

CASE NO. 14892

Burton "4" Federal Com #4H
2120' FNL & 330' FEL (SL)
2120' FNL & 330' FWL (BHL)
Section 4, T20S, R29E
Eddy County, New Mexico

Summary of Communications

Laughlin Living Trust 0.38483% WI
13505 McCall Ct. NE
Albuquerque, New Mexico 87123
Ph.# (505) 306-5718

- 1) May 23, 2012 - Proposed well via certified mail with AFE enclosed with proposed Farmout Agreement in the event the Laughlin Living Trust elected not to participate in the proposed well.
- 2) June 14, 2012 - Follow up phone call, left message for Ms. McCaslin to call me.
- 3) July 18, 2012 - Follow up letter with copy of previous letter with copy of AFE and Farmout enclosed.

Craig W. Barr 0.00505% WI
1031 NW 43rd Ave.
Camas, Washington 98607-4209

- 1) May 23, 2012 - Proposed well via certified mail with AFE enclosed with proposed Farmout Agreement in the event Craig elected not to participate in the proposed well.
- 2) July 18, 2012 - Follow up letter with copy of AFE and proposed Farmout Agreement for his consideration.

Mill Neck Associates 0.06932% WI
(address unknown)

Oil Conservation Division

Case No. 3

Exhibit No. 3

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

July 18, 2012

Laughlin Living Trust
13505 McCall Ct. NE
Albuquerque, NM 87123
Attn: Teresa Laughlin McCaslin, Trustee

Re: Burton "4" Federal Com #4H Well
S/2N/2 Section 4, T20S, R29E
Eddy County, New Mexico

Dear Ms. McCaslin:

As referenced in my previous letter to you dated May 23, 2012 (see copy enclosed), Mewbourne Oil Company proposed drilling the captioned well. To date you have not responded to our well proposal. To avoid the necessity of our having to force pool your interest at Examiner's hearing in Santa Fe, New Mexico, please respond to our well proposal at your earliest convenience.

Regarding the above, enclosed are duplicates of a Farmout Agreement I previously furnished to you for consideration in the event you elected not to participate in the proposed well as to your 0.38483% contractual working interest. Please sign and return both of these agreements to me for further handling should you elect to farmout your interest.

In the event you elect to participate in the proposed well, enclosed are two (2) copies of our AFE dated March 26, 2012. Please sign and return one (1) of these AFEs to me should you elect to participate in the proposed well. Retain one copy for your file.

For your convenience, enclosed is a postage paid envelope for you to return the signed Farmout Agreements or signed AFE. Please call should you have any questions regarding the above.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

May 23, 2012

Certified Mail-Return Receipt No. 8372

Laughlin Living Trust
13505 McCall Ct. NE
Albuquerque, New Mexico 87123
Attn: Teresa Laughlin McCaslin, Trustee

Re: Burton "4" Federal Com #4H Well
2120' FNL & 330' FEL (SL)
2120' FNL & 330' FWL (BHL)
Section 4, T20S, R29E
Eddy County, New Mexico

(505) 306-5718
6-14-12
Follow up call, no answer,
left message for Ms.
McCaslin to call me back.
PH

Dear Ms. McCaslin:

Mewbourne Oil Company as Operator hereby proposes to drill the captioned well at the referenced surface location (SL) and drill same horizontally from an easterly direction to a westerly 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 7,915 feet beneath the surface and drilled horizontally to an approximate measured depth of 12,400 feet to evaluate the Second Bone Spring Sand interval in the Bone Spring formation for oil and gas production. The S/2N/2 of the captioned Section 4 will be dedicated to the well as the proration unit and project area.

Regarding the above, enclosed for your further handling is our AFE dated March 26, 2012. The above well is being proposed under the terms of that certain governing Operating Agreement dated March 15, 2010. Please sign and return the enclosed AFE to me within 30 days receipt of same should you elect to participate in the proposed well. In the event you elect not to participate in the captioned proposed well, enclosed are two (2) Farmout Agreements prepared for your signature. Please sign and return both Farmout Agreements to me for further handling. Upon my receipt of same, I'll have them executed on behalf of Mewbourne and return one fully executed Farmout Agreement to you for your file. Enclosed is a postage paid envelope provided for your convenience in returning the AFE or Farmout Agreements.

Should you have any questions regarding the above, please call me at (432) 682-3715.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

Burton 4

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none">■ 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.		<p>A. Signature <i>Teresa McCaslin</i> <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p>	
		<p>B. Received by (Printed Name) <i>Teresa McCaslin</i></p>	
		<p>C. Date of Delivery <i>5-25-12</i></p>	
<p>1. Article Addressed to:</p> <p style="text-align: center;">Laughlin Living Trust 13505 McCall Ct. NE Albuquerque, New Mexico 87123 Attn: Teresa Laughlin McCaslin</p>		<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>	
		<p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>	
		<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	
<p>2. Article Number (Transfer from service label)</p>		<p>7010 1870 0001 6456 8372</p>	

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

July 18, 2012

Craig W. Barr
1031 NW 43rd Ave.
Camas, Washington 98607-4209

Re: Burton "4" Federal Com #4H Well
S/2N/2 Section 4, T20S, R29E
Eddy County, New Mexico

Dear Craig:

As referenced in my previous letter to you dated May 23, 2012 (see copy enclosed), Mewbourne Oil Company proposed drilling the captioned well. To date you have not responded to our well proposal. To avoid the necessity of our having to force pool your interest at Examiner's hearing in Santa Fe, New Mexico, please respond to our well proposal at your earliest convenience.

Regarding the above, enclosed are duplicates of a Farmout Agreement I previously furnished to you for consideration in the event you elected not to participate in the proposed well as to your 0.00505% contractual working interest. Please sign and return both of these agreements to me for further handling should you elect to farmout your interest.

In the event you elect to participate in the proposed well, enclosed are two (2) copies of our AFE dated March 26, 2012. Please sign and return one (1) of these AFEs to me should you elect to participate in the proposed well. Retain one copy for your file.

For your convenience, enclosed is a postage paid envelope for you to return the signed Farmout Agreements or signed AFE. Please call should you have any questions regarding the above.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

Burton 4 #4H

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:

✓
Craig W. Barr
1031 NW 43rd Ave.
Camas, Washington 98607-4209

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X Sharon Barr ☐ Agent ☐ Addressee

B. Received by (Printed Name)

Shana Barr

C. Date of Delivery

6-4-12

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

2. Article Number

(Transfer from service label)

7010 1870 0001 6456 8525

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

May 23, 2012

Certified Mail-Return Receipt No. 8525

Craig W. Barr
1031 NW 43rd Ave.
Camas, Washington 98607-4209

Re: Burton "4" Federal Com #4H Well
2120' FNL & 330' FEL (SL)
2120' FNL & 330' FWL (BHL)
Section 4, T20S, R29E
Eddy County, New Mexico

Dear Craig:

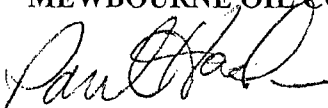
Mewbourne Oil Company as Operator hereby proposes to drill the captioned well at the referenced surface location (SL) and drill same horizontally from an easterly direction to a westerly direction to a terminus point at the referenced bottom hole location (BHL). The proposed well will be drilled to a true vertical depth of approximately 7,915 feet beneath the surface and drilled horizontally to an approximate measured depth of 12,400 feet to evaluate the Second Bone Spring Sand interval in the Bone Spring formation for oil and gas production. The S/2N/2 of the captioned Section 4 will be dedicated to the well as the proration unit and project area.

Regarding the above, enclosed for your further handling is our AFE dated March 26, 2012. The above well is being proposed under the terms of that certain governing Operating Agreement dated March 15, 2010. Please sign and return the enclosed AFE to me within 30 days receipt of same should you elect to participate in the proposed well. In the event you elect not to participate in the captioned proposed well, enclosed are two (2) Farmout Agreements prepared for your signature. Please sign and return both Farmout Agreements to me for further handling. Upon my receipt of same, I'll have them executed on behalf of Mewbourne and return one fully executed Farmout Agreement to you for your file. Enclosed is a postage paid envelope provided for your convenience in returning the AFE or Farmout Agreements.

Should you have any questions regarding the above, please call me at (432) 682-3715.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb