12.6/350 mineral interest referenced above.

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Should you have any questions regarding the above, please call me at (432) 682-3715 or my email address is <u>phaden@mewbourne.com</u>.

Sincerely yours,

### **MEWBOURNE OIL COMPANY**

D. Paul Haden Senior Landman

DPH/gb

The undersigned elects to accept Mewbourne's offer as referenced above.

### WILLIAM I. GREGORY

By:\_

William I. Gregory

Date signed:\_\_\_\_\_

ē.

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

April 24, 2012

William J. Gregory 305 S. Hemlock Ave. Roswell, New Mexico 88203

Re: Layla "35" MD Fee Com #1H Well W/2/W2 Section 35, T23S, R28E Eddy County, New Mexico

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In the event you can not prove your ownership in the captioned Section 35, our offer to purchase whatever interest you own, if any, is available for your acceptance on the terms as previously offered.

Sincerely yours,

MEWBOURNE OHL COMPANY

D. Paul Haden Senior Landman

DPH/tgm

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

February 21, 2012

Via Certified Mail-Return Receipt No. 9691

Irma J. Gregory 305 S. Hemlock Ave. Roswell, New Mexico 88203

Re: Layla "35" #2H Well 185' FNL & 2150' FWL (SL) 330' FSL & 2150' FWL (BHL) Section 35, T23S, R28E Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company as Operator proposes to drill the captioned well at the referenced surface location (SL) and drill same horizontally from a northerly direction to a southerly direction to a terminus point at the referenced bottom hole location (BHL). The proposed well will be drilled to a true vertical depth of approximately 6,700 feet beneath the surface and drilled horizontally to an approximate measured depth of 11,200 feet to evaluate the Middle Avalon Shale interval in the Bone Spring formation for oil and gas production. The nonstandard oil proration unit for the proposed well will comprise the E/2W/2 of the captioned Section 35 containing 160 acres, more or less. Enclosed for your further handling regarding the above proposed well is our AFE dated December 5, 2011 which is an estimated well cost.

Regarding the above, you may own a portion of a 12.6/350 mineral interest in a 350 acre tract of land in the captioned Section 35. However our title attorney was unable to ascertain your exact mineral ownership in Tracts 8 and 9 in said 350 acre tract of land due to the confused chain of title associated with such interest. For your information I've enclosed the pertinent pages of our Drilling Opinion of Title dated May 16, 2011. In the event you elect to participate in the proposed well as to your unleased mineral interest, please furnish me proof of your ownership.

In the event you elect not to participate in the proposed well or you can not prove your ownership, Mewbourne offers to purchase an Oil and Gas Lease from you on the basis of 100.00 for a three year paid up lease providing a  $3/16^{th}$  royalty interest. This would be in lieu of our having to force pool your interest since we can not determine what your mineral interest is.

Layla "35" #2H Well February 21, 2012 Page 2 of 2

Should you elect to lease your interest to us as referenced above, please sign and return this letter to me at your earliest convenience and I'll send you an Oil and Gas Lease to you for execution. Upon our receipt of the executed lease, I will forward you \$100 which represents the lease bonus payment. Should you have any questions regarding the above, please call me at (432) 682-3715 or my email address is <u>mwood@mewbourne.com</u>.

Sincerely yours,

**MEWBOURNE OIL COMPANY** 

asa Wal

Mason Wood Landman

MW/gb

The undersigned elects to grant Mewbourne Oil Company and Oil and Gas Lease as referenced above.

By:

Irma J. Gregory

Date signed:

Tax I.D.#:\_\_\_\_\_

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	A. Signature
<ol> <li>Article Addressed to:</li> <li>✓</li> <li>Irma J. Gregory</li> <li>305 S. Hemlock Ave.</li> </ol>	If YES, enter delivery address below?
Roswell, New Mexico 88203	3. Service Type       Certified Mail       Registered       Registered       Insured Mail       C.O.D.
	4. Restricted Delivery? (Extra Fee)
2. Article Number (Transfer from service label)	250 0000 0617 9691
PS Form 3811, February 2004 Domestic F	Return Receipt 102595-02-M-154

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500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

March 6, 2012

Irma J. Gregory 305 S. Hemlock Ave. Roswell, New Mexico 88203

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Sincerely yours,

**MEWBOURNE OIL COMPANY** 

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Mason Wood Landman

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

April 16, 2012

Irma J. Gregory 305 S. Hemlock Ave. Roswell, New Mexico 88203

Re: Layla "35" MD Fee Com #1H Well 330' FSL & 360' FWL (SL) 330' FNL & 360' FWL (BHL) Section 35, T23S, R28E Eddy County, New Mexico

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Should you have any questions regarding the above, please call me at (432) 682-3715 or my email address is <u>phaden@mewbourne.com</u>.

Sincerely yours,

**MEWBOURNE OIL COMPANY** 

D. Paul Haden Senior Landman

DPH/gb

The undersigned elects to accept Mewbourne's offer as referenced above.

### **IRMA J. GREGORY**

By:

Irma J. Gregory

Date signed:

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

April 24, 2012

Irma J. Gregory 305 S. Hemlock Ave. Roswell, New Mexico 88203

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Sincerely yours,

MEWBOURNE OH COMPANY

D. Paul Haden Senior Landman

DPH/tgm

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

February 21, 2012

Via Certified Mail-Return Receipt No. 9707

Stanley J. Gregory 3510 Joshua St. Carlsbad, New Mexico 88220

Re: Layla "35" #2H Well 185' FNL & 2150' FWL (SL) 330' FSL & 2150' FWL (BHL) Section 35, T23S, R28E Eddy County, New Mexico

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Layla "35" #2H Well February 21, 2012 Page 2 of 2

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Sincerely yours,

MEWBOURNE OIL COMPANY

asen

Mason Wood Landman

MW/gb

The undersigned elects to grant Mewbourne Oil Company and Oil and Gas Lease as referenced above.

By:

Stanley J. Gregory

Date signed:

Tax I.D.#:

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

April 16, 2012

Stanley J. Gregory 3510 Joshua St. Carlsbad, New Mexico 88220

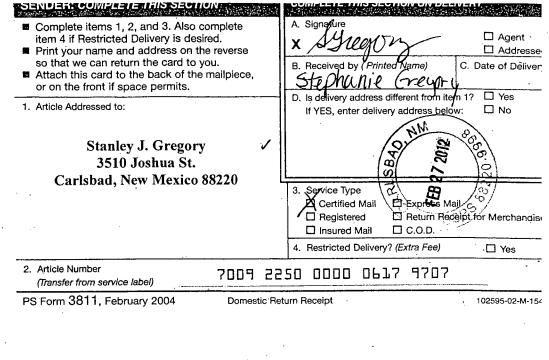
Re: Layla "35" MD Fee Com #1H Well 330' FSL & 360' FWL (SL) 330' FNL & 360' FWL (BHL) Section 35, T23S, R28E Eddy County, New Mexico

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Layla "35" MD Fee Com #1H W.... April 16, 2012 Page 2 of 2

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Sincerely yours,

## **MEWBOURNE OIL COMPANY**

D. Paul Haden Senior Landman

DPH/gb

The undersigned elects to accept Mewbourne's offer as referenced above.

### **STANLEY J. GREGORY**

By:

Stanley J. Gregory

Date signed:

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

April 24, 2012

Stanley J. Gregory 3510 Joshua St. Carlsbad, New Mexico 88220

Re: Layla "35" MD Fee Com #1H Well W/2/W2 Section 35, T23S, R28E Eddy County, New Mexico

Dear Mr. Gregory:

In reference to my previous letter dated April 16, 2012 whereby Mewbourne Oil Company as Operator proposed drilling the captioned well, enclosed for your information and further handling is a copy of our Authorization For Expenditure (AFE) for the captioned well which is an estimated well cost. In the event you can prove your mineral ownership in the captioned land and you desire to participate in the proposed well as to your respective mineral ownership, please sign and return the AFE to me at your earliest convenience.

In the event you can not prove your ownership in the captioned Section 35, our offer to purchase whatever interest you own, if any, is available for your acceptance on the terms as previously offered.

Sincerely yours,

MEWBOURNE OF COMPANY

D. Paul Haden Senior Landman

DPH/tgm

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

February 21, 2012

Via Certified Mail-Return Receipt No. 9547

Bertha Lorene Osborn c/o Pamela Rae Cummings, AIF & Agent 521 N. Ash Carlsbad, New Mexico 88220

Re: Layla "35" #2H Well 185' FNL & 2150' FWL (SL) 330' FSL & 2150' FWL (BHL) Section 35, T23S, R28E Eddy County, New Mexico

#### Ladies and Gentlemen:

Mewbourne Oil Company as Operator proposes to drill the captioned well at the referenced surface location (SL) and drill same horizontally from a northerly direction to a southerly direction to a terminus point at the referenced bottom hole location (BHL). The proposed well will be drilled to a true vertical depth of approximately 6,700 feet beneath the surface and drilled horizontally to an approximate measured depth of 11,200 feet to evaluate the Middle Avalon Shale interval in the Bone Spring formation for oil and gas production. The nonstandard oil proration unit for the proposed well will comprise the E/2W/2 of the captioned Section 35 containing 160 acres, more or less. Enclosed for your further handling regarding the above proposed well is our AFE dated December 5, 2011 which is an estimated well cost.

Regarding the above, you may own a portion of a 12.6/350 mineral interest in a 350 acre tract of land in the captioned Section 35. However our title attorney was unable to ascertain your exact mineral ownership in Tracts 8 and 9 in said 350 acre tract of land due to the confused chain of title associated with such interest. For your information I've enclosed the pertinent pages of our Drilling Opinion of Title dated May 16, 2011. In the event you elect to participate in the proposed well as to your unleased mineral interest, please furnish me proof of your ownership.

In the event you elect not to participate in the proposed well or you can not prove your ownership, Mewbourne offers to purchase an Oil and Gas Lease from you on the basis of 100.00 for a three year paid up lease providing a  $3/16^{th}$  royalty interest. This would be in lieu of our having to force pool your interest since we can not determine what your mineral interest is.

Layla "35" #2H Well February 21, 2012 Page 2 of 2

Should you elect to lease your interest to us as referenced above, please sign and return this letter to me at your earliest convenience and I'll send you an Oil and Gas Lease to you for execution. Upon our receipt of the executed lease, I will forward you \$100 which represents the lease bonus payment. Should you have any questions regarding the above, please call me at (432) 682-3715 or my email address is <u>mwood@mewbourne.com</u>.

Sincerely yours,

MEWBOURNE OIL COMPANY

am

Mason Wood Landman

MW/gb

The undersigned elects to grant Mewbourne Oil Company and Oil and Gas Lease as referenced above.

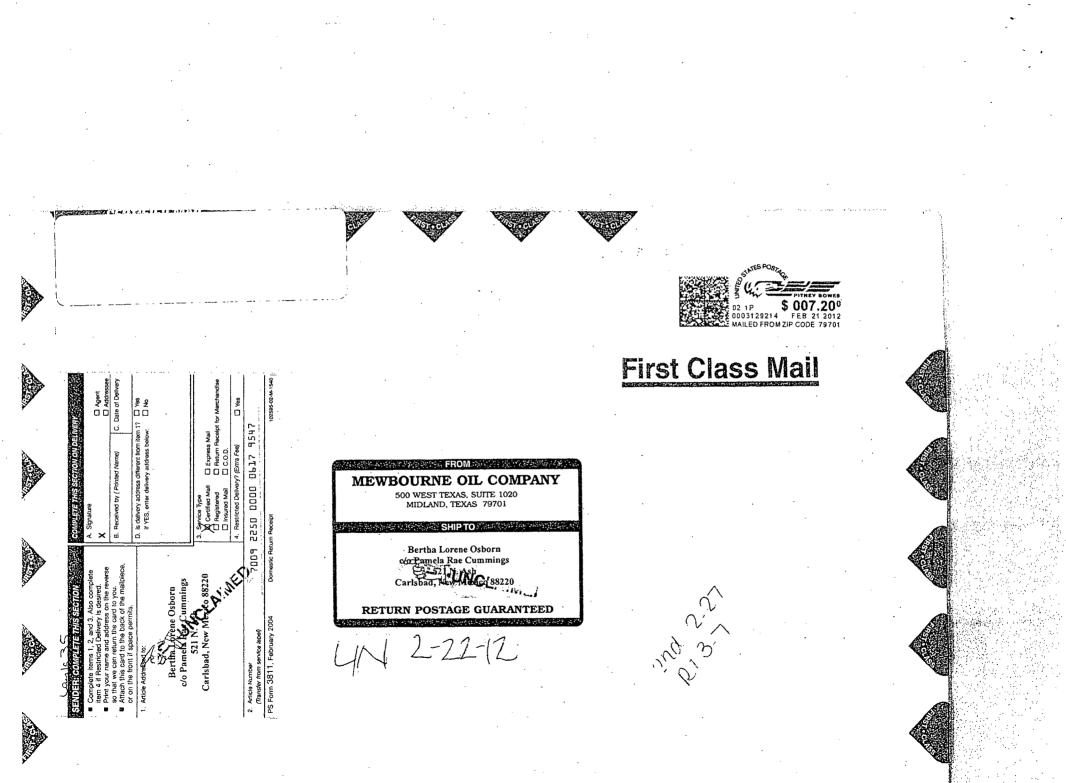
#### Bertha Lorene Osborn

By:

Pamela Rae Cummings Agent and Attorney-in-Fact

Date signed:

Tax I.D.#:



500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

March 6, 2012

Bertha Lorene Osborn c/o Pamela Rae Cummings, AIF & Agent 521 N. Ash Carlsbad, New Mexico 88220

Re: Layla "35" #2H Well 185' FNL & 2150' FWL (SL) 330' FSL & 21550' FWL (BHL) Section 35, T23S, R28E Eddy County, New Mexico

Dear Mrs. Osborn:

Reference is made to my previous letter dated February 21, 2012 (see copy enclosed) whereby Mewbourne Oil Company as Operator proposed drilling the captioned well. To date, you have not responded to our well proposal regarding your decision to participate in the proposed well as an unleased mineral interest owner, or alternatively, our offer to lease your unleased mineral interest in the event you elect not to participate in the captioned proposed well. Accordingly, we will be filing an Application for Compulsory Pooling regarding your uncommitted interest whereby your interest will be force pooled at an Examiner's Hearing in Santa Fe, New Mexico at the offices of the New Mexico Oil Conservation Division. You will be notified of the hearing date which is scheduled for Thursday, April 12, 2012.

To avoid the necessity of our having to force pool your unleased mineral interest so we can drill the captioned proposed well in a timely manner, please respond to our well proposal or our offer to lease your interest on the terms offered.

Sincerely yours,

**MEWBOURNE OIL COMPANY** 

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Mason Wood Landman

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

April 16, 2012

Bertha Lorene Osborn c/o Pamela Rae Cummings 521 N. Ash Carlsbad, New Mexico 88220

Re: Layla "35" MD Fee Com #1H Well 330' FSL & 360' FWL (SL) 330' FNL & 360' FWL (BHL) Section 35, T23S, R28E Eddy County, New Mexico

Dear Ms. Osborn:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to drill the captioned well at the referenced surface location (SL) and drill same horizontally from a southerly direction to a northerly direction to a terminus point at the referenced bottom hole location (BHL). The proposed well will be drilled to a true vertical depth of approximately 6,246 feet beneath the surface and drilled horizontally to an approximate measured depth of 10,597 feet to evaluate the Brushy Canyon interval in the Delaware formation for oil production. The W/2W/2 of the captioned Section 35 will be dedicated to the well as the oil proration unit and project area which contains 160.00 acres, more or less.

Title examination indicates you may own a portion of a 12.6/350 mineral interest in a 350 acre tract of land in the S/2S/2NE/4 (Tract #8), SE/4, E/2SW/4, W/2NW/4SW/4, SE/4NW/4SW/4, S/2NE/4NW/4SW/4, E/2SW/4SW/4, SW/4SW/4 SW/4 and N/2NW/4SW/4SW/4 (Tract #9). For your information, I have included a copy of Page 1 of our Drilling Title Opinion dated May 16, 2011 which describes the above referenced Tract #8 and Tract #9, among other lands. I have also included a copy of Pages 11, 12, 13, 53, 54, 55, 56, 57, 58, 59 and 60 which describes the uncertainty and title confusion associated with Tracts #8 and #9 as to the 12.6/350 mineral interest referenced above.

As our title attorney nor I can determine your ownership, if any, in the referenced 350 acre tract of land, Mewbourne hereby offers to purchase a Quit Claim Assignment of your interest in the referenced 350 acre tract of land on the basis of \$100 cash. If you are agreeable to such offer, please acknowledge such acceptance by signing and returning this letter to me within thirty (30) days of receipt of same. Failure to respond will subject your interest to being force pooled at an Examiner's hearing in Santa Fe, New Mexico on June 7, 2012 in order to allow us to timely drill the proposed well. Bertha Lorene Osborn Layla "35" MD Fee Com #1H Well April 16, 2012 Page 2 of 2

Should you have any questions regarding the above, please call me at (432) 682-3715 or my email address is <u>phaden@mewbourne.com</u>.

Sincerely yours,

## **MEWBOURNE OIL COMPANY**

D. Paul Haden Senior Landman

DPH/gb

The undersigned elects to accept Mewbourne's offer as referenced above.

### BERTHA LORENE OSBORN

By:

Pamela Rae Cummings Attorney-in-Fact and Agent Date signed:

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TES POSIL

FROM **MEWBOURNE OIL COMPANY** 500 WEST TEXAS, SUITE 1020 MIDLAND, TEXAS 79701 SHIP.TO

Bertha Lorené Osborn c/o Pamela Rae Cummings 521 N. Ash Carlsbad, New Mexico 88220

RETURN POSTAGE GUARANTEED



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**TUE 17 APR 201**