



Re: Young "21" WIU

Paul Haden to: mrandle, jmarkroper, amunoz

01/16/2014 03:15 PM

Melissa and Mark , I'll forward you the Operating Agreement to you early next week for execution. Once we have the executed signature and acknowledgment pages and Signed AFE back from you , we will dismiss ya'll from the pooling hearing. Let me know if you have any questions or concerns regarding the Operating Agreement. We appreciate your cooperation in connection with this project.

Paul Haden
Land Department
Mewbourne Oil Company
500 W. Texas Ave., Ste. 1020
Midland, Texas 79701
(432) 682-3715
(432) 685-4170 FAX

Oil Conservation Division
Case No. U 15081
Exhibit No. 1



Young "21" WIU

Glenda Barnett to: amunoz, jmarkroper, mrandle
Bcc: Paul Haden

01/16/2014 02:15 PM

Per Paul Haden's request, attached is Joint Operating Agreement dated January 1, 2014 for the captioned.



Young 21 WIU - JOA.pdf

Glenda Barnett
Land Department
Mewbourne Oil Company
500 W. Texas Ave., Ste. 1020
Midland, TX 79701
(432)682-3715
(432)685-4170 FAX



Re: Young "21" WIU 
Paul Haden to: Munoz, Arturo

01/09/2014 01:37 PM

Thanks Arturo. I'll prepare the Operating Agreement and will send to Mark for consideration and execution and I'll send you a copy of same to review.

Paul Haden
Land Department
Mewbourne Oil Company
500 W. Texas Ave., Ste. 1020
Midland, Texas 79701
(432) 682-3715
(432) 685-4170 FAX

"Munoz, Arturo" J. Mark Roper as President of Roper Operations...

01/09/2014 01:28:14 PM

From: "Munoz, Arturo" <amunoz@reedsmith.com>
To: "phaden@Mewbourne.com" <phaden@Mewbourne.com>
Date: 01/09/2014 01:28 PM
Subject: Re: Young "21" WIU

J. Mark Roper as President of Roper Operations, Inc. General Partner of Roper Family Properties, Ltd.

Address is 2409 Never Bend Cove, Austin, TX 78746.

----- Original Message -----

From: Paul Haden [mailto:phaden@Mewbourne.com]
Sent: Thursday, January 09, 2014 01:12 PM
To: Munoz, Arturo
Subject: RE: Young "21" WIU

Arturo , will do. Who will be signing on behalf of the RFP and in what capacity ?? In the Operating Agreement , what address for the RFP should I use ??

Paul Haden
Land Department
Mewbourne Oil Company
500 W. Texas Ave., Ste. 1020
Midland, Texas 79701
(432) 682-3715
(432) 685-4170 FAX

From: "Munoz, Arturo" <amunoz@reedsmith.com>
To: 'Paul Haden' <phaden@Mewbourne.com>
Date: 01/09/2014 12:47 PM
Subject: RE: Young "21" WIU

Paul,

Thank you. RFP is planning on participating. Could you send me a copy of the operating agreement so that the family can review?

Thank you very much.

--Arturo

-----Original Message-----

From: Paul Haden [mailto:phaden@Mewbourne.com]
Sent: Wednesday, January 08, 2014 8:42 AM
To: Munoz, Arturo
Subject: Re: Young "21" WIU

Arturo , attached FYI is a land plat of the area.

Paul Haden
Land Department
Mewbourne Oil Company
500 W. Texas Ave., Ste. 1020
Midland, Texas 79701
(432) 682-3715
(432) 685-4170 FAX

----- Forwarded by Paul Haden/Mewbourne on 01/08/2014 08:40 AM -----

From: midland@mewbourne.com
To: phaden@mewbourne.com
Date: 01/08/2014 08:38 AM
Subject:

TASKalfa 520i
[00:c0:ee:7a:75:8d]

(See attached file: doc06065020140108093841.pdf)

* * *

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* * *

To ensure compliance with Treasury Department regulations, we inform you that, unless otherwise indicated in writing, any U.S. Federal tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (1) avoiding penalties under the Internal Revenue Code or applicable state and local provisions or (2) promoting, marketing or recommending to another party any tax-related matters addressed herein.



Re: Young "21" WIU
Paul Haden to: amunoz

01/08/2014 08:42 AM

Arturo , attached FYI is a land plat of the area.

Paul Haden
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Mewbourne Oil Company
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Midland, Texas 79701
(432) 682-3715
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— Forwarded by Paul Haden/Mewbourne on 01/08/2014 08:40 AM —

From: midland@mewbourne.com
To: phaden@mewbourne.com
Date: 01/08/2014 08:38 AM
Subject:

TASKalfa 520i
[00:c0:ee:7a:75:8d]



doc06065020140108093841.pdf



RE: Young "21" WIU and Young 21PM Federal Com #1H 
 Paul Haden to: Munoz, Arturo

01/07/2014 05:12 PM

Arturo , the 8.888889% of 200 acres and 2.629630% of 40 acres = 18.829632 net acres. Accordingly the Roper Unit WI is $18.829632/640 = 2.94213\%$.
 This is a 1 Section Working interest Unit. A Section of land = 640 acres. As to your question regarding the proration unit , the proration unit which is nonstandard comprises the S/2S/2 of Section 21 which is 160 acres. I'll send you a land plat of the area tomorrow. Our geological interpretation of this area is proprietary. Of this WIU , we plan on drilling 4 horizontal wells within the Section. If the Ropers joined in the WIU , they would have the opportunity of participating in all 4 of those wells. If they sold us a term assignment , they would have a royalty interest in all 4 of those wells since they own an interest in the W/2W/2.

I hope the above answers your questions. I'll send you the land plat tomorrow. Have a great evening.

Paul Haden
 Land Department
 Mewbourne Oil Company
 500 W. Texas Ave., Ste. 1020
 Midland, Texas 79701
 (432) 682-3715
 (432) 685-4170 FAX

"Munoz, Arturo" Paul, I've reviewed the Mineral and Leasehold T... 01/07/2014 03:29:59 PM

From: "Munoz, Arturo" <amunoz@reedsmith.com>
 To: 'Paul Haden' <phaden@Mewbourne.com>
 Date: 01/07/2014 03:29 PM
 Subject: RE: Young "21" WIU and Young 21PM Federal Com #1H

Paul,

I've reviewed the Mineral and Leasehold Takeoff. I've got two (related) questions which you may be able to help me with. As you noted RFP owns 8.8...% in the W/2W/2 and SE/4NW/4 and 2.6...% in the NE/4NW/4 of Section 21.

- (1) Do you have the calculation which produced 2.94213% for the proposed WIU?
- (2) Do you have a map with an overlay of the proposed WIU?

What I am getting at is this: for us to make an informed decision whether to sell a term assignment of operating rights to Mewbourne or participate in the well, etc. we need to have an idea of why only part of the land in which we have an interest is being made part of the proration unit.

Many thanks,

Arturo

-----Original Message-----

From: Paul Haden [mailto:phaden@Mewbourne.com]
 Sent: Tuesday, January 07, 2014 9:28 AM



RE: Young "21" WIU and Young 21PM Federal Com #1H

Munoz, Arturo

to:

'Paul Haden'

01/07/2014 03:29 PM

Hide Details

From: "Munoz, Arturo" <amunoz@reedsmith.com>

To: 'Paul Haden' <phaden@Mewbourne.com>

Paul,

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- (1) Do you have the calculation which produced 2.94213% for the proposed WIU?
- (2) Do you have a map with an overlay of the proposed WIU?

What I am getting at is this: for us to make an informed decision whether to sell a term assignment of operating rights to Mewbourne or participate in the well, etc. we need to have an idea of why only part of the land in which we have an interest is being made part of the proration unit.

Many thanks,

Arturo

-----Original Message-----

From: Paul Haden [mailto:phaden@Mewbourne.com]

Sent: Tuesday, January 07, 2014 9:28 AM

To: Munoz, Arturo

Cc: jamesbruc@aol.com

Subject: Re: Young "21" WIU and Young 21PM Federal Com #1H

Arturo, in response to your email dated Jan 6, 2014 to Jim Bruce, attached for your information is a copy of our Mineral and Leasehold Takeoff dated Jan 18, 2013 regarding the captioned proposed well and proposed Working Interest Unit (WIU). You will note that the Roper Family owns a 8.888889% interest in the W/2W/2 and SE/4NW/4, being a 200 acre tract of land and the Roper Family owns a 2.629630% leasehold interest in the NE/4NW/4 of Section 21, T18S, R32E, Lea Co., NM. Accordingly, the Roper Family owns 18.829632 net acres which is a 2.94213% unit interest in the captioned proposed WIU and Well. As of this date we do

not have a Drilling Opinion for the proposed WTU but its in the works. Upon availability , I'll send you and Mark Roper a copy of same. As I explained to Mark Roper , we were offering to purchase a Term Assignment of Operating Rights from the Roper Family on the basis of \$1,500 per net acre for a 2 year term providing Mewbourne a 74% net revenue interest , subject to proportionate reduction. However , this offer will be available until Jan. 17, 2014 @ 5:00 P. M. as the pooling hearing is Jan 23, 2014 . This offer is available to the Roper Family in lieu of such interest being force pooled in the event the Roper Family didn't want to join in the proposed WTU and Well. Please let me know if you have any further questions regarding our proposal or Pooling Hearing.

Paul Haden
Land Department
Mewbourne Oil Company
500 W. Texas Ave., Ste. 1020
Midland, Texas 79701
(432) 682-3715
(432) 685-4170 FAX

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Re: Young "21" WIU
Paul Haden to: Munoz, Arturo

01/07/2014 10:36 AM

Arturo , see attachment , sorry I didn't attach it last time. Let me know if you have any questions.

Paul Haden
Land Department
Mewbourne Oil Company
500 W. Texas Ave., Ste. 1020
Midland, Texas 79701
(432) 682-3715
(432) 685-4170 FAX

— Forwarded by Paul Haden/Mewbourne on 01/07/2014 10:34 AM —

From: midland@mewbourne.com
To: phaden@mewbourne.com
Date: 01/07/2014 08:46 AM
Subject:

TASKalfa 520i
[00:c0:ee:7a:75:8d]



doc06056920140107094632.pdf



RE: Young "21" WIU and Young 21PM Federal Com #1H 
Paul Haden to: Munoz, Arturo

01/07/2014 10:33 AM

Will do.

Paul Haden
Land Department
Mewbourne Oil Company
500 W. Texas Ave., Ste. 1020
Midland, Texas 79701
(432) 682-3715
(432) 685-4170 FAX

"Munoz, Arturo" Paul, Thank you for the prompt email. I think the...

01/07/2014 10:19:30 AM

From: "Munoz, Arturo" <amunoz@reedsmith.com>
To: 'Paul Haden' <phaden@Mewbourne.com>
Date: 01/07/2014 10:19 AM
Subject: RE: Young "21" WIU and Young 21PM Federal Com #1H

Paul,

Thank you for the prompt email. I think the attachment didn't make it, would you mind resending?

--Arturo

-----Original Message-----

From: Paul Haden [mailto:phaden@Mewbourne.com]
Sent: Tuesday, January 07, 2014 9:28 AM
To: Munoz, Arturo
Cc: jamesbruc@aol.com
Subject: Re: Young "21" WIU and Young 21PM Federal Com #1H

Arturo , in response to your email dated Jan 6, 2014 to Jim Bruce , attached for your information is a copy of our Mineral and Leasehold Takeoff dated Jan 18, 2013 regarding the captioned proposed well and proposed Working Interest Unit (WIU). You will note that the Roper Family owns a 8.888889% interest in the W/2W/2 and SE/4NW/4 , being a 200 acre tract of land and the Roper Family owns a 2.629630% leasehold interest in the NE/4NW/4 of Section 21 , T18S, R32E , Lea Co. , NM. Accordingly , the Roper Family owns 18.829632 net acres which is a 2.94213% unit interest in the captioned proposed WIU and Well. As of this date we do not have a Drilling Opinion for the proposed WIU but its in the works. Upon availability , I'll send you and Mark Roper a copy of same. As I explained to Mark Roper , we were offering to purchase a Term Assignment of Operating Rights from the Roper Family on the basis of \$1,500 per net acre for a 2 year term providing Mewbourne a 74% net revenue interest , subject to proportionate reduction. However , this offer will be available until Jan. 17, 2014 @ 5:00 P. M. as the pooling hearing is Jan 23, 2014 . This offer is available to the Roper Family in lieu of such interest being force pooled in the event the Roper Family didn't want to join in the proposed WIU and Well. Please let me know if you have any further questions regarding our proposal or Pooling Hearing.

Paul Haden

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* * *

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Re: Roper Family Properties; Compulsory Pooling

jamesbruc

to:

amunoz

01/07/2014 08:35 AM

Cc:

phaden

Hide Details

From: jamesbruc@aol.com

To: amunoz@reedsmith.com

Cc: phaden@Mewbourne.com

Arturo: Insofar as the family's % interest, please contact the landman at Mewbourne, Paul Haden (432-682-3715, or at the above e-mail address).

The unit is non-standard only because we are tacking 4 standard quarter-quarter sections together (per Oil Conservation Division rules) to form a horizontal well unit.

I do not yet have the exhibits we will present at hearing, but will be glad tyo send you those when I get them.

Jim Bruce

-----Original Message-----

From: Munoz, Arturo <amunoz@reedsmith.com>

To: 'jamesbruc@aol.com' <jamesbruc@aol.com>

Sent: Mon, Jan 6, 2014 6:01 pm

Subject: Roper Family Properties; Compulsory Pooling

Mr. Bruce,

I hope that your holidays were good.

Mark Roper on behalf of Roper Family Properties, Ltd. asked me to reach out to you regarding Mewbourne's application before the New Mexico Oil Conservation Division. The family is trying to get some information about this so that we can make an informed decision. Would it be possible for you to forward me the information that Mewbourne intends to present at the hearing so we can review it? In particular we'd like to know why the proration unit is non-standard and how Roper Family Properties' percentage interest was calculated.

Many thanks,

Arturo

Arturo Muñoz Holguin

713.469.3841 (office)/713.204.0623 (cel)

amunoz@reedsmith.com

Reed Smith LLP

811 Main Street

Suite 1700

Houston, TX 77002

713.469.3800

Fax 713.469.3899

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Re: Proposed Young "21" WIU and Proposed Young 21 PM Fed Com #1H Well

Paul Haden to: Mark Roper

12/23/2013 09:19 AM

Mark , we have a letter agreement in place with Dyad regarding our trade with them we are just waiting on a Drilling Title Opinion to finalize our trade with them. The Roper interest and other uncommitted interests will be force pooled at an Examiner's Hearing on Jan 23rd. Accordingly the Roper interest must make their decision prior to that date and commit by executing an agreement evidencing same. Currently the well is scheduled to spud the 1st week in July because of the Prairie Chicken booming period. We are not allowed to drill between March 1st and July 1st because of the booming period. We couldn't get this project ready to drill by March 1st due to title examination and uncommitted interests. Let me know what the Roper interest wants to do asap. Thanks Mark and Happy Holidays !!

Paul Haden
Land Department
Mewbourne Oil Company
500 W. Texas Ave., Ste. 1020
Midland, Texas 79701
(432) 682-3715
(432) 685-4170 FAX

Mark Roper

Paul, I think we will have a consensus by early J...

12/19/2013 01:40:01 PM

From: Mark Roper <jmarkroper@gmail.com>
To: Paul Haden <phaden@mewbourne.com>
Date: 12/19/2013 01:40 PM
Subject: Re: Proposed Young "21" WIU and Proposed Young 21 PM Fed Com #1H Well

Paul,

I think we will have a consensus by early January at the latest, hopefully before year end. Business and family is never easy. Has Mewbourne acquired the interest of Dyad and is the well scheduled to be spudded?

Mark Roper
Frontage Funding LLC
2409 Never Bend Cv
Austin, TX 78746
512-342-8811

On Fri, Oct 25, 2013 at 1:04 PM, Paul Haden <phaden@mewbourne.com> wrote:
That would be great , thanks Mark.

Paul Haden
Land Department
Mewbourne Oil Company
500 W. Texas Ave., Ste. 1020



To: Mark Roper <jmarkroper@gmail.com>
Cc:
Bcc:
Subject: Re: Proposed Young "21" WIU and Proposed Young 21 PM Fed Com #1H Well

That would be great , thanks Mark.

Paul Haden
Land Department
Mewbourne Oil Company
500 W. Texas Ave., Ste. 1020
Midland, Texas 79701
(432) 682-3715
(432) 685-4170 FAX

Mark Roper Paul, The partnership has not reached a consen... 10/25/2013 12:20:19 PM

From: Mark Roper <jmarkroper@gmail.com>
To: Paul Haden <phaden@mewbourne.com>
Cc: Jeanie Cornelius <jeaniecornelius@aol.com>, Patti Elledge <prelledge@aol.com>, Kathleen Roper <kathiroper@gmail.com>
Date: 10/25/2013 12:20 PM
Subject: Re: Proposed Young "21" WIU and Proposed Young 21 PM Fed Com #1H Well

Paul,

The partnership has not reached a consensus regarding your offer. We are currently discussing the various options available to each member of the partnership regarding the Young 21 as well as future investment opportunities. As soon as an we agree on the future course of the partnership, I will contact you to discuss the Young 21 further.

Mark Roper

Mark Roper
Frontage Funding LLC
2409 Never Bend Cv
Austin, TX 78746
512-342-8811

On Thu, Oct 10, 2013 at 2:17 PM, Paul Haden <phaden@mewbourne.com> wrote:

Mark , we're willing to tweak our cash offer to \$1,500/net acre for the Roper interest for a 2 yr term assignment delivering MOC a 74% NRI for the Roper 18.829632 net aces for \$28, 244.45. This offer is available until Oct 17th @ 5:00 P.M. Hope that'll work. Thanks for working with us.

Land Department



Re: Proposed Young "21" WIU and Proposed Young 21 PM Fed Com #1H Well

Paul Haden to: Mark Roper

10/10/2013 02:17 PM

Mark, we're willing to tweak our cash offer to \$1,500/net acre for the Roper interest for a 2 yr term assignment delivering MOC a 74% NRI for the Roper 18.829632 net acres for \$28, 244.45. This offer is available until Oct 17th @ 5:00 P.M. Hope that'll work. Thanks for working with us.

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Midland, Texas 79701
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(432) 685-4170 FAX

Mark Roper

Paul, Sorry for the delay getting back to you. Ac...

10/09/2013 10:42:47 AM

From: Mark Roper <jmarkroper@gmail.com>
To: Paul Haden <phaden@mewbourne.com>
Cc: Patti Elledge <prelledge@aol.com>, Jeanie Cornelius <jeanieecomelius@aol.com>, Kathleen Roper <kathiroper@gmail.com>, "marcus@marcusroper.com" <marcus@marcusroper.com>, "jessica@jessicaroper.com" <jessica@jessicaroper.com>, Kim Roper <kknroper@gmail.com>
Date: 10/09/2013 10:42 AM
Subject: Re: Proposed Young "21" WIU and Proposed Young 21 PM Fed Com #1H Well

Paul,

Sorry for the delay getting back to you. According to the incomplete information provided to me, RFPL was assigned an 8.8889% interest in : a) Section 21: W/2 W/2 and SE/4 and NW/4 containing 200 acres (limited to depths below 5000 feet) (17.77778 net acres); Section 21: E/2 SW/4 containing 80 acres (limited to the Atoka and Morrow Formations) (7.11112 net acres); and Section 21 NE/4 NW/4 containing 40 acres (limited to depths below 6000 feet) (3.55556 net acres). In addition, according to division order provided to me the WI is 75.79558 and the total RI and ORI are 24.20442.

Dyad offered 3.84 times the two year term assignment for an outright assignment. The retained ORI by RFPL was the same under both offers.

Could you please provide by email maps of section 21 indicating the areas covered by RFPL leases and the proposed WIU and the calculations used to determine RFPL undivided interest. In addition it would be helpful if we could reconcile the net number of lease acres owned by RFPL and verify that WRI is 75.79558.

I would like to verify the ownership and finalize the dollars and cents before discussing further with the family and making a recommendation.



Re: Prposed Young "21" WIU and Proposed Young 21 PM Fed Com #1H Well

Paul Haden to: Mark Roper

10/10/2013 10:22 AM

Mark , sorry I was out yesterday. I've already given you the facts known to us as of this date. If Dyad is offering to buy you out @ 3.84 times more than what we are willing to pay , you'd better jump on it if you don't want to participate in the proposed well and WIU. We will be moving forward in getting the initial well drilled which means filing a Compulsory Pooling Application regarding the uncommitted owners. Dyad has apparently worked on this with you for sometime and has come up with zero results. We can not allow this situation to linger any longer as we have scheduled this well to be drilled in early January. Please give us and/or Dyad an answer very soon. We'd very much appreciate your cooperation. Thanks.

Paul Haden
Land Department
Mewbourne Oil Company
500 W. Texas Ave., Ste. 1020
Midland, Texas 79701
(432) 682-3715
(432) 685-4170 FAX

Mark Roper	Paul, Sorry for the delay getting back to you. Ac...	10/09/2013 10:42:47 AM
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From: Mark Roper <jmarkroper@gmail.com>
To: Paul Haden <phaden@mewbourne.com>
Cc: Patti Elledge <prelledge@aol.com>, Jeanie Cornelius <jeanieecornelius@aol.com>, Kathleen Roper <kathiroper@gmail.com>, "marcus@marcusroper.com" <marcus@marcusroper.com>, "jessica@jessicaroper.com" <jessica@jessicaroper.com>, Kim Roper <kknroper@gmail.com>
Date: 10/09/2013 10:42 AM
Subject: Re: Prposed Young "21" WIU and Proposed Young 21 PM Fed Com #1H Well

Paul,

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I would like to verify the ownership and finalize the dollars and cents before discussing further with the family and making a recommendation.

Thanks

Mark
512-342-8811

Mark Roper
Frontage Funding LLC
2409 Never Bend Cv
Austin, TX 78746
512-342-8811

On Tue, Oct 8, 2013 at 3:59 PM, Paul Haden <phaden@mewbourne.com> wrote:
Mark , your info is better than mine , if its a 75.79% NRI then I guess it is. We haven't closed on the Dyad interest yet as we had to see if we could get to a 25%WI in the proposed 640 acre unit. What are the terms that Dyad offered you ??

Paul Haden
Land Department
Mewbourne Oil Company
500 W. Texas Ave., Ste. 1020
Midland, Texas 79701
(432) 682-3715
(432) 685-4170 FAX

From: Mark Roper <jmarkroper@gmail.com>
To: Paul Haden <phaden@mewbourne.com>
Cc: Patti Elledge <prelledge@aol.com>, Kathleen Roper <kathiroper@gmail.com>, Jeanie Cornelius <jeanieecornelius@aol.com>, "marcus@marcusroper.com" <marcus@marcusroper.com>, "jessica@jessicaroper.com" <jessica@jessicaroper.com>, Kim Roper <kknroper@gmail.com>
Date: 10/08/2013 03:23 PM
Subject: Re: Prposed Young "21" WIU and Proposed Young 21 PM Fed Com #1H Well



Re: Proposed Young "21" WIU and Proposed Young 21 PM Fed Com #1H Well

Paul Haden to: Mark Roper

10/08/2013 01:20 PM

Cc: Jeanie Cornelius, "jessica@jessicaroper.com", Kathleen Roper, Kim Roper, "marcus@marcusroper.com", Patti Elledge

Mark, you are correct about the estimated well cost on the AFE for the Roper interest and the cash offer. As the Roper interest has a 2.94213% interest in the unit, the retained ORI would be .0294213% (.0294213 X 1%). The Roper interest currently has a 75% net revenue interest according to our records. Please let me know if our offer is acceptable at your earliest convenience. Let me know if you have any further questions. Thanks
Mark.

Paul Haden
Land Department
Mewbourne Oil Company
500 W. Texas Ave., Ste. 1020
Midland, Texas 79701
(432) 682-3715
(432) 685-4170 FAX

Mark Roper

Paul, It is my desire to finalize Roper Family Pro...

10/08/2013 11:16:39 AM

From: Mark Roper <jmarkroper@gmail.com>
To: Paul Haden <phaden@mewbourne.com>
Cc: Patti Elledge <prelledge@aol.com>, Kathleen Roper <kathiroper@gmail.com>, Jeanie Cornelius <jeanieecornelius@aol.com>, "marcus@marcusroper.com" <marcus@marcusroper.com>, "jessica@jessicaroper.com" <jessica@jessicaroper.com>, Kim Roper <kknroper@gmail.com>
Date: 10/08/2013 11:16 AM
Subject: Re: Proposed Young "21" WIU and Proposed Young 21 PM Fed Com #1H Well

Paul,

It is my desire to finalize Roper Family Properties, Ltd. ("RFPL") decision regarding the Young "21" PM Federal Com #1H Well by this Friday. As you may know, several family members have an interest in these leaseholds. Accordingly reaching a consensus has been challenging. As I understand it, your letter of September 16, 2013 offers two options: a) participate in the drilling of the well on a prorata basis for an approximate cost to RFPL of \$136,058.80 or b) accept a cash payment to RFPL of \$15,063.71 plus an overriding royalty interest equal to the difference between our working interest percentage and 74.00% or approximately a 1.79% ORI for a two year term assignment. It would be appreciated if you could confirm my understanding of your letter before I discuss further with the family.

Mark
512-342-8811

Mark Roper
Frontage Funding LLC
2409 Never Bend Cv



Re: Prposed Young "21" WIU and Proposed Young 21 PM Fed Com #1H Well

Paul Haden to: Mark Roper

10/02/2013 12:07 PM

Mark , there is no relationship between Dyad and Mewbourne. We went to them with this drilling proposal. We are acquiring most of their interest whereby they will be retaining a small working interest to participate with in this proposed Working Interest Unit (WIU) whereby we will be the Operator for all new wells drilled under this Section. We will be drilling multiple horizontal oil wells under this Section. You can either participate with some or none of your interest whereby whatever % you elected not to retain , you would term assign to us as set forth in my letter to you. We anticipate spudding the initial well within 60 days so we need a decision from you soon. Let me know if you have any further questions. Thanks for the response.

Paul Haden
Land Department
Mewbourne Oil Company
500 W. Texas Ave., Ste. 1020
Midland, Texas 79701
(432) 682-3715
(432) 685-4170 FAX

Mark Roper

Mr. Haden, I have been out of the country for tw...

10/02/2013 09:22:39 AM

From: Mark Roper <jmarkroper@gmail.com>
To: Paul Haden <phaden@mewbourne.com>
Cc: Patti Elledge <prelledge@aol.com>, Jeanie Cornelius <jeanieecornelius@aol.com>, Kathleen Roper <kathiroper@gmail.com>, "marcus@marcusroper.com" <marcus@marcusroper.com>, "jessica@jessicaroper.com" <jessica@jessicaroper.com>
Date: 10/02/2013 09:22 AM
Subject: Re: Prposed Young "21" WIU and Proposed Young 21 PM Fed Com #1H Well

Mr. Haden,

I have been out of the country for two weeks. Sorry for the delay in responding. Could you please explain the relationship between Dyad Petroleum and Mewbourne Oil Co, if any regarding this well.

Thanks,

Mark Roper
512-342-8811
Mark Roper
Frontage Funding LLC
2409 Never Bend Cv
Austin, TX 78746
512-342-8811

On Mon, Sep 16, 2013 at 1:41 PM, Paul Haden <phaden@mewbourne.com> wrote:

Mr. Roper , see attached letter with AFE regarding the captioned proposals.
We anticipate drilling the proposed well before year end.
Let me know if you have any questions. Thanks.

Paul Haden
Land Department
Mewbourne Oil Company
500 W. Texas Ave., Ste. 1020
Midland, Texas 79701
[\(432\) 682-3715](tel:(432)682-3715)
[\(432\) 685-4170](tel:(432)685-4170) FAX

----- Forwarded by Paul Haden/Mewbourne on 09/16/2013 01:38 PM -----

From: midland@mewbourne.com
To: phaden@mewbourne.com
Date: 09/16/2013 01:35 PM
Subject:

TASKalfa 520i
[00:c0:ee:7a:75:8d]

(See attached file: doc05337720130916133458.pdf)

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

September 16, 2013

Via Email jmarkroper@gmail.com and
Certified Mail

Roper Family Properties
2409 Never Bend Cove
Austin, Texas 78746

*Roper Family Properties
c/o Frontage Funding LLC
2409 Never Bend Cv.
Austin TX 78746*

Re: Young "21" WIU
Young 21 PM Federal Com #1H Well
297' FSL & 706' FEL (SL)
990' FSL & 330' FWL (BHL)
Section 21, T18S, R32E
Lea County, New Mexico

Dear Mr. Roper:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to form the captioned Working Interest Unit (WIU) covering all of the captioned Section 21 for Bone Spring oil production. Public records indicate Roper Family Properties owns an undivided 2.629630% leasehold interest (1.051852 net acres) in the NE/4NW/4 and a 8.888889% leasehold interest (17.77778 net acres) in the W/2W/2 and SE/4NW/4 of the captioned Section 21. Accordingly, Roper Family Properties owns a 2.94213% unit interest in the captioned proposed WIU as to rights in the Bone Spring formation.

In reference to the above, Mewbourne as Operator hereby proposes to drill the referenced initial well at a surface location 297' FSL & 706' FEL and drill same horizontally to a bottom hole location 990' FSL & 330' FWL of the captioned Section 21 in the Second Bone Spring Sand interval in the Bone Spring formation for oil production. The proposed well will be drilled to a true vertical depth of approximately 9,451 feet beneath the surface in the Bone Spring formation and drilled horizontally therefrom from an easterly direction to a westerly direction in the Second Bone Spring Sand interval for oil production. This well will be drilled to a true measured depth of approximately 13,500 feet with such well being dedicated to the S/2S/2 of the captioned Section 21 as its 160 acre nonstandard proration unit and Project Area.

In reference to the above, enclosed for your signature is our Authorization For Expenditure (AFE) dated September 13, 2013 for the captioned proposed well. Should the Roper Family Properties elect to participate in the captioned proposed well and WIU, please have the AFE signed and returned to me at your very earliest convenience. Upon receipt of same, I'll forward you our Operating Agreement for execution.

Roper Family Properties
Young "21" WIU
September 16, 2013
Page 2 of 2

In the event Roper Family Properties ("Roper") elects not to participate in the proposed well and WIU, Mewbourne hereby offers to purchase a two (2) year Term Assignment of Operating Rights from the Roper's on the basis of \$800 per net acre whereby Roper will deliver Mewbourne a 74% net revenue interest, subject to proportionate reduction.

As Mewbourne anticipates spudding the captioned proposed well within 60 days, your earliest response to our proposal would be greatly appreciated. Please call me at (432) 682-3715 or my email address is phaden@mewbourne.com should you have any questions.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

September 17, 2013

Via Certified Mail

VALCO, LLC
P.O. Box 1090
Roswell, New Mexico 88202

Re: Young "21" WIU
Young 21 PM Federal Com #1H Well
297' FSL & 706' FEL (SL)
990' FSL & 330' FWL (BHL)
Section 21, T18S, R32E
Lea County, New Mexico

Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to form the captioned Working Interest Unit (WIU) covering all of the captioned Section 21 for Bone Spring oil production. Public records indicate VALCO, LLC owns an undivided 0.493044% leasehold interest (0.1972176 net acres) in the NE/4NW/4 of the captioned Section 21 below 6,000 feet to the base of the Strawn formation. Accordingly, you own a 0.03081% unit interest in the captioned proposed WIU as to rights in the Bone Spring formation.

In reference to the above, Mewbourne as Operator hereby proposes to drill the referenced initial well at a surface location 297' FSL & 706' FEL and drill same horizontally to a bottom hole location 990' FSL & 330' FWL of the captioned Section 21 in the Second Bone Spring Sand interval in the Bone Spring formation for oil production. The proposed well will be drilled to a true vertical depth of approximately 9,451 feet beneath the surface in the Bone Spring formation and drilled horizontally therefrom from an easterly direction to a westerly direction in the Second Bone Spring Sand interval for oil production. This well will be drilled to a true measured depth of approximately 13,500 feet with such well being dedicated to the S/2S/2 of the captioned Section 21 as its 160 acre nonstandard proration unit and Project Area.

In reference to the above, enclosed for your signature is our Authorization For Expenditure (AFE) dated September 13, 2013 for the captioned proposed well. Should you elect to participate in the captioned proposed well and WIU, please have the AFE signed and returned to me at your very earliest convenience. Upon receipt of same, I'll forward you our Operating Agreement for execution.

VALCO, LLC
Young "21" WIU
September 17, 2013
Page 2 of 2

In the event you elect not to participate in the proposed well and WIU, Mewbourne hereby offers to purchase a two (2) year Term Assignment of Operating Rights from you on the basis of \$800 per net acre whereby you will deliver Mewbourne a 74% net revenue interest, subject to proportionate reduction.

As Mewbourne anticipates spudding the captioned proposed well within 60 days, your earliest response to our proposal would be greatly appreciated. Please call me at (432) 682-3715 or my email address is phaden@mewbourne.com should you have any questions.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb



Date: September 20, 2013

Simple Certified:

The following is in response to your September 20, 2013 request for delivery information on your Certified Mail™/RRE item number 9414810699945002847848. The delivery record shows that this item was delivered on September 20, 2013 at 10:27 am in ROSWELL, NM 88201. The scanned image of the recipient information is provided below.

Signature of Recipient :

D Goluska
D Goluska

Address of Recipient :

P O 1090
88202

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,
United States Postal Service

EAKO LLC, et al
PO Box 1090
Roswell, NM 88202
Reference #: Young 21 WIU ph

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

September 17, 2013

Via Certified Mail

EAKO, LLC
P.O. Box 1090
Roswell, New Mexico 88202

Re: Young "21" WIU
Young 21 PM Federal Com #1H Well
297' FSL & 706' FEL (SL)
990' FSL & 330' FWL (BHL)
Section 21, T18S, R32E
Lea County, New Mexico

Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to form the captioned Working Interest Unit (WIU) covering all of the captioned Section 21 for Bone Spring oil production. Public records indicate EAKO, LLC an undivided 1.246703% leasehold interest (0.4986812 net acres) in the NE/4NW/4 of the captioned Section 21 below 6,000 feet to the base of the Strawn formation. Accordingly, you own a 0.077918% unit interest in the captioned proposed WIU as to rights in the Bone Spring formation.

In reference to the above, Mewbourne as Operator hereby proposes to drill the referenced initial well at a surface location 297' FSL & 706' FEL and drill same horizontally to a bottom hole location 990' FSL & 330' FWL of the captioned Section 21 in the Second Bone Spring Sand interval in the Bone Spring formation for oil production. The proposed well will be drilled to a true vertical depth of approximately 9,451 feet beneath the surface in the Bone Spring formation and drilled horizontally therefrom from an easterly direction to a westerly direction in the Second Bone Spring Sand interval for oil production. This well will be drilled to a true measured depth of approximately 13,500 feet with such well being dedicated to the S/2S/2 of the captioned Section 21 as its 160 acre nonstandard proration unit and Project Area.

In reference to the above, enclosed for your signature is our Authorization For Expenditure (AFE) dated September 13, 2013 for the captioned proposed well. Should you elect to participate in the captioned proposed well and WIU, please have the AFE signed and returned to me at your very earliest convenience. Upon receipt of same, I'll forward you our Operating Agreement for execution.

EAKO, LLC
Young "21" WIU
September 17, 2013
Page 2 of 2

In the event you elect not to participate in the proposed well and WIU, Mewbourne hereby offers to purchase a two (2) year Term Assignment of Operating Rights from you on the basis of \$800 per net acre whereby you will deliver Mewbourne a 74% net revenue interest, subject to proportionate reduction.

As Mewbourne anticipates spudding the captioned proposed well within 60 days, your earliest response to our proposal would be greatly appreciated. Please call me at (432) 682-3715 or my email address is phaden@mewbourne.com should you have any questions.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb



RE: Young "21" WIU - Walker Interest 
 Paul Haden to: James Korth

12/18/2013 10:04 AM

James , just to give you a heads up , the Walker interest will be subject to being force pooled at an Examiner's Hearing in Santa Fe on Jan 23rd if we haven't come to an agreement by then. Mrs. Walker will be notified of the Hearing. Once we have an executed agreement in hand, the Walker interest will be dismissed from the Hearing.

Paul Haden
 Land Department
 Mewbourne Oil Company
 500 W. Texas Ave., Ste. 1020
 Midland, Texas 79701
 (432) 682-3715
 (432) 685-4170 FAX

James Korth	Paul is there a good time to reach you to discuss...	12/02/2013 11:44:25 AM
-------------	--	------------------------

From: James Korth <jkorth@canteyhanger.com>
 To: Paul Haden <phaden@Mewbourne.com>
 Date: 12/02/2013 11:44 AM
 Subject: RE: Young "21" WIU - Walker Interest

Paul is there a good time to reach you to discuss the Term Assignment?

-----Original Message-----

From: Paul Haden [mailto:phaden@Mewbourne.com]
 Sent: Thursday, October 03, 2013 10:44 AM
 To: James Korth
 Subject: Re: Young "21" WIU - Walker Interest

James , attached for your information is a copy of our proposed term assignment regarding the Walker Trust's 6.25% interest (2 1/2 net acres) in the NE/4NW/4 of Sec 21as to Bone Spring rights. Please let me know asap what the Trust wants to do , either participate as to its WI or term assign in lieu of participation. I'd appreciate it , thanks.

Paul Haden
 Land Department
 Mewbourne Oil Company
 500 W. Texas Ave., Ste. 1020
 Midland, Texas 79701
 (432) 682-3715
 (432) 685-4170 FAX

----- Forwarded by Paul Haden/Mewbourne on 10/03/2013 10:33 AM. -----

From: midland@mewbourne.com
 To: phaden@mewbourne.com
 Date: 10/03/2013 10:29 AM
 Subject:

TASKalfa 520i
[00:c0:ee:7a:75:8d]

(See attached file: doc05477520131003102758.pdf)
[attachment "doc05477520131003102758.pdf" deleted by Paul Haden/Mewbourne]

Date: September 24, 2013

Simple Certified:

The following is in response to your September 24, 2013 request for delivery information on your Certified Mail™/RRE item number 9414810699945002847978. The delivery record shows that this item was delivered on September 23, 2013 at 2:43 pm in FORT WORTH, TX 76107. The scanned image of the recipient information is provided below.

Signature of Recipient :

Delivery Section

✓ JO ANN WALKER

Address of Recipient :

2108 Fountain Square

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,
United States Postal Service

JoAnn Walker, Trustee
2108 FOUNTAIN SQUARE DR
FORT WORTH, TX 76107
Reference #: Young 21 WIU ph

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

September 17, 2013

Via Certified Mail

JoAnn Walker, Trustee
2108 Fountain Square
Fort Worth, Texas 76107

James
(817) 877-2897

Re: Young "21" WIU
Young 21 PM Federal Com #1H Well
297' FSL & 706' FEL (SL)
990' FSL & 330' FWL (BHL)
Section 21, T18S, R32E
Lea County, New Mexico

Dear Mrs. Walker:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to form the captioned Working Interest Unit (WIU) covering all of the captioned Section 21 for Bone Spring oil production. Public records indicate the Marital Deduction QTIP Trust u/w/o C. Daniel Walker, Deceased ("the Trust") owns an undivided 6.25% leasehold interest (2.5 net acres) in the NE/4NW/4 of the captioned Section 21 below 6,000 feet to the base of the Strawn formation. Accordingly, the Trust owns a 0.39063% unit interest in the captioned proposed WIU as to rights in the Bone Spring formation.

In reference to the above, Mewbourne as Operator hereby proposes to drill the referenced initial well at a surface location 297' FSL & 706' FEL and drill same horizontally to a bottom hole location 990' FSL & 330' FWL of the captioned Section 21 in the Second Bone Spring Sand interval in the Bone Spring formation for oil production. The proposed well will be drilled to a true vertical depth of approximately 9,451 feet beneath the surface in the Bone Spring formation and drilled horizontally therefrom from an easterly direction to a westerly direction in the Second Bone Spring Sand interval for oil production. This well will be drilled to a true measured depth of approximately 13,500 feet with such well being dedicated to the S/2S/2 of the captioned Section 21 as its 160 acre nonstandard proration unit and Project Area.

In reference to the above, enclosed for your signature is our Authorization For Expenditure (AFE) dated September 13, 2013 for the captioned proposed well. Should you elect to participate in the captioned proposed well and WIU, please have the AFE signed and returned to me at your very earliest convenience. Upon receipt of same, I'll forward you our Operating Agreement for execution.

JoAnn Walker, Trustee
Young "21" WIU
September 17, 2013
Page 2 of 2

In the event you elect not to participate in the proposed well and WIU, Mewbourne hereby offers to purchase a two (2) year Term Assignment of Operating Rights from you on the basis of \$800 per net acre whereby you will deliver Mewbourne a 74% net revenue interest, subject to proportionate reduction.

As Mewbourne anticipates spudding the captioned proposed well within 60 days, your earliest response to our proposal would be greatly appreciated. Please call me at (432) 682-3715 or my email address is phaden@mewbourne.com should you have any questions.

Sincerely yours,

MEWBOURNE OIL COMPANY

A handwritten signature in black ink, appearing to read "D. Paul Haden", written in a cursive style.

D. Paul Haden
Senior Landman

DPH/gb



Re: Young "21" WIU

Paul Haden to: mrandle, jmarkroper, amunoz

01/16/2014 03:15 PM

Melissa and Mark , I'll forward you the Operating Agreement to you early next week for execution. Once we have the executed signature and acknowledgment pages and Signed AFE back from you , we will dismiss ya'll from the pooling hearing. Let me know if you have any questions or concerns regarding the Operating Agreement. We appreciate your cooperation in connection with this project.

Paul Haden
Land Department
Mewbourne Oil Company
500 W. Texas Ave., Ste. 1020
Midland, Texas 79701
(432) 682-3715
(432) 685-4170 FAX



Young "21" WIU

Glenda Barnett to: amunoz, jmarkroper, mrandle
Bcc: Paul Haden

01/16/2014 02:15 PM

Per Paul Haden's request, attached is Joint Operating Agreement dated January 1, 2014 for the captioned.



Young 21 WIU - JOA.pdf

Glenda Barnett
Land Department
Mewbourne Oil Company
500 W. Texas Ave., Ste. 1020
Midland, TX 79701
(432)682-3715
(432)685-4170 FAX

Date: September 20, 2013

Simple Certified:

The following is in response to your September 20, 2013 request for delivery information on your Certified Mail™/RRE item number 9414810699945002847893. The delivery record shows that this item was delivered on September 20, 2013 at 10:17 am in ROSWELL, NM 88201. The scanned image of the recipient information is provided below.

Signature of Recipient :

Sally Terry
Sally Terry

Address of Recipient :

PO BOX 1933

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,

United States Postal Service

Melissa Randle
Harvey E Yates Co et al
PO BOX 1933
Roswell, NM 88202
Reference #: Young 21 WIU ph

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

September 17, 2013

Via Certified Mail

Harvey E. Yates Company
P.O. Box 1933
Roswell, New Mexico 88202
Attn: Melissa Randle

Re: Young "21" WIU
Young 21 PM Federal Com #1H Well
297' FSL & 706' FEL (SL)
990' FSL & 330' FWL (BHL)
Section 21, T18S, R32E
Lea County, New Mexico

Dear Melissa:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to form the captioned Working Interest Unit (WIU) covering all of the captioned Section 21 for Bone Spring oil production. Public records indicate Harvey E. Yates Company ("HEYCO") owns an undivided 34.389115% leasehold interest in the NE/4NW/4 of the captioned Section 21 below 6,000 feet. Accordingly, HEYCO owns a 2.14932% unit interest in the captioned proposed WIU as to rights in the Bone Spring formation.

In reference to the above, Mewbourne as Operator hereby proposes to drill the referenced initial well at a surface location 297' FSL & 706' FEL and drill same horizontally to a bottom hole location 990' FSL & 330' FWL of the captioned Section 21 in the Second Bone Spring Sand interval in the Bone Spring formation for oil production. The proposed well will be drilled to a true vertical depth of approximately 9,451 feet beneath the surface in the Bone Spring formation and drilled horizontally therefrom from an easterly direction to a westerly direction in the Second Bone Spring Sand interval for oil production. This well will be drilled to a true measured depth of approximately 13,500 feet with such well being dedicated to the S/2S/2 of the captioned Section 21 as its 160 acre nonstandard proration unit and Project Area.

In reference to the above, enclosed for HEYCO's signature is our Authorization For Expenditure (AFE) dated September 13, 2013 for the captioned proposed well. Should HEYCO elect to participate in the captioned proposed well and WIU, please have the AFE signed and returned to me at your very earliest convenience. I'll forward you our Operating Agreement for execution within the next week regarding the proposed WIU.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

September 17, 2013

Via Certified Mail

Explorers Petroleum Corporation
P.O. Box 1933
Roswell, New Mexico 88202
Attn: Melissa Randale

Re: Young "21" WIU
Young 21 PM Federal Com #1H Well
297' FSL & 706' FEL (SL)
990' FSL & 330' FWL (BHL)
Section 21, T18S, R32E
Lea County, New Mexico

Dear Melissa:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to form the captioned Working Interest Unit (WIU) covering all of the captioned Section 21 for Bone Spring oil production. Public records indicate Explorers Petroleum Corporation ("Explorers") owns an undivided 0.695898% leasehold interest in the NE/4NW/4 of the captioned Section 21 below 6,000 feet. Accordingly, Explorers owns a 0.003312% unit interest in the captioned proposed WIU as to rights in the Bone Spring formation.

In reference to the above, Mewbourne as Operator hereby proposes to drill the referenced initial well at a surface location 297' FSL & 706' FEL and drill same horizontally to a bottom hole location 990' FSL & 330' FWL of the captioned Section 21 in the Second Bone Spring Sand interval in the Bone Spring formation for oil production. The proposed well will be drilled to a true vertical depth of approximately 9,451 feet beneath the surface in the Bone Spring formation and drilled horizontally therefrom from an easterly direction to a westerly direction in the Second Bone Spring Sand interval for oil production. This well will be drilled to a true measured depth of approximately 13,500 feet with such well being dedicated to the S/2S/2 of the captioned Section 21 as its 160 acre nonstandard proration unit and Project Area.

In reference to the above, enclosed for Explorers signature is our Authorization For Expenditure (AFE) dated September 13, 2013 for the captioned proposed well. Should Explorers elect to participate in the captioned proposed well and WIU, please have the AFE signed and returned to me at your very earliest convenience. I'll forward you our Operating Agreement for execution within the next week regarding the proposed WIU.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

September 17, 2013

Via Certified Mail

Spiral, Inc.
P.O. Box 1933
Roswell, New Mexico 88202
Attn: Melissa Randle

Re: Young "21" WIU
Young 21 PM Federal Com #1H Well
297' FSL & 706' FEL (SL)
990' FSL & 330' FWL (BHL)
Section 21, T18S, R32E
Lea County, New Mexico

Dear Melissa:

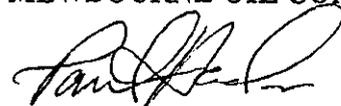
Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to form the captioned Working Interest Unit (WIU) covering all of the captioned Section 21 for Bone Spring oil production. Public records indicate Spiral, Inc. owns an undivided 0.053006% leasehold interest in the NE/4NW/4 of the captioned Section 21 below 6,000 feet. Accordingly, Spiral, Inc. owns a 0.003312% unit interest in the captioned proposed WIU as to rights in the Bone Spring formation.

In reference to the above, Mewbourne as Operator hereby proposes to drill the referenced initial well at a surface location 297' FSL & 706' FEL and drill same horizontally to a bottom hole location 990' FSL & 330' FWL of the captioned Section 21 in the Second Bone Spring Sand interval in the Bone Spring formation for oil production. The proposed well will be drilled to a true vertical depth of approximately 9,451 feet beneath the surface in the Bone Spring formation and drilled horizontally therefrom from an easterly direction to a westerly direction in the Second Bone Spring Sand interval for oil production. This well will be drilled to a true measured depth of approximately 13,500 feet with such well being dedicated to the S/2S/2 of the captioned Section 21 as its 160 acre nonstandard proration unit and Project Area.

In reference to the above, enclosed for Spiral Inc.'s signature is our Authorization For Expenditure (AFE) dated September 13, 2013 for the captioned proposed well. Should Spiral, Inc. elect to participate in the captioned proposed well and WIU, please have the AFE signed and returned to me at your very earliest convenience. I'll forward you our Operating Agreement for execution within the next week regarding the proposed WIU.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb