



Jim Ball  
Land Advisor

Devon Energy Corporation  
20 North Broadway  
Oklahoma City, Oklahoma 73102-8260  
(405) 552-3384  
(405) 552-8113 FAX

July 22, 2010

**VIA FACSIMILE**  
**AND CERTIFIED MAIL**

Samedan Royalty Corporation  
100 Glenborough Drive, Suite 100  
Houston, TX 77067  
Attn: Mr. Charlie Hill  
Land Manager of Mineral Management Department

14535

RE: Horizontal Mississippian Limestone Well Proposal  
Longhorn 28 Fee 1H  
Well Unit: N/2 of Section 28  
Township 10 South, Range 29 East  
Chaves County, New Mexico

Dear Mr. Hill:

Devon Energy Production Company, L.P. ("Devon") hereby proposes the drilling of the Longhorn 28 Fee 1H to a measured depth of 12,650' to test the Mississippian Limestone formation and any other potentially productive zones. The surface location is located at 670' FNL & 1,770' FWL with a bottom hole location of 670' FNL & 670' FEL of Section 28, T10S, R29E. The well unit will encompass the N/2 of Section 28. Enclosed for your review are two (2) copies of Devon's Authority for Expenditure ("AFE") reflecting a cost estimate of \$3,145,000.00 for a completed well and a copy of Form C-102.

Should you desire to participate in the drilling of the Longhorn 28 Fee 1H well, please return one fully executed AFE, as well as one fully executed copy of this letter to the undersigned at your earliest possible convenience. Also, it is imperative that you provide your e-mail address and fax number below in order to receive well information in a timely manner. Devon will mail you the Joint Operating Agreement covering the well unit provided you elect to participate in the well.


Participants in the well should expect a long delay in the gas pipeline infrastructure construction, even as long as a year or more in the event the completion is successful.

In the event you do not wish to participate, Devon offers the following option:

Lease your mineral interest on an approximate 15 month Oil and Gas Lease with primary Term ending October 1, 2011, to Devon in a 12 section block which would include the proposed well unit. The 12 section block shall not necessarily be contiguous but will be identified and negotiated between Devon and the mineral owner prior to the execution of the lease. The lease would deliver to Devon a 78% net revenue interest proportionately reduced. Devon will pay a lease bonus of \$100.00 per net mineral acre within the 12 sections well units. The lease would provide a 180 day continuous development with a banked time provision. After expiration of the primary term Devon shall retain rights held within the producing well or wells well units, or wells capable of producing in paying quantities oil and/or gas as to all rights from the surface to 100 feet below the stratigraphic equivalent of the base of the formation found at the deepest depth from which the well was drilled under the lease.

Should you have any technical questions please contact Steven Jones at (405) 552-7994 or non-technical questions please contact the undersigned at (405) 552-3384.

Very truly yours,  
**Devon Energy Production Company, L.P.**

  
Jim Ball  
Land Advisor

\_\_\_\_ I/We hereby elect to participate in the drilling of the Longhorn 28 Fee 1H well.

\_\_\_\_ I/We hereby elect NOT to participate in the drilling of the Longhorn 28 Fee 1H well.

Company: \_\_\_\_\_

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

Fax: \_\_\_\_\_

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

E-mail: \_\_\_\_\_

cc: Obedia Ramsey fax (281) 874-6753

**District I**

1625 N. French Dr., Hobbs, NM 88240

**District II**

1301 W. Grand Avenue, Artesia, NM 88210

**District III**

1000 Rio Brazos Rd., Aztec, NM 87410

**District IV**

1220 S. St. Francis Dr., Santa Fe, NM 87505

## State of New Mexico

Energy, Minerals &amp; Natural Resources Department

## OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-102

Revised October 15, 2009

Submit one copy to appropriate

District Office

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number	<sup>2</sup> Pool Code	<sup>3</sup> Pool Name
<sup>4</sup> Property Code	<sup>5</sup> Property Name <b>LONGHORN "28" FEE</b>	<sup>6</sup> Well Number <b>1H</b>
<sup>7</sup> OGRID No. <b>6137</b>	<sup>8</sup> Operator Name <b>DEVON ENERGY PRODUCTION COMPANY, L.P.</b>	<sup>9</sup> Elevation <b>3901.2</b>

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>C</b>	<b>28</b>	<b>10 S</b>	<b>29 E</b>		<b>670</b>	<b>NORTH</b>	<b>1770</b>	<b>WEST</b>	<b>CHAVES</b>

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>A</b>	<b>28</b>	<b>10 S</b>	<b>29 E</b>		<b>670</b>	<b>NORTH</b>	<b>670</b>	<b>EAST</b>	<b>CHAVES</b>

<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

		<b><sup>17</sup> OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.
<b>LONGHORN "28" FEE #1H</b> ELEV. = 3901.2' LAT. = 33°25'22.151"N (NAD83) LONG. = 103°59'36.615"W NMSP EAST (FT) N = 881543.90 E = 645021.58		Signature _____ Date _____ Printed Name _____
<b>SW CORNER SEC 28</b> LAT. = 33°24'35.38"N LONG. = 103°59'57.60"W NMSP EAST (FT) N = 876862.84 E = 643247.16		<b><sup>18</sup> SURVEYOR CERTIFICATION</b> I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. JULY 8, 2010 Date of Survey Signature and Seal of Professional Surveyor Certificate Number 111000-1, ARAMILLO, PLS 12797 SURVEY NO. 133-R2
<b>SE CORNER SEC 28</b> LAT. = 33°24'35.42"N LONG. = 103°58'54.94"W NMSP EAST (FT) N = 876884.90 E = 648560.44		

\*\*\*\*\*  
\*\*\* TX REPORT \*\*\*  
\*\*\*\*\*

TRANSMISSION OK

TX/RX NO 0390  
RECIPIENT ADDRESS 912818746753  
DESTINATION ID  
ST. TIME 07/22 16:24  
TIME USE 05'00  
PAGES SENT 20  
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Devon Energy Corporation  
20 North Broadway  
Oklahoma City, OK 73102  
Kelly Robertson  
Land Associate  
Phone (405) 228-8765  
Fax (405) 552-8113

Subject Horizontal Mississippian Limestone Well Proposals Pages

To Samedan Royalty Corporation

Fax (281) 874-6753

From Kelly Robertson

Date July 22, 2010

There are four (4) well proposals attached.



Devon Energy Corporation  
20 North Broadway  
Oklahoma City, OK 73102

Kelly Robertson  
Land Associate  
Phone (405) 228-8765  
Fax (405) 552-8113

Subject	Horizontal Mississippian Limestone Well Proposals	Pages
To	Samedan Royalty Corporation	
Fax	(281) 874-6753	
From	Kelly Robertson	
Date	July 22, 2010	

There are four (4) well proposals attached.

This transmission is confidential and intended solely for the person or organization to whom it is addressed. It may contain privileged and confidential information. If you are not the intended recipient, you should not copy, distribute or take any action in reliance on it.

GAS \_\_\_\_\_  
OIL \_\_\_\_\_



20 N. BROADWAY, SUITE 1500, OKLAHOMA CITY, OK 73102

**AUTHORITY FOR EXPENDITURE**  
**DRILLING/COMPLETION COST ESTIMATE**

DRILLING \_\_\_\_\_  
COMPLETION \_\_\_\_\_

AFE NO.:	155568	AFE Date:	06/21/2010	County/Parish:	Chaves
Lease Name - Well #:	Longhorn 28 Fee 1H			State:	New Mexico
Legal Description:	SHL: NE NW Sec. 28-T10S-R29E; BHL: NE NE Sec. 28-T10S-R29E			Prepared By:	Jones, Steven

**AUTHORITY REQUESTED TO:**

Longhorn 28 Fee 1H -- Drill and complete a horizontal MSSP gas test.

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
011	DRILL-LAND, LEGAL	5,000	0	0	5,000
012	DRILL-SURF DMGS/RIGHT OF WAY	25,000	0	0	25,000
013	DRILL-LOCATION,ROADS, PITS, FNCS	70,000	0	0	70,000
019	OTHER SITE PREPARATION	0	4,000	0	4,000
043	DAYWORK	464,000	45,000	0	509,000
044	DRILL-MOB/DEMOBILIZATION	100,000	0	0	100,000
045	DIRECTIONAL DRILLING	150,000	0	0	150,000
101	COMPL-DRILL BITS	0	3,000	0	3,000
101	DRILL BITS	55,000	0	0	55,000
102	DRILL-DRILLING FLUIDS	60,000	0	0	60,000
103	DRILL-SURFACE RENTAL TOOLS & EQUIP	65,000	0	0	65,000
103	SURFACE RENTAL TOOLS & EQUIP (incl. foam/air w	0	30,000	0	30,000
104	COMPL-DOWNHOLE RNTL TOOLS & EQ	0	10,000	0	10,000
104	DOWNHOLE RENTAL TOOLS & EQUIPMENT	25,000	0	0	25,000
105	CLOSED LOOP SYSTEM COSTS	150,000	0	0	150,000
109	DRILL-OTHER MATRLS & SUPPLIES	10,000	0	0	10,000
201	DRILL-WELD, ROUTABOUT & OTHER	15,000	0	0	15,000
201	WELDING, ROUSTABOUTS & OTHER SERV	0	20,000	0	20,000
202	COMPL-DIRT WORK & HEAVY EQUIPN	0	5,000	0	5,000
203	DRILL-TRUCKING & HOTSHOT	3,000	0	0	3,000
203	TRUCKING & HOTSHOT	0	10,000	0	10,000
251	CEMENT & CEMENTING SERVICES	45,000	0	0	45,000
254	FLOWBACK EQUIP-TESTING SERVICES	0	150,000	0	150,000
255	DRILL-LOGGING	135,000	0	0	135,000
255	LOGGING	0	6,000	0	6,000
257	DRILL-OPEN HOLE EVALUATION	55,000	0	0	55,000
259	CASING & TUBULAR SERVICES	15,000	10,000	0	25,000
261	COMPL-MISC.PUMPING SERVICES	0	3,000	0	3,000
263	DRILL-FLUID DISPOSAL	10,000	0	0	10,000
263	FLUID DISPOSAL	0	15,000	0	15,000
265	STIMULATION & GRAVEL PACK	0	450,000	0	450,000
269	COMPL - CONSULTANTS	0	11,000	0	11,000
269	CONSULTANTS	84,000	0	0	84,000
302	DRILL-WATER	10,000	0	0	10,000
302	WATER	0	4,000	0	4,000

GAS \_\_\_\_\_  
OIL \_\_\_\_\_

DRILLING \_\_\_\_\_  
COMPLETION \_\_\_\_\_



20 N. BROADWAY, SUITE 1500, OKLAHOMA CITY, OK 73102

**AUTHORITY FOR EXPENDITURE**  
**DRILLING/COMPLETION COST ESTIMATE**

AFE NO.: 155568

AFE Date: 06/21/2010

County/Parish: Chaves

Lease Name - Well #: Longhorn 28 Fee 1H

State: New Mexico

Prepared By: Jones, Steven

Legal Description: SHL: NE NW Sec. 28-T10S-R29E; BHL: NE NE Sec. 28-T10S-R29E

**AUTHORITY REQUESTED TO:**  
Longhorn 28 Fee 1H -- Drill and complete a horizontal MSSP gas test.

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
307	DRILL - DYED DIESEL	90,000	0	0	90,000
501	PULLING & SWABBING UNITS	0	18,000	0	18,000
552	SAFETY EQUIPMENT & TRAINING	0	2,000	0	2,000
895	DRILL-TAXES -OTHER IDC	80,000	0	0	80,000
Total Intangibles		1,721,000	796,000	0	2,517,000
Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
901	SURFACE CASING	18,000	0	0	18,000
902	INTERMEDIATE CASING	282,000	0	0	282,000
903	PRODUCTION CASING	0	60,000	0	60,000
904	CONDUCTOR CASING/DRIVE PIPE	6,000	0	0	6,000
915	TUBING	0	40,000	0	40,000
925	SUBSURFACE EQUIP	0	200,000	0	200,000
931	WELLHEAD VALVES & EQUIPMENT	12,000	10,000	0	22,000
Total Tangibles		318,000	310,000	0	628,000
TOTAL ESTIMATED COSTS		2,039,000	1,106,000	0	3,145,000

Note: Costs and participations are generally estimates. Billings will be based on actual expenditures

**WORKING INTEREST OWNER APPROVAL**

Company name:

Signature: \_\_\_\_\_ Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

Email: \_\_\_\_\_

\_\_\_\_\_

# MODEL FORM OPERATING AGREEMENT

A.A.P.L. NO. 610 - 1989



## Exhibit "A"

Attached to and made a part of that certain Joint Operating Agreement dated August 1, 2010  
by and between DEVON ENERGY PRODUCTION COMPANY, L.P.  
and D.K. Boyd, et al.

**1. Identification of lands subject to this agreement:**

Township 10 South, Range 29 East, Chaves County, New Mexico  
Section 28: N/2

**2. Restrictions, if any, as to depths, formation, or substances:**

None.

**3. Percentages or fractional interests of parties to this agreement and their addresses for notice purposes:**

<u>PARTNER</u>	<u>INTEREST</u>
Devon Energy Production Company, L.P. 20 North Broadway Oklahoma City, Oklahoma 73102-8260	90.000000%
D.K. Boyd P.O. Box 11351 Midland, TX 79702	10.000000%
<b>Total:</b>	<b>100.000000%</b>

**Note:** The working interest owners percentages are approximated without the benefit of a Drilling Title Opinion. Once a Drilling Title Opinion is completed and potential working interest owners have made their elections, the owners and interest will be confirmed or amended and a revised Exhibit "A" may be submitted to the participants.

**4. Oil and gas leases and/or oil and gas interests subject to this agreement (including any amendments, if any):**

- |                   |  |
|-------------------|--|
| Lessor:           | L.E. Minerals, Ltd.  |
| Lessee:           | Devon Energy Production Company, L.P.  |
| Lease Date:       | October 1, 2008  |
| Land Description: | Township 10 South, Range 29 East<br>Section 28: insofar and only insofar as said lease covers the NE/4 |
- |                   |  |
|-------------------|--|
| Lessor:           | Plains Radio Petroleum, in its individual capacity and exercising rights For 34T Holding, L.L.C. and Spool Holding, L.L.C. |
| Lessee:           | Devon Energy Production Company, L.P.  |
| Lease Date:       | October 1, 2008  |
| Land Description: | Township 10 South, Range 29 East<br>Section 28: insofar and only insofar as said lease covers the NW/4                     |
- |                   |  |
|-------------------|--|
| Lessor:           | J.E. and L.E. Mabee Foundation, Inc.   |
| Lessee:           | Devon Energy Production Company, L.P.  |
| Lease Date:       | October 1, 2008  |
| Land Description: | Township 10 South, Range 29 East<br>Section 28: insofar and only insofar as said lease covers the NE/4 |
- |                   |   |
|-------------------|---|
| Lessor:           | White Ranch Minerals, Ltd., a Limited Partnership   |
| Lessee:           | Devon Energy Production Company, L.P.   |
| Lease Date:       | November 5, 2008  |
| Land Description: | Township 10 South, Range 29 East<br>Section 28: insofar and only insofar as said lease covers the N/2 |
- |                   |   |
|-------------------|---|
| Lessor:           | Elizabeth M. Winston Family Limited Partnership   |
| Lessee:           | Devon Energy Production Company, L.P.   |
| Lease Date:       | November 5, 2008  |
| Land Description: | Township 10 South, Range 29 East<br>Section 28: insofar and only insofar as said lease covers the N/2 |

6. Lessor: Frederick Winston and James C. Wyman Trustees of the  
Francisca S. Winston Testamentary Trust  
Lessee: Devon Energy Production Company, L.P.  
Lease Date: November 5, 2008  
Land Description: Township 10 South, Range 29 East  
Section 28: insofar and only insofar as said lease covers the  
N/2
7. Lessor: Selma Andrews Trust, for the benefit of Peggy Barrett  
Bank of America, Trustee  
Lessee: Devon Energy Production Company, L.P.  
Lease Date: December 19, 2008  
Land Description: Township 10 South, Range 29 East  
Section 28: insofar and only insofar as said lease covers the  
N/2
8. Lessor: Selma E. Andrews Perpetual Charitable Trust,  
Bank of America, N.A., Trustee  
Lessee: Devon Energy Production Company, L.P.  
Lease Date: December 19, 2008  
Land Description: Township 10 South, Range 29 East  
Section 28: insofar and only insofar as said lease covers the  
N/2

**END OF EXHIBIT**