

**Summary of Communications**  
**Spyglass "17" Federal No. 1H**

**Yates Energy Corporation**

- 1) Mailed well proposal letter with AFE via certified mail dated 6-21-2010.
- 2) Received green card signed by Cynthia Landfar.
- 3) Received email dated 6-29-2010 from Judaun Prichard with Yates Energy Corporation requesting an Operating Agreement to review.
- 4) 7-02-2010, emailed Judaun Prichard back with an Operating Agreement attached.
- 5) Also, mailed Operating Agreement by letter dated 7-7-2010.
- 6) 7-19-2010, emailed Judaun Prichard to give notice of the compulsory pooling application.
- 7) 8-9-2010, emailed Judaun Prichard to check the status of our well proposal.
- 8) 8-10-2010, Russell Hall, in favor of Yates Energy, called to discuss our Spyglass 17 Prospect. I was not in the office, so he left a message to call him back.
- 9) 8-11-2010, called Russell Hall back and answered his questions regarding the Spyglass 17 Prospect. He wanted to know Yates' NRI so he could run economics on our proposed well.

**Harvey E. Yates Company;**  
**Explorers Petroleum Corp.;**  
**and Spiral, Inc.**

- 1) Mailed well proposal letter with AFE via certified mail dated 6-21-2010.
- 2) Received green card signed by Sally Posey.
- 3) 7-2-2010, emailed Melissa Randle with HEYCO an Operating Agreement for their review.
- 4) Also mailed Operating Agreement by letter dated 7-7-2010.
- 5) Received email dated 7-14-2010 from Melissa Randle with HEYCO stating they are processing our AFE and will get back with me with their decision to participate or not to participate.
- 6) 7-19-2010, emailed Melissa Randle to give notice of the compulsory pooling application.
- 7) Received email dated 7-22-2010 from Melissa Randle offering to give Mewbourne a Term Assignment covering HEYCO, Spiral and Explorers interest.
- 8) 7-23-2010, emailed Melissa Randle back regarding terms associated with the proposed Term Assignment.
- 9) Received email dated 7-30-2010 from Melissa Randle regarding terms associated with the proposed Term Assignment.
- 10) 8-9-2010, emailed Melissa Randle accepting the offered terms to the Term Assignment.
- 11) Received email dated 8-11-2010 from Melissa Randle stating she is reviewing the proposed Term Assignment form.
- 12) Received email dated 8-13-2010 from Melissa Randle stating they would rather use their form of Term Assignment and she will email a rough draft on 8-16.

**Moore & Shelton Co., Ltd.**

- 1) Paul Haden mailed well proposal letter with AFE via certified mail dated 5-10-2010. Offered to acquire a Term Assignment in the event Moore & Shelton Co., Ltd. elected not to participate.
- 2) Received green card signed by Donald Moore.
- 3) 5-13-2010, emailed Mr. Moore with Moore & Shelton Co., Ltd. to follow up on our well proposal/term assignment offer.
- 4) Mailed well proposal letter with AFE via certified mail dated 6-21-2010.

- 5) Received green card signed by Andrew Shelton.
- 6) 7-22-2010, Anita Doyle with Moore and Shelton called and said Mr. Donald Moore had passed away and they would want to do a Term Assignment but they weren't sure if a deal had already been done with Cimarex or not. She said she would look through the paperwork and files and call me if she found out anything.

Edward R. Hudson Trust No. 4

- 1) Mailed well proposal letter with AFE via certified mail dated 5-13-2010. Offered to acquire a Term Assignment in the event Trust #4 elected not to participate.
- 2) Received green card signed by Julian Ard.

Nadel and Gussman Capitan, LLC

- 1) Mailed well proposal letter with AFE via certified mail dated 6-21-2010.
- 2) Received green card signed by Mandi Blake.
- 3) Mailed Operating Agreement for review by letter dated 7-7-2010.
- 4) 7-19-2010, emailed Scott Germann with Nadel and Gussman to give notice of the compulsory pooling application.
- 5) 7-21-2010, Emerald Johnson with Nadel and Gussman called and said they did not want to participate and instead they would rather do a Term Assignment or Farmout. She said she would get back with me concerning the details as soon as she figured out which route Nadel and Gussman wanted to take.

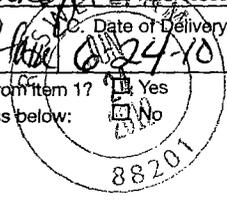
James H. Yates, Inc.

- 1) Mailed well proposal letter with AFE via certified mail dated 6-21-2010.
- 2) Received green card signed by Carolyn B. Yates.
- 3) Mailed Operating Agreement for review by letter dated 7-7-2010.

Colkelan Corporation

- 1) Mailed well proposal letter with AFE via certified mail dated 6-21-2010.
- 2) Received green card signed by Betty Pinto.
- 3) Mailed Operating Agreement for review by letter dated 7-7-2010.

*2009/02/02*

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"><li>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li><li>■ Print your name and address on the reverse so that we can return the card to you.</li><li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li></ul>	A. Signature <input checked="" type="checkbox"/> <i>Cynthia Landrum</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee
1. Article Addressed to:  Yates Energy Corporation P.O. Box 2323 Roswell, NM 88202	B. Received by (Printed Name) <input type="checkbox"/> C. Date of Delivery <i>Cynthia Landrum</i> <i>2/24/10</i>
2. Article Num (Transfer fr) <i>7009 2250 0000 0616 9104</i>	D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES, enter delivery address below: 
	3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.
	4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

June 21, 2010

Via Certified Mail-Return Receipt No. 9142

Yates Energy Corporation  
P.O. Box 2323  
Roswell, NM 88202

Re: Spyglass "17" Federal No. 1H  
2135' FNL & 330' FWL (SL)  
2135' FNL & 330' FEL (BHL)  
Section 17, T19S, R33E  
Lea County, New Mexico

Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to drill the captioned well at the above referenced surface location (SL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 9,868 feet subsurface to evaluate the Second Bone Spring Sand interval for oil production. The proposed well will have a measured depth (MD) of approximately 14,100 feet. The S/2N/2 of the captioned Section 17 will be dedicated to the well as the oil proration unit.

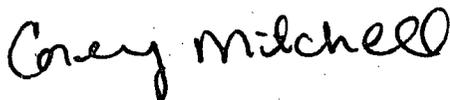
Public records indicate Yates Energy Corporation owns an undivided 49.404946% WI in the NE/4 of the captioned Section 17.

Regarding the above, enclosed for your further handling is our AFE dated April 26, 2010 for the captioned well as to Yates Energy Corporation's 24.702473% WI in the proposed proration unit. In the event your firm elects to participate in the captioned proposed well, please sign the enclosed AFE and return to me within thirty (30) days. Upon receipt of same, I will forward you our proposed Operating Agreement for execution.

Should you have any questions regarding the above, please email me at [cmitchell@mewbourne.com](mailto:cmitchell@mewbourne.com) or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY



Corey Mitchell  
Landman

Corey Mitchell/Mewbourne  
07/02/2010 02:35 PM

To: Judaun Prichard <jprichard@yatesenergy.com>  
cc  
bcc  
Subject: Re: Spyglass 17 Fed #1H 

Ms. Prichard,

For your review, attached below is a copy of Mewbourne Oil Company's Operating Agreement dated July 1, 2010 for the Spyglass 17 Federal No. 1H well. The Operating Agreement is to coincide with the well proposal/AFE I sent by letter dated 6-21-2010. The original Operating Agreement should reach you sometime early to mid next week. I'm sorry I didn't get this to you sooner. Let me know if you have any questions. Thanks for your time and help. Have a great Fourth of July weekend.



Spyglass 17 JOA.pdf

Corey Mitchell  
Land Department  
Mewbourne Oil Company  
500 West Texas, Suite 1020  
Midland, TX 79701  
Bus. (432) 682-3715  
Fax (432) 685-4170

Judaun Prichard

Corey

06/29/2010 05:31:09 PM



Judaun Prichard  
<jprichard@yatesenergy.com  
>  
06/29/2010 05:33 PM

To: cmitchell@mewbourne.com  
cc  
Subject: Spyglass 17 Fed #1H

Corey

I am in receipt of your letter dated June 21st, 2010 and the AFE for the Spyglass 17 Fed #1H well that Mewbourne Oil Company is proposing. Before I can process the AFE I will need a copy of your Joint Operating Agreement. Once I receive and review the JOA I will then prepare the documents for Mr. Yates review. If you would be so kind as to send the JOA at your earliest convenience I would appreciate it.

Thank you for your assistance in this matter.

Judaun Prichard  
Yates Energy Corporation

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

July 7, 2010

Yates Energy Corporation  
P.O. Box 2323  
Roswell, NM 88202

Re: Spyglass "17" Federal No. 1H  
2135' FNL & 330' FWL (SL)  
2135' FNL & 330' FEL (BHL)  
Section 17, T19S, R33E  
Lea County, New Mexico

Ladies and Gentlemen:

Enclosed for your further handling regarding the captioned prospect and lands is our Operating Agreement dated July 1, 2010, along with an extra set of signature pages. The Operating Agreement is to coincide with the well proposal/AFE I sent by letter dated 6-21-2010.

Regarding the above, please have the AFE, Operating Agreement and extra set of signature pages executed and return only the extra set of signature pages and AFE to me whereby you will retain the Operating Agreement for your file.

Should you have any questions regarding the above, please email me at [cmitchell@mewbourne.com](mailto:cmitchell@mewbourne.com) or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY



Corey Mitchell  
Landman

Corey Mitchell/Mewbourne  
07/19/2010 01:50 PM

To Judaun Prichard <jprichard@yatesenergy.com>  
cc  
bcc

Subject Spyglass 17 Fed #1H

Ms. Prichard,

Just to give you a heads up, we have to file for a Non-Standard Spacing and Compulsory Pooling case for our proposed Spyglass "17" Federal No. 1H well. There are a few parties that we are going to have to pool and we are putting Yates Energy Company on the application just as a precautionary matter. We are confident that Yates Energy and Mewbourne will come to an agreement prior to the hearing, at which time Yates Energy will be dismissed from the compulsory pooling application. I just wanted to make you aware of our intentions, so you knew what was going on. Let me know if you have any questions. Thanks. Have a good day.

Corey Mitchell  
Land Department  
Mewbourne Oil Company  
500 West Texas, Suite 1020  
Midland, TX 79701  
Bus. (432) 682-3715  
Fax (432) 685-4170

Corey Mitchell/Mewbourne  
08/09/2010 12:57 PM

To: Judaun Prichard <jprichard@yatesenergy.com>  
cc  
bcc  
Subject: Re: Spyglass 17 Fed #1H 

Judaun,

I was just checking in to see what the status of our well proposal regarding the Spyglass 17 Fed #1H is? Do you know if Yates Energy is going to participate? If so, do you know when we should expect to receive the executed JOA and AFE? Thanks. Have a great day.

Corey Mitchell  
Land Department  
Mewbourne Oil Company  
500 West Texas, Suite 1020  
Midland, TX 79701  
Bus. (432) 682-3715  
Fax (432) 685-4170

Judaun Prichard Corey

06/29/2010 05:31:09 PM



Judaun Prichard  
<jprichard@yatesenergy.com>  
>  
06/29/2010 05:33 PM

To: cmitchell@mewbourne.com  
cc  
Subject: Spyglass 17 Fed #1H

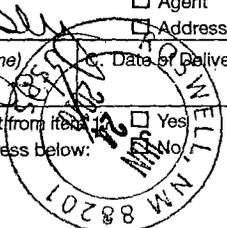
Corey

I am in receipt of your letter dated June 21st, 2010 and the AFE for the Spyglass 17 Fed #1H well that Mewbourne Oil Company is proposing. Before I can process the AFE I will need a copy of your Joint Operating Agreement. Once I receive and review the JOA I will then prepare the documents for Mr. Yates review. If you would be so kind as to send the JOA at your earliest convenience I would appreciate it.

Thank you for your assistance in this matter.

Judaun Prichard  
Yates Energy Corporation

*8/24/04*

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"><li>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li><li>■ Print your name and address on the reverse so that we can return the card to you.</li><li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li></ul>	A. Signature <input type="checkbox"/> Agent <i>[Signature]</i> <input checked="" type="checkbox"/> Addressee B. Received by (Printed Name) <i>[Signature]</i> C. Date of Delivery
1. Article Addressed to:  Harvey E. Yates Company ✓ P.O. Box 1933 Roswell, New Mexico 88202-1933 Attn: Melissa Randle	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input checked="" type="checkbox"/> No 
2. Article Number (Transfer from s) 7009 2250 0000 0616 9142	3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D. 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

June 21, 2010

Via Certified Mail-Return Receipt No. 9104

Harvey E. Yates Company,  
Explorers Petroleum Corp.,  
and Spiral, Inc.  
P.O. Box 1933  
Roswell, New Mexico 88202-1933  
Attn: Melissa Randle

Re: Spyglass "17" Federal No. 1H  
2135' FNL & 330' FWL (SL)  
2135' FNL & 330' FEL (BHL)  
Section 17, T19S, R33E  
Lea County, New Mexico

Ladies & Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to drill the captioned well at the above referenced surface location (SL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 9,868 feet subsurface to evaluate the Second Bone Spring Sand interval for oil production. The proposed well will have a measured depth (MD) of approximately 14,100 feet. The S/2N/2 of the captioned Section 17 will be dedicated to the well as the oil proration unit.

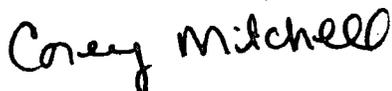
Public records indicate Harvey E. Yates Company owns an undivided 17.005598% WI, Spiral, Inc. owns an undivided 2.325% WI and Explorers Petroleum Corporation owns an undivided 2.160544% WI in the NE/4 of the captioned Section 17.

Regarding the above, enclosed for your further handling is our AFEs dated April 26, 2010 for the captioned well as to Harvey E. Yates Company's 8.502799% WI, Spiral, Inc. 1.1625% WI and Explorers Petroleum Corporation's 1.080272% WI in the proposed proration unit. In the event your firms elect to participate in the captioned proposed well, please sign the enclosed AFEs and return to me within thirty (30) days. Upon receipt of same, I will forward you our proposed Operating Agreement for execution.

Should you have any questions regarding the above, please email me at [cmitchell@mewbourne.com](mailto:cmitchell@mewbourne.com) or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY



Corey Mitchell  
Landman

Corey Mitchell/Mewbourne  
07/02/2010 02:39 PM

To "Melissa Randle" <mrandle@HEYCOENERGY.COM>  
cc  
bcc  
Subject Spyglass 17 Federal #1H

Melissa,

For your review, attached below is a copy of Mewbourne Oil Company's Operating Agreement dated July 1, 2010 for the Spyglass 17 Federal No. 1H well. The Operating Agreement is to coincide with the well proposal/AFE I sent by letter dated 6-21-2010. The original Operating Agreement and an extra set of signature pages should reach you sometime early to mid next week. I'm sorry I didn't get this to you sooner. Let me know if you have any questions. Thanks for your time and help. Have a great Fourth of July weekend.



Spyglass 17 JOA.pdf

Corey Mitchell  
Land Department  
Mewbourne Oil Company  
500 West Texas, Suite 1020  
Midland, TX 79701  
Bus. (432) 682-3715  
Fax (432) 685-4170

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

July 7, 2010

Harvey E. Yates Company,  
Explorers Petroleum Corp.,  
and Spiral, Inc.  
P.O. Box 1933  
Roswell, New Mexico 88202-1933  
Attn: Melissa Randle

Re: Spyglass "17" Federal No. 1H  
2135' FNL & 330' FWL (SL)  
2135' FNL & 330' FEL (BHL)  
Section 17, T19S, R33E  
Lea County, New Mexico

Ladies & Gentlemen:

Enclosed for your further handling regarding the captioned prospect and lands is our Operating Agreement dated July 1, 2010, along with an extra set of signature pages. The Operating Agreement is to coincide with the well proposal/AFE I sent by letter dated 6-21-2010.

Regarding the above, please have the AFE, Operating Agreement and extra set of signature pages executed and return only the extra set of signature pages and AFE to me whereby you will retain the Operating Agreement for your file.

Should you have any questions regarding the above, please email me at [cmitchell@mewbourne.com](mailto:cmitchell@mewbourne.com) or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY



Corey Mitchell  
Landman



Melissa Randle  
<mrandle@HEYCOENERGY.  
COM>

07/14/2010 12:30 PM

To "cmitchell@mewbourne.com" <cmitchell@mewbourne.com>

cc Melissa Randle <mrandle@HEYCOENERGY.COM>

bcc

Subject Spyglass 17 Fed #1H & Wyatt Draw 24/25 LE #1H

Corey - We are processing your AFE's for the captioned wells. I and others will be out of the office until Tuesday next week. I hope to have a response for each proposal early next week. I imagine we will participate in both, but will need to confirm that with management when I get back.

Melissa Randle  
HEYCO Energy Group  
575-623-6601  
mrandle@heycoenergy.com<mailto:mrandle@heycoenergy.com>

Corey Mitchell/Mewbourne  
07/19/2010 01:53 PM

To "Melissa Randle" <mrandle@HEYCOENERGY.COM>

cc

bcc

Subject Spyglass 17 Fed #1H

Melissa,

Just to give you a heads up, we have to file for a Non-Standard Spacing and Compulsory Pooling case for our proposed Spyglass "17" Federal No. 1H well. There are a few parties that we are going to have to pool and we are putting Harvey E. Yates Company, Spiral, Inc. and Explorers Petroleum ("HEYCO") on the application just as a precautionary matter. We are confident that HEYCO and Mewbourne will come to an agreement prior to the hearing, at which time HEYCO will be dismissed from the compulsory pooling application. I just wanted to make you aware of our intentions, so you knew what was going on. Let me know if you have any questions. Thanks. Have a good day.

Corey Mitchell  
Land Department  
Mewbourne Oil Company  
500 West Texas, Suite 1020  
Midland, TX 79701  
Bus. (432) 682-3715  
Fax (432) 685-4170



Melissa Randle  
<mrandle@HEYCOENERGY.COM>

08/13/2010 03:34 PM

To "cmitchell@Mewbourne.com" <cmitchell@Mewbourne.com>

cc Melissa Randle <mrandle@HEYCOENERGY.COM>

bcc

Subject FW: Spyglass 17 Fed #1H & Wyatt Draw AFE's

Corey - Good afternoon. Since we are accustomed to our form Term Assignment, we will likely use ours instead of yours. Even though our form contains more language, I believe you will be fine with it. I will present both forms to management on Monday and email you a final draft at that time. No one is here today to approve or sign either document. I appreciate your patience and I will be in touch with you again next week. Thanks, Melissa

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

From: Melissa Randle  
Sent: Wednesday, August 11, 2010 11:31 AM  
To: Corey Mitchell  
Cc: Melissa Randle  
Subject: RE: Spyglass 17 Fed #1H & Wyatt Draw AFE's

Corey - Thank you for your response and the attached example of your Term Assignment. I hope to go over the document more today and have a final document drafted for your review and review by management by end of week (due to in-house meetings scheduled by management this week). I will be in touch again soon. Melissa

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

From: Corey Mitchell [mailto:cmitchell@Mewbourne.com]  
Sent: Monday, August 09, 2010 10:24 AM  
To: Melissa Randle  
Subject: RE: Spyglass 17 Fed #1H & Wyatt Draw AFE's

Melissa,

Sorry for the delayed response, as I was out of the office last week. If acceptable, we will purchase a Term Assignment from the HEYCO group for \$450.00 per acre for a 6 month term (under the understanding that HEYCO will be reasonable and grant us an additional 6 month extension if requested at the end of the original term) at 75% NRI. Let me know if this will work. Also, I have attached a Term Assignment for your review. Thanks Melissa. Have a great day. I look forward to hearing from you.

(See attached file: HEYCO TA.doc)

Corey Mitchell  
Land Department  
Mewbourne Oil Company  
500 West Texas, Suite 1020  
Midland, TX 79701  
Bus. (432) 682-3715  
Fax (432) 685-4170

Melissa Randle  
<mrandle@HEYCOENE

RGY.COM>

07/30/2010 04:38  
PM

"cmitchell@Mewbourne.com"  
<cmitchell@Mewbourne.com>

To

Melissa Randle  
<mrandle@HEYCOENERGY.COM>

cc

Subject  
RE: Spyglass 17 Fed #1H & Wyatt  
Draw AFE's

Corey - I apologize for replying to you at this late hour today. I've been out of the office off and on this week. My VP would rather stay with the 6 month term, accepting the other terms in your counter offer. If you were not able to commence operations by the 6 month deadline, we would be reasonable and give an additional 6 month extension to you at that time. Would you ask your management to consider this? I will be in and out of the office again next week, but will be checking my email as often as I can. Thank you for your efforts in this regard.

Melissa Randle  
HEYCO Energy Group  
P. O. Box 1933  
Roswell, New Mexico 88202  
575-623-6601  
mrandle@heycoenergy.com

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

From: cmitchell@Mewbourne.com [mailto:cmitchell@Mewbourne.com]  
Sent: Friday, July 23, 2010 9:54 AM  
To: Melissa Randle  
Subject: RE: Spyglass 17 Fed #1H & Wyatt Draw AFE's

Melissa,

We are interested in taking a Term Assignment from HEYCO, Spiral and Explorers covering their interest in the NE/4 of Section 17, T19S, R33E, Lea County, New Mexico. We would be willing to take a Term Assignment based on the following terms:

- \$450.00 per net acre
- 1 year term
- Delivering a 75% NRI

We have taken deals from other parties in this section and we paid all of them \$450.00 per acre for a term of 2 years. With that said, we feel \$450.00 per acre for a 1 year term is reasonable. Please consider the above counter offer and let me know what you think. I look forward to hearing from you. Thanks Melissa. Have a great weekend.

Corey Mitchell  
Land Department

Mewbourne Oil Company  
500 West Texas, Suite 1020  
Midland, TX 79701  
Bus. (432) 682-3715  
Fax (432) 685-4170

Melissa Randle  
<mrandle@HEYCOEN  
ERGY.COM>

07/22/2010 06:28  
PM

"cmitchell@mewbourne.com"  
<cmitchell@mewbourne.com>

To

cc

Melissa Randle  
<mrandle@HEYCOENERGY.COM>

Subject

RE: Spyglass 17 Fed #1H & Wyatt Draw  
AFE's

Corey - Thank you for the update. I received your force pool application in today's mail and I look forward to working out an agreement with you prior to the hearing. My geologist will be out of town the next two weeks, so we discussed your proposal today. I will be at a BLM hearing tomorrow and will plan to call you early next week to discuss this well further. Is it possible to work out a Term Assignment with you? It would cover HEYCO, Spiral and Explorer's interest in the NW/4, keeping an ORI equal to the difference in present burdens and 75%, for a 6 month term and \$750.00/net acre bonus. I apologize for not being able to call you about this on the phone today. Please consider these terms and let's visit next week. We will fax signed AFE's to you for the two Wyatt Draw wells early next week as well, but I do have a few questions for you in that area.

Melissa Randle  
HEYCO Energy Group  
P. O. Box 1933  
Roswell, New Mexico 88202  
575-623-6601  
mrandle@heycoenergy.com

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

From: cmitchell@mewbourne.com [mailto:cmitchell@mewbourne.com]  
Sent: Monday, July 19, 2010 12:53 PM  
To: Melissa Randle  
Subject: Spyglass 17 Fed #1H

Melissa,

Just to give you a heads up, we have to file for a Non-Standard Spacing and Compulsory Pooling case for our proposed Spyglass "17" Federal No. 1H well.

There are a few parties that we are going to have to pool and we are putting Harvey E. Yates Company, Spiral, Inc. and Explorers Petroleum ("HEYCO") on the application just as a precautionary matter. We are confident that HEYCO and Mewbourne will come to an agreement prior to the hearing, at which time HEYCO will be dismissed from the compulsory pooling application. I just wanted to make you aware of our intentions, so you knew what was going on. Let me know if you have any questions. Thanks. Have a good day.

Corey Mitchell  
Land Department  
Mewbourne Oil Company  
500 West Texas, Suite 1020  
Midland, TX 79701  
Bus. (432) 682-3715  
Fax (432) 685-4170

Special 17 #114

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>■ Print your name and address on the reverse so that we can return the card to you.</li> <li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature   <input type="checkbox"/> Agent  <input checked="" type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name)   C. Date of Delivery            DONALD B. MOORE   5-13-10</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes            If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to:</p> <div style="border: 1px solid black; padding: 10px; text-align: center; margin: 10px 0;"> <p><b>Moore and Shelton Compan, Ltd.</b>  <b>P.O. Box 3070</b>  <b>Galveston, Texas 77554</b>  <b>Attn: Mr. Donald B. Moore</b></p> </div>	<p>3. Service Type  <input checked="" type="checkbox"/> Certified Mail    <input type="checkbox"/> Express Mail  <input type="checkbox"/> Registered        <input type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Insured Mail        <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee)    <input type="checkbox"/> Yes</p>
<p>2. Article Number  <i>(Transfer from service label)</i></p>	<p>7009 2250 0000 0616 8404</p>

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

May 10, 2010

Via Certified Mail-Return Receipt No. 8404

Moore and Shelton Company, Ltd.  
P.O. Box 3070  
Galveston, Texas 77554  
Attn: Mr. Donald B. Moore

Re: Spyglass "17" Federal No. 1H  
2135' FNL & 330' FWL (SL)  
2135' FNL & 330' FEL (BHL)  
Section 17, T19S, R33E  
Lea County, New Mexico

Dear Mr. Moore:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to drill the captioned well at the above referenced surface location (SL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 9,868 feet subsurface to evaluate the Second Bone Spring Sand interval for oil production. The proposed well will have a measured depth (MD) of approximately 14,100 feet. The S/2N/2 of the captioned Section 17 will be dedicated to the well as the oil proration unit.

Public records indicate Moore and Shelton Company, Ltd. ("Moore and Shelton") owns an undivided 13.5% WI and a 11.4075% NRI (83.169125% NRI on an 8/8ths basis) in the NW/4 and a 9.45% WI and a 7.98525% NRI (83.097415% NRI on an 8/8ths basis) in the NE/4 of the captioned Section 17 as to depths from the surface to 13,850 feet subsurface.

Regarding the above, enclosed is our AFE dated April 26, 2010 prepared for your signature in the event Moore and Shelton elect to participate in the captioned proposed well as to their 11.475% WI in the proposed proration unit. Please sign and return the enclosed AFE in the event Moore and Shelton elect to participate in the proposed well. Upon receipt of same, I will forward you our proposed Operating Agreement for execution.

In the event Moore and Shelton elect not to participate in the captioned proposed well, Mewbourne hereby offers to acquire a two year Term Assignment of Operating Rights covering Moore and Shelton's 11.475% leasehold interest (36.72 net acres) on the basis of \$400 per net acre (\$14,688.00) whereby Mewbourne would be delivered a 75% NRI, subject to proportionate reduction.

Moore and Shelton Company, Ltd.  
Spyglass "17" Federal No. 1H  
May 10, 2010  
Page 2 of 2

Please acknowledge your acceptance of the above proposed offer by signing and returning the copy of this letter to me at your earliest convenience in the event you elect to accept such offer in lieu of participating in the above proposed well.

Sincerely yours,

**MEWBOURNE OIL COMPANY**



D. Paul Haden  
Senior Landman

DPH/gb

The above offer is accepted this \_\_\_\_\_ day of May, 2010 by the undersigned.

**MOORE AND SHELTON COMPANY, LTD.**

By: \_\_\_\_\_  
Donald B. Moore, Managing Partner

Tax I.D. No.: \_\_\_\_\_

Corey Mitchell/Mewbourne  
05/13/2010 12:59 PM

To donaldbmoore@sbcglobal.net  
cc  
bcc  
Subject Mewbourne Oil Company Term Assignment Offer

Mr. Moore,

By letter dated May 10, 2010 (attached below), Mewbourne Oil Company presented Moore & Shelton Company, Ltd. the opportunity to participate in our Spyglass "17" Federal No. 1H well or an offer to purchase a Term Assignment of Operating Rights covering Moore & Shelton's interest in the N/2 of Section 17, T19S, R33E. Lea County, New Mexico.

I wanted to make sure you received the letter and if so, I wanted to get your thoughts on the status of our proposal. We believe we have some competition with Cimarex and we are trying to expedite our dealings with the respective interest owners so we can be at the "front of the line", so to speak.

Please get back with myself or Mr. Paul Haden at your earliest convenience to let us know the status of the above mentioned lands. Thank you for all your time and help. Have a good day.

Also, we would like to check the status of your acreage in Section 10 and Section 11 of T18S, R31E, Eddy County, NM. Our records show you own a 3.75% interest in the N/2NE/4 of Section 10 from 5,500' down to 13,116' and S/2NE/4 and SE/4 of Section 10 from 8,190' down to 13,116'. This is a total of 12 net acres. Our records indicate you also own 5% interest in the SW/4 of Section 11 as to the depths below 8,190'. This is a total of 8 net acres (20 net acres for Section 10 and 11). Please let us know if this acreage is available at your earliest convenience.



Moore & Shelton.pdf

Corey Mitchell  
Land Department  
Mewbourne Oil Company  
500 West Texas, Suite 1020  
Midland, TX 79701  
Bus. (432) 682-3715  
Fax (432) 685-4170

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Moore & Shelton Co., Ltd.  
P.O. Box 3070  
Galveston, Texas 77522 **77552**  
Attn: Donald Moore

2. Article Number  
(Transfer from service label)

7009 2250 0000 0616 9135

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature *AS*  Agent  
 Addressee

B. Received by (Printed Name) *Andrew Shelton* C. Date of Delivery *6-29-10*

D. Is delivery address different from item 1?  Yes  
If YES, enter delivery address below:  No

**POSTAGE DUE** ..... **17**

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

June 21, 2010

Via Certified Mail-Return Receipt No. 9135

Moore & Shelton Co., Ltd.  
P.O. Box 3070  
Galveston, Texas 77552  
Attn: Donald Moore

Re: Spyglass "17" Federal No. 1H  
2135' FNL & 330' FWL (SL)  
2135' FNL & 330' FEL (BHL)  
Section 17, T19S, R33E  
Lea County, New Mexico

Dear Mr. Moore:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to drill the captioned well at the above referenced surface location (SL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 9,868 feet subsurface to evaluate the Second Bone Spring Sand interval for oil production. The proposed well will have a measured depth (MD) of approximately 14,100 feet. The S/2N/2 of the captioned Section 17 will be dedicated to the well as the oil proration unit.

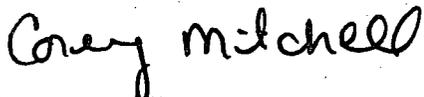
Public records indicate Moore & Shelton Co., Ltd. owns an undivided 3.78% WI in the NE/4 and a 13.5% WI in the NW/4 of the captioned Section 17.

Regarding the above, enclosed for your further handling is our AFE dated April 26, 2010 for the captioned well as to Moore & Shelton Co., Ltd.'s 8.64% WI in the proposed proration unit. In the event your firm elects to participate in the captioned proposed well, please sign the enclosed AFE and return to me within thirty (30) days. Upon receipt of same, I will forward you our proposed Operating Agreement for execution.

Should you have any questions regarding the above, please email me at [cmitchell@mewbourne.com](mailto:cmitchell@mewbourne.com) or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY



Corey Mitchell  
Landman

SENDER COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>■ Print your name and address on the reverse so that we can return the card to you.</li> <li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature <span style="float: right;"><input type="checkbox"/> Agent <input type="checkbox"/> Addressee</span></p> <p>B. Received by (Printed Name) <span style="float: right;">C. Date of Delivery</span></p> <p style="text-align: right;">Julian APD 5-29-70</p>
<p>1. Article Addressed to:</p> <p style="text-align: center;"><b>Edward R. Hudson Trust No. 4</b> ✓  <b>Mary T. Ard, Trustee</b>  <b>222 West 4<sup>th</sup> Street, PH-5</b>  <b>Fort Worth, Texas 76102</b></p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes  If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail  <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. Article Number (Transfer from service label)</p>	<p style="text-align: center;">7009 2250 0000 0616 8527</p>
<p>PS Form 3811, February 2004 <span style="margin-left: 200px;">Domestic Return Receipt</span> <span style="float: right;">102595-02-M-1540</span></p>	

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

May 13, 2010

Via Certified Mail-Return Receipt No. 8527

Edward R. Hudson Trust No. 4  
Mary T. Ard, Trustee  
222 West 4<sup>th</sup> Street, PH-5  
Fort Worth, Texas 76102

Re: Spyglass "17" Federal No. 1H  
2135' FNL & 330' FWL (SL)  
2135' FNL & 330' FEL (BHL)  
Section 17, T19S, R33E  
Lea County, New Mexico

Dear Mrs. Ard:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to drill the captioned well at the above referenced surface location (SL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 9,868 feet subsurface to evaluate the Second Bone Spring Sand interval for oil production. The proposed well will have a measured depth (MD) of approximately 14,100 feet. The S/2N/2 of the captioned Section 17 will be dedicated to the well as the oil proration unit.

Public records indicate Edward R. Hudson Trust No. 4 ("Trust 4") owns an undivided 10.8125% WI and a 8.970203% NRI (82.961416% NRI on 8/8ths basis) in the NW/4 and a 7.56875% WI and a 6.279406% NRI (82.964908% NRI on 8/8ths basis) in the NE/4 of the captioned Section 17 as to depths from the surface to 13,850 feet subsurface.

Regarding the above, enclosed is our AFE dated April 26, 2010 prepared for your signature in the event Trust 4 elects to participate in the captioned proposed well as to their 9.190625% WI in the proposed proration unit. Please sign and return the enclosed AFE in the event Trust 4 elects to participate in the proposed well. Upon receipt of same, I will forward you our proposed Operating Agreement for execution.

In the event Trust 4 elects not to participate in the captioned proposed well, Mewbourne hereby offers to acquire a two year Term Assignment of Operating Rights covering Trust 4's 9.190625% leasehold interest (29.41 net acres) on the basis of \$450.00 per acre (\$13,234.50) whereby Mewbourne would be delivered a 75% NRI, subject to proportionate reduction.

Trust 4  
Spyglass 17 Prospect  
May 13, 2010  
Page 2 of 2

Please acknowledge your acceptance of the above proposed offer by signing and returning the copy of this letter to me at your earliest convenience in the event you elect to accept such offer in lieu of participating in the above proposed well.

Should you have any questions regarding the above, please email me at [cmitchell@mewbourne.com](mailto:cmitchell@mewbourne.com) or call me at (432) 682-3715.

Sincerely,

**MEWBOURNE OIL COMPANY**



Corey Mitchell  
Landman

The above offer is accepted this \_\_\_\_\_ day of May, 2010 by the undersigned.

**EDWARD R. HUDSON TRUST NO. 4**

By: \_\_\_\_\_  
Mary T. Ard, Trustee

Tax I.D. No.: \_\_\_\_\_

509-9885

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Nadel and Gussman Capitan, LLC ✓  
601 N. Marienfeld, Ste. 508  
Midland, Texas 79701  
Attn: Scott Germann, Gen. Mngr.

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  
 *Mark Stone*  Addressee

B. Received by (Printed Name) C. Date of Delivery  
*Mark Stone* *06/24/10*

D. Is delivery address different from item 1?  Yes  
If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number  
(Transfer from service) 7009 2250 0000 0616 9159

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

June 21, 2010

Via Certified Mail-Return Receipt No. 9159

Nadel and Gussman Capitan, LLC  
601 N. Marienfeld, Ste. 508  
Midland, Texas 79701  
Attn: Scott Germann, General Manager

Re: Spyglass "17" Federal No. 1H  
2135' FNL & 330' FWL (SL)  
2135' FNL & 330' FEL (BHL)  
Section 17, T19S, R33E  
Lea County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to drill the captioned well at the above referenced surface location (SL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 9,868 feet subsurface to evaluate the Second Bone Spring Sand interval for oil production. The proposed well will have a measured depth (MD) of approximately 14,100 feet. The S/2N/2 of the captioned Section 17 will be dedicated to the well as the oil proration unit.

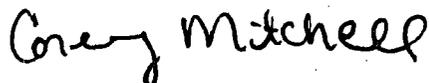
Public records indicate Nadel and Gussman Capitan, LLC owns an undivided 0.775% WI in the NE/4 of the captioned Section 17.

Regarding the above, enclosed for your further handling is our AFE dated April 26, 2010 for the captioned well as to Nadel and Gussman Capitan, LLC's 0.3875% WI in the proposed proration unit. In the event your firm elects to participate in the captioned proposed well, please sign the enclosed AFE and return to me within thirty (30) days. Upon receipt of same, I will forward you our proposed Operating Agreement for execution.

Should you have any questions regarding the above, please email me at [cmitchell@mewbourne.com](mailto:cmitchell@mewbourne.com) or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY



Corey Mitchell  
Landman

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

July 7, 2010

Nadel and Gussman Capitan, LLC  
601 N. Marienfeld, Ste. 508  
Midland, Texas 79701  
Attn: Scott Germann, General Manager

Re: Spyglass "17" Federal No. 1H  
2135' FNL & 330' FWL (SL)  
2135' FNL & 330' FEL (BHL)  
Section 17, T19S, R33E  
Lea County, New Mexico

Ladies and Gentlemen:

Enclosed for your further handling regarding the captioned prospect and lands is our Operating Agreement dated July 1, 2010, along with an extra set of signature pages. The Operating Agreement is to coincide with the well proposal/AFE I sent by letter dated 6-21-2010.

Regarding the above, please have the AFE, Operating Agreement and extra set of signature pages executed and return only the extra set of signature pages and AFE to me whereby you will retain the Operating Agreement for your file.

Should you have any questions regarding the above, please email me at [cmitchell@mewbourne.com](mailto:cmitchell@mewbourne.com) or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY



Corey Mitchell  
Landman

Corey Mitchell/Mewbourne  
07/19/2010 02:09 PM

To sgermann@naguss.com  
cc  
bcc  
Subject Spyglass 17 Fed #1H

Mr. Germann,

Just to give you a heads up, we have to file for a Non-Standard Spacing and Compulsory Pooling case for our proposed Spyglass "17" Federal No. 1H well. There are a few parties that we are going to have to pool and we are putting Nadel and Gussman on the application just as a precautionary matter. We are confident that Nadel and Gussman and Mewbourne will come to an agreement prior to the hearing, at which time Nadel and Gussman will be dismissed from the compulsory pooling application. I just wanted to make you aware of our intentions, so you knew what was going on. Let me know if you have any questions. Thanks. Have a good day.

Corey Mitchell  
Land Department  
Mewbourne Oil Company  
500 West Texas, Suite 1020  
Midland, TX 79701  
Bus. (432) 682-3715  
Fax (432) 685-4170

SUNGLASS

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

James H. Yates, Inc.  
P.O. Box 189  
Roswell, New Mexico 88202  
Attn: Carolyn B. Yates

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
 *Carolyn B. Yates*  Agent  
 Addressee

B. Received by (Printed Name) *Carolyn B. Yates* C. Date of Delivery *6/25/2010*

D. Is delivery address different from item 1?  Yes  
If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number  
(Transfer from service label)

7009 2250 0000 0616 9128

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

June 21, 2010

Via Certified Mail-Return Receipt No. 9128

James H. Yates, Inc.  
P.O. Box 189  
Roswell, New Mexico 88202  
Attn: Carolyn B. Yates

Re: Spyglass "17" Federal No. 1H  
2135' FNL & 330' FWL (SL)  
2135' FNL & 330' FEL (BHL)  
Section 17, T19S, R33E  
Lea County, New Mexico

Dear Ms. Yates:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to drill the captioned well at the above referenced surface location (SL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 9,868 feet subsurface to evaluate the Second Bone Spring Sand interval for oil production. The proposed well will have a measured depth (MD) of approximately 14,100 feet. The S/2N/2 of the captioned Section 17 will be dedicated to the well as the oil proration unit.

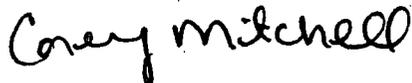
Public records indicate James H. Yates, Inc. owns an undivided 0.164456% WI in the NE/4 of the captioned Section 17.

Regarding the above, enclosed for your further handling is our AFE dated April 26, 2010 for the captioned well as to James H. Yates' 0.082228% WI in the proposed proration unit. In the event your firm elects to participate in the captioned proposed well, please sign the enclosed AFE and return to me within thirty (30) days. Upon receipt of same, I will forward you our proposed Operating Agreement for execution.

Should you have any questions regarding the above, please email me at [cmitchell@mewbourne.com](mailto:cmitchell@mewbourne.com) or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY



Corey Mitchell  
Landman

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

July 7, 2010

James H. Yates, Inc.  
P.O. Box 189  
Roswell, New Mexico 88202  
Attn: Carolyn B. Yates

Re: Spyglass "17" Federal No. 1H  
2135' FNL & 330' FWL (SL)  
2135' FNL & 330' FEL (BHL)  
Section 17, T19S, R33E  
Lea County, New Mexico

Dear Ms. Yates:

Enclosed for your further handling regarding the captioned prospect and lands is our Operating Agreement dated July 1, 2010, along with an extra set of signature pages. The Operating Agreement is to coincide with the well proposal/AFE I sent by letter dated 6-21-2010.

Regarding the above, please have the AFE, Operating Agreement and extra set of signature pages executed and return only the extra set of signature pages and AFE to me whereby you will retain the Operating Agreement for your file.

Should you have any questions regarding the above, please email me at [cmitchell@mewbourne.com](mailto:cmitchell@mewbourne.com) or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY



Corey Mitchell  
Landman

*Smallness*

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Colkelan Corporation  
3481 East Sunset Road, Ste. 102  
Las Vegas, NV 89120

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
*Betty Pinto*  Agent  
 Addressee

B. Received by (Printed Name) *BETTY PINTO* C. Date of Delivery *6/25/10*

D. Is delivery address different from item 1?  Yes  
If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number *7009 2250 0000 0616 9098*  
(Transfer from serial number)

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

June 21, 2010

Via Certified Mail-Return Receipt No. 9098

Colkelan Corporation  
3481 East Sunset Road, Ste. 102  
Las Vegas, NV 89120

Re: Spyglass "17" Federal No. 1H  
2135' FNL & 330' FWL (SL)  
2135' FNL & 330' FEL (BHL)  
Section 17, T19S, R33E  
Lea County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to drill the captioned well at the above referenced surface location (SL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 9,868 feet subsurface to evaluate the Second Bone Spring Sand interval for oil production. The proposed well will have a measured depth (MD) of approximately 14,100 feet. The S/2N/2 of the captioned Section 17 will be dedicated to the well as the oil proration unit.

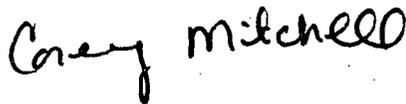
Public records indicate Colkelan Corporation. owns an undivided 0.164456% WI in the NE/4. of the captioned Section 17.

Regarding the above, enclosed for your further handling is our AFE dated April 26, 2010 for the captioned well as to Colkelan Corporation's 0.082228% WI in the proposed proration unit. In the event your firm elects to participate in the captioned proposed well, please sign the enclosed AFE and return to me within thirty (30) days. Upon receipt of same, I will forward you our proposed Operating Agreement for execution.

Should you have any questions regarding the above, please email me at [cmitchell@mewbourne.com](mailto:cmitchell@mewbourne.com) or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY



Corey Mitchell  
Landman

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

July 7, 2010

Colkelan Corporation  
3481 East Sunset Road, Ste. 102  
Las Vegas, NV 89120

Re: Spyglass "17" Federal No. 1H  
2135' FNL & 330' FWL (SL)  
2135' FNL & 330' FEL (BHL)  
N/2 of Section 17, T19S, R33E  
Lea County, New Mexico

Ladies and Gentlemen:

Enclosed for your further handling regarding the captioned prospect and lands is our Operating Agreement dated July 1, 2010, along with an extra set of signature pages. The Operating Agreement is to coincide with the well proposal/AFE I sent by letter dated 6-21-2010.

Regarding the above, please have the AFE, Operating Agreement and extra set of signature pages executed and return only the extra set of signature pages and AFE to me whereby you will retain the Operating Agreement for your file.

Should you have any questions regarding the above, please email me at [cmitchell@mewbourne.com](mailto:cmitchell@mewbourne.com) or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY



Corey Mitchell  
Landman