

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

November 6, 2012

VIA OVERNIGHT MAIL

Ard Oil, Ltd.  
222 W. 4<sup>th</sup> Street, #313  
Fort Worth, Texas 76102

*Election due 12-8-30*

Re: Proposed Horizontal Bone Spring Test  
Tamano "15" AD Fed COM #1-H  
Section 15, T-18-S, R-31-E  
Eddy County, New Mexico  
**Tamano Prospect**

To whom it may concern:

Pursuant to the terms of that certain Joint Operating Agreement dated July 8, 2003 Mewbourne Oil Company ("Mewbourne") hereby proposes drilling a horizontal 2<sup>nd</sup> Bone Spring test in Section 15, T-18-S, R-31-E, Eddy County, New Mexico. The well will be called the Tamano "15" AD Fed COM #1-H well and will have a surface location 680' FNL & 180' FEL and a bottom hole location 850' FNL & 330' FWL of said Section 15. We anticipate drilling the well to a depth of approximately 8,500' at the surface location where we will drill horizontally to the west in the 2<sup>nd</sup> Bone Spring Sand formation to the bottom hole location at an anticipated total measured depth of 13,100'. If successful, a 160 acre "Project Area" will be assigned to the well encompassing the N/2N/2 of Section 15. Based upon our most current title information, Ard Oil, Ltd. as successor in interest to the Edward R. Hudson Trust No. 4 ("Ard") owns an undivided 4.51562% working interest in the anticipated Project Area and proposed well.

Enclosed are duplicate originals of the AFE well cost estimate for this well. To make your election to join you will need to execute both enclosed AFEs on behalf of Ard and return one fully executed AFE to the undersigned. Please note Mewbourne's AFEs provide all participants the opportunity to opt out of the "Extra Cost Control Insurance" that Mewbourne purchases for each well it drills. To opt out of this insurance, please be sure to sign the AFE a second time at the bottom of each AFE. If you choose to opt out of this insurance, you must provide evidence of your own adequate well control insurance.

Oil Conservation Division  
Case No. 3  
Exhibit No. 3

Ard Oil, Ltd.  
Proposed Tamano "15" AD Fed COM #1-H  
November 6, 2012  
Page 2 of 2

As an alternative to participation, Mewbourne hereby offers \$500.00 per net acre to purchase a 2 year Term Assignment of Ard's 28.899968 net acre interest in said Section 15 less all producing well bores in said Section 15 based upon delivery to Mewbourne of a 78% NRI and use of a mutually acceptable Term Assignment form.

Feel free to contact me if you have any questions or would like to discuss this proposal in greater detail. I can be reached by phone at (432) 682-3715 or via email at [ssmith@mewbourne.com](mailto:ssmith@mewbourne.com).

Sincerely,

**MEWBOURNE OIL COMPANY**

A handwritten signature in black ink, appearing to read "Steven J. Smith", with a long horizontal flourish extending to the right.

Steven J. Smith  
Senior Landman

Attachments



FedEx Shipment 794010674907 Delivered  
trackingupdates

to:

ssmith

11/08/2012 09:17 AM

Hide Details

From: trackingupdates@fedex.com

To: ssmith@mewbourne.com

Please respond to trackingmail@fedex.com

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This tracking update has been requested by:

Company Name:	Mewbourne Oil Company
Name:	Steve Smith
E-mail:	midland@mewbourne.com

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Our records indicate that the following shipment has been delivered:

Reference:	Tamano ?15? AD Fed COM #1-H
Ship (P/U) date:	Nov 7, 2012
Delivery date:	Nov 8, 2012 9:07 AM
Sign for by:	C.MUNOZ
Delivery location:	FORT WORTH, TX
Delivered to:	Residence
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: 794010674907

Shipper Information	Recipient Information
Steve Smith	Ard Oil
Mewbourne Oil Company	Ard Oil

500 West Texas, Suite 1020  
Midland  
TX  
US  
79701

222 W 4TH ST.  
APT 313  
FORT WORTH  
TX  
US  
76102

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Thank you for your business.