

Re: St/Sec. 20, 7785, 0228E
Follow up call -

TEXACO

Called David Sleeper w/ Texaco.
Not available to talk left
message for him to call
me.

P.H.

4/26/94

MEWBOURNE OIL COMPANY

500 W, TEXAS, SUITE 1020

MIDLAND, TEXAS 79701

(915) 682-3715

FAX (915) 685-4170

April 6, 1994

Texaco Exploration and Production, Inc.
P.O. Box 2100
Denver, Colorado 80201

Attn: Mr. David Sleeper

Re: Chalk Bluff Draw Prospect
S/2 Section 20-18S-28E
Eddy County, New Mexico

Gentlemen:

Per our telephone conversation of this date, please be advised that we have scheduled our pooling hearing before the New Mexico Oil Conservation Division to be heard on April 28, 1994.

As discussed, we would like to enter into a mutually acceptable agreement as to your interest in this unit prior to our hearing.

Should you have any questions please do not hesitate to call.

Sincerely,

MEWBOURNE OIL COMPANY

Steve Cobb
District Landman

SC:pls

Re: Stz Sec. 20, 7185, R28E
4-6-94

Steve Cobb advised
David Sleeper we were
pooling the captioned
land on 4-28-94. We
preferred an agreement w/ them
prior to the pooling. Steve
also advised David that
Bill Carr was representing
us. David didn't have a
problem with that.

P.H.
4-6-94

MEWBOURNE OIL COMPANY

500 W, TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

March 29, 1994

Texaco Exploration & Production, Inc.
P.O. Box 2100
Denver, Colorado 80201

Attn: Mr. David Sleeper

Re: MOC's Chalk Bluff Draw Prospect
MOC's Illinois Camp "20" State #2 Well
S/2 Sec. 20, T18S, R28E
Eddy County, New Mexico

Gentlemen:

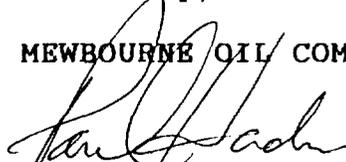
Regarding the captioned well previously proposed by Mewbourne Oil Company (Mewbourne), this letter is to advise you that Mewbourne plans to apply with the NMOCD for approval of Mewbourne's unorthodox location and approval for compulsory pooling. Tentatively, Mewbourne will have such case heard at an Examiner's hearing on April 28, 1994.

As stated in my previous letter to you, Mewbourne feels it is necessary to file such application in order to drill the captioned well in a timely manner and in order for Mewbourne to honor various commitments involving the captioned land and others.

In the event Texaco elects not to participate with Mewbourne in the captioned well, Mewbourne would appreciate receiving a farmout from Texaco under the terms outlined in Mewbourne's previous letter dated February 21, 1994 regarding the captioned well. In the event such proposed terms are unacceptable to Texaco, please advise the undersigned of the terms which would be acceptable to Texaco.

Sincerely,

MEWBOURNE OIL COMPANY



D. Paul Haden
Landman

DPH:jls

Re: S/2 Sec. 20
Called David Sleeper/Texas
regarding our well proposal.
Left message for him
to call.

P.H.
3-28-94

David Sleeper called
back. I advised him we
would be paying 4/28. I also
asked him to give us a counter-
offer in the event our farmout
terms were unacceptable.

P.H.
3-28-94

MEWBOURNE OIL COMPANY

500 W, TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

March 15, 1994

Texaco Exploration & Production, Inc.
P.O. Box 2100
Denver, Colorado 80201

Attn: Mr. David Sleeper

Re: MOC's Chalk Bluff Draw Prospect
Illinois Camp "20" State #2 Well
S/2 Section 20, T18S, R28E
Eddy County, New Mexico

Gentlemen:

Mewbourne Oil Company (Mewbourne) previously proposed the drilling of the captioned well February 7, 1994 and invited you to either participate in the drilling of the well or sell or farmout your interest to Mewbourne.

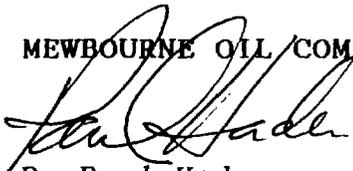
It has become evident through our communications with the interest owners in the proposed proration unit that we will be unable to reach a voluntary agreement with all of the parties involved. In order to drill the well in a timely manner and to honor various commitments we have made, please be advised we intend to file an application for pooling before the New Mexico Oil Conservation Division in approximately one (1) month.

Mewbourne desires to avoid the necessity of a pooling hearing, therefore we will continue with our efforts to reach a voluntary agreement with all interest owners. We respectfully request that you reconsider your position and assist us in avoiding the pooling of this unit.

Should you have any questions concerning this matter please feel free to contact us. We would be happy to arrange a meeting between our companies in the near future.

Sincerely,

MEWBOURNE OIL COMPANY



D. Paul Haden
Landman

Advised David Sheper
we would be applying for
compulsory posting in
approximately 1 month. I
advised him I would send
a letter to that effect.

P.H.

3-15-94

MEWBOURNE OIL COMPANY

500 W, TEXAS, SUITE 1020

MIDLAND, TEXAS 79701

(915) 682-3715

FAX (915) 685-4170

February 21, 1993

Texaco Exploration and Production, Inc.
P.O. Box 2100
Denver, Colorado 80201

Attn: Mr. David Sleeper

Re: MOC's Chalk Bluff Draw Prospect
Illinois Camp "20" State #2 Well
S/2 Section 20, T18S, R28E
Eddy County, New Mexico

Gentlemen:

Mewbourne Oil Company (Mewbourne) hereby requests a farmout of your operating rights below the base of the San Andres formation in the SW/4 of the captioned Section 20 on the following proposed terms.

- 1) Mewbourne, as operator, will have the option but not the obligation to commence operations within 180 days from the execution date of this agreement for the drilling of an initial well at a location of its choice in the SE/4 of the captioned Section 20 and drill same to a depth of its choice, anticipated total depth being 10,700' not to exceed 200' below the base of the Morrow formation.
- 2) If in conducting any of the drilling operations herein described, permitted or provided for, Mewbourne encounters any conditions or difficulties, whether natural or mechanical, which in Mewbourne's opinion make further drilling and or completion of any well impossible or impracticable, then Mewbourne shall have the option to commence operations for the drilling of a substitute well within sixty (60) days after cessation of operations on the well in which conditions or difficulties were encountered. Such substitute well shall be drilled at a location acceptable to Mewbourne and in the manner and to the depth specified for the well which it replaces.

- 3) Upon the completion of the initial or substitute well as herein provided as a commercial producer or dry hole, Mewbourne will have the option but not the obligation to commence the drilling, deepening, plugging back or recompletion of additional wells to the depth of its choice, on approved proration units including earned or unearned portions of your acreage to establish oil and/or gas production. If such option is exercised by Mewbourne, we agree to allow not more than 180 days to lapse between the completion or re-completion of the preceding well as a dry hole or as a producer and the commencement of operations for the drilling, deepening, plugging back or recompletion of an additional or existing well until all of your acreage is earned by Mewbourne under a continuous development program. A well drilled, deepened, plugged back or recompleted pursuant to the terms of this agreement shall be deemed to have been completed on the completion date reflected on the Form C-105 filed by Mewbourne with the State of New Mexico. It is understood that the 180 day continuous development period shall begin on the later to occur of the following;
- a) the expiration of the commencement period for the initial well provided for in paragraph No. 1 above or
 - b) the completion date for said initial well as reported to the State of New Mexico
- 4) If any well drilled under the terms of this farmout agreement results in oil and/or gas production in a proration unit including your acreage, Mewbourne will earn an assignment on a form acceptable to Mewbourne of all your right, title and interest below the base of the San Andres formation included in the proration unit prescribed by the applicable regulatory authority for such wells from the surface to 100' below total depth drilled.
- 5) You shall retain an overriding royalty interest equal to the difference between 25% of all oil and gas produced and saved and the total of all royalty interests, overriding royalty interests and other similar lease burdens upon production to which your lease may be subject, to the extent Mewbourne will be assigned a 75% net revenue interest in the leasehold estate, operating rights and/or contractual interests created under Joint Operating Agreements (if any) to be assigned hereunder. The overriding royalty interest retained is to be subject to proportionate reduction (i) in the event you own less than the full interest in the lease insofar as it covers the land described above (ii) if the lease covers less than all of the oil and gas and/or (iii) by the

contractual interest earned by Mewbourne under any existing operating agreement. The overriding royalty reserved herein shall bear its ratable portion of all treating, compression, gathering and transportation costs and applicable taxes.

- 6) Mewbourne shall have the right to pool the lands covered by the oil and gas lease to be farmed out and assigned and any retained overriding royalty interests into any type of proration unit or other unit approved by the State of New Mexico and/or the Bureau of Land Management, with such pooling to be accomplished without your further consent. In the event such pooling occurs, your overriding royalty interest retained hereunder will be proportionately reduced accordingly.
- 7) In the event any well drilled or re-entered pursuant to the terms hereunder is not completed as a producer, Mewbourne shall have the right for a period of 180 days from the date the rig is released to convert the well to a salt water disposal well for use by Mewbourne and its assigns pursuant to the rules and regulations of the New Mexico Oil Conservation Division.
- 8) The performance by Mewbourne of any of the terms and provisions of this Farmout Agreement shall be excused in the event such performance is prevented by strikes, fires, flood, tornado, lightning, explosion, acts of God or the public enemy, State or Federal rules or regulations or any things or happenings either similar or dissimilar beyond our control; provided, however, that such performance shall be resumed within a reasonable time after such cause has been removed.

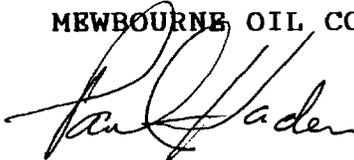
There is no obligation upon Mewbourne to commence a well under the terms of this agreement, and the only penalty for failure to commence such well shall be the forfeiture of Mewbourne's rights hereunder.

- 9) Upon Mewbourne's request, you agree to furnish Mewbourne at not cost whatsoever, all title and land information currently in your files pertaining to the captioned land including but not limited to title opinions, copies of leases, rental receipts, farmout or letter agreements and any gas contract currently in effect as to the captioned land.

Should the above terms meet with your approval, please execute this letter in the space provided and return to the attention of the undersigned within fifteen days from your receipt thereof. Failure to perform this condition renders this agreement voidable at Mewbourne's option.

Sincerely,

MEWBOURNE OIL COMPANY



D. Paul Haden
Landman

The undersigned hereby agrees to farmout its operating rights to Mewbourne Oil Company as proposed above this _____ day of _____, 1994.

TEXACO EXPLORATION AND PRODUCTION, INC.

By: _____

Name typed: _____

Title: _____

MEWBOURNE OIL COMPANY

500 W, TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

February 18, 1994

Texaco Exploration and Production, Inc.
P. O. Box 2100
Denver, Colorado 80201

Attn: Mr. David Sleeper

Re: MOC's Chalk Bluff Draw Prospect
Illinois Camp "20" State #2 Well
S/2 Sec. 20, T18S, R28E
Eddy County, New Mexico

Dear David:

As discussed regarding the captioned well proposed by Mewbourne, Mewbourne would be interested in purchasing or farming in Texaco's interest in the SW/4 of the subject Section 20 in the event Texaco elected not to join in the well. In any event, we would appreciate receiving a decision from Texaco at the earliest possible date regarding Texaco's election.

As I discussed with you, I periodically will check with you regarding Texaco's interest in the captioned as to Mewbourne's well proposal.

Sincerely,

MEWBOURNE OIL COMPANY


D. Paul Haden, CPL
Landman

PH/klc

Follow up

Advised David Sleeper / W Texaco
we would be interested in
purchasing their interest
in lieu of a farmout if
they preferred. He said
he would try and get us
a decision soon at to our
will proposal.

P.H.

2-16-94

Advised Texaco we would
~~be~~ probably set
pooling hearings for 4/14.

Texaco's David Sloop
called this date to see
if we would entertain
a farmout trade with
them. I advised him we would
be interested. I also advised
him we would be pooling
in April or May. He said
they could give us an
answer in about a month.

P.H.

2-10-94

Follow up

Advised David Sleeper / W Texaco
we would be interested in
purchasing their interest
in lieu of a farmout if
they preferred. He said
he would try and get us
a decision soon at to our
will proposal.

P.H.

2-16-94

Advised Texaco we would
~~be going on~~ probably set
pooling hearings for 4/14.

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4 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 below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Texaco Exploration and
Production, Inc.
Attn: David Sleeper
4601 DTC Boulevard
Denver, CO 80237

4a. Article Number

P-175-142-721

4b. Service Type

- | | |
|---|---|
| <input type="checkbox"/> Registered | <input type="checkbox"/> Insured |
| <input checked="" type="checkbox"/> Certified <i>65</i> | <input type="checkbox"/> COD |
| <input type="checkbox"/> Express Mail | <input type="checkbox"/> Return Receipt for Merchandise |

7. Date of Delivery

5. Signature (Addressee)

DM Kasper

6. Signature (Agent)

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3814, December 1991. *U.S. GPO: 1993-352-714

DOMESTIC RETURN RECEIPT

I.C. 20 SF. #2

Thank you for using Return Receipt Service.

P 175 142 721

Receipt for Certified Mail



No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Street and No	<i>Texaco - David Sleeper</i>	
P.O., State and ZIP Code		
Postage	\$	
Certified Fee		
Special Delivery Fee		
Restricted Delivery Fee		
Return Receipt Showing to Whom & Date Delivered		
Return Receipt Showing to Whom, Date, and Addressee's Address		
TOTAL Postage & Fees	\$	
Postmark or Date		

PS Form 3800, June 1991

MEWBOURNE OIL COMPANY

500 W, TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

February 7, 1994

CERTIFIED MAIL - RETURN RECEIPT REQUESTED - P175 142 721

Texaco Exploration and Production, Inc.
P.O. Box 2100
Denver, Colorado 80201

Attn: Mr. David Sleeper

Re: Chalk Bluff Draw Prospect
Illinois Camp "20" State #2 Well
1650' FSL and 990' FEL of
Section 20, T18S, R28E
Eddy County, New Mexico

Gentlemen:

Mewbourne Oil Company (Mewbourne) hereby proposes the drilling of the captioned well to a depth sufficient to adequately test the Morrow formation, anticipated total depth being 10,700'. Furthermore, Mewbourne shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The S/2 of the captioned Section 20 will be dedicated as the proration unit for the well.

This well will be located approximately 1650' FSL & 990' FEL of Section 20-18S-28E, Eddy County, New Mexico. Our AFE dated February 4, 1994 is enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling, testing and completion of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

Upon receipt of your executed AFE or by prior written request we will forward our Joint Operating Agreement for your review and execution.

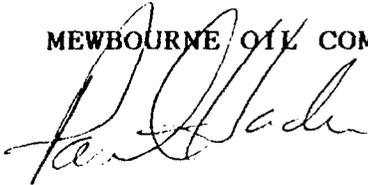
In the event you do not wish to participate, we would welcome the opportunity to acquire your interest under mutually acceptable terms.

Your earliest response to this proposal would be greatly appreciated.

Should you have any questions, please do not hesitate to call.

Sincerely,

MEWBOURNE OIL COMPANY

A handwritten signature in cursive script, appearing to read "D. Paul Haden".

D. Paul Haden
Landman

:encl

DPH: jls



TEXACO EXPLORATION AND PRODUCTION INC.

10000 WEST LOOP SOUTH
SUITE 1000
HOUSTON, TEXAS 77040

PH
RECEIVED 11-20-93

November 16, 1993

NM294808 (State of NM LG-3215)
Section 20: SW/4, T18S, R28E
Eddy County, New Mexico

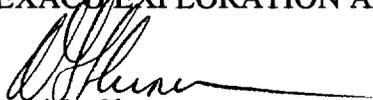
Mewbourne Oil Company
500 W. Texas, Suite 1020
Midland, Texas 79701

Attention: D. Paul Haden

Gentlemen:

Thank you for your purchase offer dated September 9, 1993. We are declining your offer as we are reviewing this area for our own development. Thank you again for your offer.

Very truly yours,
TEXACO EXPLORATION AND PRODUCTION INC.


David L. Sleeper
West Region Land

dls/

Per David Sleeper
w/ Texaco -
they're evaluating our
offer in Midland.

P.H.
9-30-93

MEWBOURNE OIL COMPANY

500 W, TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

September 9, 1993

Texaco Exploration
and Production Inc.
P. O. Box 46555
Denver, Colorado 80201
Attn: Mr. Bill Stiles

Re: State Lease LG-3215-14
Chalk Bluff Draw Prospect
T18S, R28E
Section 20: SW/4 below the
base of the San Andres formation
Eddy County, New Mexico

Gentlemen:

Mewbourne Oil Company (Mewbourne) desires to consolidate its interest in those areas in which it conducts operations.

Records available to us indicate you own 40 net acres under the captioned lands with a 87.5% net revenue interest.

Mewbourne hereby offers you \$150.00 per acre for all of your right, title and interest in the captioned lands and depths subject to the following general terms:

1. Texaco Exploration and Production Inc. (Texaco) to deliver a 25% working interest and a 21.875% net revenue interest to Mewbourne.
2. Texaco agrees to furnish to Mewbourne free of any cost whatsoever, copies of all records and files in its possession covering the captioned lands.
3. This offer is contingent upon Mewbourne's approval of title and form of Assignment.
4. The effective date of this sale will be September 1, 1993.
5. Texaco agrees to convey its interest in the captioned lands to Mewbourne free and clear of all liens, mortgages or encumbrances whatsoever.

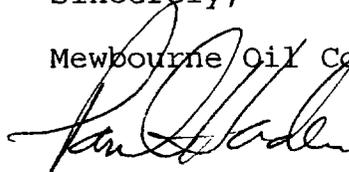
Texaco Exploration
and Production Inc.
September 9, 1993
Page 2

Should the above terms meet with your approval, please so signify by signing in the space provided and return an executed copy of this letter to the undersigned within thirty days from receipt.

Failure to respond within thirty days shall render this offer voidable at Mewbourne's sole discretion.

Sincerely,

Mewbourne Oil Company



D. Paul Haden, CPL
Landman

DPH/klb

AGREED to and accepted this _____ day of _____, 1993.

Texaco Exploration and Production Inc.

By: _____