


devon

Jim Ball
Land Advisor

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

August 5, 2010

Samedan Royalty Corporation
100 Glenborough Drive, Suite 100
Houston, TX 77067

Attention: Mr. Charlie Hill
Land Manager of Mineral Management Department

RE: Loving 7 Fee 1H
L. E. Ranch Wells
Chaves County, NM

Dear Mr. Hill,

I have enclosed one copy of the Joint Operating Agreement for you to review. In the event you decide to participate, and this JOA is acceptable, please let me know and I will provide the applicable signatory pages for the JOA along with the Recording Supplement of Operating Agreement. When all of the elections are known and title is confirmed, a revised Exhibit "A" will be provided that reflects updated information as to working interest owners.

If you have any questions concerning this matter or the documents, please contact the undersigned at your earliest convenience.

Sincerely,

DEVON ENERGY PRODUCTION COMPANY, L.P.


Jim Ball
Land Advisor

Loving7#1Hsamedan.doc
Enclosure

Oil Conservation Division
Case No. 114528
Exhibit No. 1



Jim Ball
Land Advisor
Jim.Ball@dvn.com

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

August 2, 2010

VIA E-MAIL AND
CERTIFIED MAIL

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

Re: Loving 7 Fee 1H well and
4 other LE Ranch well Proposals
Chaves County, NM

Dear Mr. Hill:

The Devon Energy Production Company, L.P. ("Devon") proposal letter dated July 14, 2010 did not mention that Devon planned a pilot test into the top of the Devonian formation along with the objective of the horizontal test of the Mississippian Limestone formation. To clarify, Devon's objective is the horizontal Mississippian Limestone formation in all five wells in which APD's are requested and/or proposed. However, while drilling for the Mississippian Limestone, the Devonian formation is only a few hundred feet deeper and Devon plans to drill a pilot hole into the top of the Devonian formation before the horizontal leg is drilled into the Mississippi Limestone. If there is no apparent success in the Mississippian Limestone after drilling and completing a well as a horizontal Mississippian Limestone, and if there are indications that there might be a need to complete the Devonian based on the pilot hole, then it is possible that Devon could elect to make a Devonian completion or within any other up hole zone or formations that Devon desires to complete.

In the event the Mississippian Limestone is drilled and completed and it appears to be successful and even if the Devonian formation looks promising too, the well will be drilled and completed

as a horizontal Mississippian Limestone well as planned. The five AFE's reflect the cost of this procedure in all five proposals.

The Devon Joint Operating Agreement which is now prepared and ready for distribution does reflect the pilot hole for the top of the Devonian. Be advised that Devon plans on drilling these five locations back to back.

In addition to the above clarification, Devon will drill the Loving 7 Fee 1H as a deviated hole to a point directionally whereby the bottom hole location will be approximately 120 feet to the East at the top of the Devonian. Therefore, as proposed and amended, the Loving 7 Fee 1H well bore location is shown immediately below:

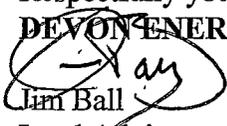
- Surface Location: 2500' FNL and 1400' FEL of Section 7, T10S-R29E, Chaves County, NM
- Bottom Hole Location for horizontal Mississippian Limestone: 2500' FNL and 1980' FWL of Section 8, T10S-R29E, Chaves County, NM
- Bottom Hole Location for Pilot Hole (At the top of the Devonian): 2500' FNL and 1280' FEL of Section 7, T10S-R29E, Chaves County, NM (Was previously proposed at 1,400' FEL)] °
- Pilot Hole Total Depth: Approximate top of Devonian 8,550'
- Landing Depth: Approximately 8,065'
- Total measured Depth: Approximately 11,565'
- Note: The Loving 7 Fee 1H is a legal location if drilled as a horizontal Mississippian Limestone whereas this well is a non-standard vertical location in the Devonian.

On all five locations, Devon has filed the force pooling applications as well as non standard location applications (where applicable) for a September 2, 2010 hearing date. The Loving 7 Fee #1H hearing date for the force pooling and the NSL has been moved back to the same September 2, 2010 hearing date.

I hope this letter clarifies and updates you fully on the proposals. However, if you have any questions please do not hesitate to contact the undersigned.

Respectfully yours,

DEVON ENERGY PRODUCTION COMPANY LP


Jim Ball
Land Advisor

Robertson, Kelly

From: Ball, Jim
Sent: Thursday, July 29, 2010 2:17 PM
To: ORamsey@nobleenergyinc.com
Cc: Robertson, Kelly
Subject: Loving 7 Fee #1H, LE Ranch JOA

Obedia,

I just finished another review of the JOA that is being typed up for distribution. Unfortunately, I have to leave out of state in a few minutes and will not be able to give the JOA final approval until Monday. On Monday, I will image and send out the JOA as well as send via US Mail the original JOA if you still think there is a chance that Samedan will participate.

I would also like to clarify something I noticed in the July 14th, 2010 proposal letter for the captioned well. In the first paragraph of the letter, I had an omission in the well's legal location description which did not make things clear. So to clarify, the surface location is 2500' FNL & 1400' FEL of Section 7, T10S-R29E and the bottom hole location is 2500' FNL & 1980' FWL of Section 8, T10S-R29E. Recall that the well unit covers portions of two sections. All other references including in the AFE and the C-102 plat that accompanied the proposal were clear. Please make note of the situation.

I will call you on Monday. Thanks.

Jim Ball
Land Advisor
Western Division Land

Devon Energy Corporation
20 North Broadway
Oklahoma City, OK 73102-8260
405 552 3384 Direct
405 552 1440 Fax



Jim Ball
Land Advisor

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

July 14, 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

RE: Horizontal Mississippian Limestone Well Proposal
Loving 7 Fee 1H
Well Unit: S/2 NE/4 & N/2 SE/4 of Section 7 and
S/2 NW/4 & N/2 SW/4 of Section 8
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 Loving 7 Fee 1H to a measured depth of 11,300' to test the Mississippian Limestone formation and any other potentially productive zones. The surface location is located at 2,500' FNL & 1,400' FEL with a bottom hole location of 2,500' FNL & 1,980' FWL of Section 7, T10S, R29E. The well unit will encompass the S/2 NE/4 & N/2 SE/4 of Section 7 and S/2 NW/4 & N/2 SW/4 of Section 8. Enclosed for your review are two (2) copies of Devon's Authority for Expenditure ("AFE") reflecting a cost estimate of \$3,098,000.00 for a completed well and a copy of the approved Application for Permit to Drill ("APD").

Should you desire to participate in the drilling of the Loving 7 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.

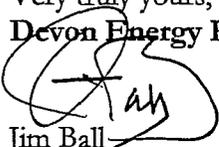
In the event you do not wish to participate, Devon offers the following option:

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.

Your prompt consideration of the above terms is greatly appreciated. Devon Plans to spud this well on August 15, 2010.

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 Loving 7 Fee 1H well.

____ I/We hereby elect NOT to participate in the drilling of the Loving 7 Fee 1H well.

Company: _____

By: _____ Fax: _____

Date: _____ E-mail: _____

cc: Obedia Ramsey fax (281) 874-6753

*** TX REPORT ***

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Devon Energy Corporation Jim Ball
20 North Broadway Land Advisor
Oklahoma City, OK 73102 Phone (405) 552-3384
Fax (405) 442-8113

Subject Loving 7 Fee 1H

Pages

10 Total
5 PAGES

To SANDRA Roy Corp. Attn. Obedia Ramsey for CHARLIE Hill

Fax % 281-874-6753

From Jim Ball

Date July 14, 2010



Devon Energy Corporation
20 North Broadway
Oklahoma City, OK 73102

Jim Ball
Land Advisor
Phone (405) 552-3384
Fax (405) 442-8113

Subject Loving 7 Fee 1H

Pages

10 Total
5 PAGES

To Samedan Roy Corp. Attn. Obedia Ramsey for Charlie Hill

Fax c/o 281-874-6753

From Jim Ball

Date July 14, 2010

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GAS _____
 OIL _____



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

AUTHORITY FOR EXPENDITURE
DRILLING/COMPLETION COST ESTIMATE

DRILLING _____
 COMPLETION _____

AFE NO.: 155567 AFE Date: 06/21/2010
 Lease Name - Well #: Loving 7 Fee 1H
 Legal Description: SHL: SW NE Sec. 7-T10S-R29E; BHL: SE NW Sec. 8-T10S-R29E

County/Parish: Chaves
 State: New Mexico
 Prepared By: Jones, Steven

AUTHORITY REQUESTED TO:

Loving 7 Fee 1H -- Drill and complete a horizontal MSSP gas test.

July 14th

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	20,000	0	0	20,000
013	DRILL-LOCATION,ROADS, PITS, FNCS	70,000	0	0	70,000
019	DRILL-OTHER SITE PREPARATION	5,000	0	0	5,000
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	2,500	0	2,500
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	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	100,000	0	0	100,000
255	LOGGING	0	6,000	0	6,000
257	DRILL-OPEN HOLE EVALUATION	14,000	0	0	14,000
259	CASING & TUBULAR SERVICES	15,000	10,000	0	25,000
261	COMPL-MISC.PUMPING SERVICES	0	2,500	0	2,500
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

Please include/attach well requirement data with ballot.

GAS _____
 OIL _____



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

AUTHORITY FOR EXPENDITURE

DRILLING/COMPLETION COST ESTIMATE

DRILLING _____
 COMPLETION _____

AFE NO.: 155567 AFE Date: 06/21/2010
 Lease Name - Well #: Loving 7 Fee 1H
 Legal Description: SHL: SW NE Sec. 7-T10S-R29E; BHL: SE NW Sec. 8-T10S-R29E

County/Parish: Chaves
 State: New Mexico
 Prepared By: Jones, Steven

AUTHORITY REQUESTED TO:

Loving 7 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		1,645,000	785,000	0	2,430,000
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
904	CONDUCTOR CASING/DRIVE PIPE	6,000	0	0	6,000
911	LINER	0	80,000	0	80,000
915	TUBING	0	40,000	0	40,000
925	SUBSURFACE EQUIP	0	220,000	0	220,000
931	WELLHEAD VALVES & EQUIPMENT	12,000	10,000	0	22,000
Total Tangibles		318,000	350,000	0	668,000
TOTAL ESTIMATED COSTS		1,963,000	1,135,000	0	3,098,000

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

OPERATING AGREEMENT

DATED

August 1 , 2010 ,
year

OPERATOR Devon Energy Production Company, L.P.

CONTRACT AREA S/2 NE/4, N/2 SE/4 of Section 7 and

S/2 NW/4, N/2 SW/4 of Section 8

Township 10 South, Range 29 East

COUNTY OR PARISH OF Chaves , STATE OF New Mexico

COPYRIGHT 1989 - ALL RIGHTS RESERVED
AMERICAN ASSOCIATION OF PETROLEUM
LANDMEN, 4100 FOSSIL CREEK BLVD.
FORT WORTH, TEXAS, 76137, APPROVED FORM.

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 7: S/2 NE/4, N/2 SE/4
Section 8: S/2 NW/4, N/2 SW/4

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%
Total:	100.000000%

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):

1. 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
Section 8: insofar and only insofar as said lease covers the S/2 NW/4 & N/2 SW/4
2. 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
Section 7: insofar and only insofar as said lease covers the S/2 NE/4 & N/2 SE/4
3. 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
Section 8: insofar and only insofar as said lease covers the S/2 NW/4 & N/2 SW/4
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
Section 7: insofar and only insofar as said lease covers the S/2 NE/4 & N/2 SE/4
Section 8: insofar and only insofar as said lease covers the S/2 NW/4 & N/2 SW/4
5. 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
Section 7: insofar and only insofar as said lease covers the S/2 NE/4 & N/2 SE/4
Section 8: insofar and only insofar as said lease covers the S/2 NW/4 & N/2 SW/4

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 7: insofar and only insofar as said lease covers the
S/2 NE/4 & N/2 SE/4
Section 8: insofar and only insofar as said lease covers the
S/2 NW/4 & N/2 SW/4
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 7: insofar and only insofar as said lease covers the
S/2 NE/4 & N/2 SE/4
Section 8: insofar and only insofar as said lease covers the
S/2 NW/4 & N/2 SW/4
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 7: insofar and only insofar as said lease covers the
S/2 NE/4 & N/2 SE/4
Section 8: insofar and only insofar as said lease covers the
S/2 NW/4 & N/2 SW/4

END OF EXHIBIT