

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020

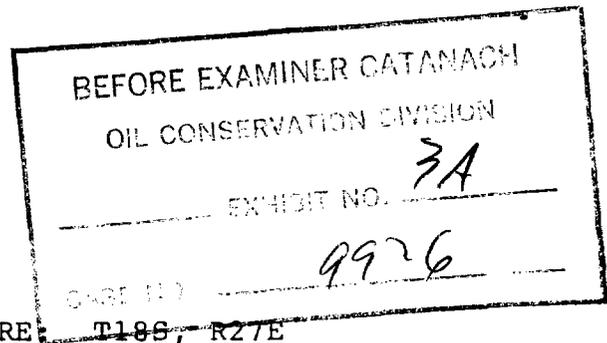
MIDLAND, TEXAS 79701

915/682-1715

October 19, 1989

Amoco Production Company  
P.O. Box 3092  
Houston, Texas 77523

Attn: Emily Goodfellow



RE: T186, R27E

Section 21: E/2NE/4,  
from the surface to the base  
of the Abo formation,  
Eddy County, New Mexico

Dear Emily:

For reference, Mewbourne owns the lease covering the NW/4NE/4, N/2NW/4 and the SW/4NW/4 of the captioned Section 21. As proposed to the other leasehold owners, Mewbourne desires to drill a Morrow test well in the NE/4NE/4 of Section 21 with the drilling and spacing unit comprising the N/2 of said Section 21. Since the Abo formation is a potential pay zone in the test well, Mewbourne hereby requests a farmout from Amoco as to their operating rights under the captioned land.

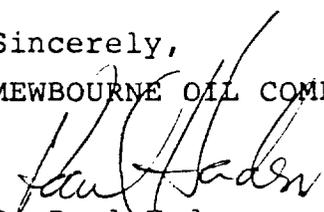
Mewbourne proposes the following farmout terms:

- 1) Mewbourne as operator, will commence within 90 days from the date of your executed farmout agreement a test well at a location in the NE/4NE/4 of the captioned Section 21 and drill same to a depth sufficient to test the Morrow formation estimated to be approximately 10,000 feet subsurface.
- 2) If Mewbourne completes its test well in any zone from the surface to the base of the Abo formation, Mewbourne would earn an assignment from Amoco, or its successors and assigns, from the surface to 100 feet below the bottom perforation of any such zone in the well bore and proration unit allocated to such zone.
- 3) Amoco would retain an overriding royalty interest equal to the difference between 25% of all oil and gas that might be produced and the total of all royalty interests, overriding royalty interests and other burdens or lawful claims upon production which the premises may be subject, to the extent that Mewbourne will be assigned a 75% net revenue interest lease in the proration unit allocated to the shallow zone as described above.

4) Amoco agrees to furnish Mewbourne with whatever title information it has in its files in connection with this property, such as a copy of the original base lease, title opinions, gas contracts, etc.

Your prompt and favorable response regarding the above will be greatly appreciated.

Sincerely,  
MEWBOURNE OIL COMPANY



D. Paul Haden  
Landman

DPH/sm



**Amoco Production Company**

501 WestLake Park Boulevard  
Post Office Box 3092  
Houston, Texas 77253

November 21, 1989

**RE: Submittal No. 288  
E/2 NE/4, Section 21, T-18-S, R-27-E  
Eddy County, New Mexico**

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

**ATTENTION: Paul Haden**

Gentlemen:

Reference is made to your letter dated October 19, 1989 wherein you requested a farmout of the above described acreage. Please be advised that Amoco committed this acreage to the Rio Pecos Unit in an Operating Agreement dated April 26, 1976 wherein Yates Petroleum Corporation was named Operator. By virtue of this Unit Amoco retains approximately a 3% beneficial interest in this tract. We are, therefore, rejecting your farmout request. At such time, however, as you have all the other interests committed to your well, please resubmit your offer.

Very truly yours,

Emily F. Goodfellow  
Landman

EFG/sdc

cc: LPN 551203  
Contract No. 94074

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020

MIDLAND, TEXAS 79701

915 / 682-3715

February 27, 1990

CERTIFIED MAIL

Amoco Production Company  
P.O. Box 3092  
Houston, Texas 77523

Attention: Emily Goodfellow

RE: T18S, R27E  
Section 21: E/2NE/4  
Eddy County, New Mexico

Gentlemen:

For reference, Mewbourne owns the Federal lease covering the NW/4NE/4, N/2NW/4 and the SW/4NW/4 of the captioned Section 21. County records indicate you own a leasehold interest under the captioned land. As proposed to the other leasehold owners, Mewbourne Oil Company desires to drill a Morrow test well in the NE/4NE/4 of the captioned Section 21, with the drilling and spacing unit comprising the N/2 of said Section 21. Accordingly, Mewbourne Oil Company hereby requests a farmout of your operating rights under the above land subject to the following terms:

- 1) Subject to Drilling Permit approval by the New Mexico Oil Conservation Division, Mewbourne as operator, will commence within 120 days from the date of your executed farmout agreement a test well at a location 660' FNL & 660' FEL of the captioned Section 21 and drill same to a depth sufficient to test the Morrow formation estimated to be approximately 9,900 feet subsurface, with the drilling and spacing unit comprising the N/2 of said Section 21.
- 2) By drilling and completing the test well as a commercial producer, Mewbourne would earn an assignment of your operating rights in the captioned land to 100 feet below the total depth drilled in the test well.
- 3) You would retain in addition to the deep rights, an overriding royalty interest equal to the difference between 25% of all oil and gas that might be produced and the total of all royalty interests, overriding royalty interests and other burdens or lawful claims upon production which the captioned land may be subject, to the extent that Mewbourne shall be assigned a 75% net revenue interest lease under the above described land. At payout of the above described test well, you would have the option to

convert your override to a 25% working interest. The interests set out in this paragraph are to be proportionately reduced to the interest actually owned by you in the proration unit attributable to the test well described above.

- 4) Upon acceptance of the farmout proposal by your company, you agree to furnish Mewbourne with copies of the leases, title opinions and any applicable gas contract associated with the captioned land.

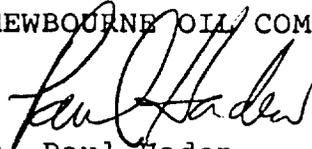
Alternatively, Mewbourne Oil Company hereby invites you to join in the drilling and completion of the above described test well. Enclosed for your approval in this connection is an AFE.

In the event you agree to join in the drilling and completion of the above described test well, you agree to enter into a joint operating agreement with Mewbourne on the AAPL Form 610-1982 Model Form Operating Agreement naming Mewbourne Oil Company as Operator.

Your immediate consideration and response regarding the above proposal will be greatly appreciated.

Sincerely,

MEWBOURNE OIL COMPANY



D. Paul Haden  
Landman

DPH/sm

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020

MIDLAND, TEXAS 79701

915 / 682-3715

April 18, 1990

## CERTIFIED MAIL

Amoco Production Company  
P.O. Box 3092  
Houston, Texas 77523

Attn: Emily Goodfellow

RE: T18S, R27E  
Section 21: E/2NE/4,  
from the surface to the base  
of the Abo formation,  
Eddy County, New Mexico

Dear Emily:

This is in follow up of my letter dated October 19, 1989 regarding the captioned land. As previously set out in said letter, Mewbourne proposed drilling a Morrow test well at a location in the NE/4NE/4 of the captioned Section 21 to a depth of approximately 10,000 feet subsurface. In this connection, Mewbourne requested a farmout from Amoco covering its 1/2 interest in the operating rights under the captioned land and horizons wherein Mewbourne proposed to accept a 75% net revenue interest lease of Amoco's rights.

As set out in your letter of November 21, 1989, Amoco declined to farmout its interest in the captioned land subject to resubmitting our farmout request to Amoco upon obtaining the other interest owners' commitment to our proposed test well. Currently, we have approximately 60% of the operating rights committed to the well. Unfortunately, the balance of the owners may require compulsory pooling.

As the N/2 of the captioned Section 21 most likely is experiencing drainage from wells immediately offsetting our proposed location, Amoco's earliest decision regarding our resubmittance of this farmout request will be greatly appreciated. We feel time is of the essence in drilling this prospect to recover our equitable share of the reserves underlying our drilling and spacing unit.

Sincerely,

MEWBOURNE OIL COMPANY



D. Paul Haden  
Landman

DPH/sm