

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

August 1, 2008

Certified Mail-Return Receipt No. 3992

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
660' FSL & 660' FWL,
Section 21, T-20-S, R-36-E
Lea County, New Mexico
Paloma Prospect

Ladies and Gentlemen:

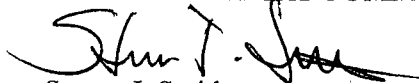
Referencing my letter dated July 3, 2008 wherein Mewbourne Oil Company ("Mewbourne") proposed drilling an 11,500' Morrow test at a location 1,980' FSL & 660' FWL of Section 21, T-20-S, R-36-E, Lea County, New Mexico to be called the Paloma "21" Fed COM #1 well. This letter is to advise that, based upon new geological information, Mewbourne hereby proposes moving the location of this well back to a location 660' FSL & 660' FWL of said Section 21 which is the original location at which this well was first proposed to you by letter dated December 18, 2007. In all other regards, Mewbourne's proposal to drill this well remains unchanged.

Enclosed is a revised page 5 to the JOA dated July 1, 2008 covering all of Section 21 that was sent to you with my July 3rd letter and duplicate AFE well cost estimates for this well all of which reflect the location change. 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

Enclosures

Oil Conservation Division

Case No. 3D
Exhibit No. 3D

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

August 1, 2008

Certified Mail-Return Receipt No.4005

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
660' FSL & 660' FWL,
Section 21, T-20-S, R-36-E
Lea County, New Mexico
Paloma Prospect

Gentlemen:

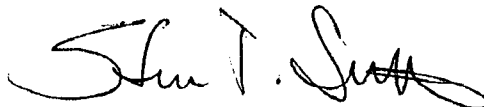
Referencing my letter dated July 3, 2008 wherein Mewbourne Oil Company ("Mewbourne") proposed drilling an 11,500' Morrow test at a location 1,980' FSL & 660' FWL of Section 21, T-20-S, R-36-E, Lea County, New Mexico to be called the Paloma "21" Fed COM #1 well. This letter is to advise that, based upon new geological information, Mewbourne hereby proposes moving the location of this well back to a location 660' FSL & 660' FWL of said Section 21 which is the original location at which this well was first proposed to you by letter dated December 18, 2007. In all other regards, Mewbourne's proposal to drill this well remains unchanged.

Enclosed is a revised page 5 to the JOA dated July 1, 2008 covering all of Section 21 that was sent to you with my July 3rd letter and duplicate AFE well cost estimates for this well all of which reflect the location change. 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

Enclosures

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

August 1, 2008

Certified Mail-Return Receipt No. 3978

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

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

Gentlemen:

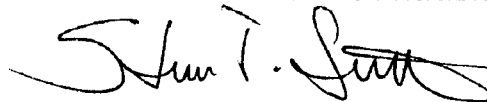
Referencing my letter dated July 3, 2008 wherein Mewbourne Oil Company ("Mewbourne") proposed drilling an 11,500' Morrow test at a location 1,980' FSL & 660' FWL of Section 21, T-20-S, R-36-E, Lea County, New Mexico to be called the Paloma "21" Fed COM #1 well. This letter is to advise that, based upon new geological information, Mewbourne hereby proposes moving the location of this well back to a location 660' FSL & 660' FWL of said Section 21 which is the original location at which this well was first proposed to you by letter dated December 18, 2007. In all other regards, Mewbourne's proposal to drill this well remains unchanged.

Enclosed is a revised page 5 to the JOA dated July 1, 2008 covering all of Section 21 that was sent to you with my July 3rd letter and duplicate AFE well cost estimates for this well all of which reflect the location change. 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

Enclosures

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

August 1, 2008

Certified Mail-Return Receipt No.4029

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

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

Gentlemen:

Referencing my letter dated July 3, 2008 wherein Mewbourne Oil Company ("Mewbourne") proposed 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. This letter is to advise that, based upon new geological information, Mewbourne hereby proposes moving the location of this well back to a location 660' FSL & 660' FWL of said Section 21 which is the original location at which this well was first proposed to you by letter dated December 18, 2007. In all other regards, Mewbourne's proposal to drill this well remains unchanged.

Enclosed is a revised page 5 to the JOA dated July 1, 2008 covering all of Section 21 that was sent to you with my July 3rd letter and duplicate AFE well cost estimates for this well all of which reflect the location change. 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

Enclosures

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

August 1, 2008

Certified Mail-Return Receipt No. 3985

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
660' FSL & 660' FWL,
Section 21, T-20-S, R-36-E
Lea County, New Mexico
Paloma Prospect

Gentlemen:

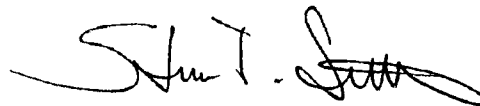
Referencing my letter dated July 3, 2008 wherein Mewbourne Oil Company ("Mewbourne") proposed drilling an 11,500' Morrow test at a location 1,980' FSL & 660' FWL of Section 21, T-20-S, R-36-E, Lea County, New Mexico to be called the Paloma "21" Fed COM #1 well. This letter is to advise that, based upon new geological information, Mewbourne hereby proposes moving the location of this well back to a location 660' FSL & 660' FWL of said Section 21 which is the original location at which this well was first proposed to you by letter dated December 18, 2007. In all other regards, Mewbourne's proposal to drill this well remains unchanged.

Enclosed is a revised page 5 to the JOA dated July 1, 2008 covering all of Section 21 that was sent to you with my July 3rd letter and duplicate AFE well cost estimates for this well all of which reflect the location change. 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

Enclosures

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

August 1, 2008

Certified Mail-Return Receipt No. 3961

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
660' FSL & 660' FWL,
Section 21, T-20-S, R-36-E
Lea County, New Mexico
Paloma Prospect

Ladies and Gentlemen:

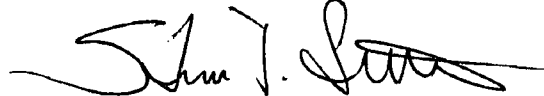
Referencing my letter dated July 3, 2008 wherein Mewbourne Oil Company ("Mewbourne") proposed drilling an 11,500' Morrow test at a location 1,980' FSL & 660' FWL of Section 21, T-20-S, R-36-E, Lea County, New Mexico to be called the Paloma "21" Fed COM #1 well. This letter is to advise that, based upon new geological information, Mewbourne hereby proposes moving the location of this well back to a location 660' FSL & 660' FWL of said Section 21 which is the original location at which this well was first proposed to you by letter dated December 18, 2007. In all other regards, Mewbourne's proposal to drill this well remains unchanged.

Enclosed is a revised page 5 to the JOA dated July 1, 2008 covering all of Section 21 that was sent to you with my July 3rd letter and duplicate AFE well cost estimates for this well all of which reflect the location change. 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

Enclosures

**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		
888	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: <i>m. whitte</i> Date Approved: 7/1/2008 SUBTOTAL		\$2,573,300	\$837,800
Joint Owner Interest: 17.1875% 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 the 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: _____