

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(432) 682-3715
FAX (432) 685-4170

November 6, 2012

VIA OVERNIGHT MAIL

Ard Oil, Ltd.
222 W. 4th Street, #313
Fort Worth, Texas 76102

Elect. due 12-8-30

Re: Proposed Horizontal Bone Spring Test
Tamano "15" AD Fed COM #1-H
Section 15, T-18-S, R-31-E
Eddy County, New Mexico
Tamano Prospect

To whom it may concern:

Pursuant to the terms of that certain Joint Operating Agreement dated July 8, 2003 Mewbourne Oil Company ("Mewbourne") hereby proposes drilling a horizontal 2nd Bone Spring test in Section 15, T-18-S, R-31-E, Eddy County, New Mexico. The well will be called the Tamano "15" AD Fed COM #1-H well and will have a surface location 680' FNL & 180' FEL and a bottom hole location 850' FNL & 330' FWL of said Section 15. We anticipate drilling the well to a depth of approximately 8,500' at the surface location where we will drill horizontally to the west in the 2nd Bone Spring Sand formation to the bottom hole location at an anticipated total measured depth of 13,100'. If successful, a 160 acre "Project Area" will be assigned to the well encompassing the N/2N/2 of Section 15. Based upon our most current title information, Ard Oil, Ltd. as successor in interest to the Edward R. Hudson Trust No. 4 ("Ard") owns an undivided 4.51562% working interest in the anticipated Project Area and proposed well.

Enclosed are duplicate originals of the AFE well cost estimate for this well. To make your election to join you will need to execute both enclosed AFEs on behalf of Ard and return one fully executed AFE to the undersigned. Please note Mewbourne's AFEs provide all participants the opportunity to opt out of the "Extra Cost Control Insurance" that Mewbourne purchases for each well it drills. To opt out of this insurance, please be sure to sign the AFE a second time at the bottom of each AFE. If you choose to opt out of this insurance, you must provide evidence of your own adequate well control insurance.

Oil Conservation Division
Case No. _____
Exhibit No. **3** _____

Ard Oil, Ltd.
Proposed Tamano "15" AD Fed COM #1-H
November 6, 2012
Page 2 of 2

As an alternative to participation, Mewbourne hereby offers \$500.00 per net acre to purchase a 2 year Term Assignment of Ard's 28.899968 net acre interest in said Section 15 less all producing well bores in said Section 15 based upon delivery to Mewbourne of a 78% NRI and use of a mutually acceptable Term Assignment form.

Feel free to contact me if you have any questions or would like to discuss this proposal in greater detail. I can be reached by phone at (432) 682-3715 or via email at ssmith@mewbourne.com.

Sincerely,

MEWBOURNE OIL COMPANY

A handwritten signature in black ink, appearing to read "Steven J. Smith", with a long horizontal flourish extending to the right.

Steven J. Smith
Senior Landman

Attachments



FedEx Shipment 794010674907 Delivered
trackingupdates

to:

ssmith

11/08/2012 09:17 AM

Hide Details

From: trackingupdates@fedex.com

To: ssmith@mewbourne.com

Please respond to trackingmail@fedex.com

This tracking update has been requested by:

Company Name: Mewbourne Oil Company
Name: Steve Smith
E-mail: midland@mewbourne.com

Our records indicate that the following shipment has been delivered:

Reference: Tamano ?15? AD Fed COM #1-H
Ship (P/U) date: Nov 7, 2012
Delivery date: Nov 8, 2012 9:07 AM
Sign for by: C.MUNOZ
Delivery location: FORT WORTH, TX
Delivered to: Residence
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Deliver Weekday
Residential Delivery

Tracking number: 794010674907

Shipper Information	Recipient Information
Steve Smith	Ard Oil
Mewbourne Oil Company	Ard Oil

500 West Texas, Suite 1020
Midland
TX
US
79701

222 W 4TH ST
APT 313
FORT WORTH
TX
US
76102

Please do not respond to this message. This email was sent from an unattended mailbox. This report was generated at approximately 9:11 AM CST on 11/08/2012.

To learn more about FedEx Express, please visit our website at fedex.com.

All weights are estimated.

To track the latest status of your shipment, click on the tracking number above, or visit us at fedex.com.

This tracking update has been sent to you by FedEx on the behalf of the Requestor noted above. FedEx does not validate the authenticity of the requestor and does not validate, guarantee or warrant the authenticity of the request, the requestor's message, or the accuracy of this tracking update. For tracking results and fedex.com's terms of use, go to fedex.com.

Thank you for your business.