

T 19 S

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

EXHIBIT NO. 1

EDDY, WEST

CASE 10477
 Spacing Unit Ownership (Operating Rights)
 Angell Ranch "26" State #1
 N/2 Section 26, T19S, R27E
 Eddy County, New Mexico

NW/4; 160 acres, more or less:

Mewbourne Oil Company 100%

NE/4; 160 acres, more or less:

Atlantic Richfield Company (Mewbourne Oil Company - Operator)	72/144
Yates Petroleum Corporation	26/144
Marathon Oil Company	23/144
DEKALB Energy Company	23/144

Percentage Ownership (Operating Rights)
 N/2 Section 26, T19S, R27E
 Eddy County, New Mexico

<u>OWNER</u>	<u>% OWNERSHIP</u>
Mewbourne Oil Company	75.0
Yates Petroleum Company	9.02778 (Uncommitted)
Marathon Oil Company	7.98611 (Uncommitted)
DEKALB Energy Company	7.98611 (Uncommitted)
	<u>100.00000</u>

BEFORE EXAMINER CATANACH
 OIL CONSERVATION DIVISION

EXHIBIT NO. 2

Mid-Continent Region
Exploration United States



**Marathon
Oil Company**

P.O. Box 552
Midland, Texas 79702
Telephone 915/682-1626

PANAFAX TRANSMITTAL SHEET

SEND THE FOLLOWING PAGES TO:

NAME: D. Paul Haden

COMPANY NAME: Mewbourne Oil Company

LOCATION: Midland, TX

PANAFAX NUMBER: 685-4170

FROM:

NAME: Randal Wilson EXT. 8476

COMPANY NAME: Marathon Oil Company

LOCATION: Midland, TX

TOTAL NUMBER OF PAGES: 2 (including cover sheet)

IF YOU DO NOT RECEIVE ALL THE PAGES, PLEASE CALL BACK ASAP

PHONE: 687-8476

COMMENTS: Originals mailed today (5/26)

() PLEASE CHECK IF THIS MATERIAL IS NOT TO BE RETURNED TO YOU.

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
_____ 3 _____
DATE _____

Mid-Continent Region
Exploration United States



**Marathon
Oil Company**

P.O. Box 552
Midland, Texas 79702
Telephone 915/682-1626

May 26, 1992

Mewbourne Oil Company
500 W. Texas, Suite 1020
Midland, Texas 79701

Attention: Mr. D. Paul Haden

Re: Our Lease NM-4044 - State Lease 648
NM-4157 - Artesia Operating Agreement
NE/4 Section 26, T-19-S, R-27-E,
Eddy County, New Mexico

Gentlemen:

Reference is made to your letter dated March 20, 1992, in which Mewbourne Oil Company requested a farmout of Marathon's interest in the referenced acreage in order to drill a 10,950' Morrow test at a location in the NE/4 of Section 26, T-19-S, R-27-E, Eddy County, New Mexico. Marathon has reviewed your request and, subject to management approval, is agreeable to a farmout of its interest under the following general terms:

1. The farmout will cover a depth from the surface to the base of the Morrow formation.
2. Successful completion will earn Mewbourne all of Marathon's interest in the spacing unit covering the initial well with Marathon reserving an ORRI equal to the difference between existing burdens and 25% thereby delivering 75% NRI leases.
3. Marathon will have no option to convert the retained ORRI to a 25% W.I. at payout of the initial well; however, at payout, the ORRI retained by Marathon will increase to a percentage equal to the difference between existing burdens and 30% thereby rendering the NRI of the delivered leases to be 70%.

If the foregoing is acceptable, please indicate such acceptance by signing in the space provided below and returning one copy to the undersigned. Upon receipt of an executed letter, preparation of a formal contract will be expedited.

If there should happen to be any questions, please call the undersigned at 687-8476.

Very truly yours,

MARATHON OIL COMPANY

Randal P. Wilson, CPL
Landman
RPW;mmc'

ACCEPTED AND AGREED TO this _____ day
of _____, 1992.

MEWBOURNE OIL COMPANY

By:
Its:

MEWBOURNE OIL COMPANY

500 W, TEXAS, SUITE 1020

MIDLAND, TEXAS 79701

(915) 682-3715

FAX (915) 685-4170

May 21, 1992

Marathon Oil Company
P. O. Box 552
Midland, Texas 79701

Attention: Randal P. Wilson, CPL
Landman

RE: Angell Ranch "26" State #1 Well
N/2 Section 26, T19S, R27E
Eddy County, New Mexico

Gentlemen:

Regarding the captioned well and land, we have not received a response from you to date regarding Mewbourne's farmout request. Please respond at your earliest convenience.

Sincerely,

Mewbourne Oil Company



D. Paul Haden
Landman

DPH/nb
CC: Gary L. Winter
Ken Waits

Re John Leyer w/ DeKalb —
Our assignment is in the
works in the legal department.
They are declining to sell
~~any~~ any of their acreage.
They are hoping to sell all
of their U.S. Operations
by June 6, 1992. If they don't
sell, then their acreage is
available to sell. I told him
we would be interested in
acquiring all of their interest
in Eddy County.

JH.
5-19-92

Called John Seeger with
DeKalb 5-19-92. Not there -
left message for him to call me.

P.H.
5-19-92

Talked to Randal Wilson
with Marathon this date. They
are still evaluating our proposal -
no decision yet-

P.H.

5-15-92

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

May 7, 1992

Mewbourne Oil Company
500 W. Texas, Suite 1020
Midland, Texas 79701

Attention: Mr. D. Paul Haden

Re: **Angell Ranch State "26" #1**
Township 19 South, Range 27 East
Section 26: NE/4
Eddy County, New Mexico

Gentlemen:

With regard to the captioned well, Yates Petroleum Corporation has signed and returns herewith your Authority for Expenditure and agrees to participate in the drilling of this well subject to signing a mutually acceptable Operating Agreement.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Robert Bullock
Landman

RB/mw

Enclosure

<p>SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.</p> <p>Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent the card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.</p> <p>1. <input type="checkbox"/> Show to whom delivered, date, and addressee's address. (Extra charge) 2. <input type="checkbox"/> Restricted Delivery (Extra charge)</p>	
<p>3. Article Addressed to:</p> <p>MARATHON OIL COMPANY P. O. BOX 552 MIDLAND, TEXAS</p> <p>ANGELL RANCH</p>	<p>4. Article Number</p> <p>P-124-767-650</p> <p>Type of Service:</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise</p> <p>Always obtain signature of addressee or agent and <u>DATE DELIVERED</u>.</p>
<p>5. Signature - Addressee</p> <p>X</p>	<p>8. Addressee's Address (ONLY if requested and fee paid)</p>
<p>6. Signature - Agent</p> <p><i>Sammy Edwards</i></p>	
<p>7. Date of Delivery</p> <p>APR 27 1992</p>	

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020

MIDLAND, TEXAS 79701

(915) 682-3715

FAX (915) 685-4170

April 24, 1992

DEKALB Energy Company
1625 Broadway
Denver, Colorado 80202

Attention: Mr. John S. Geyer
District Landman

RE: Acquisition of Interest
NE/4 of Section 26,
T19S, R27E
Eddy County, New Mexico

Gentlemen:

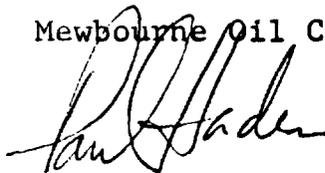
In reference to the captioned land, enclosed for your file is an executed copy of your letter dated April 20, 1992 wherein Mewbourne Oil Company agrees to purchase DEKALB's interest under the terms proposed by DEKALB.

As requested, enclosed is a copy of Mewbourne's Original Drilling Title Opinion dated January 10, 1991 and a copy of our Supplemental Drilling Title Opinion dated September 26, 1991.

Please prepare and forward DEKALB's assignment to the undersigned at your earliest convenience.

Sincerely,

Mewbourne Oil Company



D. Paul Haden
Landman

DPH/nb
enclosure
CC: Gary L. Winter
Ken Waits

April 20, 1992

DEKALB
ENERGY

Mewborne Oil Company
500 W, Texas, Suite 1020
Midland, TX 79701

Attn: Mr. D. Paul Haden

RE: Sale of Interest
Sec. 26-T19S-R27E
Eddy County, New Mexico
DEKALB's Lease NM-00039

Gentlemen:

Reference is made to your letter dated March 20, 1992 in which you proposed a 10,950' Morrow formation test well in the NE/4 of Section 26, Township 19 South, Range 27 East, N.M.P.M., Eddy County, New Mexico.

DEKALB is willing to sell Mewborne 100% of its right, title and interest in the N/2 of Section 26, attributable to the producing formation in the proposed well in consideration of \$240 per net acre and one copy of all geological information derived from your well.

If the foregoing is acceptable, please sign in the spaced provided below and return one copy of this letter to the undersigned together with a copy of the drilling opinion.

Very truly yours,

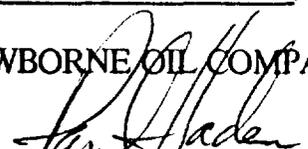
DEKALB Energy Company


John S. Geyer
District Landman

JSG:rc

ACCEPTED AND AGREED
TO THIS 24TH DAY OF
APRIL, 1992.

MEWBORNE OIL COMPANY

By: 
Name: D. Paul Haden
Title: Landman

JSG.037

DEKALB Energy Company
1625 Broadway
Denver, Colorado 80202
(303) 592-4600
FAX (303) 592-5901

MEWBOURNE OIL COMPANY

500 W, TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715

FAX (915) 685-4170

April 24, 1992

CERTIFIED MAIL

Marathon Oil Company
P. O. Box 552
Midland, Texas 79702

Attention: Mr. Leland Howard

RE: Angell Ranch State "26" #1
T19S, R27E
Section 26: NE/4
Eddy County, New Mexico

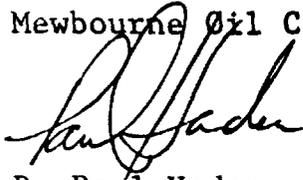
Gentlemen:

Enclosed for your further handling is a copy of Mewbourne's AFE for the captioned well proposed by Mewbourne. This is in reference to my letter dated March 20, 1992 wherein Mewbourne requested a farmout of Marathon's interest under the captioned land in support of a Morrow test well to be drilled at location of 990' FNL and 990' FEL of the captioned Section 26.

As we will be scheduling a pooling hearing in the near future for Mewbourne's proposed well, please advise at your earliest convenience as to whether Marathon elects to join or farmout. In the event Marathon elects to join, please give me a call and I will have an Operating Agreement prepared for Marathon's execution.

Sincerely,

Mewbourne Oil Company


D. Paul Haden
Landman

DPH/nb
enclosure
CC: Gary L. Winter
Ken Waits

MEWBOURNE OIL COMPANY

500 W, TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715

FAX (915) 685-4170

April 24, 1992

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Attention: Robert Bullock

RE: Angell Ranch State "26" #1
T19S, R27E
Section 26: NE/4
Eddy County, New Mexico

Robert:

Enclosed for your further handling is a copy of Mewbourne's AFE for the captioned well proposed by Mewbourne. This is in reference to my letter dated March 20, 1992 wherein Mewbourne requested a farmout of Yates Petroleum's interest under the captioned land in support of a Morrow test well to be drilled at location of 990' FNL and 990' FEL of the captioned Section 26.

As we will be scheduling a pooling hearing in the near future for Mewbourne's proposed well, please advise at your earliest convenience as to whether Yates elects to join or farmout. In the event Yates elects to join, please give me a call and I will have an Operating Agreement prepared for Yates Petroleum's execution.

Sincerely,

Mewbourne Oil Company



D. Paul Haden
Landman

DPH/nb
enclosure
CC: Gary L. Winter
Ken Waits

MEWBOURNE OIL COMPANY

500 W, TEXAS, SUITE 1020

MIDLAND, TEXAS 79701

(915) 682-3715

FAX (915) 685-4170

April 20, 1992

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Attention: Robert Bullock

RE: Angell Ranch State "26" #1
T19S, R27E
Section 26: N/2
Eddy County, New Mexico

Robert:

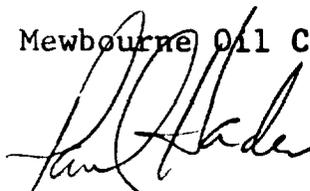
In reference to our phone conversation this date, enclosed for your information and file are the following:

- 1) Original Drilling Title Opinion dated January 10, 1991 covering the captioned land.
- 2) Supplemental Drilling Title Opinion dated September 26, 1991.

When available, I will forward you a copy of Mewbourne's AFE for Yates Petroleum's consideration.

Sincerely,

Mewbourne Oil Company



D. Paul Haden
Landman

DPH/nb
enclosure
CC: Gary L. Winter
Ken Waits

PHONE CALL

FOR <u>4</u>	DATE <u>4-16</u>	TIME <u>2:30</u>	<u>AM</u> <u>P.M.</u>
M. <u>John Meyer</u>			
OF <u>Dekalb</u>			<input checked="" type="checkbox"/> PHONED
PHONE <u>303-592-4768</u>			<input type="checkbox"/> RETURNED YOUR CALL
MESSAGE _____			<input checked="" type="checkbox"/> PLEASE CALL
_____			<input type="checkbox"/> WILL CALL AGAIN
_____			<input type="checkbox"/> WANT TO SEE YOU
_____			<input type="checkbox"/> WANTS TO SEE YOU
SIGNED _____			TOPS <input type="checkbox"/> FORM 4003

MEWBOURNE OIL COMPANY

500 W, TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170
April 14, 1992

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Attention: Robert Bullock

RE: Angell Ranch State "26" #1
T19S, R27E
Section 26: NE/4
Eddy County, New Mexico

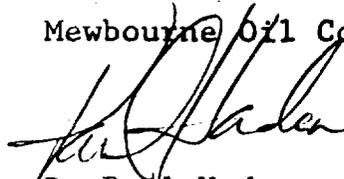
Gentlemen:

With reference to my previous letter of March 20, 1992 wherein Mewbourne requested a farmout of your interest under the captioned land, Mewbourne has not received a response to date regarding same.

Please respond at your earliest convenience regarding Mewbourne's well proposal.

Sincerely,

Mewbourne Oil Company



D. Paul Haden
Landman

DPH/nb

CC: Gary L. Winter
Ken Waits

MEWBOURNE OIL COMPANY

500 W, TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715

FAX (915) 685-4170

April 14, 1992

DEKALB Energy Company
1625 Broadway
Denver, Colorado 80202

Attention: Mr. John S. Geyer

RE: Angell Ranch State "26" #1
T19S, R27E
Section 26: NE/4
Eddy County, New Mexico

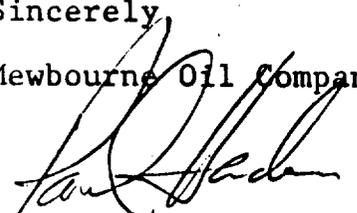
Gentlemen:

With reference to my previous letter of March 20, 1992 wherein Mewbourne requested a farmout of your interest under the captioned land, Mewbourne has not received a response to date regarding same.

Please respond at your earliest convenience regarding Mewbourne's well proposal.

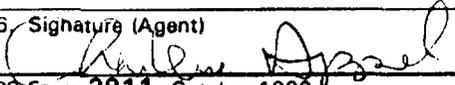
Sincerely,

Mewbourne Oil Company

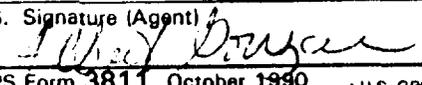


D. Paul Haden
Landman

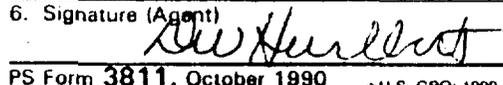
DPH/nb
CC: Gary L. Winter
Ken Waits

SENDER: <ul style="list-style-type: none"> • Complete items 1 and/or 2 for additional services. • Complete items 3, and 4a & b. • Print your name and address on the reverse of this form so that we can return this card to you. • Attach this form to the front of the mailpiece, or on the back if space does not permit. • Write "Return Receipt Requested" on the mailpiece next to the article number. 		I also wish to receive following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: DeKalb Energy Company 1625 Broadway Denver, Colorado 80202 Attention: John S. Geyer <u>Angell Ranch State "26"</u>		4a. Article Number P-124-768-831	
5. Signature (Addressee)		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
6. Signature (Agent) 		7. Date of Delivery 3-23-92	
PS Form 3811, October 1990		U.S. GPO: 1990-273-881	

DOMESTIC RETURN RECEIPT

SENDER: <ul style="list-style-type: none"> • Complete items 1 and/or 2 for additional services. • Complete items 3, and 4a & b. • Print your name and address on the reverse of this form so that we can return this card to you. • Attach this form to the front of the mailpiece, or on the back if space does not permit. • Write "Return Receipt Requested" on the mailpiece next to the article number. 		I also wish to receive following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: Marathon Oil Company P. O. Box 552 Midland, Texas 79702 <u>Angell Ranch State "26"</u>		4a. Article Number P-124-768-832	
5. Signature (Addressee)		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
6. Signature (Agent) 		7. Date of Delivery MAR 23 1992	
PS Form 3811, October 1990		U.S. GPO: 1990-273-881	

DOMESTIC RETURN RECEIPT

SENDER: <ul style="list-style-type: none"> • Complete items 1 and/or 2 for additional services. • Complete items 3, and 4a & b. • Print your name and address on the reverse of this form so that we can return this card to you. • Attach this form to the front of the mailpiece, or on the back if space does not permit. • Write "Return Receipt Requested" on the mailpiece next to the article number. 		I also wish to receive following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210 Attention: Robert Bullock <u>Angell Ranch State "26"</u>		4a. Article Number P-124-768-819	
5. Signature (Addressee)		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
6. Signature (Agent) 		7. Date of Delivery 03-23-92	
PS Form 3811, October 1990		U.S. GPO: 1990-273-881	

DOMESTIC RETURN RECEIPT

MEWBOURNE OIL COMPANY

500 W, TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715

FAX (915) 685-4170

March 20, 1992

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Marathon Oil Company
P. O. Box 552
Midland, Texas 79702

RE: Angell Ranch State "26" #1
T19S, R27E
Section 26: NE/4
Eddy County, New Mexico

Gentlemen:

Records available to us indicate Marathon Oil Company owns an interest in the operating rights under the captioned land. In this connection, Mewbourne Oil Company, as operator, proposes drilling the captioned well to test the Lower Morrow formation on the following proposed terms:

- 1) Mewbourne, as operator, will commence within 120 days from the execution date of your farmout agreement an initial test well at a location of Mewbourne's choice in the NE/4 of the captioned Section 26 and drill same to a depth sufficient to test the Morrow formation, estimated total depth being 10,950'. The N/2 of the above described Section 26 will be dedicated to the well.
- 2) In the event the initial test well is completed as a dry hole or if it is completed as a producer but such well's proration unit does not include all of Marathon's acreage, Mewbourne would have the option to commence a 120 continuous development schedule with the intent of earning all of Marathon's acreage under the captioned land.
- 3) If any well drilled under the terms of this agreement results in production including your acreage and operating rights, Mewbourne will earn an assignment of your operating rights in the proration unit allocated to the well from the surface to 100 feet below the total depth drilled in each well.

- 4) Marathon would retain below 100 feet below the total depth drilled in each of Mewbourne's well(s), an overriding royalty interest equal to the difference between 25% of all oil and gas produced and the total of all royalty interests, overriding royalty interests and other burdens on production which the premises may be subject, to the extent Mewbourne will be assigned a 75% net revenue interest lease in each proration unit earned by Mewbourne.
- 5) At payout of the initial well and any additional wells drilled under the terms of the farmout agreement on a well by well basis, you would have the option to convert your override to a 25% working interest, proportionately reduced to the actual interest you own in the proration unit of the initial test well and each additional well.
- 6) Upon acceptance of the farmout proposal, you agree to furnish Mewbourne with whatever title information you have in your files in connection with this property such as copies of the original base lease, title opinions, gas contracts currently in effect, etc.

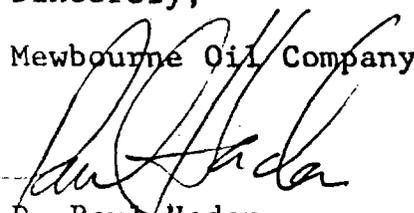
In the event Marathon prefers not to farmout its interest as proposed above, Mewbourne would be interested in acquiring Marathon's interest on the basis of \$200.00 per net mineral acre.

Should Marathon not be interested in farming or selling its interest as proposed, Mewbourne invites Marathon to join Mewbourne in drilling the initial test well to the extent of Marathon's interest in the spacing unit. An AFE will be furnished Marathon in the near future regarding this option.

Your early response regarding the above well proposal will be greatly appreciated.

Sincerely,

Mewbourne Oil Company



D. Paul Haden
Landman

DPH/nb

CC: Gary L. Winter
Ken Waits

MEWBOURNE OIL COMPANY

500 W, TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715

FAX (915) 685-4170

March 20, 1992

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Attention: Robert Bullock

RE: Angell Ranch State "26" #1
T19S, R27E
Section 26: NE/4
Eddy County, New Mexico

Gentlemen:

Records available to us indicate Yates Petroleum Corporation owns an interest in the operating rights under the captioned land. In this connection, Mewbourne Oil Company, as operator, proposes drilling the captioned well to test the Lower Morrow formation on the following proposed terms:

- 1) Mewbourne, as operator, will commence within 120 days from the execution date of your farmout agreement an initial test well at a location of Mewbourne's choice in the NE/4 of the captioned Section 26 and drill same to a depth sufficient to test the Morrow formation, estimated total depth being 10,950'. The N/2 of the above described Section 26 will be dedicated to the well.
- 2) In the event the initial test well is completed as a dry hole or if it is completed as a producer but such well's proration unit does not include all of Yates's acreage, Mewbourne would have the option to commence a 120 continuous development schedule with the intent of earning all of Yates's acreage under the captioned land.
- 3) If any well drilled under the terms of this agreement results in production including your acreage and operating rights, Mewbourne will earn an assignment of your operating rights in the proration unit allocated to the well from the surface to 100 feet below the total depth drilled in each well.

- 4) Yates would retain below 100 feet below the total depth drilled in each of Mewbourne's well(s), an overriding royalty interest equal to the difference between 25% of all oil and gas produced and the total of all royalty interests, overriding royalty interests and other burdens on production which the premises may be subject, to the extent Mewbourne will be assigned a 75% net revenue interest lease in each proration unit earned by Mewbourne.
- 5) At payout of the initial well and any additional wells drilled under the terms of the farmout agreement on a well by well basis, you would have the option to convert your override to a 25% working interest, proportionately reduced to the actual interest you own in the proration unit of the initial test well and each additional well.
- 6) Upon acceptance of the farmout proposal, you agree to furnish Mewbourne with whatever title information you have in your files in connection with this property such as copies of the original base lease, title opinions, gas contracts currently in effect, etc.

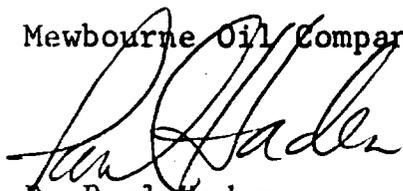
In the event Yates prefers not to farmout its interest as proposed above, Mewbourne would be interested in acquiring Yates's interest on the basis of \$200.00 per net mineral acre.

Should Yates not be interested in farming or selling its interest as proposed, Mewbourne invites Yates to join Mewbourne in drilling the initial test well to the extent of Yates's interest in the spacing unit. An AFE will be furnished Yates in the near future regarding this option.

Your early response regarding the above well proposal will be greatly appreciated.

Sincerely,

Mewbourne Oil Company



D. Paul Haden
Landman

DPH/nb
CC: Gary L. Winter
Ken Waits

MEWBOURNE OIL COMPANY

500 W, TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715

FAX (915) 685-4170

March 20, 1992

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

DeKalb Energy Company
1625 Broadway
Denver, Colorado 80202

Attention: John S. Geyer

RE: Angell Ranch State "26" #1
T19S, R27E
Section 26: NE/4
Eddy County, New Mexico

Gentlemen:

Records available to us indicate DeKalb Energy Company owns an interest in the operating rights under the captioned land. In this connection, Mewbourne Oil Company, as operator, proposes drilling the captioned well to test the Lower Morrow formation on the following proposed terms:

- 1) Mewbourne, as operator, will commence within 120 days from the execution date of your farmout agreement an initial test well at a location of Mewbourne's choice in the NE/4 of the captioned Section 26 and drill same to a depth sufficient to test the Morrow formation, estimated total depth being 10,950'. The N/2 of the above described Section 26 will be dedicated to the well.
- 2) In the event the initial test well is completed as a dry hole or if it is completed as a producer but such well's proration unit does not include all of DeKalb's acreage, Mewbourne would have the option to commence a 120 continuous development schedule with the intent of earning all of DeKalb's acreage under the captioned land.
- 3) If any well drilled under the terms of this agreement results in production including your acreage and operating rights, Mewbourne will earn an assignment of your operating rights in the proration unit allocated to the well from the surface to 100 feet below the total depth drilled in each well.

- 4) DeKalb would retain below 100 feet below the total depth drilled in each of Mewbourne's well(s), an overriding royalty interest equal to the difference between 25% of all oil and gas produced and the total of all royalty interests, overriding royalty interests and other burdens on production which the premises may be subject, to the extent Mewbourne will be assigned a 75% net revenue interest lease in each proration unit earned by Mewbourne.
- 5) At payout of the initial well and any additional wells drilled under the terms of the farmout agreement on a well by well basis, you would have the option to convert your override to a 25% working interest, proportionately reduced to the actual interest you own in the proration unit of the initial test well and each additional well.
- 6) Upon acceptance of the farmout proposal, you agree to furnish Mewbourne with whatever title information you have in your files in connection with this property such as copies of the original base lease, title opinions, gas contracts currently in effect, etc.

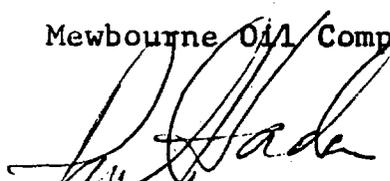
In the event DeKalb prefers not to farmout its interest as proposed above, Mewbourne would be interested in acquiring DeKalb's interest on the basis of \$200.00 per net mineral acre.

Should DeKalb not be interested in farming or selling its interest as proposed, Mewbourne invites DeKalb to join Mewbourne in drilling the initial test well to the extent of DeKalb's interest in the spacing unit. An AFE will be furnished DeKalb in the near future regarding this option.

Your early response regarding the above well proposal will be greatly appreciated.

Sincerely,

Mewbourne Oil Company



B. Paul Haden
Landman

DPH/nb
CC: Gary L. Winter
Ken Waits

DEKALB ENERGY

November 25, 1991

Mewbourne Oil Company
500 W, Texas, Suite 1020
Midland, TX 79701

Attention: Mr. Paul Haden

RE: Artesia Area
Townships 17, 18, 19 South
Ranges 27, 28 East
Eddy County, New Mexico

Gentlemen:

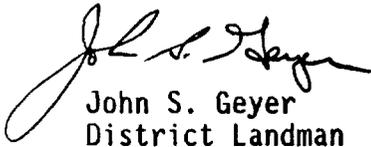
Reference is made to your letter dated November 20, 1991, in which you offered to acquire DEKALB's interest in the captioned area.

DEKALB does not wish to dispose of its leasehold at this time. If you wish to propose a multi-well drilling program, DEKALB would be happy to discuss said plans.

The next time you are in Denver, please give me a call and I'll buy the coffee.

Yours very truly,

DEKALB Energy Company


John S. Geyer
District Landman

JSG/id

DEKALB Energy Company
1625 Broadway
Denver, Colorado 80202
(303) 592-4600
FAX (303) 592-5901

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020

MIDLAND, TEXAS 79701

(915) 682-3715

FAX (915) 685-4170

November 20, 1991

Dekalb Energy Company
1625 Broadway
Denver, Colorado 80202

Attention: Mr. John S. Geyer
District Landman

RE: T17S, R28E
Section 26: N/2;
Section 34: N/2SE/4;
Section 35: NE/4, E/2NW/4;

T18S, R28E
Section 15: N/2NE/4, NE/4NW/4
and SE/4;
Section 22: E/2NE/4, SE/4NW/4;
Section 17: S/2NE/4 and
SW/4SW/4;
Section 18: NE/4NE/4;

T19S, R27E
Section 26: NE/4;
All of the above lands being in
Eddy County, New Mexico

Gentlemen:

Reference is made to my previous letter of September 10, 1991 regarding portions of the captioned lands. Mewbourne's previous purchase offer is hereby amended to include the captioned land. As offered previously, Mewbourne proposes purchasing DEKALB's interest on the basis of \$250.00 per net acre.

Regarding the above, Mewbourne would appreciate the opportunity to meet with you in your office to discuss the above. Accordingly, I will be in contact with you in the near future.

Sincerely,

Mewbourne Oil Company


D. Paul Haden
Landman



September 20, 1991

Melbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701

Attention: Mr. Paul Haden

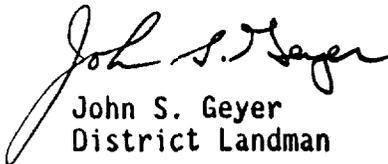
RE: Offer to Purchase
Artesia Area
T17&18S, R28E
T19S-R27E
Eddy County, New Mexico

Gentlemen:

Thank you for your letter dated September 10, 1991, offering to purchase our interest in the subject area. DEKALB is currently reviewing its plans for the area in 1992 and does not wish to dispose of the property at this time.

Yours very truly,

DEKALB Energy Company


John S. Geyer
District Landman

JSG/id

DEKALB Energy Company
1625 Broadway
Denver, Colorado 80202
(303) 592-4600
FAX (303) 592-5901

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional services requested.

Show to whom delivered, date, and addressee's address. Restricted Delivery (Extra charge)

3. Article Addressed to: Dekalb Energy Company Attn: K. G. Ranum 625 Broadway Denver, CO 80202		4. Article Number P-124-765-937
5. Signature - Addressee 		Type of Service: <input checked="" type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> COD <input type="checkbox"/> Return Receipt for Merchandise
6. Signature - Agent 		Always obtain signature of addressee or agent and DATE DELIVERED.
7. Date of Delivery 9-12-91		8. Addressee's Address (ONLY if requested and fee paid)

MEWBOURNE OIL COMPANY

500 W, TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715

FAX (915) 685-4170

September 10, 1991

CERTIFIED MAIL

Dekalb Energy Company
1625 Broadway
Denver, Colorado 80202

Attention: K. G. Ranum
Land Department

RE: T17S, R28E
Section 26: All
Section 34: N/2SE/4
Section 35: NE/4, E/2NW/4,
N/2S/2;
T18S, R28E
Section 15: N/2NE/4, NE/4NW/4,
and SE/4,
Section 22: E/2SE/4, SW/4SE/4,
E/2NE/4, SE/4NW/4
and S/2SW/4;
T19S, R27E
Section 26: NE/4
Eddy County, New Mexico

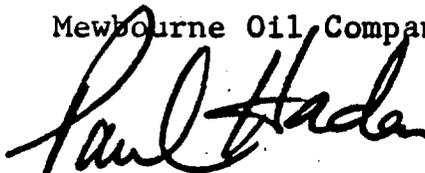
Gentlemen:

Federal and county records indicate you own 23/144 of the operating rights under the captioned 1,880 gross acres. In this connection, Mewbourne Oil Company hereby offers Dekalb Energy Company \$250.00 per net mineral acre for all of Dekalb's right, title and interest in the operating rights under the captioned land.

The above offer is subject to immediate acceptance and approval of title.

Sincerely,

Mewbourne Oil Company



D. Paul Haden
Landman

**MEWBOURNE OIL COMPANY
AUTHORIZATION FOR EXPENDITURE**

Prospect: Angell Ranch
Field:
Section: 26
Township: 19S

Well Name & Number:
Location: NE14
Block
County: EDDY
Range: 27E
State: N.M Proposed Depth: 10,950

DESCRIPTION		Cost To Casing Point AFE NO.	Completion Cost AFE NO.
INTANGIBLE COST 180			
300	Permits and Surveys	600	600
301	Location, Roads and surveys	25000	2000
302	Footage or Turnkey Drilling	186200	0
303	Day Work	20000	0
304	Fuel, Water and Other	22000	1000
305	Completion/Workover Rig	0	20000
306	Mud and Chemicals	20000	0
303	Cementing	15000	25000
308	Logging and Wireline	18000	7000
309	Casing-Tubing Services	3000	2000
310	Mud Logging	5000	0
311	Testing	4000	2000
312	Treating	0	45000
313	Coring	0	0
320	Transportation	2500	5000
321	Welding and Construction Labor	2000	1000
322	Contract Supervision	0	0
330	Equipment Rental	6000	4000
334	Well/Lease Legal/Tax	500	0
335	Well/Lease Insurance	6000	0
350	Intangible Supplies	500	500
360	Pipeline ROW and Easements	0	500
367	Pipeline Interconnect	0	12000
375	Company Supervision	33000	13500
380	Overhead Fixed Rate	9250	5000
399	Contingencies	18928	7306
Total Intangibles		\$397,478	\$153,405
TANGIBLE COST 181			
Conductor Casing			
	Surface Casing 13 3/8" @ 350'	7700	0
	Intermediate Casing 8 5/8" @ 2500'	30000	0
	Production Casing 5,1/2" @ 10950'	0	82100
	Production Casing	0	0
	Tubing 2 7/8" @ 10950'	0	25200
860	Drilling Head	4500	0
865	Tubing Head	0	2500
870	Upper Section	0	7000
875	Sucker Rods	0	0
880	Packer, Pump & Other Subsurface	0	6000
885	Pumping Unit & Prime Mover + Electricity	0	0
890-1	Tanks (Steel & Fiberglass)	0	6000
894-5	Separation Equipment (fired, Non-fired)	0	10000
898	Metering Equipment	0	3000
900	Line Pipe	0	18500
905	Valves	0	5000
906	Miscellaneous Fittings & Accessories	0	3000
910	Production Equipment Installation	0	10000
920	Pipeline Construction	0	30000
Total Tangibles		\$42,200	\$208,300
SUBTOTAL		\$439,678	\$361,706
TOTAL WELL COST		\$801,383	

Date Prepared: 4-15-92
Prepared By: Erick W. Nelson

Company Approval: *W.H. Clancy*
Date Approved: 4-21-92
Joint Owner Approval:

Joint Owner Interest:
Joint Owner Amount:

BEFORE EXAMINER CATAWACH
OIL CONSERVATION (FOR EXPLORATION PURPOSES)

EXHIBIT NO. 4