

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(432) 682-3715
FAX (432) 685-4170
August 20, 2013

Certified Mail

Ard Oil, Ltd.
222 W. 4th Street, PH #5
Fort Worth, Texas 76102

Re: Proposed Horizontal Bone Spring Test
Tamano "11" NC Fed COM #1-H
W/2 Section 11, T-18-S, R-31-E
Eddy County, New Mexico
Tamano Prospect

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne") hereby proposes drilling a horizontal 2nd Bone Spring sand test in Section 11, T-18-S, R-31-E, Eddy County, New Mexico. The well will be called the Tamano "11" NC Fed COM #1-H well and will have a surface location 150' FSL & 2,310' FWL and a bottom hole location 330' FNL & 2,310' FWL of said Section 11. We anticipate drilling to a vertical depth of approximately 8,100' where horizontal drilling operations will commence intended to land the well horizontal in the 2nd Bone Spring formation at a vertical depth of approximately 8,577'. We would then continue drilling horizontally to the north in the 2nd Bone Spring Sand formation to the bottom hole location at a total measured depth of 13,165' and a vertical depth of 8,569'.

Because there is no Operating Agreement in place that would govern operations for this project, Mewbourne proposes forming a 320 acre working interest unit covering the W/2 of said Section 11 limited to those depths from the base of the 2nd Bone Spring carbonate down to the base of the Wolfcamp formation. Based upon the Title Opinion previously rendered for this project, Ard Oil, Ltd. ("Ard") owns an undivided 3.54197% contractual interest in the SW/4 of said Section 11. Accordingly, Ard would have a 1.77083% working interest in the proposed unit and well.

Enclosed are duplicate original AFE well cost estimates for this well, a 1989 Model Form JOA covering the W/2 of said Section 11 limited to those depths from the base of the 2nd Bone Spring carbonate down to the base of the Wolfcamp formation along with an extra set of signature pages to the JOA. To make your election to join in the proposed well and unit, please execute and return one of the enclosed AFEs along with the extra set of signature pages to the JOA. Please note that Mewbourne's AFEs provide all participants the opportunity to opt out of the "Extra Expense Well Control Insurance" that Mewbourne purchases for each well it drills. To opt out of this insurance, please be sure to sign the AFE a second time at the bottom of each AFE. If you do opt out, you must provide evidence that you have adequate well control insurance.

Oil Conservation Division
Case No. 215052
Exhibit No. 7

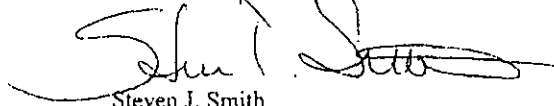
As an alternative to participation, Mewbourne hereby offers to purchase a 2 year Term Assignment of Ard's 5.66667 net acre interest in the SW/4 of said Section 11 limited to the depths described above based upon:

1. \$450.00 per net acre bonus;
2. Delivery of a 75% NRI to Mewbourne; and
3. Use of a mutually acceptable Term Assignment form.

Feel free to contact me at (432) 682-3715 or via email at ssmith@mewbourne.com if you have any questions or would like to discuss this proposal in greater detail.

Sincerely,

MEWBOURNE OIL COMPANY

A handwritten signature in dark ink, appearing to read 'Steven J. Smith', is written over the company name.

Steven J. Smith
Senior Landman

Enclosures



Date: August 22, 2013

Simple Certified:

The following is in response to your August 22, 2013 request for delivery information on your Certified Mail™/RRE item number 9414810699945002554197. The delivery record shows that this item was delivered on August 22, 2013 at 12:44 pm in FORT WORTH, TX 76102. The scanned image of the recipient information is provided below.

Signature of Recipient :

Delivery Section
To Graf

Address of Recipient :

To Graf
222 W 4

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,
United States Postal Service

Ard Oil
Ard Oil Ltd
222 W 4TH ST PH 5
FORT WORTH, TX 76102
Reference #: Tamano Prospect ss

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

October 1, 2013

Ard Oil, Ltd.
222 W. 4th Street, PH #5
Fort Worth, Texas 76102

Re: Proposed Horizontal Bone Spring Test
Tamano "11" NC Fed COM #1-H
W/2 Section 11, T-18-S, R-31-E
Eddy County, New Mexico
Tamano Prospect

Ladies and Gentlemen:

Referencing my letter to you dated August 20, 2013 proposing the above referenced well, Mewbourne has secured the cooperation of all parties in connection with our plans to drill this well with the exception of Ard Oil, Ltd. As a result, we have secured a position on the October 17, 2013 NMOC D Compulsory Pooling Docket. If you would like to join in this project, please execute and return the signature pages to the JOA I sent you along with an AFE. We would welcome your participation in this project.

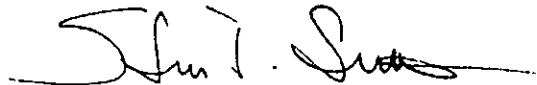
As an alternative to participation, Mewbourne hereby reaffirms its offer to purchase a 2 year Term Assignment covering Ard's 5.66667 net acre interest in the SW/4 of said Section 11 limited to the depths described above based upon:

1. \$450.00 per net acre bonus;
2. Delivery of a 75% NRI to Mewbourne; and
3. Use of a mutually acceptable Term Assignment form.

Feel free to contact me at (432) 682-3715 or via email at ssmith@mewbourne.com if you have any questions or would like to discuss this proposal in greater detail.

Sincerely,

MEWBOURNE OIL COMPANY



Steven J. Smith
Senior Landman