

Left message at  
Western Reserve's and  
Bob Elliott's office  
that our offer for  
a term assignment  
would be available  
until 12:00 Noon today.

RH

3-4-97

Accepted by Western  
this date. MAC will prepare  
assignment. RH-3-4-97

Called Bob Elliott this  
date regarding our well  
proposal, not in, left  
message for him to  
call me.

P.H.

2-25-97

Offered Western Reserves  
group some trade as all  
of Mex's term assignments  
currently in possession. He's  
to get back with me. P.H.

2-28-97

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

(915) 682-3715  
FAX (915) 685-4170

February 7, 1997

Western Reserves Oil Company, Inc.;  
Bravo Limited Liability Company;  
LRW Corporation; The Beveridge Company  
P.O. Box 993  
Midland, Texas 79702

Re: MOC Scanlon Draw "34" State Com. #1  
S/2 of Section 34, T18S, R28E  
Eddy County, New Mexico

Gentlemen:

As previously proposed, Mewbourne Oil Company (Mewbourne) invites your participation in the captioned well which was proposed by Mewbourne's letter dated November 22, 1996. In the event you elect not to participate, we are still offering you the option to farmout or sell your interest to Mewbourne under the general terms offered in the referenced letter.

As Mewbourne would like to drill the above well at the earliest date, a favorable response from you would be greatly appreciated. In order to drill the above well in a timely manner, Mewbourne will be filing an application for compulsory pooling soon with such case to be heard at an Examiner's hearing on March 6, 1997.

Should you have any questions regarding the above or wish to discuss Mewbourne's proposal, please call.

Sincerely,

MEWBOURNE OIL COMPANY



D. Paul Haden  
Landman

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

(915) 682-3715  
FAX (915) 685-4170

January 27, 1997

Western Reserves Oil Company Inc.  
P.O. Box 993  
Midland, Texas 79702

Attn: Mr. Robert G. Elliott  
Land Consultant

Re: MOC's Scanlon Draw Area  
S/2 Sec. 34, T18S, R28E as to rights  
from a depth of 3500' to the base of  
the Morrow formation  
Eddy County, New Mexico

Dear Mr. Elliott:

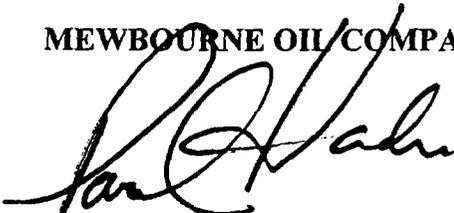
Reference is made to your letter of January 20, 1997 regarding the 3.125% interest in the operating rights owned by Western Reserves Oil Company Inc., et al under the captioned land. The terms counter offered in your letter are still unacceptable to Mewbourne Oil Company. In lieu of selling such 3.125% interest to Mewbourne, would Western Reserves, et al be interested in joining Mewbourne's proposed well?

As our time frame for drilling Mewbourne's proposed Scanlon Draw "34" State Com. #1 well becomes more critical I'll be in touch with you again regarding the Western Reserves, et al interest.

Please call should you have any questions regarding the above.

Sincerely,

MEWBOURNE OIL COMPANY



D. Paul Haden  
Landman

DPH/gb

JAN 27 1997

WESTERN RESERVES OIL COMPANY INC.



P.O. BOX 993  
MIDLAND, TEXAS 79702

CENTURY PLAZA BUILDING  
310 WEST WALL, SUITE 301

PHONE (915) 683-5533  
FAX (915) 683-4537

January 20, 1997

Mr. D. Paul Haden  
Mewbourne Oil Company  
500 W. Texas, Suite 1020  
Midland, Texas 79701

Re: Offer to Purchase  
S/2 Sec. 34, T18S, R28E  
from ,3500' to base of Morrow  
Eddy County, New Mexico

Dear Mr. Haden:

The terms of your counter offer letter set forth in your letter of November 22, 1996 are not acceptable. Western Reserves Oil Company will sell Mewbourne Oil Company a one (1) year term assignment for \$500 per acre and deliver a 77% net revenue interest reserving as an overriding royalty the difference between current lease burdens and 23%.

As I stated in my letter of November 11, 1996, Western Reserves Oil Company holds operating rights in this tract for the benefit of Bravo Limited Liability Company (51%), LRW Corporation (32%) and The Beveridge Company (17%). I will recommend to Bravo and LRW to join in an assignment for these terms.

Your follow up letter of January 9, 1997 is hereby acknowledged.

A handwritten signature in black ink, appearing to read 'Robert G. Elliott', with a long, sweeping horizontal stroke extending to the right.

Robert G. Elliott  
Land Consultant

xc: Bravo Energy, Inc.  
LRW Corporation

RGE:mp

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

(915) 682-3715  
FAX (915) 685-4170

January 9, 1997

Western Reserves Oil Company, Inc.  
P.O. Box 993  
Midland, Texas 79702

Attn: Mr. Robert G. Elliott

Re: MOC Scanlon Draw Area  
Scanlon Draw "34" State Com. #1  
S/2 of Section 34, T18S, R28E  
Eddy County, New Mexico

Gentlemen:

This is in follow up to our well proposal letter of November 22, 1996 wherein Mewbourne Oil Company proposed drilling the captioned Morrow well. At your earliest convenience, please respond to said proposal.

Should you have any questions regarding the above please do not hesitate to contact the undersigned.

Sincerely,

MEWBOURNE OIL COMPANY



D. Paul Haden  
Landman

DPH/gb

Scanlon Mow '34" State Com. #1

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
- 2.  Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Western Reserves Oil Company Inc.  
 P.O. Box 993  
 Midland, Texas 79702  
 Attention: Mr. Robert G. Elliott

4a. Article Number

P 268 434063

4b. Service Type

- Registered  Certified
- Express Mail  Insured
- Return Receipt for Merchandise  COD

7. Date of Delivery

11-25-96

5. Received By: (Print Name)

6. Signature (Addressee or Agent)

X *John Howard*

8. Addressee's Address (Only if requested and fee is paid)

Thank you for using Return Receipt Service.

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

(915) 682-3715  
FAX (915) 685-4170

November 22, 1996

Certified Mail-Return Receipt Requested P 268 434 063

Western Reserves Oil Company Inc.  
P.O. Box 993  
Midland, Texas 79702

Attn: Mr. Robert G. Elliott

Re: MOC Scanlon Draw Area  
Scanlon Draw "34" State Com. #1  
S/2 of Section 34, T18S, R28E  
Eddy County, New Mexico

Gentlemen:

Mewbourne Oil Company (Mewbourne) as Operator, hereby proposes the drilling of a well to a depth sufficient to adequately test the Morrow formation, anticipated total depth being 11,200'. Furthermore, Mewbourne shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The S/2 of the captioned Section 34 will be dedicated as the proration unit for the well.

The above well will be located approximately 660' FSL and 1650' FEL of Section 34, T18S, R28E, Eddy County, New Mexico. Our AFE dated November 20, 1996 is enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

Upon receipt of the executed AFE or by prior written request we will forward our Joint Operating Agreement for your review and execution.

In the event you do not wish to participate, Mewbourne respectfully requests you elect one of the following options as to your interest.

- 1) Farmout all of your interest in Section 34 for a period of 180 days to Mewbourne under the following general terms:

- (a) If any well drilled, deepened, completed or recompleted under the terms of our farmout agreement results in oil and/or gas production on a proration unit that includes your acreage, Mewbourne will earn an assignment of 100% of your rights and interest, free of any liens or encumbrances, in the proration unit assigned to each well from a depth of 3500' beneath the surface to a depth of 100' below the total depth drilled for each well, not to exceed the base of the Morrow formation.
- (b) Upon completion of the initial test well as a producer or dry hole, Mewbourne would have the recurring option, but not the obligation, to commence additional wells on New Mexico Oil Conservation approved proration units that include your acreage to establish oil and/or gas production under the captioned lands or land pooled therewith. If any such option is exercised by Mewbourne, Mewbourne agrees to allow not more than 180 days to elapse between the completion of one well and the commencement of operations for any next well.
- (c) You will retain an overriding royalty interest equal to the difference, if any, between 25% of all oil and gas produced and the total of all royalty interests, overriding royalty interests and other burdens or lawful claims upon production to which your leases may be currently subject, so that Mewbourne will be assigned a 75% net revenue interest in your lease(s) as to rights below a depth of 3500' to 100' below the total depth drilled, not to exceed the base of the Morrow formation. Such overriding royalty interest retained by you shall be subject to proportionate reduction.
- (d) Upon acceptance of our farmout proposal you agree to furnish at no cost to Mewbourne, title information such as copies of the leases covering the captioned lands, title opinions currently in your possession, title curative, letter agreements and any contracts currently in effect, etc.

Should the above general terms be acceptable to you our formal Farmout Agreement will be provided under separate cover.

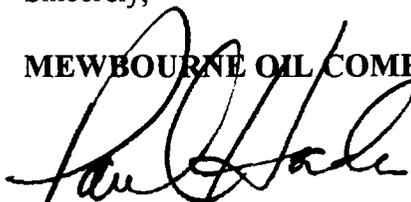
- 2) Sell all of your right, title and interest in the S/2 of Section 34 subject to title approval, for \$250.00 per net acre delivering an 81.25% net revenue interest to Mewbourne.

As we anticipate drilling the captioned well in the 1st quarter of 1997, your earliest response to this proposal would be greatly appreciated.

Should you have any questions, please do not hesitate to call.

Sincerely,

**MEWBOURNE OIL COMPANY**



D. Paul Haden  
Landman

WESTERN RESERVES OIL COMPANY INC.



P.O. BOX 993  
MIDLAND, TEXAS 79702

NOV 12 1996

CENTURY PLAZA BUILDING  
310 WEST WALL SUITE 301

PHONE (915) 683-5533  
FAX (915) 683-4537

November 11, 1996

Mr. D. Paul Haden  
Mewbourne Oil Company  
500 W. Texas, Suite 1020  
Midland, Texas 79701

Re: Offer to Purchase  
S/2 Sec. 34, T18S, R28E, from 3,500' to base of Morrow  
Eddy County, New Mexico

Dear Mr. Haden:

In your letter of September 20, 1996, Mewbourne offered to purchase the operating rights of Western Reserves Oil Company in the captioned land. I apologize for the delay in responding to your offer but was unable to devote the time to Western's file without interruption until now.

The terms offered in your letter are not acceptable. Last year Western sold an assignment of its operating rights in the adjacent section to the south (W/2 Section 3, T19S, R28E) to Maralo for \$500 per acre and delivered a 77% net revenue interest retaining the difference between lease burdens and 77% as an overriding royalty.

Western Reserves Oil Company holds the operating rights in this tract for the benefit of Bravo Limited Liability Company (51%), LRW Corporation (32%) and The Beveridge Company (17%). By copy of this letter Western is recommending to Bravo and LRW to join with Western in assignment for these same terms.

Western is willing to make the same trade with Mewbourne at this time subject to acceptance by Bravo and LRW.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Robert G. Elliott', with a stylized flourish at the end.

Robert G. Elliott  
Consulting Landman

XC: Bravo Energy, Inc.  
LRW Corporation

RGE:ws

Re: 3.125% int. in Sk

@ 9:55 A.M.

10-14-96: Follow up call to Western Reserves  
(683-5533) Oil Co.: Bob Elliott regarding our  
offer - not in - left message for  
him to call me. P.H.

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

(915) 682-3715  
FAX (915) 685-4170

September 20, 1996

Western Reserves Oil Company  
P.O. Box 993  
Midland, Texas 79702-0993

Attn: Fran Shamburger

Re: MOC's Scanlon Draw Area  
S/2 of Section 34, from a  
depth of 3500' to the base  
of the Morrow formation,  
T18S, R28E  
Eddy County, New Mexico

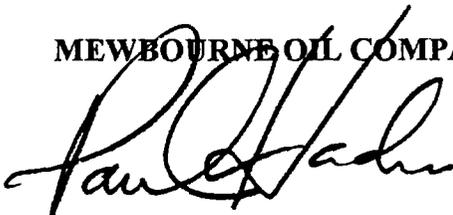
Ladies and Gentlemen:

Records available to us indicates you own a 3.12500% interest in the operating rights under the captioned land and depths. If such is the case, Mewbourne Oil Company (Mewbourne) hereby offers you \$250.00 per net acre for all of your right, title and interest in such land as to such depths. Such offer is assuming you could deliver Mewbourne a 87.5% gross net revenue interest. If not, our offer is adjusted accordingly.

The above offer is subject to immediate acceptance and approval title. Failure to respond within thirty (30) days from your receipt of this letter shall render the above offer voidable at Mewbourne's sole option.

Sincerely,

**MEWBOURNE OIL COMPANY**



D. Paul Haden  
Landman

DPH/gb