

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

July 3, 2008

Certified Mail-Return Receipt No. 3970

Chevron U.S.A. Inc.
Attn: Ms. Stephanie Magers
P.O. Box 36366
Houston, Texas 77236-6366

Re: Proposed Morrow Test
Paloma "21" Fed COM #1
1,980' FSL & 660' FWL,
Section 21, T-20-S, R-36-E
Lea County, New Mexico
Paloma Prospect

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne") hereby proposes drilling an 11,500' Morrow test at a location 1,980' FSL & 660' FWL of Section 21, T-20-S, R-36-E, Lea County, New Mexico to be called the Paloma "21" Fed COM #1 well. Assuming a successful completion in the Morrow, a 640 acre communitized spacing unit would be required under the North Osudo-Morrow Pool Rules. Accordingly, Mewbourne also hereby proposed the formation of a 640 acre working interest unit covering all of said Section 21. Based upon our most current title information Chevron USA Inc. ("Chevron") appears to own a 25.0% interest in Federal Lease NM-89873 insofar as it covers the SE/4NW/4, S/2NE/4 and S/2 of said Section 21. Assuming our information is correct, Chevron would have a 17.1875% interest in the proposed well and working interest unit.

Enclosed is an AAPL 1989 Model Form JOA covering all of Section 21, an extra set of signature pages to the JOA along with duplicate AFE well cost estimates for this well. If Chevron would like to participate in the formation of the proposed working interest unit and the drilling of the proposed well, please sign and return the extra set of signature pages to the JOA along with one of the enclosed AFE well cost estimates. Should Chevron choose not to participate, Mewbourne hereby offers to take a Term Assignment covering all of Chevron's interest in Federal Lease NM-89873 insofar as it covers the SE/4NW/4, S/2NE/4 and S/2 of Section 21, T-20-S, R-36-E, Lea County, New Mexico based upon the following terms and conditions:

1. \$300.00 per net acre bonus consideration;
2. 18 month primary term with 120 day continuous development option;
3. Delivery to Mewbourne of a 75% net revenue interest allowing Chevron to reserve as an overriding royalty the difference by which 25% exceeds existing lease burdens;

Oil Conservation Division
Case No. 30
Exhibit No. 30

Chevron USA Inc.
Proposed Paloma 21 Fed COM #1
Section 21, T20S, R36E
July 3, 2008
Page 2 of 2

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

Enclosures

MEWBOURNE OIL COMPANY

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MIDLAND, TEXAS 79701

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July 3, 2008

Certified Mail-Return Receipt No. 3987

ConocoPhillips Company
Attn: Mr. Tom J. Scarbrough
600 N. Dairy Ashford Street
3WL-14066
Houston, Texas 77079-1100

Re: Proposed Morrow Test
Paloma "21" Fed COM #1
1,980' FSL & 660' FWL,
Section 21, T-20-S, R-36-E
Lea County, New Mexico
Paloma Prospect

Gentlemen:

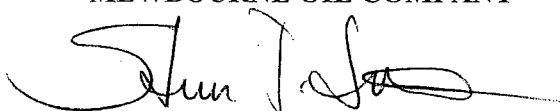
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Enclosed is an AAPL 1989 Model Form JOA covering all of Section 21, an extra set of signature pages to the JOA and duplicate AFE well cost estimates for this well. If ConocoPhillips would like to participate in the formation of the proposed working interest unit and the drilling of the proposed well, please sign and return the extra set of signature pages to the JOA along with one of the enclosed AFE well cost estimates. Should ConocoPhillips choose not to participate, Mewbourne would consider trading for your interest in Section 21 under mutually acceptable terms.

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



Steven J. Smith
Senior Landman

Enclosures

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July 3, 2008

Certified Mail-Return Receipt No. 3956

Mr. Richard K. Barr
P.O. Box 847
Boerne, Texas 78006

Re: Proposed Morrow Test
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Section 21, T-20-S, R-36-E
Lea County, New Mexico
Paloma Prospect

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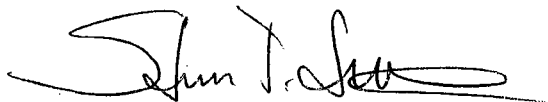
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Enclosed is an AAPL 1989 Model Form JOA covering all of Section 21, an extra set of signature pages to the JOA and duplicate AFE well cost estimates for this well. If you would like to participate in the formation of the proposed working interest unit and the drilling of the proposed well, please sign and return the extra set of signature pages to the JOA along with one of the enclosed AFE well cost estimates. If you choose not to participate, Mewbourne would consider trading for your interest under mutually acceptable terms.

Feel free to call me if you have any questions or would like to discuss this proposal in greater detail. My phone number is (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY



Steven J. Smith
Senior Landman

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500 W. TEXAS, SUITE 1020
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July 3, 2008

Certified Mail-Return Receipt No. 3994

Mr. Scott E. Wilson
4601 Mirador Dr.
Austin, Texas 78735-1554

Re: Proposed Morrow Test
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Section 21, T-20-S, R-36-E
Lea County, New Mexico
Paloma Prospect

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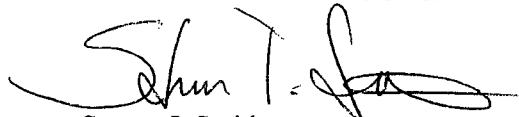
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Feel free to call me if you have any questions or would like to discuss this proposal in greater detail. My phone number is (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY



Steven J. Smith
Senior Landman

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July 3, 2008

Certified Mail-Return Receipt No. 3963

Chesapeake Exploration, LLC
Attn: Mr. Kevin Pfister
P.O. Box 18496
Oklahoma City, Oklahoma 73154-0496

Re: Proposed Morrow Test
Paloma "21" Fed COM #1
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Section 21, T-20-S, R-36-E
Lea County, New Mexico
Paloma Prospect

Gentlemen:

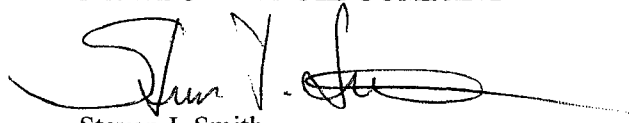
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Feel free to call me if you have any questions or would like to discuss this proposal in greater detail. My phone number is (432) 682-3715.

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MEWBOURNE OIL COMPANY


Steven J. Smith
Senior Landman

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July 3, 2008

Certified Mail-Return Receipt No. 3949

Apache Corporation
Attn: Ms. Michelle L. Hanson
6120 S. Yale Avenue, Suite 1500
Tulsa, Oklahoma 74136-4231

Re: Proposed Morrow Test
Paloma "21" Fed COM #1
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Section 21, T-20-S, R-36-E
Lea County, New Mexico
Paloma Prospect

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Sincerely,

MEWBOURNE OIL COMPANY



Steven J. Smith
Senior Landman

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**MEWBOURNE OIL COMPANY
AUTHORIZATION FOR EXPENDITURE**

Prospect: Paloma 21 Well Name & No: Paloma 21 Federal Com #1
 Field: _____ Location: 1980' FSL & 660' FWL
 Section: 21 Block: _____ Survey: _____ Township: 20S Range: 36E
 County: Lea ST: NM Proposed Depth: 11,500'

DESCRIPTION		Cost To Casing Point AFE NO.	Completion Cost AFE NO.
INTANGIBLE COST 180			
300	Permits and Surveys	\$1,500	\$1,500
301	Location, Roads and Site Preparation includes pit restoration	\$160,000	\$2,000
302	Footage or Turnkey Drilling		
303	Day Work 43 days @ \$16,000/day/2 days comp	\$729,300	\$34,000
304	Fuel	\$95,000	\$1,000
305	Completion / Workover Rig		\$12,000
306	Mud and Chemicals	\$100,000	\$2,000
307	Cementing	\$65,000	\$16,000
308	Logging, Wireline and Coring Services	\$25,000	\$15,000
309	Casing, Tubing & Snubbing Services	\$20,000	\$12,000
310	Mud Logging 25 days @ \$1000/day	\$25,000	
311	Testing	\$1,500	\$5,000
312	Treating 70Q Binary + 70K IP		\$175,000
313	Water & Other	\$100,000	\$4,000
314	Bits 1-17 1/2", 1-12 1/4", 3- 8 3/4" 2- 6 1/8"	\$65,000	\$1,500
315	Inspection & Repair Services	\$8,000	\$1,000
316	Misc. Air and Pumping Services Jet hole	\$10,000	\$12,000
320	Rig Mobilization & Transportation	\$87,000	\$2,500
321	Welding and Construction	\$4,000	\$5,500
322	Engineering & Contract Supervision	\$30,000	\$2,000
330	Equipment Rental	\$95,000	\$3,500
334	Well / Lease Legal	\$10,000	\$2,500
335	Well / Lease Insurance	\$8,100	
350	Intangible Supplies	\$1,000	\$1,000
355	Damages	\$10,000	
360	Pipeline and Electrical ROW and Easements		\$6,000
367	Pipeline Interconnect		
375	Company Supervision	\$35,000	\$15,000
380	Overhead Fixed Rate	\$9,000	\$6,000
398	Well Abandonment	\$15,000	(\$15,000)
399	Contingencies 10% / 5%	\$170,900	\$16,200
Total Intangibles		\$1,880,300	\$339,200
TANGIBLE COST 181			
797	Conductor Casing 40' of 20" (included in location cost)		
797	Surface Casing 500' 13-3/8" 48# H40 ST&C @ \$62.54/ft	\$19,900	
797	Intermediate Casing 3500' 9-5/8" 40# HCK55/N80 LT&C @ \$53.00/ft	\$185,600	
797	Intermediate Casing 10,500' 7" 26# P110 LTC @ \$44.52/ft	\$467,500	
797	Production Casing 11,500' 4 1/2" 11.6# P110 LT&C @ \$20.14/ft		\$231,600
798	Tubing 11,000' 2 3/8" 4.7# N80 EUE 8rd @ \$7.36/ft		\$81,000
860	Drilling Head	\$20,000	
870	Tubing Head & Upper Section		\$12,000
875	Sucker Rods		
880	Packer Pump & Subsurface Equipment		
884	Artificial Lift Systems		
885	Pumping Unit		
886	Surface Pumps & Prime Movers		
890	Tanks - Steel		\$19,000
891	Tanks - Other		\$7,500
895	Separation Equipment		\$25,000
896	Gas Treating Equipment		
898	Metering Equipment		\$6,000
900	Line Pipe - Gas Gathering and Transportation		\$40,000
901	Line Pipe - Production		\$1,500
906	Miscellaneous Fittings, Valves & Accessories		\$15,000
909	Electrical Installations		
910	Production Equipment Installation		\$20,000
920	Pipeline Construction		\$40,000
Prepared by: F. Lathan Date Prepared: 6/30/2008 Total Tangibles		\$693,000	\$498,600
Company Approval: <u>M. Whitte</u> Date Approved: 7/1/2008 SUBTOTAL		\$2,573,300	\$837,800
Joint Owner Interest: 17.18750% Joint Owner Amount: \$586,282.81 TOTAL WELL COST		\$3,411,100	

Joint Owner: Apache Corporation Joint Owner Approval: _____

Operator has secured Operator's Extra Expense Insurance covering costs of well control, clean up, and redrilling, as estimated in Line Item 335.
 Non-operator may elect not to be covered by this Operator's Extra Expense Insurance only by signing below. The undersigned elects not to be covered by Operator's Extra Expense Insurance for their well.

By: _____ Name: _____