

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020

MIDLAND, TEXAS 79701

915 / 682-3715

February 27, 1990

CERTIFIED MAIL

Mark D. Wilson
110 West Louisiana, Suite 210
Midland, Texas 79701

RE: T18S, R27E

Section 21: E/2NE/4, for
all depths from the base
of the Abo formation to the
top of the Mississippian
formation
Eddy County, New Mexico

Gentlemen:

For reference, Mewbourne owns the Federal lease covering the NW/4NE/4, N/2NW/4 and the SW/4NW/4 of the captioned Section 21. County records indicate you own a leasehold interest under the captioned land. As proposed to the other leasehold owners, Mewbourne Oil Company desires to drill a Morrow test well in the NE/4NE/4 of the captioned Section 21, with the drilling and spacing unit comprising the N/2 of said Section 21. Accordingly, Mewbourne Oil Company hereby requests a farmout of your operating rights under the above land subject to the following terms:

- 1) Subject to Drilling Permit approval by the New Mexico Oil Conservation Division, Mewbourne as operator, will commence within 120 days from the date of your executed farmout agreement a test well at a location 660' FNL & 660' FEL of the captioned Section 21 and drill same to a depth sufficient to test the Morrow formation estimated to be approximately 9,900 feet subsurface, with the drilling and spacing unit comprising the N/2 of said Section 21.
- 2) By drilling and completing the test well as a commercial producer, Mewbourne would earn an assignment of your operating rights in the captioned land to 100 feet below the total depth drilled in the test well.
- 3) You would retain in addition to the deep rights, an overriding royalty interest equal to the difference between 25% of all oil and gas that might be produced and the total of all royalty interests, overriding royalty interests and other burdens or lawful claims upon production which the captioned land may be

convert your override to a 25% working interest. The interests set out in this paragraph are to be proportionately reduced to the interest actually owned by you in the proration unit attributable to the test well described above.

- 4) Upon acceptance of the farmout proposal by your company, you agree to furnish Mewbourne with copies of the leases, title opinions and any applicable gas contract associated with the captioned land.

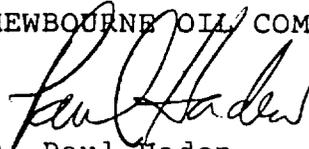
Alternatively, Mewbourne Oil Company hereby invites you to join in the drilling and completion of the above described test well. Enclosed for your approval in this connection is an AFE.

In the event you agree to join in the drilling and completion of the above described test well, you agree to enter into a joint operating agreement with Mewbourne on the AAPL Form 610-1982 Model Form Operating Agreement naming Mewbourne Oil Company as Operator.

Your immediate consideration and response regarding the above proposal will be greatly appreciated.

Sincerely,

MEWBOURNE OIL COMPANY



D. Paul Haden
Landman

DPH/sm

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Dear Mr. Wilson:

This is in follow up of my letter to you dated February 27, 1990 regarding a farmout of your operating rights under the captioned land. As the N/2 of the captioned Section 21 may be experiencing drainage from wells immediately offsetting our proposed location, your early decision will be greatly appreciated regarding our farmout request. We feel time is of the essence in drilling the proposed test well to recover our share of the hydrocarbons underlying the proposed drilling and spacing unit.

Please call should you like to discuss this further.

Sincerely,

MEWBOURNE OIL COMPANY



D. Paul Haden
Landman

DPH/sm