

Copy

MEWBOURNE OIL COMPANY

FASKEN CENTER
500 WEST TEXAS, SUITE 1020
MIDLAND, TX 79701

TELEPHONE (432) 682-3715
FACSIMILE (432) 685-4170

August 23, 2018

Via Certified Mail

Wilson Oil Company Ltd
204 N. Guadalupe St., Ste. C
Santa Fe, New Mexico 87501
Attn: Mr. Francis C. Wilson, III

Re: Osudo 17/20 B2JO State Com #1H Well Proposal
Section 17: W2SE4
Section 20: W2E2
Section 17/20, T21S, R35E, Lea County, New Mexico

Dear Owner:

Mewbourne Oil Company ("Mewbourne") hereby proposes to drill the referenced horizontal Bone Spring well. The Osudo 17/20 B2JO State Com #1H will be at a surface location 2435' FNL & 2030' FEL in Section 17 and a bottom hole location approximately 330' FSL & 1980' FEL in Section 20, T-21-S, R-35-E, Lea County, New Mexico. We anticipate drilling to an approximate true vertical depth of 10,017 feet and an approximate measured depth of 17,472 feet. The estimated cost to casing point for this well is \$3,267,700 and estimated cost of producing well is \$8,812,100. These costs are more fully detailed in the AFE enclosed herewith. If successful, the project area for this well will be comprised of the W2SE4 of Section 17 and the W2E2 of Section 20.

To facilitate the drilling of this well and the development of the S2 of Section 17 and Section 20, Mewbourne proposes forming a working interest unit by signing an Operating Agreement with a Contract Area comprised of the S2 of Section 17 and Section 20. If you wish to form this working interest unit, please advise and I will send an Operating Agreement for your review and execution.

If you do not wish to participate in the well Mewbourne is interested in discussing a Farmout of your interest.

Enclosed are duplicate originals of Mewbourne's AFE for the well. To make your election to participate in the proposed well, properly execute and return the AFE. You will also need to provide your "Well Information" requirements. As a reminder, Mewbourne's AFEs provide all participants the opportunity to opt out of the "Extra Expense Well Control Insurance" that Mewbourne purchases for each well it drills. If you do opt out, you must provide evidence that you have adequate "Well Control Insurance".

Feel free to contact me if you have any questions. I can be reached by phone at (432) 682-3715 or via email at asalgado@mewbourne.com.

Sincerely,

MEWBOURNE OIL COMPANY



Adriana Salgado
Associate Landman



**Proof of Delivery
(Electronic)**

Date: 1/4/2019

Client Name: Mewbourne Oil Company

Certified item number 9407110699945033969480, addressed to Attn: Mr. Francis C. Wilson III was designated Delivered, Left with Individual at 3:36 PM on October 01, 2018.

The item number, time, date, city, state, and zip code is a true extract of information provided by the United States Postal Service to SimpleCertifiedMail.com.

Attn: Mr. Francis C. Wilson III
Wilson Oil Company
204 N GUADALUPE ST STE C
SANTA FE, NM 87501
Reference #: Osudo 17 20 B2JO AJ
Item ID: Osudo 17 20 B2JO

The above information is for the sole use of SimpleCertifiedMail.com clients and represents information provided by the United States Postal Service.



December 8, 2018

Dear Simple Certified:

The following is in response to your request for proof of delivery on your item with the tracking number:
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Item Details

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Status Date / Time: December 8, 2018, 1:50 pm
Location: RANCHO MIRAGE, CA 92270
Postal Product: First-Class Mail®
Extra Services: Certified Mail™
Return Receipt Electronic
Recipient Name: Wilson Oil Company

Shipment Details

Weight: 2.0oz

Recipient Signature

Signature of Recipient: 
Address of Recipient: 123 LAKEFRONT WAY
SR

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Sincerely,
United States Postal Service®
475 L'Enfant Plaza SW
Washington, D.C. 20260-0004

Wilson Oil Company
Attn: Mr. F.C. Tug Wilson
123 LAKEFRONT WAY
RANCHO MIRAGE, CA 92270
Reference #: Osudo B2JO 1H PROP AS
Item ID: Osudo B2JO 1H PROP

MEWBOURNE OIL COMPANY
AUTHORIZATION FOR EXPENDITURE

EXHIBIT 4

Well Name: Osudo 17/20 B2JO State Com #1H	Prospect: Bone Spring
Location: SL: 2435' FNL & 2030' FEL (17); BHL: 330' FSL & 1980' FEL (20)	County: Lea ST: NM
Sec: 17 Blk: Survey: TWP: 21S RNG: 35E Prop. TVD: 10017 TMD: 17472	

INTANGIBLE COSTS 0180	CODE	TCP	CODE	CC
Regulatory Permits & Surveys	0180-0100	\$10,000	0180-0200	
Location / Road / Site / Preparation	0180-0105	\$65,000	0180-0205	\$125,000
Location / Restoration	0180-0106	\$200,000	0180-0206	\$30,000
Daywork / Turnkey / Footage Drilling 27 days drlg / 4 days comp @ \$21,000/d	0180-0110	\$606,000	0180-0210	\$89,700
Fuel 1500 gal/day @ 2.70/gal	0180-0114	\$136,600	0180-0214	\$295,000
Mud, Chemical & Additives	0180-0120	\$225,000	0180-0220	
Horizontal Drilling Services			0180-0222	\$200,000
Cementing	0180-0125	\$100,000	0180-0225	\$30,000
Logging & Wireline Services	0180-0130	\$2,000	0180-0230	\$290,000
Casing / Tubing / Snubbing Service	0180-0134	\$20,000	0180-0234	\$80,000
Mud Logging	0180-0137	\$20,000		
Stimulation 37 Stg 14.5 MM gal / 14.5 MM lb			0180-0241	\$2,230,000
Stimulation Rentals & Other			0180-0242	\$150,000
Water & Other	0180-0145	\$50,000	0180-0245	\$555,000
Bits	0180-0148	\$81,000	0180-0248	\$8,000
Inspection & Repair Services	0180-0150	\$40,000	0180-0250	\$5,000
Misc. Air & Pumping Services	0180-0154		0180-0254	\$10,000
Testing & Flowback Services	0180-0158	\$15,000	0180-0258	\$30,000
Completion / Workover Rig			0180-0260	\$10,500
Rig Mobilization	0180-0164	\$150,000		
Transportation	0180-0165	\$20,000	0180-0265	\$20,000
Welding Services	0180-0168	\$5,000	0180-0268	\$15,000
Contract Services & Supervision	0180-0170	\$45,000	0180-0270	\$27,000
Directional Services Includes Vertical Control	0180-0175	\$241,500		
Equipment Rental	0180-0180	\$236,100	0180-0280	\$30,000
Well / Lease Legal	0180-0184	\$5,000	0180-0284	
Well / Lease Insurance	0180-0185	\$5,400	0180-0285	
Intangible Supplies	0180-0188	\$8,000	0180-0288	\$10,000
Damages	0180-0190	\$5,000	0180-0290	
ROW & Easements	0180-0192		0180-0292	\$1,000
Pipeline Interconnect			0180-0293	
Company Supervision	0180-0195	\$144,000	0180-0295	\$86,400
Overhead Fixed Rate	0180-0196	\$10,000	0180-0296	\$20,000
Well Abandonment	0180-0198		0180-0298	
Contingencies 10% (TCP) 10% (CC)	0180-0199	\$244,600	0180-0299	\$434,800
TOTAL		\$2,690,200		\$4,782,400

TANGIBLE COSTS 0181	CODE	TCP	CODE	CC
Casing (19.1" - 30")	0181-0793			
Casing (10.1" - 19.0") 1920' - 13 3/8" 54.5# J-55 ST&C @ \$35.90/ft	0181-0794	\$73,700		
Casing (8.1" - 10.0") 5510' - 9 5/8" 40# N-80 LT&C @ \$27.81/ft	0181-0795	\$162,500		
Casing (6.1" - 8.0") 10160' - 7" 29# P-110 LT&C @ \$27.76/ft	0181-0796	\$301,300		
Casing (4.1" - 6.0") 8070' - 4 1/2" 13.5# P-110 BPN @ \$13.66/ft			0181-0797	\$117,800
Tubing 9410' - 2 7/8" 6.5# L-80 EUE 8rd @ \$5.39/ft			0181-0798	\$54,200
Drilling Head	0181-0860	\$40,000		
Tubing Head & Upper Section			0181-0870	\$30,000
Horizontal Completion Tools Completion Liner Hanger			0181-0871	\$70,000
Sucker Rods			0181-0875	
Subsurface Equipment			0181-0880	
Artificial Lift Systems Gas Lift Valves			0181-0884	\$15,000
Pumping Unit			0181-0885	
Surface Pumps & Prime Movers 1/2 VRU/SWD Pump/Circ Pump			0181-0886	\$35,000
Tanks - Oil 3 - 750 bbl			0181-0890	\$55,000
Tanks - Water 3 - 750 bbl			0181-0891	\$60,000
Separation / Treating Equipment 30"x10"x1k# 3 ph/36"x15"x1k# Hor 3ph/Gun bbl			0181-0895	\$45,000
Heater Treaters, Line Heaters 8"x20"x75# HT			0181-0897	\$23,000
Metering Equipment			0181-0898	\$14,000
Line Pipe & Valves - Gathering 0.25 Mile Gas & 1.0 Mile 4" Wtr			0181-0900	\$45,000
Fittings / Valves & Accessories			0181-0906	\$60,000
Cathodic Protection			0181-0908	\$8,000
Electrical Installation			0181-0909	\$50,000
Equipment Installation			0181-0910	\$35,000
Pipeline Construction 0.25 Mile Steel & 1.0 Mile Poly			0181-0920	\$45,000
TOTAL		\$577,500		\$762,000
SUBTOTAL		\$3,267,700		\$5,544,400

TOTAL WELL COST \$8,812,100

Extra Expense Insurance:

I elect to be covered by Operator's Extra Expense Insurance and pay my proportionate share of the premium. Operator has secured Extra Expense Insurance covering costs of well control, clean up and redrilling as estimated in Line Item 0180-0185.

I elect to purchase my own well control insurance policy.

If neither box is checked above, non-operating working interest owner elects to be covered by Operator's well control insurance.

Prepared by: B. Talley Date: 5/11/2018

Company Approval: *m. whitte* Date: 5/11/2018

Joint Owner Interest: _____ Amount: _____

Joint Owner Name: _____ Signature: _____