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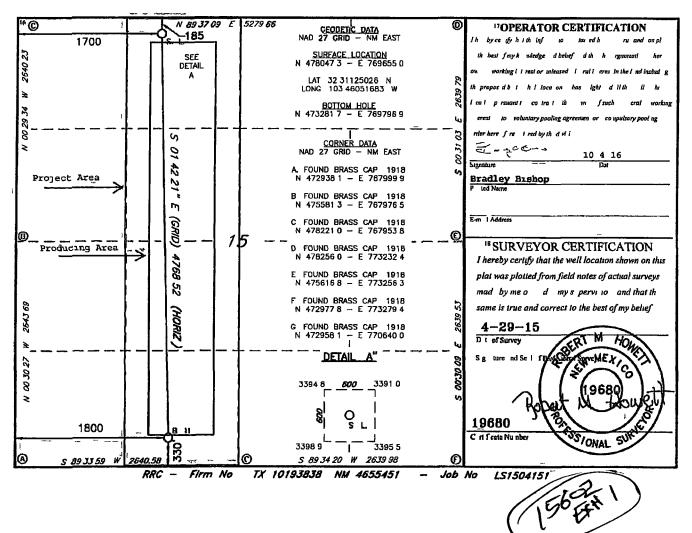
State of New Mexico Energy Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St Francis Dr Santa Fe NM 87505

Form C 102 Revised August 1 2011 Submit one copy to appropriate District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT 1 APIN mber 2P ol Code 3 Pool N me 2209 ANTELOPE RIDGE WEST BONE SPRING SProperty N m 41 rop rty C d 6 W li N mber **PRONGHORN 15 B3CN FED COM** 1H 70GRID NO 8 Operato Name SElev Lo MEWBOURNE OIL COMPANY 14744 3397 ¹⁰ Surface Location Lai Idn UL rlot 9 Sci Tw hp Range Feet from the East/West Im North/South line Feet From th County 15 235 34E 185 NORTH 1700 С WEST LEA "Bottom Hole Location If Different From Surface UL o lot no Section T w ship Range Lot Idn Feet from the North/South line Feet from th East/West I ne C univ 23S 34E 15 330 SOUTH 1800 Ν WEST LEA 12 D d Icd Acres 13 Jo 1 or Infill 14 Consolidation C d 15 Orde No 160

No allowable will be assigned to this completion until all interest have been consolidated or a non standard unit has been approved by the division



TRACT OWNERHSIP Pronghorn 15 B3CN Federal Com No 1H E/2W/2 of Section 15, Township 23 South, Range 34 East Lea County, New Mexico

E/2W/2 of Section 15 Bone Spring formation

Attn Mr Curtis Leonard

| Mewbourne Oil Company 500 West Texas, Suite 1020 Midland Texas 79701 | 31 476095% |
|---|------------|
| *Black Mountain Operating LLC 500 Main Street, Suite 1200 Fort Worth, Texas 76102 Attn Mr Luke Mildren | 24 781619% |
| Challenger Crude, Ltd 3525 Andrews Highway Midland Texas 79703 Attn Mr Mike Curry | 12 463839% |
| SFF Production, LLC P O Box 1015 Midland, Texas 79702 | 7 975589% |
| *Tom M Ragsdale 12012 Wickchester Lane Suite 410 Houston, Texas 77079 | 6 837475% |
| Seeligson Oil Co, Ltd 808 Travis Street Suite 2200 Houston Texas 77002 Attn Mr Arthur Seeligson | 5 357624% |
| Viersen Oil & Gas Co P O Box 702708 Tulsa, Oklahoma 74170 Attn Mr J J Chisholm | 2 500000% |
| ICA Energy, Inc P O Box 233 Odessa Texas 79760 | 2 279159% |

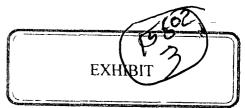
EXHIBI 2

Tract Ownership Pronghorn 15 B3CN Federal Com #1H Page 2 of 3

| Wildcat Energy, L L C P O Box 13323 Odessa, Texas 79768 Attn Mr Roger Becker | 2 160000% |
|--|-----------|
| Landıs Drilling Co P O Box 994 Mıdland Texas 79701 Attn Land Department | 1 066667% |
| Bonnie Bowman Korbell and John Korbell P O Box 12199 San Antonio, Texas 78212 | 0 868134% |
| Mark G Kalpakıs Irrevocable Trust 5416 Bırchman Avenue Fort Worth, Texas 76107 Attn Mrs Rachelle Whiteman | 0 468792% |
| R Dean Williams Irrevocable Trust 5416 Birchman Avenue Fort Worth, Texas 76107 Attn Mrs Rachelle Whiteman | 0 468792% |
| Texas Independent Exploration, Inc 6760 Portwest Drive Houston, Texas 77024 Attn Mr Chad Barbe | 0 316407% |
| Gerald W Green 414 W Texas Avenue Suite 317 Midland, Texas 79701 | 0 316406% |
| Axis Energy Corporation P O Box 2107 Roswell, New Mexico 88202 Attn Mr Chad Barbe | 0 231482% |
| Black & Gold Resources LLC 800 Bering, Suite 201 Houston Texas 77057 Attn David V De Marco | 0 158350% |
| Charles C Albright, III, Trustee 729 W 16 th Street, Suite B8 Costa Mesa, CA 92627 | 0 084175% |

| Tract Ownership Pronghorn 15 B3CN Federal Com #1H Page 3 of 3 | |
|---|---------------------------------|
| M Kurt Chapman P O Box 344 Post, Texas 79356 | 0 084175% |
| Lillian E Rutherford and Kenneth Rutherford, Trustees of the Rutherford Family 1970 Trust 321 Grove Drive Portola Valley, CA 94028 | 0 042088% |
| ABC Oil & Gas Properties c/o Darleen Cockburn 3208 Boyd Midland, Texas 79705 | 0 021044% |
| Constance B Cartwright 435 E 52 nd Street New York, New York 10022 | 0 021044% |
| Phoebe Tompkins 5184 Pine Tree Drive Miami Beach FL 33140 | <u>0 021044%</u> 100 000000% |

* Total interest being pooled 31 619094%



Summary of Communications Pronghorn 15 B3CN Federal Com No 1H

Black Mountain Operating, LLC

- 1) Called Carolyn Dick on 1 19 2015 to discuss prospect
- 2) Mailed Term Assignment offer by letter dated 1 27 2015 via certified mail to Merit Energy Company
- 3) Received green card signed by J Graham
- 4) Emailed Carolyn Dick our offer by email dated 1-27-2015
- 5) Talked with Eric Roberts on 7-6-2015 to discuss prospect
- 6) Talked with Eric Roberts on 7 14 2015 to discuss options other than participating
- 7) Received email from Eric Roberts on 7-21-2015 stating they are not interested in participating at this time and to propose a farmout offer
- 8) Talked with Eric Roberts on 7 27 2015 to discuss prospect and options
- 9) Emailed farmout offer to Eric Roberts on 7 28-2015
- Followed up with Eric Roberts regarding our farmout offer by email dated 8 11
 20165 Eric sent back a counter to our offer
- 11) Emailed Eric Roberts on 8 17-2015 and told him his counter needed to be more in line with our original proposal
- 12) Emailed Eric Roberts on 8-28-2015 a revised Farmout proposal
- 13) Called Nick Peters on 9 8-2015 to discuss proposal No answer, left message
- 14) Nick Peters called back on 9-10-2015 and discussed counter terms to our offer
- 15) Emailed Nick Peters on 9-11-2015 responses to his counter
- 16) Talked with Nick Peters on 9-14-2015 regarding our Farmout offer
- 17) Emailed Nick Peters on 12-8-2015 wanting to try and finish our negotiations regarding a farmout agreement
- 18) Received email from Nick Peters on 12-17 2015 stating they did not wish to do anything at this time
- 19) Followed up with Nick Peters on 3-28-2016 concerning our farmout offer
- 20) Followed up with Nick Peters on 4 25 2016 concerning our farmout offer
- 21) Received email from Nick Peters on 4-25-2016 stating Merit did not wish to participate or farmout
- 22) Talked with Nick Peters on 5-9-2016 about the prospect He said they are selling this interest as a bigger package
- 23) Merit Energy Company sold its interest to Black Mountain Operating LLC
- 24) Emailed Kyle Biery with Black Mountain on 6 13-2016 to get correct contact information
- 25) Mailed well proposal letter with AFE via certified mail dated 9-15 2016 to Black Mountain Operating, LLC
- 26) Received green card signed by ^{???}
- 27) Received phone call from Luke Mildren on 9 19 2016 I called back and left message
- 28) Talked with Luke Mildren on 9-26 2016 about needing to get a JOA signed
- 29) Emailed Luke Mildred on 10-21 2016 about the 3 additional well proposals and the need to get a JOA executed so we didn't have to go through force pooling again
- 30) Received email from Luke Mildren on 10-24-2016 stating it was out of his hands

Summary of Communications Pronghorn 15 B3CN Federal Com No 1H Page 2 of 3

- 31) Emailed Luke Mildren on 10 27 2016 copies of JOAs limited to the proration units as they requested
- 32) Received email from Luke Mildren on 10 31-2016 claiming he received the JOAs and would re present them along with the well proposals to his team
- 33) Received email from Luke Mildren on 11-17-2016 stating he was sending me the JOA covering the W2W2 overnight mail I asked if the other JOAs would be coming as well and said just the W2W2 JOA as of right now
- 34) Received email from Luke Mildren on 12-12 2016 asking if Mewbourne would be interested in trading the E2 for the W2 of Section 15
- 35) Talked with Luke Mildren on 12-12 2016 about a possible trade concerning Section 12 and Section 15
- 36) Emailed Luke Mildren on 12 14-2016 for an update concerning our conversation He said he didn't want to trade Section 12 and 15 and just wanted to trade E2 for W2 in Section 15 I again emailed back additional terms that we would be willing to trade under Luke emailed back and said he would get with his technical team and get back
- 37) I have not heard back from Black Mountain concerning our last offer

Tom M Ragsdale

- 1) Mailed well proposal letter with AFE via certified mail dated 4 27-2016
- 2) Received green card signed by John Lelek
- 3) Received email dated 5-25-2016 from Tom Ragsdale inquiring about our proposal
- 4) Talked with Tom Ragsdale regarding our proposal on 5-28 2016
- 5) Emailed Tom Ragsdale on 6 16 2016 to follow up to our proposal for a trade instead of him participating
- 6) Received phone call from Karen Stanford on 6 24-2016 I was not available and she left a message
- 7) Called Karen Stanford on 6 27-2016 and we discussed the prospect
- 8) Received and email on 6 29-2016 from Mark Crosswell and Tom Ragsdale stating they would like to discuss the AFE
- 9) Talked with Mark Crosswell and Tom Ragsdale 6 30 2016 regarding the AFE
- 10) Talked with Karen Stanford on 7-15-2016 concerning the prospect
- 11) Talked with Karen Stanford on 7-22 2016 concerning an offer
- 12) Emailed Karen Stanford on 8 3-2016 setting out a Term Assignment offer and received a counter proposal from Karen the same day
- 13) Emailed Karen Stanford on 8-5 2016 with another counter proposal for a Term Assignment
- 14) Received feedback on 8 8 2016 regarding our proposal from Karen Stanford
- 15) Emailed Karen Stanford on 8-15-2016 a revised offer
- 16) Received email from Karen Stanford on 8-17-2016 confirming receipt of our revised offer and stating she will look it over
- 17) Emailed Karen Stanford on 8 22-2016 to see if she has any feedback Received email back from Karen Stanford stating the basic structure of our deal is fine
- 18) Emailed Karen Stanford on 8-29 2016 letting her know we will have to move forward with force pooling
- 19) Received email from Karen Stanford on 8 31-2016 requesting additional information
- 20) Emailed Karen Stanford on 9-1-2016 and faxed her a copy of the JOA Confirmed receipt of the JOA on 9 7 2016
- 21) Received comments back on 9-12-2016 regarding our Term Assignment form

Summary of Communications Pronghorn 15 B3CN Federal Com No 1H Page 3 of 3

- 22) Emailed Karen Stanford on 9 13-2016 regarding her revision to the Term Assignment and our final offer terms
- 23) Emailed Karen Stanford on 9 14-2016 clarifying our offer
- 24) Mailed well proposal letter with AFE via certified mail dated 9-15-2016
- 25) Received green card signed by ^{???}
- 26) Talked with Karen Stanford about our offer and emailed her on 9 19 2016 with our redlined Term Assignment
- 27) Karen emailed me 9-23 2016 with some questions concerning the Term Assignment
- 28) Talked with Karen on 9-23 2016 and she said Mr Ragsdale is no longer interested in doing the term assignment and instead is going to participate
- 29) Emailed Karen on 9-26 2016 with her respective changes to the Term Assignment
- 30) Received email from Karen dated 9 28 2016 inform me that Mr Ragsdale is no longer interested in doing the term assignment and instead is going to participate
- 31) Talked with Karen on 10-5-2016 regarding the AFE and JOA
- 32) Received email from Karen dated 10-7-2016 stating Mr Ragsdale has some questions with our AFE
- 33) Emailed Karen to let her know I received Mr Ragsdale executed AFEs but had not received the JOA yet
- 34) By email dated 11-8-2016, Karen said she would get with Mr Ragsdale to get the JOA executed
- 35) Talked with Karen in 11-10-2016 regarding the prospect
- 36) By email dated 11-14 2016 Karen sent me a list of changes that Mr Ragsdale wanted to our JOA
- 37) Talked with Karen on 12-12 2016 about just a W2W2 JOA only
- 38) Sent Karen our W2W2 JOA by email dated 12-13-2016 Karen acknowledged receipt and said she would get back with me

From Sent To Subject Luke Mildren <luke mildren@blackmtn com> Wednesday December 14 2016 3 47 PM Corey Mitchell RE Pronghorn 15

Corey,

Thanks for the heads up here I don t believe Siana Oil & Gas has executed the JOA here therefore all the other partners have not signed up thus far

Black Mountain is committed to the area as well. We hope to develop the acreage as efficiently as possible, which is why we prefer longer laterals when possible

According to our due diligence files we have an NRI of 81 33% in Section 15 I am not sure where the title dispute stems from, but we will work to clear this up I will relay this offer back to our technical guys and see if this gets them over the hump

Thanks again for working with us here Luke

From Corey Mitchell [mailto cmitchell@Mewbourne com] Sent Wednesday December 14 2016 2 47 PM To Luke Mildren <luke mildren@blackmtn com> Subject RE Pronghorn 15

Luke

We appreciate BMOG working with us to try and come to an agreement whereby we can get out of each other's way and move forward However our President is not willing to trade out of Section 15 due to the fact that we have invested considerable amount of time and money are drilling a well in the W/2W/2 have APDs covering the section and have all the other partners support for MOC being operator in the section by virtue of an executed JOA covering all of Section 15 It is worth noting that we have been working on this prospect since January 2015

Also MOC is committed to this area and plans on being out here long term. This is evidenced by our recent drilling activity and investment in infrastructure. As previously mentioned, MOC also has the W2 of Section 14 and interest in 5 other nearby sections that we operate

Though you are hoping to drill 7,500 laterals out of section 10 into section 15 I don t see this as an option given MOC s position in Section 15

I'm not sure what title information you have but we have a title opinion that sets out the NRIs in Section 15. It shows that at best the NRI is around 77% 78%. The leases we have picked up in Section 12 range from 1/5 royalty to 1/4 royalty. We do have some leases with 3 year term, but most are 3+2 or 5 years. That would give you at least until 2019 to develop, which doesn't seem unreasonable if BMOG is wanting to start drilling early next year.

With that said MOC would be willing to trade out of our position in Section 12 to BMOG for a portion of BMOG s interest in Section 15 What are your thoughts on trading approximately 160 of MOC's acres in Section 12 for 120 of BMOG s acres in Section 15? This would allow for us to get out of your way in Section 12 and also leave you with an interest to participate with in Section 15 Basically some form of the previous offer is all we are going to be able to get approval for right now as trading out of Section 15 is not going to be an option for us

Please review and let me know if we can work something out Thanks

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

From Luke Mildren [mailto luke mildren@blackmtn.com] Sent Wednesday, December 14, 2016 11 19 AM To Corey Mitchell Subject RE Pronghorn 15

Our engineers aren t crazy about the idea of giving up potential 7 500 laterals with good NRI s for non hbp acreage and we don t own any offsetting leasehold. We would still prefer to trade rather than to slow one another down if we can come up with a fair deal for both parties.

From Corey Mitchell [mailto cmitchell@Mewbourne com] Sent Wednesday December 14 2016 11 05 AM To Luke Mildren <<u>luke mildren@blackmtn com</u>> Subject RE Pronghorn 15

Luke

Any update from our conversation concerning Section 12 and 15? Thanks

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

From Luke Mildren [mailto luke mildren@blackmtn com] Sent Monday, December 12, 2016 2 30 PM To Corey Mitchell Subject RE Pronghorn 15

Corey

Would Mewbourne be willing to trade interest in the E2 of Section 15 for Black Mountain's W2?

Thanks Luke

From Corey Mitchell [mailto cmitchell@Mewbourne com] Sent Thursday November 17 2016 9 27 AM

| From | Luke Mildren <luke com="" mildren@blackmtn=""></luke> |
|---------|---|
| Sent | Wednesday December 14 2016 11 19 AM |
| То | Corey Mitchell |
| Subject | RE Pronghorn 15 |

Our engineers aren t crazy about the idea of giving up potential 7 500 laterals with good NRI s for non hbp acreage and we don t own any offsetting leasehold. We would still prefer to trade rather than to slow one another down if we can come up with a fair deal for both parties.

From Corey Mitchell [mailto cmitchell@Mewbourne com] Sent Wednesday December 14 2016 11 05 AM To Luke Mildren <luke mildren@blackmtn com> Subject RE Pronghorn 15

Luke

Any update from our conversation concerning Section 12 and 15? Thanks

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

From Luke Mildren [mailto luke mildren@blackmtn.com] Sent Monday, December 12, 2016 2 30 PM To Corey Mitchell Subject RE Pronghorn 15

Corey,

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Thanks Luke

From Corey Mitchell [mailto cmitchell@Mewbourne com] Sent Thursday November 17 2016 9 27 AM To Luke Mildren <<u>luke mildren@blackmtn com</u>> Subject RE Pronghorn 15

Thanks Luke I will keep an eye out for it See if you can push on the others as well that way we can avoid pooling hearings. Have a great day

Corey Mitchell Land Department Mewbourne Oil Company

From Sent To Subject Luke Mildren <luke mildren@blackmtn.com> Monday December 12 2016 2 30 PM Corey Mitchell RE Pronghorn 15

Corey,

Would Mewbourne be willing to trade interest in the E2 of Section 15 for Black Mountain s W2?

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From Corey Mitchell [mailto cmitchell@Mewbourne com] Sent Thursday, November 17, 2016 9 27 AM To Luke Mildren <luke mildren@blackmtn com> Subject RE Pronghorn 15

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

From Luke Mildren [mailto luke mildren@blackmtn com] Sent Thursday, November 17, 2016 9 13 AM To Corey Mitchell Subject RE Pronghorn 15

Just the initial well thus far

From Corey,Mitchell [mailto cmitchell@Mewbourne.com] Sent Thursday November 17 2016 9 12 AM To Luke Mildren <<u>luke mildren@blackmtn.com</u>> Subject^{*}RE Pronghorn 15

Luke

Were you able to get all four JOAs executed or just the initial well? Thanks

Corey Mitchell Land Department Mewbourne Oil Company 500 West Texas Suite 1020 Midland TX 79701

From Sent To Subject Luke Mildren <luke mildren@blackmtn.com> Thursday November 17 2016 9 13 AM Corey Mitchell RE Pronghorn 15

Just the initial well thus far

From Corey Mitchell [mailto cmitchell@Mewbourne com] Sent Thursday November 17 2016 9 12 AM To Luke Mildren <luke mildren@blackmtn com> Subject RE Pronghorn 15

Luke

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

From Luke Mildren [mailto luke mildren@blackmtn com] Sent Thursday, November 17, 2016 9 10 AM To Corey Mitchell Subject RE Pronghorn 15

Corey

I am having this overnighted to you Sorry it took so long to get executed

Thanks, Luke

From Corey Mitchell [mailto cmitchell@Mewbourne com] Sent Thursday October 27 2016 10 10 AM To Luke Mildren <<u>luke mildren@blackmtn com</u>> Subject RE Pronghorn 15

Luke

Please see attached I have attached a JOA limited to the proration unit and Bone Spring formation for the Pronghorn 15 B3DM Fed Com No 1H Also, I will send similar JOAs (different Exhibit A) by separate emails for the other 3 active proposals currently in front of Black Mountain. We will be moving forward with force pooling on these wells as we do not have an AFE and JOA in place for Black Mountain. Let me know if you have any questions. Thanks

From Sent To Subject Luke Mildren <luke mildren@blackmtn.com> Thursday November 17 2016 9 10 AM Corey Mitchell RE Pronghorn 15

Corey

I am having this overnighted to you Sorry it took so long to get executed

Thanks Luke

From Corey Mitchell [mailto cmitchell@Mewbourne com] Sent Thursday October 27 2016 10 10 AM To Luke Mildren <luke mildren@blackmtn com> Subject RE Pronghorn 15

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

From Luke Mildren [mailto luke mildren@blackmtn com] Sent Monday, October 24 2016 11 26 AM To Corey Mitchell Subject RE Pronghorn 15

Corey

I appreciate your update below Unfortunately this is out my hands. Our CEO stated that if y'all would like to meet to resolve this issue he would be more than willing to sit down and hash it out

Thanks Luke

From Corey Mitchell [mailto cmitchell@Mewbourne com] Sent Friday October 21 2016 9 50 AM To Luke Mildren <<u>luke mildren@blackmtn com</u>> Subject RE Pronghorn 15 ويه بيا ميرو بي بينيوه ميد

| From | Luke Mildren <luke com="" mildren@blackmtn=""></luke> |
|---------|---|
| Sent | Monday October 31 2016 8 26 AM |
| То | Corey Mitchell |
| Subject | RE Pronghorn 15 B3AP Fed Com No 1H JOA |

Thanks for passing these along I will re present them along with the well proposals to our team this week

From Corey Mitchell [mailto cmitchell@Mewbourne com] Sent Thursday October 27 2016 10 14 AM To Luke Mildren <<u>luke mildren@blackmtn com</u>> Subject Pronghorn 15 B3AP Fed Com No 1H JOA

Luke

Please see attached JOA for the captioned well This JOA is to coincide with the well proposal sent by letter dated September 15 2016 Let me know if you have any questions Thanks

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

From Sent To Subject Luke Mildren <luke mildren@blackmtn com> Monday October 24 2016 11 26 AM Corey Mitchell RE Pronghorn 15

Corey

I appreciate your update below Unfortunately this is out my hands Our CEO stated that if y all would like to meet to resolve this issue he would be more than willing to sit down and hash it out

Thanks Luke

From Corey Mitchell [mailto cmitchell@Mewbourne com] Sent Friday October 21 2016 9 50 AM To Luke Mildren <luke mildren@blackmtn com> Subject RE Pronghorn 15

Luke

I appreciate you getting back with me Execution of the AFE <u>only</u> is not sufficient to be released from the force pooling application as we do not have a vehicle to operate under if we do not have a JOA or pooling order in place

Also it does not make sense to limit the JOA to the proration unit only As previously mentioned all the other partners have executed a full section JOA with MOC covering from the surface to the base of the Wolfcamp formation. In an effort to be good partners and help move things along we have agreed to limit Black Mountain's contract area to the Bone Spring formation only.

We have proposed three more wells covering the additional Bone Spring proration units in the section If Black Mountain refuses to execute a full section JOA then we will have to move forward with force pooling applications for every well. This is extremely inefficient and wastes everyone s time. There is no point in having 4 separate JOAs covering each respective proration unit as to the Bone Spring formation if 1 JOA will serve the same purpose. I do not see what Black Mountain is trying to gain by going well by well as we have all the other parties signed up with MOC designated as Operator. Not to mention we also already have APDs for these units.

Please take these thoughts into consideration and see if you can get the full section JOA executed Let me know if you have any questions

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

From Luke Mildren [mailto luke mildren@blackmtn com] Sent Friday, October 21, 2016 8 53 AM



Date September 19, 2016

Simple Certified

The following is in response to your September 19, 2016 request for delivery information on your Certified Mail[™]/RRE item number 9414810699945017848816 The delivery record shows that this item was delivered on September 19, 2016 at 1,59 pm in FORT WORTH, TX, 76102 The scanned image of the recipient information is provided below

Signature of Recipient

Address of Recipient

500 Mais

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

> Mr Kyle Biery Black Mountain Operating LLC 500 MAIN ST STE 1200 FORT WORTH TX 76102 Reference # Proposal Pronghorn 15 B3AP B3BO B3CN #1H CM

MEWBOURNE OIL COMPANY

à

500 West Texas Suite 1020 Midland Texas 79701 Phone (432) 682-3715 Fax (432) 685-4170

September 15, 2016

Via Certified Mail

Black Mountain Operating, LLC 500 Main Street, Suite 1200 Fort Worth, Texas 76102 Attn Mr Kyle Biery

Re Pronghorn 15 B3CN Fed Com No 1H 185' FNL & 1700 FWL (SL) 330' FSL & 1800' FWL (BHL) Section 15, T23S, R34E Lea County, New Mexico

Gentlemen

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to form a 640 00 acre Working Interest Unit ("WIU") covering the captioned Section 15 as to depths from the surface to the base of the Wolfcamp formation for oil and gas production

In reference to the above, 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 11,310 feet subsurface to evaluate the Third Bone Spring Sand in the Bone Spring Formation The proposed well will have a measured depth (MD) of approximately 15 850 feet The E/2W/2 of the captioned Section 15 will be dedicated to the well as the oil proration unit

Regarding the above, enclosed for your further handling is our AFE dated August 26, 2016 for the captioned proposed well. In the event your firm elects to participate in the proposed well, please execute the enclosed AFE and return to me within thirty (30) days. Our Operating Agreement dated February 1, 2016 as previously been provided to you

Should you have any questions regarding the above please email me at <u>cmitchell@mewbourne.com</u> or call me at (432) 682-3715

Sincerely,

MEWBOURNE OIL COMPANY

Cney mechel

Corey Mitchell Landman From Kyle Biery Sent Monday June 13 2016 4 34 PM To Corey Mitchell <<u>cmitchell@Mewbourne com</u>> Cc Luke Mildren <<u>luke mildren@blackmtn com</u>> Subject RE Pronghorn 15 Prospect

Corey,

Please send me proposed AFE & JOA? We operate under Black Mountain Operating LLC I will see if I can get a copy of that assignment from our land department

Thanks

 Kyle

 From Corey Mitchell [mailto cmitchell@Mewbourne com]

 Sent Monday, June 13 2016 9 49 AM

 To Kyle Biery <kyle biery@blackmtn com>

 Subject FW Pronghorn 15 Prospect

Kyle

It is my understanding that Black Mountain Oil and Gas recently acquired the interest of Merit in Section 15, T23S R34E, Lea County New Mexico We have been going back and forth with Merit for some time now regarding this prospect I would assume Black Mountain's intent would be to participate in our proposed operations

Can you please give me the entity name that succeeded to Merit's interest? I will revise our AFE and JOA and get over to you for review Also can I get a copy of the assignment for my file?

Let me know if you have any questions I look forward to working with you 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

From Peters, Nick [mailto Nick Peters@meritenergy com] Sent Monday, Juné 06, 2016 10 54 AM To Corey Mitchell Cc Kyle Biery Subject RE Pronghorn 15 Prospect

Corey

We did indeed close with Black Mountain Oil and Gas You can speak with Kyle Biery their VP of Business Development His contact information is set forth below and he's cc'd on this email

Best of luck with everything

Kyle M Biery Vice President of Business Development



BLACK MOUNTAIN OIL & GAS 500 Main Street, Suite 1200 Fort Worth TX 76102 817 698-9901 ph 817 698 9902 fax Kyle biery@blackmtn com www blackmountainoilandgas com

Nick Peters 972 628 1507

From Corey Mitchell [mailto cmitchell@Mewbourne com] Sent Monday, June 06, 2016 9 41 AM To Peters, Nick Subject RE Pronghorn 15 Prospect

Nick,

Just wanted to check in and see if you closed your transaction involving Section 15 T23S R34E Lea County, NM? If so can you share with me who the buyer is? Thanks

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

From Peters, Nick [mailto Nick Peters@meritenergy com] Sent Thursday, May 26, 2016 6 30 PM To Corey Mitchell Subject RE Pronghorn 15 Prospect

Corey

All is well and I hope you re good too The transaction is moving along and the parties are set to close 5/31 As soon as we re closed, I believe our buyer is going to contact you If you haven t heard from us by Wednesday please ping me and I II make an introduction

Take care

Nick Peters 972 628 1507 From Corey Mitchell [mailto cmitchell@Mewbourne.com] Sent Wednesday, May 25, 2016 9 45 AM To Peters, Nick Subject Pronghorn 15 Prospect

Nick

I hope all is going well I just wanted to check in and see how the transaction is going regarding certain Merit New Mexico properties Any closer to being finalized so we can know who the purchaser is? Thanks for the update 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

From Sent To Subject Peters Nick <Nick Peters@meritenergy.com> Monday April 25 2016 4 26 PM Corey Mitchell RE Pronghorn 15 Prospect

Corey

I apologize for not getting back to you I ve been on the road a fair amount I circled up internally and we are not presently interested in participating in this well I also do not believe we are interested in farming out this acreage Where do you think that leaves things?

Thanks

Nick Peters 972 628 1507

---- Original Message --From Corey Mitchell [mailto cmitchell@Mewbourne.com] Sent Monday, April 25 2016 1 07 PM To Peters Nick Subject FW Pronghorn 15 Prospect

Nick

I just wanted to follow up on this prospect Have you heard anything back yet on what Merit is wanting to do? Any update will be appreciated 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

---Original Message----From Corey Mitchell Sent Monday March 28 2016 5 03 PM To Peters Nick' Subject Pronghorn 15 Prospect

Nick

Pursuant to our conversation please see attached well proposal I sent Merit back in February Please review and let me know what you hear back As mentioned I am looking for direction (participate or work a deal) on Merit's thoughts

concerning this prospect Let me know if you have any questions or need additional information Thanks Nick Have a great evening

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

| From | Peters Nick <nick peters@meritenergy.com=""></nick> | | |
|---------|---|--|--|
| Sent | Thursday December 17 2015 10 27 AM | | |
| То | Corey Mitchell | | |
| Subject | RE Mewbourne Oil Co New Well proposal PRONGHORN 15 B3DM FED COM NO 1H | | |

Core

I discussed this with management Unfortunately we do not want to farmout this acreage at this time Thank you very much for your interest and I ll be sure to let you know if our level of interest changes

Take care and enjoy the holidays

Nick Peters 972 628 1507

From Corey Mitchell [mailto cmitchell@Mewbourne com]
Sent Tuesday, December 08, 2015 5 01 PM
To Peters, Nick
Subject RE Mewbourne Oil Co New Well proposal PRONGHORN 15 B3DM FED COM NO 1H

Nick,

Hope all is going well I would like to start up our conversation again regarding the Farmout covering Merit's interest in Section 15 T23S R34E Lea County New Mexico Based on our last conversation I believe Merit was okay with the terms below but was wanting to get a better feel for its NRI We had title rendered and it appears Merit has an average NRI of 80 271718% interest throughout the section

Please look it over and let me know your thoughts Thanks Nick I look forward to hearing from you Have a great evening

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

From Peters, Nick [mailto Nick Peters@meritenergy com]
Sent Friday, September 11, 2015 5 01 PM
To Corey Mitchell
Subject RE Mewbourne Oil Co New Well proposal PRONGHORN 15 B3DM FED COM NO 1H

Thanks, Corey Well review this and get back to you

Have a great weekend

Nick Peters 972 628 1507

| From | Peters Nick <nick peters@meritenergy.com=""></nick> |
|---------|---|
| Sent | Tuesday December 08 2015 5 03 PM |
| То | Corey Mitchell |
| Subject | RE Mewbourne Oil Co New Well proposal PRONGHORN 15 B3DM FED COM NO 1H |

Thanks, Corey We II take a look at this again and get back to you

Nick Peters 972 628 1507

From Corey Mitchell [mailto cmitchell@Mewbourne com]
Sent Tuesday, December 08, 2015 5 01 PM
To Peters, Nick
Subject RE Mewbourne Oil Co New Well proposal PRONGHORN 15 B3DM FED COM NO 1H

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Please look it over and let me know your thoughts Thanks Nick I look forward to hearing from you Have a great evening

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

From Peters, Nick [mailto Nick Peters@meritenergy com] Sent Friday, September 11, 2015 5 01 PM To Corey Mitchell Subject RE Mewbourne Oil Co New Well proposal PRONGHORN 15 B3DM FED COM NO 1H

Thanks Corey Well review this and get back to you

Have a great weekend

Nick Peters 972 628 1507

From Corey Mitchell [mailto cmitchell@Mewbourne com] Sent Friday, September 11, 2015 4 08 PM To Peters, Nick Subject RE Mewbourne Oil Co New Well proposal PRONGHORN 15 B3DM FED COM NO 1H Nick

Pursuant to our conversation Mewbourne Oil Company hereby offers to acquire a Farmout from Merit Energy Company (including internal entities) covering its interest in Section 15 T23S R34E Lea County New Mexico under the following revised terms

Mutually acceptable form with a two (2) year term (I know you had requested a term of 1 year but I think we will need longer simply due to the extensive title work that needs to be done on this section)

 Merit will reserve an ORI equal to the difference between 25% and existing burdens, whereby MOC is delivered a 75% NRI

If MOC drills a well within the primary term will earn 320 acres and will then have 180 day continuous development after expiration of the primary term to drill an additional well, earning the other 320 acres Will earn term assignment by drilling the 2 wells earning wells

Merit will have the option to convert its reserved ORI to a 25% working interest (proportionately reduced) on the earning wells

 MOC would earn 75% of Merit's interest outside the wellbores of the earning wells Merit would be heads up on subsequent wells with its retained 25% interest and have the option to either participate or farmout its interest with the option to convert its reserved ORI to a 25% working interest (proportionately reduced)

Exclude existing wellbores and the production therefrom

Limited in depths as to the Bone Spring formation

I believe the above terms cover what we discussed on the phone Let me know if I am missing something or if you have any questions Thanks Nick 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

From Peters, Nick [mailto Nick Peters@meritenergy com]
Sent Wednesday, September 02, 2015 3 48 PM
To Corey Mitchell
Subject RE Mewbourne Oil Co New Well proposal PRONGHORN 15 B3DM FED COM NO 1H

Corey

Do you have any time to briefly discuss this today? If so please let me know and we can set something up

Thanks

Nick Peters 972 628 1507

From Corey Mitchell [mailto cmitchell@Mewbourne com] Sent Friday, August 28, 2015 9 43 AM To Roberts, Eric Subject RE Mewbourne Oil Co New Well proposal PRONGHORN 15 B3DM FED COM NO 1H Pursuant to our conversation last week and Merit s preference to not be at a heads up basis on subsequent wells Mewbourne Oil Company hereby offers to acquire a Farmout from Merit Energy Company (including internal entities) covering its interest in Section 15 T23S R34E Lea County New Mexico under the following revised terms

- Mutually acceptable form with a two (2) year term
- Merit will reserve an ORI equal to the difference between 25% and existing burdens, whereby MOC is delivered a 75% NRI
- MOC would earn 75% of Merit's interest outside the wellbore of the initial well in each proration unit

Merit will have the option to convert its reserved ORI to a 25% working interest (proportionately reduced) on a well by well basis

If MOC drills a well within the primary term will earn 320 acres and will then have 180 day continuous development after expiration of the primary term to drill an additional well, earning the other 320 acres Will earn term assignment by drilling the 2 wells Exclude existing wellbores and the production therefrom Limited in depths as to the Bone Spring formation

Let me know if you have any questions Thanks Eric 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

From Roberts, Eric [mailto Eric Roberts@meritenergy com]
Sent Monday, August 17, 2015 5 26 PM
To Corey Mitchell
Subject Re Mewbourne Oil Co New Well proposal PRONGHORN 15 B3DM FED COM NO 1H

Glad you didn't agree to this as an offer I would have felt horrible had it come across felt like I was jerking you all around

Eric

On Aug 17 2015 at 4 57 PM Corey Mitchell <<u>cmitchell@Mewbourne com</u>> wrote

Eric

Thanks for getting back with me I believe we did a deal similar to your revisions a couple years ago However that was a different price environment and we didn t have a foothold in that prospect. Given the current environment and the fact we already have a position in this section, we are not going to be acceptable to working a deal based on your countered terms. Our offer is still valid and any counter would need to be closer to those terms. I hope this helps you out. Let me know if you have any questions. I look forward to hearing back from you. Thanks

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

From Roberts, Eric [mailto Eric Roberts@meritenergy com] Sent Tuesday, August 11, 2015 11 09 AM To Corey Mitchell Subject RE Mewbourne Oil Co New Well proposal PRONGHORN 15 B3DM FED COM NO 1H

I followed up and should hear something by EOD or tomorrow

Mutually acceptable form with a two (2) year term **1** year term Merit will reserve an ORI equal to the difference between 25% and existing burdens, whereby MOC is delivered a 75% NRI SAME Merit will have the option to convert its reserved ORI to a 25% working interest

(proportionately reduced) on the initial well drilled in each proration unit 33 1/3% MOC would earn 75% of Merit s interest outside the wellbore of the initial well in each proration unit MOC earns 100% in First Test Well vertically limited to First Bone Spring interval and Earn 50% interest of Farmors interest in each of the 2nd Bone Spring & Third Bone Spring

Merit would be heads up on subsequent wells with its retained 25% interest N/A

180 day continuous development language 180 days Continuous Dev

Exclude existing wellbores and the production therefrom

Limited in depths from the surface to the base of the Wolfcamp formation Limited stratigraphically from first bone Spring 9,354' to 9,880', 2nd Bone Spring 9,880' to 10,493' etc

Eric Roberts RPL CPLTA | Landman

/mage001_jpg> Merit Energy Company | 13727 Noel Road Suite 1200 | Dallas TX 75240

Office 972 628 1493 | Fax 972 628 1793

From Corey Mitchell [mailto cmitchell@Mewbourne com]

Sent Tuesday, August 11, 2015 9 25 AM To Roberts, Eric Subject RE Mewbourne Oil Co New Well proposal PRONGHORN 15 B3DM FED COM NO 1H

Erıc

I just wanted to touch base with you and see if you have heard anything back regarding our offer? Any update will be appreciated 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

From Corey Mitchell Sent Tuesday, July 28, 2015 8 19 AM To Roberts, Eric Subject RE Mewbourne Oil Co New Well proposal PRONGHORN 15 B3DM FED COM NO 1H Eric

Pursuant to our conversation Mewbourne Oil Company hereby offer to acquire a Farmout from Merit Energy Company (including internal entities) covering its interest in Section 15 T23S R34E Lea County New Mexico under the following terms

> Mutually acceptable form with a two (2) year term Merit will reserve an ORI equal to the difference between 25% and existing burdens, whereby MOC is delivered a 75% NRI

- Merit will have the option to convert its reserved ORI to a 25% working interest (proportionately reduced) on the initial well drilled in each proration unit
- MOC would earn 75% of Merit's interest outside the wellbore of the initial well in each proration unit
 Merit would be heads up on subsequent wells with its retained 25% interest 180 day continuous development language
- Exclude existing wellbores and the production therefrom Limited in depths from the surface to the base of the Wolfcamp formation

Please review and let me know if this is acceptable If so, I will send over a Farmout Agreement for review Let me know if you have any questions 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

From Roberts, Eric [mailto Eric Roberts@meritenergy com]
Sent Monday, July 27, 2015 8 33 AM
To Corey Mitchell
Subject RE Mewbourne Oil Co New Well proposal PRONGHORN 15 B3DM FED COM NO 1H

Morning Cory

Unfortunately, this was just bad timing for Merit to have to make a decision on a capital rich horizontal, but I appreciate your interest and hope we can put something together when the timing is right Please do stay in touch

Thank you

Eric Roberts, RPL CPLTA | Landman

/mage001_jpg> Merit Energy Company | 13727 Noel Road Suite 1200 | Dailas TX 75240

Office 972 628 1493 | Fax 972 628 1793

From Roberts, Eric Sent Tuesday, July 21, 2015 5 53

PM

To Corey Mitchell Subject Mewbourne Oil Co New Well proposal PRONGHORN 15 B3DM FED COM NO 1H

Cory

We are not interested in participating/developing the acreage at this time If you want to draft a farm out agreement proposal with favorable terms we would be willing to consider it

I apologize for just getting back to you on this

Eric Roberts RPL CPLTA | Landman <image001 jpg> Merit Energy Company | 13727 Noel Road Suite 1200 | Dallas TX 75240 Office 972 628 1493 | Fax 972 628 1793

From Sent To Subject Attachments Corey Mitchell Tuesday January 27 2015 3 06 PM Dick Carolyn Lea County New Mexico Offer Merit Offer Letter pdf

Carolyn,

Pursuant to our conversation, please see attached offer regarding Merit Energy Company s (and affiliates) interest in Section 15, T23S, R34E, Lea County New Mexico Hopefully this will help in moving forward Please let me know your thoughts once you have had a chance to review. Let me know if you have any questions. 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

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Date February 1 2015

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The following is in response to your February 1, 2015 request for delivery information on your Certified Mail™/RRE item number 9414810699945007651099 The delivery record shows that this item was delivered on January 31 2015 at 12 26 pm in DALLAS, TX 75240 The scanned image of the recipient information is provided below

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Address of Recipient

Noel Rd # 700 13727 Delivery uddeen

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Sincerely United States Postal Service ¢

Carolyn Dick Ment Energy Company 13727 NOEL RD STE 1200 DALLAS TX 75240 Reference # Mad Dog 15 cm

Mewbourne Oil Company

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500 W TEXAS SUITE 1020 MIDLAND TEXAS 79701

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

January 27 2015

. البر

Via Email and Certified Mail

Merit Energy Company 13727 Noel Road, Suite 1200 Dallas Texas 75240 Attn Ms Carolyn Dick

Re Mad Dog '15" Prospect Section 15, T23S R34E Lea County New Mexico

Ladies and Gentlemen

Mewbourne Oil Company ('Mewbourne') is interested in acquiring a Term Assignment covering all of Merit Management Partners III, L P Merit Management Partners II, L P Merit Management Partners I, L P Merit Energy Partners F III, L P Merit Energy Partners E III L P and Merit Energy Partners III, L P ("Merit') right, title and interest in the above captioned Section 15 as to depths from the surface to 11 710 beneath the surface, save and except all interest in and to the existing wellbores and production therefrom from any well currently located on the lands or communitized therewith

According to the records in Lea County, New Mexico, Merit appears to own approximately 33 333333% working interest (53 333333 net acres) in the NW/4 and 39 356050% working interest (62 96968 net acres) in the SE/4 of the captioned Section 15

Regarding the above, Mewbourne hereby offers to purchase a three (3) year Term Assignment covering all of Merit's interest in the above captioned Section 15 for \$750 00 per net acre based upon delivery of a 77% net revenue interest to Mewbourne (116 303013 net acres x \$750 00 per acre = \$87 227 26)

This offer is subject to Mewbourne's approval of title and execution of a mutually acceptable form of assignment Please indicate your acceptance by signing and returning page 2 of this letter within 30 days of receipt

As previously mentioned, there are several documents this interest appears to be subject to that are not filed of record in Lea County New Mexico Mewbourne's offer is subject to verification/confirmation that Merit owns the above working interest in the captioned Section 15 as we believe they do

(

Should you have any questions regarding the above please email me at <u>cmitchell@mewbourne.com</u> or call me at (432) 682-3715

Sincerely

Tandman

MEWBOURNE OIL COMPANY

Cover mitchell

Merit Energy Company Mad Dog '15 Prospect January 27 2015 Page 2 of 2

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The undersigned elects to assign and convey all of their interest, subject to approval of title and a mutually acceptable Term Assignment, in and to the lands and depths referenced below, delivering no less than 77% net revenue interest to Mewbourne Oil Company

Township 23 South, Range 34 East Section 15 All Lea County, New Mexico Limited to depths from the surface to 11 710'

MERIT ENERGY COMPANY

BY _____

TITLE _____

DATE _____

T

/ ^\

| From | Karen Stanford <karenstanford@yahoo com=""></karenstanford@yahoo> |
|---------|---|
| Sent | Tuesday December 13 2016 7 55 PM |
| То | Corey Mitchell |
| Subject | Re Tom M Ragsdale JOA |

Thanks so much for sending Corey I II look through it and get back with you soon! Karen

From Corey Mitchell <<u>cmitchell@Mewbourne com</u>> To Karen Stanford <<u>karenstanford@yahoo com</u>> Karen Stanford <<u>kstanford@sianaoil com</u>> Sent Tuesday December 13 2016 5 01 PM Subject Tom M Ragsdale JOA

Karen

Pursuant to our conversation please see attached JOA and extra set of signature pages Please have the extra set of signature pages executed and return to me for further handling

As mentioned we are moving forward with spudding this well in January Mr Ragsdale will receive an invoice for the drilling costs around the first week of January should he still wish to participate If not please let me know and we will see if we can work something out

Let me know if you have any questions 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

| From | Karen Stanford <karenstanford@yahoo com=""></karenstanford@yahoo> |
|---------|---|
| Sent | Monday November 14 2016 8 22 AM |
| То | Corey Mitchell |
| Cc | Tom Ragsdale |
| Subject | Pronghorn 15 JOA |

HI Corey

I left a message for you on Thursday concerning the drilling plan for Pronghorn wells when you get a minute can you call me so we can discuss that and the comments below concerning the JOA Please call my cell 713 320 6871 Thanks Karen

Pronghom JOA

1 Article IV A Titles The last sentence is deleted By doing that Mewbourne can charge for in house attorneys however that expense should be covered by the Overhead charges We would like that sentence to remain in the JOA

2 Article V 7(b) Drilling and Testing Operations This concerns well information. We would like to add Tom's Well Data requirements as Exhibit G to the JOA

3 Article VI B 9 Spudder Rigs Are you planning to use a spudder rig?

4 Article XVI Other Provisions

A This is concerning the expense incurred for governmental hearings specifically fees paid to attorneys and witnesses. This should be covered by the Overhead Please delete this paragraph.

E This is concerning prepayment of costs and states that if prepayment is not received timely that the non consent penalty goes into effect. Please delete this paragraph

5 Exhibit C COPAS Section III 1 A(i) All charges should be covered by the overhead rates Please check Alternative 2 Section III 1 A(ii) All charges should be covered by the overhead rates Please check Alternative 1

| From | on behalf of Karen Stanford <karenstanford@yahoo com=""></karenstanford@yahoo> |
|---------|--|
| Sent | Tuesday November 08 2016 8 01 PM |
| То | Corey Mitchell |
| Subject | Re AFEs |

HI Corey

I am not working in Tom's office anymore although I am still helping him out when I can. The move of the office near the airport added more time to my already long drive and it was just getting to be too much for me!

I talked to Tom today and told him the JOA needs to be reviewed and signed I am hoping tomorrow I can go through it with him I remember having a couple of issues but nothing too major

Do you have a good estimation on the spud date yet?

Thanks for all your help with this I know Tom is looking forward to the project!

Karen

From Corey Mitchell <<u>cmitchell@Mewbourne com</u>> To Karen Stanford <<u>kstanford@sianaoil com</u>> Cc <u>karenstanford@yahoo com</u> <<u>karenstanford@yahoo com</u>> Sent Monday November 7 2016 4 04 PM Subject RE AFEs

Karen

I hope all is well I received Tom's executed AFEs in the mail However I have yet to receive the executed JOA Do you know what the status is on the JOA? Thanks

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

From Karen Stanford [mailto kstanford@sianaoil.com] Sent Monday October 17 2016 12 38 PM To Corey Mitchell Subject AFEs

HI Corey – quick question You sent AFEs for 3 additional wells – what are the anticipated spud dates of those wells?

Thanks

From Sent To Subject Karen Stanford <kstanford@sianaoil.com> Friday October 07 2016 11 50 AM Corey Mitchell AFE questions

HI Corey

Tom has looked over the AFEs and is questioning the \$203 000 TCP and \$85 000 CC charges for Company Supervision for each well Can you tell us how these numbers were derived?

I received the JOA - thanks for sending it

Thanks

Karen

| From | Karen Stanford <karenstanford@yahoo com=""></karenstanford@yahoo> |
|---------|---|
| Sent | Wednesday September 28 2016 2 25 PM |
| То | Corey Mitchell |
| Subject | Re Term Assignment |

Great thanks We should be in the new office and working normally on Friday Phone number should be the same 713 568 1082

Thanks

Karen

From Corey Mitchell <cmitchell@Mewbourne com> To Karen Stanford <karenstanford@yahoo com> Sent Wednesday September 28 2016 2 21 PM Subject Re Term Assignment

Thanks Karen I will be back in the office on Friday and will give you a call then Have a great day

Sent from my iPhone

On Sep 28 2016, at 1 03 PM Karen Stanford <karenstanford@yahoo com> wrote

HI Corey I just left you a message at your office they said you were not in

Just wanted you to know that Tom is going to participate in the Section 15 well after all Just need to talk to you about the AFE when you get a chance

I am working from home today The office is being moved to a new location and I don't have access to the sianaoil email

You can reach me at this email karenstanford@yahoo com

713 320 6871 cell 281 265 0361 home

Thanks!

Karen Stanford

From Corey Mitchell <<u>cmitchell@Mewbourne com</u>> To "<u>karenstanford@yahoo com</u>" <<u>karenstanford@yahoo com</u>> Sent Tuesday, September 27, 2016 12 12 PM Subject FW Term Assignment

Karen

See if this one makes it through Thanks

Corey Mitchell Land Department Mewbourne Oil Company

FromKaren Stanford <karenstanford@yahoo.com>SentTuesday September 27 2016 1 08 PMToCorey MitchellSubjectRe Term Assignment

Got it! Thanks Corey

Ill look through it and get back with you¹

Karen

From Corey Mitchell <cmitchell@Mewbourne com> To karenstanford@yahoo com <karenstanford@yahoo com> Sent Tuesday September 27 2016 12 12 PM Subject FW Term Assignment

Karen

See if this one makes it through Thanks

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

From Corey Mitchell Sent Monday, September 26, 2016 2 00 PM To Karen Stanford Subject RE Term Assignment

Karen

Please see attached I have revised the last part of the first sentence under the <u>Continuous Development Option</u> to read "(2) all depths lying above and below the formation in which the well was completed I believe this should satisfy your 1 below

Also I believe the last sentence under <u>Continuous Development Option</u> should satisfy your 2 below It reads "Thereafter this Assignment shall be considered as a separate assignment as to lands covered hereby that are included in a pooled communitized proration unit and/or project area

Lastly I received your well information and will get Mr Ragsdale set up to receive said information should wrap this deal up

Please review and let me know if this is acceptable. I hope we can move forward and close this deal fairly quickly

| From | Karen Stanford <kstanford@sıanaoıl com=""></kstanford@sıanaoıl> |
|-------------|---|
| Sent | Friday September 23 2016 2 05 PM |
| То | Corey Mitchell |
| Subject | RE Term Assignment |
| Attachments | WELL REQUIREMENTS SHEET doc |

HI Corey Just in case Tom decides not to participate and goes with the Term Assignment I wanted to give you a some comments on the latest version you sent

1 The Reassignment still isn't clear As we agreed Mewbourne will only earn 160 per well unless its drilled to a zone that has a larger minimum proration unit Pooling / unitization is also limited to the same size I don't think the agreement as currently drafted reflects that Also the depths to be reassigned is everything but the currently producing (or capable of producing zone) If you drill a Bone Spring Siana will receive a reassignment of the Wolfcamp and vice versa Again I don't think the agreement reflects that

2 Once the Term Assignment expires the assignment is considered a separate assignment of the acreage included in the unit (as per the pooling / communitzed clause) for each well drilled

3 Well Information is attached

Thanks Corey hope you have a great weekend!

Karen

Original Message-From Corey Mitchell [mailto cmitchell@Mewbourne com] Sent Monday September 19 2016 5 00 PM To Karen Stanford Cc karenstanford@yahoo com Subject RE Term Assignment

Karen

Pursuant to our conversation please see attached redlined Term Assignment | believe I have incorporated all the changes we discussed

Please send me over the respective paperwork showing Mr Ragsdale owns this as his separate property

I talked to my team about purchasing a full assignment as opposed to doing a term assignment. They don't think we would be able to add much more value but said if you have something to offer we will look at it

Because we would look to wrap this up sooner than later I believe sticking with the Term Assignment will be our best option. However, please have Mr Ragsdale sign and send in the executed AFE should he wish to participate instead.

Let me know if you have any questions or if I am missing anything Thanks Have a great evening

Corey Mitchell Land Department

| From | Karen Stanford <karenstanford@yahoo.com></karenstanford@yahoo.com> |
|---------|--|
| Sent | Tuesday September 20 2016 7 22 AM |
| То | Corey Mitchell |
| Cc | Karen Stanford |
| Subject | Re Term Assignment |

Thanks Corey I will look at the changes and discuss this again with Tom

I forgot to give you the well information requirements for the term assignment Assuming that's the way Tom wants to go I will get that to you and we can add it as an Exhibit to the Assignment

Thanks

Karen

From Corey Mitchell <<u>cmitchell@Mewbourne com</u>> To Karen Stanford <<u>kstanford@sianaoil com</u>> Cc <u>karenstanford@yahoo com</u> <<u>karenstanford@yahoo com</u>> Sent Monday September 19 2016 4 59 PM Subject RE Term Assignment

Karen

Pursuant to our conversation please see attached redlined Term Assignment I believe I have incorporated all the changes we discussed

Please send me over the respective paperwork showing Mr Ragsdale owns this as his separate property

I talked to my team about purchasing a full assignment as opposed to doing a term assignment. They don't think we would be able to add much more value, but said if you have something to offer we will look at it

Because we would look to wrap this up sooner than later I believe sticking with the Term Assignment will be our best option. However, please have Mr Ragsdale sign and send in the executed AFE should he wish to participate instead.

Let me know if you have any questions or if I am missing anything Thanks Have a great evening

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

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



Date September 22, 2016

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The following is in response to your September 22, 2016 request for delivery information on your Certified Mail™/RRE item number 9414810699945017848953 The delivery record shows that this item was delivered on September 22, 2016 at 7 40 am in HOUSTON, TX 77079 The scanned image of the recipient information is provided below

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12012 Wickchider Lone Ste 410 1015-00, Tr 77579

Thank you for selecting the Postal Service for your mailing needs

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Sincerely, United States Postal Service Tom M Ragsdale 12012 WICKCHESTER LN STE 410 HOUSTON TX 77079 Reference # Proposal Pronghorn 15 B3AP B3BO B3CN #1H CM **MEWBOURNE OIL COMPANY**

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500 West Texas Suite 1020 Midland Texas 79701 Phone (432) 682-3715 Fax (432) 685-4170

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September 15, 2016

Via Certified Mail

Tom M Ragsdale 12012 Wickchester Lane, Suite 410 Houston, Texas 77079

Re Pronghorn 15 B3CN Fed Com No 1H 185' FNL & 1700 FWL (SL) 330' FSL & 1800' FWL (BHL) Section 15, T23S, R34E Lea County New Mexico

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Dear Mr Ragsdale

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to form a 640 00 acre Working Interest Unit ("WIU") covering the captioned Section 15 as to depths from the surface to the base of the Wolfcamp formation for oil and gas production

In reference to the above, 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 11 310 feet subsurface to evaluate the Third Bone Spring Sand in the Bone Spring Formation The proposed well will have a measured depth (MD) of approximately 15,850 feet The E/2W/2 of the captioned Section 15 will be dedicated to the well as the oil proration unit

Regarding the above, enclosed for your further handling is our AFE dated August 26, 2016 for the captioned proposed well. In the event you elect to participate in the proposed well, please execute the enclosed AFE and return to me within thirty (30) days. Our Operating Agreement dated February 1, 2016 as previously been provided to you

Should you have any questions regarding the above, please email me at <u>cmitchell@mewbourne.com</u> or call me at (432) 682-3715

Sincerely,

MEWBOURNE OIL COMPANY

ney mounded Corey Mitchell

Landman

| From | Karen Stanford <kstanford@sıanaoıl com=""></kstanford@sıanaoıl> |
|---------|---|
| Sent | Friday September 16 2016 10 54 AM |
| То | Corey Mitchell |
| Subject | RE Term Assignment |

Monday sounds good How about 10 00 I ll call you?

Hope you have a good weekend!

Karen

From Corey Mitchell [cmitchell@Mewbourne.com] Sent Friday September 16 2016 10 35 AM To Karen Stanford Subject RE Term Assignment

Karen,

Monday would probably be best I have a meeting 2 3 but should be available the rest of the day Any time work better for you than another? Thanks

-

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

--- Original Message From Karen Stanford [mailto kstanford@sianaoil.com] Sent Friday September 16 2016 9 48 AM To Corey Mitchell Subject RE Term Assignment

HI Corey I am at an offsite meeting today but can take your call if you want to talk through the Assignment Might be best to set up a time to talk Just let me know

Thanks

Karen Stanford 713 320 6871

From Karen Stanford Sent Thursday September 15 2016 9 39 AM To Corey Mitchell Subject RE Term Assignment

Corey My apologies if you mentioned the Wolfcamp as an objective I overlooked it. My intention has always been for Mewbourne to earn 160 acres per Bone Spring well during the term of the Assignment with Tom having the option to back in on wells drilled on the remaining 480 acres.

At this point it probably makes more sense to discuss this by phone so we can timely work through this issue and any others regarding the Assignment Please let me know when you are available to discuss

Thanks

Karen

From Corey Mitchell [cmitchell@Mewbourne.com] Sent Wednesday September 14, 2016 5 19 PM To Karen Stanford Subject RE Term Assignment

Karen

Our initial well is the Pronghorn 15 B3DM Fed Com #1H which will be a Bone Spring test However we are looking at the Wolfcamp as a secondary target We plan on spudding this well in the coming months

The terms as proposed by you and accepted by MOC were that Mr Ragsdale would farmout its interest in Section 15 and have no back in option on the first well and have a back in option on all subsequent wells. This is how the deal is set up Mr Ragsdale would not have the option to participate upfront on subsequent wells but would instead have the option at payout.

Hope this helps clear up the confusion

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

-Original Message — From Karen Stanford [mailto kstanford@sianaoil.com] Sent Wednesday September 14 2016 5 08 PM To Corey Mitchell Subject RE Term Assignment

HI Corey Thanks for your response

I had been under the assumption that the objective of the Pronghorn 15 #1H was the Bone Spring and not the Wolfcamp Would you please let me know what the drilling plan is for the well what the future plan is for Section 15 what your interest is and who your partners are in the well

My expectation is that Mewbourne would drill to the Bone Spring earn 160 acres per well and Tom will have the opportunity to have a working interest in 3 other potential wells in Section 15 If this is not the case I need to revisit with Tom to make sure he understands and the deal you are proposing

Thanks

Karen

| From Corey Mitchell [cmitche | ell@Mewbourne com] |
|------------------------------|--------------------|
| Sent Tuesday September 13 | 2016 11 25 AM |
| To Karen Stanford | |
| Subject RE Term Assignment | |

Karen

Please see attached Term Assignment regarding your suggested revisions

MOC is not agreeable to the additional back in after payout on the initial well. Therefore, I have limited the term assignment to cover depths from the top of the Bone Spring formation to the base of the Wolfcamp formation.

This is our final modification on terms For clarification we are agreeing to the following

3 year term

Limited from the top of the Bone Spring to the base of the Wolfcamp formation



180 day continuous development earning through the base of the producing formation in each proration unit

Also we are ok with adding well requirements as Exhibit "C"

As a side note the term assignment I sent to you is our standard form of assignment approved by our attorney Allen Harvey It is unlikely that many material changes will be approved at this point All of the other term assignments we have acquired in this section are on the same form

I hope we can close this deal soon Let me know if you have any questions Thanks

Corey Mitchell Land Department Mewbourne Oil Company 500 West Texas, Suite 1020 Midland TX 79701 Bus (432) 682 3715 Fax (432) 685 4170 From Karen Stanford [mailto kstanford@sianaoil.com] Sent Monday September 12 2016 2 22 PM To Corey Mitchell Subject Term Assignment

HI Corey

Sorry it took so long to get comments on the Term Assignment to you I have attached the document with my comments I left in the earning of rights from the surface to the deepest producing zone however. Tom will have the option to back in on the first well in addition to subsequent wells

Call me when you are ready to talk through the changes

Thanks

Karen Stanford 713 568 1082

| From | Karen Stanford <kstanford@sianaoil.com></kstanford@sianaoil.com> |
|---------|--|
| Sent | Tuesday September 13 2016 10 06 AM |
| То | Corey Mitchell |
| Subject | RE Term Assignment |

Corey I just realized that I forgot to include the information requirements I d like to add that to the agreement I ll get those to you by tomorrow

Thanks,

Karen

From Karen Stanford Sent Monday, September 12, 2016 2 22 PM To Corey Mitchell Subject Term Assignment

Hı Corey

Sorry it took so long to get comments on the Term Assignment to you I have attached the document with my comments I left in the earning of rights from the surface to the deepest producing zone however. Tom will have the option to back in on the first well in addition to subsequent wells

Call me when you are ready to talk through the changes

Thanks

Karen Stanford 713 568 1082

From Sent To Subject Karen Stanford <kstanford@sianaoil.com> Wednesday September 07 2016 5 32 PM Corey Mitchell Agreement

HI Corey - I did not get a chance to look at the agreement today but will try to do tomorrow and get back with you

....

As for the shallow rights - Tom will give up the shallow rights for a back in on the first well

Talk to you tomorrow

Karen

| From | Karen Stanford <kstanford@sianaoil com=""></kstanford@sianaoil> |
|---------|---|
| Sent | Wednesday September 07 2016 9 29 AM |
| То | Corey Mitchell |
| Subject | RE Pronghorn 15 Prospect |

Got It! Thanks Corey I will get back with you later today

Karen

From Corey Mitchell [mailto cmitchell@Mewbourne com] Sent Tuesday, September 06, 2016 5 30 PM To Karen Stanford Subject RE Pronghorn 15 Prospect

Karen

I tried faxing to you Let me know if it did not go through Thanks

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

From Karen Stanford [mailto kstanford@sianaoil.com] Sent Friday, September 02, 2016 9 03 AM To Corey Mitchell Subject RE Pronghorn 15 Prospect

Thanks Corey – Is there a JOA that has been executed already? I would like to review it if it's the JOA that Tom will be subject to at payout Do you have a fax machine? Maybe you can fax it? Our fax number is 832 767 1403

-

I ll talk to Tom about the shallow rights and let you know

Thanks,

Karen

From Corey Mitchell [mailto cmitchell@Mewbourne com] Sent Thursday, September 01, 2016 11 23 AM To Karen Stanford Subject FW Pronghorn 15 Prospect

Karen,

My email keeps getting kicked back when I attach the JOA form

I was thinking it may not be necessary to attach the JOA as an exhibit A simple reference describing the JOA to be effective at payout may suffice

Also we are not acceptable to limiting the term assignment to just the producing formation. We feel we are giving a lot on the terms and would like the opportunity to develop surface to the base of the Wolfcamp. Plus, this will keep things uniformed with the other partners as they are surface to base of Wolfcamp. In addition, we are only earning down to what we produce and the term assignment is already set up that any unproduced depths below our producing formation will revert back to Mr. Ragsdale

We have this well set to spud late 2016 / early 2017

Let me know if you need anything else Thanks

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

From Karen Stanford [mailto kstanford@sianaoil.com] Sent Wednesday, August 31, 2016 5 19 PM To Corey Mitchell Subject RE Pronghorn 15 Prospect

HI Corey -- thanks for the heads up Do you have a lot of interest owners that need to be forced pooled? Who are your partners? Could you send me a copy of the JOA? I would like to review that and attach it to the Assignment I need to review the Assignment more closely before I can give you comments and changes we may need but we would like to only assign the producing formation I should be able to give you my comments by Friday though Let me know if there is a problem with attaching the JOA and assigning only the producing formation

When is your expected spud date?

Thanks

Karen

From Corey Mitchell [mailto cmitchell@Mewbourne.com] Sent Monday, August 29, 2016 4 39 PM To Karen Stanford Subject Pronghorn 15 Prospect

Karen

I just wanted to give you a heads up that I will be moving forward with force pooling for all parties not under our JOA or an executed deal in place

We recognize our recent negotiations on a term assignment and still want to move forward with closing said deal Once executed Mr Ragsdale will be released from the pooling application

I ve been instructed to do this in order to prepare the well for drilling so we don t have any interest hanging out Also we do not want to go back and reopen the case should our deal fall apart for any reason Although I don t expect that it will

I just wanted to give you a heads up so you didn t think we were not interested in working a deal out anymore

Let me know if you have any questions Thanks

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

| From | Karen Stanford <kstanford@sıanaoıl com=""></kstanford@sıanaoıl> |
|---------|---|
| Sent. | Monday August 22 2016 6 15 PM |
| То | Corey Mıtchell |
| Cc | Mark Crosswell |
| Subject | RE Pronghorn 15 Prospect |

HI Corey – Sorry for not getting back to you sooner I just talked Tom about it The basic structure of the deal he is fine with There are some specifics we need to discuss such as

- 1 Receiving well information
- 2 Pugh clause
- 3 Wellbore only assignment
- 4 Definition of payout

Also Mark Crosswell with Siana has been talking to your production people about the disposal of the saltwater from these wells Siana has a SWD well nearby and would like to contract with Mewbourne for the disposal Could we set up a meeting to discuss this with the appropriate people?

I am out tomorrow, but checking email Let me know if you want to set up a time to talk about the assignment and/or the SWD contract

Thanks

Karen

From Corey Mitchell [mailto cmitchell@Mewbourne.com] Sent Monday August 22, 2016 4 55 PM To Karen Stanford <kstanford@sianaoil.com> Subject RE Pronghorn 15 Prospect

Karen

Just checking in Any feedback? Thanks

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

From Karen Stanford [mailto kstanford@sianaoil.com] Sent Wednesday, August 17, 2016 10 22 AM To Corey Mitchell Subject RE Pronghorn 15 Prospect HI Corey Thanks for your revised offer Sorry I didn't get back to you yesterday I will try to talk to Tom about it this afternoon and hopefully can get back with you then

Thanks,

Karen

From Corey Mitchell [cmitchell@Mewbourne com] Sent Monday, August 15, 2016 9 01 AM To Karen Stanford Subject RE Pronghorn 15 Prospect

Karen,

Pursuant to our conversation, please see revised offer below

- 3 year term
 Limited from the Surface to the base of the Wolfcamp formation
 Surger State
- ORRI -

180 day continuous development earning through the base of the producing formation in each proration unit

Please review and let me know if the above is acceptable if so I will forward a copy of our term assignment for review 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

From Karen Stanford [mailto kstanford@sianaoil.com] Sent Thursday, August 11, 2016 6 25 PM To Corey Mitchell Subject RE Pronghorn 15 Prospect

Hi Corey - Thanks for your note I will be out Monday, but in Tuesday Look forward to talking with you Enjoy your weekend¹

Karen 713 568-1082

From Corey Mitchell [cmitchell@Mewbourne com] **Sent** Thursday, August 11, 2016 5 24 PM **To** ,Karen Stanford **Subject** RE Pronghorn 15 Prospect

Karen

Sorry 1 am out of the office but will be back on Monday 1 will get with you then and hopefully get a deal worked out Thanks for your patience 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

From Karen Stanford [mailto kstanford@sianaoil.com] Sent Monday, August 08, 2016 4 54 PM To Corey Mitchell Subject RE Pronghorn 15 Prospect

HI Corey

We can reduce the ORRI to the management of the difference between 25% and lease burdens

and a second and a second a s

I am happy to discuss this with you by phone - just let me know when it's a good time for you to talk

Thanks

Karen

From Corey Mitchell [mailto cmitchell@Mewbourne.com] Sent Friday August 05 2016 4 39 PM To Karen Stanford <<u>kstanford@sianaoil.com</u>> Subject RE Pronghorn 15 Prospect

Karen

We are not going to be able to do a deal based on the terms set out below MOC is willing to purchase a Term Assignment based on the following

3 year term
Limited from the Surface to the base of the Wolfcamp formation
bonus
existing burdens proportionately reduced as an overriding royalty reservation
180 day continuous development

I cannot get approval to pay the big bonus amount have an ORI reservation that would potentially put our NRI less than 75% and burden the interest even further with a BIAPO

Please review and let me know if the above is acceptable Hopefully we can find some common ground here Thanks 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

From Karen Stanford [mailto kstanford@sianaoil.com] Sent Wednesday, August 03, 2016 6 00 PM To Corey Mitchell Subject RE Pronghorn 15 Prospect

Corey Thanks for your counter proposal I just ran it by Tom and this is what we would like to propose

3 year term assignment from surface to Bone Springs

ORRI

Pugh Clause at end of primary term, all acreage not within 160 acre proration unit is released along with all non producing zones Will need to attach a negotiated JOA

I will not be in the office tomorrow, but will be checking emails Ill be back in on Friday

Let me know what you think

Thanks,

Karen 713 569 1082 (office) 713 320-6871 (cell)

From Corey Mitchell [cmitchell@Mewbourne com] Sent Wednesday, August 03, 2016 11 24 AM To Karen Stanford Subject Pronghorn 15 Prospect

Karen

Pursuant to our conversation the other day would Mr Ragsdale be acceptable to a three (3) year term assignment covering all his interest in Section 15 T23S R34E Lea County New Mexico for **Section 2** per net acre delivering a 75% NRI?

My records show that he owns 6 77495% interest (21 67984 net acres) in the S/2 and 6 9% interest (22 08 net acres) in the N/2 This would equate to (21 67984 + 22 08 = 43 75984 net acres X (21 67984 = 3 (21 67984 + 22 08 = 43 75984 net acres X (21 67984 + 22 08 = 43 75984 net acres X (21 67984 + 22 08 = 43 75984 net acres X (21 67984 + 22 08 = 43 75984 net acres X (21 67984 + 22 08 = 43 75984 net acres X (21 67984 + 22 08 = 43 75984 net acres X (21 67984 + 22 08 = 43 75984 net acres X (21 67984 + 22 08 = 43 75984 net acres X (21 67984 + 22 08 = 43 75984 net acres X (21 67984 + 22 08 = 43 75984 net acres X (21 67984 + 22 08 = 43 75984 net acres X (21 67984 + 22 08 = 43 75984 net acres X (21 67984 + 22 08 = 43 75984 net acres X (21 67984 + 22 08 = 43 75984 net acres X (21 67984 + 22 08 = 43 75984 net acres X (21 67984 + 22 08 = 43 75984 net acres X (21 67984 + 22 08 = 43 75984 net acres X (21 67984 + 22 08 = 43 75984 net acres X (21 67984 + 22 08 = 43 75984 net acres X (21 67984 net acres X (21 67984

Please review and let me know your thoughts Thanks Karen 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

From Sent. To Cc Subject Corey Mıtchell Thursday June 30 2016 1 29 PM Mark Crosswell Tom Ragsdale RE Pronghorn 15

Sounds good

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

From Mark Crosswell [mailto mcrosswell@sianaoil com] Sent Thursday, June 30, 2016 10 13 AM To Corey Mitchell Cc Tom Ragsdale Subject RE Pronghorn 15

Lets do 3pm thanks

From Corey Mitchell [mailto cmitchell@Mewbourne com] Sent Thursday June 30 2016 7 59 AM To Mark Crosswell <<u>mcrosswell@sianaoil com</u>> Cc Tom Ragsdale <<u>tmragsdale@sianaoil com</u>> Subject RE Pronghorn 15

Mark

I will be in meetings this morning Will 2 or 3 work for you this afternoon?

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

From Mark Crosswell [mailto mcrosswell@sianaoil.com] Sent Wednesday, June 29, 2016 5 14 PM To Corey Mitchell Cc Tom Ragsdale Subject Pronghorn 15

Corey

I left you a message to discuss the above captioned prospect We were hoping to set up a call to discuss the AFE Do you have anytime tomorrow for a call with Tom Ragsdale and myself?

H Mark Crosswell CFA Siana Oil & Gas Co LLC 12012 Wickchester Lane ste 410 Houston Texas 77079 713 568 1082 Cell 713 410 1778

From Sent To Subject Corey Mıtchell Thursday June 16 2016 10 59 AM Tom Ragsdale RE Pronghorn 15 B3DM Fed Com No 1

Hey Tom,

I just wanted to follow up on our conversation the other day I believe you were looking at countering our offer as opposed to participating I just wanted to check in and see if you had something else in mind Let me know what you think 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

From Tom Ragsdale [mailto tmragsdale@sianaoil com] Sent Wednesday, May 25, 2016 6 00 PM To Corey Mitchell Subject Pronghorn 15 B3DM Fed Com No 1

H1 Corey,

We recently received your well proposal and AFE We have a few questions about the proposed well Let's visit tomorrow if you'll be in the office I believe we met before with Larry Cunningham and your group at lunch. I will look forward to visiting with you Thanks

Tom M Ragsdale President Siana Oil & Gas Co, LLC 12012 Wickchester Lane, Ste 410 Houston, TX 77079 713-568-1082



Date May 17, 2016

Simple Certified

The following is in response to your May 17, 2016 request for delivery information on your Certified Mail™/RRE item number 9414810699945015090651 The delivery record shows that this item was delivered on May 16, 2016 at 2 51 pm in MIDLAND, TX 79701 The scanned image of the recipient information is provided below

Signature of Recipient

John July John Lehek

Address of Recipient

PO BOX 10303 Midland, Tx

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

> Tom M Ragsdale PO BOX 10303 MIDLAND TX 79702 Reference # Pronghorn 15 B3DM 1H cm Item ID Pronghom 15 B3DM 1H cm

MEWBOURNE OIL COMPANY

500 West Texas Suite 1020 Midland, Texas 79701 Phone (432) 682-3715 Fax (432) 685-4170

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April 27, 2016

Via Certified Mail

Tom M Ragsdale P O Box 10303 Midland, Texas 79702

Re Pronghorn 15 B3DM Fed Com No 1H 185' FNL & 450' FWL (SL) 330' FSL & 450' FWL (BHL) Section 15, T23S, R34E Lea County, New Mexico

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Dear Mr Ragsdale

Mewbourne Oil Company ('Mewbourne') as Operator hereby proposes to form a 640 00 acre Working Interest Unit ("WIU") covering the captioned Section 15 as to depths from the surface to the base of the Wolfcamp formation for oil and gas production Apparently you own 6 774950% interest in the S/2 and 6 900000% interest in the N/2 of the captioned Section 15 Accordingly, you would own 6 837475% working interest in the proposed WIU (6 774950% interest X 320 gross acres = 21 679840 net acres) (6 90000% interest X 320 gross acres = 22 080000 net acres) (21 679840 net acres + 22 080000 net acres = 43 759840 net acres / 640 gross acres = 6 837475% interest in the WIU)

In reference to the above, 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 11,380 feet subsurface to evaluate the Third Bone Spring Sand in the Bone Spring Formation The proposed well will have a measured depth (MD) of approximately 16,000 feet The W/2W/2 of the captioned Section 15 will be dedicated to the well as the oil proration unit

Regarding the above, enclosed for your further handling is our AFE dated January 29, 2016 for the captioned proposed well. In the event you elect to participate in the proposed well, please execute the enclosed AFE and return to me within thirty (30) days. Our Joint Operating Agreement to follow should you elect to participate Tom M Ragsdale Pronghorn 15 Prospect April 27 2016 Page 2 of 2

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8-

In lieu of participating, Mewbourne hereby offers to purchase a three (3) year Term Assignment from you on the basis of \$1,000 00 per net acre whereby Mewbourne would be delivered a 75% net revenue interest, subject to proportionate reduction. The term assignment will be limited in depths from the surface to the base of the Wolfcamp formation (43 759840 net acres X \$1,000 00 = \$43,759 84)

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Should you have any questions regarding the above please email me at <u>cmitchell@mewbourne.com</u> or call me at (432) 682-3715

Sincerely,

MEWBOURNE OIL COMPANY

Covery mitcheel

Corey Mitchell Landman

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| AUTHORIZATION FOR EXPENDITU | RE | | | | - |
|---|--|--|--|---|--|
| Well Name Pronghorn 15 B3CN Fed Com #1H Pros | pect | - | | | |
| | ounty Lea | | | ST NM | |
| | , · — | | | | |
| Sec 15 Blk Survey TWP 23S | | | | TMD 15850 | |
| INTANGIBLE COSTS 0180 | CODE | TCP | CODE | <u> </u> | - |
| Regulatory Permits & Surveys Location / Road / Site / Preparation | 0180-0100 | \$15 000 \$30 000 | 0180 0200 0180-0205 | \$30 000 | |
| Location / Restoration | 0180 0106 | \$125 000 | 0180-0206 | \$20 000 | |
| Daywork / Turnkey / Footage Dniling 27 days drig & 3 days comp @ \$16250/day Fuel 1500 gal/day @ \$1 70/gal | 0180 0110 | \$521 000 \$72 100 | 0180-0210 | \$57 700 | Í |
| Mud Chemical & Additives | 0180 0120 | | 0180-0220 | \$5 000 | |
| Honzontal Dnllout Services Coil Tbg Dnllout | | | 0180-0222 | \$65 000 | |
| Cementing 2 Stg 7 w/ ECP Logging & Wireline Services | 0180-0125 | | 0180 0225 0180 0230 | \$20 000 \$135 000 | - |
| Casing / Tubing / Snubbing Service | 0180-0134 | | 0180 0234 | \$10 000 | |
| Mud Logging | 0180-0137 | \$15 000 | 0400 0044 | \$790,000 | 1 |
| Stimulation 24 Stg 7MM gal/7MM lb Stimulation Rentals & Other | | | 0180-0241 0180-0242 | \$780 000 \$100 000 | |
| Water & Other | 0180-0145 | | 0180-0245 | \$360 000 | |
| Bits | 0180-0148 0180-0150 | | 0180-0248 | \$3 000 \$4 000 | |
| Inspection & Repair Services Misc Air & Pumping Services | 0180-0150 | | 0180-0250 | \$4 000 | |
| Testing & Flowback Services | 0180-0158 | \$10 000 | 0180-0258 | \$25 000 | |
| Completion / Workover Rig Rig Mobilization | 0180-0164 | \$125 000 | 0180 0260 | \$15 000 | |
| Transportation | 0180-0164 | | 0180-0265 | \$12 000 | |
| Welding Services | 0180-0168 | | 0180-0268 | | |
| Contract Services & Supervision Directional Services | 0180-0170 0180-0175 | \$115 000 | 0180-0270 | | |
| Equipment Rental | 0180-0175 | | 0180-0280 | \$30 000 | |
| Well / Lease Legal | 0180-0184 | \$5 000 | 0180-0284 | | |
| Well / Lease Insurance Intangible Supplies | 0180-0185 | | 0180-0285 | \$1 000 | |
| Damages | 0180-0190 | | 0180-0290 | \$1000 | |
| ROW & Easements | 0180-0192 | \$30 000 | 0180-0292 | \$30 000 | |
| Pipeline Interconnect Company Supervision | 0180-0195 | \$203.000 | 0180-0293 | \$85 000 | |
| Overhead Fixed Rate | 0180-0196 | \$10 000 | | \$20 000 | |
| Well Abandonment | 0180-0198 0180-0199 | C402.200 | 0180-0298 | \$90 900 | |
| Contingencies 10 / (TCP) 5 / (CC) | 0180-01991 | \$193 200 | 0160-0299 | | 1 |
| TOTAL | 11 | 32 124 800 | | 21 300 000 | 1 |
| | | \$2 124 800 | | \$1 908 600 | |
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| TANGIBLE COSTS 0181 Casing (19 1 30) 30) Casing (10 1 19 0) 2085 13 3/8 54 5# J55 STC @ \$24 00/ft | 0181 0794 | \$53 500 | | \$1 900 000 | |
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| TANGIBLE COSTS 0181 Casing (19 1 30) 30) Casing (10 1 19 0) 2085 13 3/8 54 5# J55 STC @ \$24 00/ft GRT Casing (8 1 10 0) 4875 9 5/8 36#/40# J55/N80 LTC @ \$15 56/ft GRT Casing (6 1 8 0) Casing (4 1 6 0) 15850 5 1/2 17# P110 LTC/BTC @ \$12 09/ft GRT Tubing (2 4) Dnling Head Tubing Casing (5 1) Sucker Rods Subsurface Equipment Artr cial Lft Systems Pumping Unit Surface Pumps & Prime Movers VRU / SWD Transfer Pump / Arrow Engine Tanks Oil 3 500 bit steel Tanks Water 1 500 bit steel coated Separation / Treating Equipment Line Pipe & Valves Gathering Fittings / Valves & Accessones Cathodic Protection Electincal Installation Equipment Installation Pupeline Construction | 0181 0794 0181 0795 0181 0796 | \$53 500 \$81 100 \$20 000 \$20 000 \$154 600 | 0181-0798 0181 0870 0181 0871 0181 0875 0181 0880 0181 0886 0181 0886 0181 0896 0181 0897 0181 0897 0181 0897 0181 0906 0181 0906 0181 0909 0181 0910 | \$205 400 \$37 100 \$15 000 \$32 000 \$32 000 \$15 000 \$85 000 \$28 500 \$11 000 \$25 000 \$13 000 \$25 000 \$45 000 \$45 000 \$45 000 \$30 000 \$40 000 \$711 000 | (Laborer of the second |
| TANGIBLE COSTS 0181 Casing (191 30) 30 Casing (101 190) 2085 13 3/8 54 5# J55 STC @ \$24 00/ft GRT Casing (81 100) 4875 9 5/8 36#/40# J55/N80 LTC @ \$15 56/ft GRT Casing (61 80) Casing (41 60) 15850 5 1/2 17# P110 LTC/BTC @ \$12 09/ft GRT Tubing (2 4) Dnling Head Tubing (2 4) Donget Reds Sucker Rods Subsurface Equipment Artricial Lift Systems Pumping Unit Sentry 912 Unit Surface Pumps & Prime Movers VRU / SWD Transfer Pump / Arrow Engine Tanks Oil 3 500 bbl steel Tanks Water 1 500 bbl steel coated Separation / Treating Equipment 2 30 x10 x1k# 3ph/FWKO Heater Treaters Line Heaters 6 x20 x75# HT Metering Equipment Line Pipe & Valves & Gathering Line Pipe & Valves & Accessones Cathodic Protection Electincal Installation Pipeline Construction Pipeline Construction TOTAL | 0181 0794 0181 0795 0181 0796 | \$53 500 \$81 100 \$20 000 \$20 000 \$20 000 \$20 000 \$20 000 \$22 000 \$154 600 \$2 279 400 | 0181-0798 0181 0870 0181 0870 0181 0875 0181 0886 0181 0886 0181 0886 0181 0890 0181 0890 0181 0890 0181 0897 0181 0890 0181 0900 0 0181 0900 0 0181 0900 01 | \$205 400 \$37 100 \$15 000 \$27 000 \$32 000 \$15 000 \$85 000 \$28 500 \$11 000 \$25 000 \$13 000 \$45 000 \$45 000 \$45 000 \$30 000 \$40 000 | 15 |
| TANGIBLE COSTS 0181 Casing (19 1 30.) 30.) Casing (10 1 19.0.) 2085 13.3/8 54.5# J55 STC @ \$24.00/ft GRT Casing (8 1 10.0.) 4875 9 5/8 36#/40# J55/N80 LTC @ \$15.56/ft GRT Casing (6 1 8.0.) Casing (4 1 6.0.) 15850 5 1/2 17# P110 LTC/BTC @ \$12.09/ft GRT Tubing (2 4.) Dnling Head Tubing Casing (2 4.) Dnling Head Tubing Head & Upper Section Honzontal Completion Tools Sucker Rods Subsurface Equipment Artif cial Lft Systems Pumping Unit Surface Pumps & Prime Movers VRU / SWD Transfer Pump / Arrow Engine Tanks Oil 3 500 bbl steel Tanks Water 1 500 bbl steel coated Separation / Treating Equipment Line Pipe & Valves Gathering Fittings / Valves Gathering Fittings / Valves & Accessories Cathodic Protection Electincal Installation Equipment Installation Equipment Installation Pupeline Construction | 0181 0794 0181 0795 0181 0796 | \$53 500 \$81 100 \$20 000 \$20 000 \$20 000 \$20 000 \$20 000 \$22 000 \$154 600 \$2 279 400 | 0181-0798 0181 0870 0181 0871 0181 0875 0181 0880 0181 0886 0181 0886 0181 0896 0181 0897 0181 0897 0181 0897 0181 0906 0181 0906 0181 0909 0181 0910 | \$205 400 \$37 100 \$15 000 \$32 000 \$32 000 \$15 000 \$85 000 \$28 500 \$11 000 \$25 000 \$13 000 \$25 000 \$45 000 \$45 000 \$45 000 \$30 000 \$40 000 \$711 000 | 15 |
| TANGIBLE COSTS 0181 Casing (19 1 30) 30) Casing (10 1 19 0) 2085 13 3/8 54 5# J55 STC @ \$24 00/ft GRT Casing (8 1 10 0) 4875 9 5/8 36#/40# J55/N80 LTC @ \$15 56/ft GRT Casing (6 1 8 0) Casing (4 1 6 0) 15850 5 1/2 17# P110 LTC/BTC @ \$12 09/ft GRT Tubing (2 4) Dnling Head Tubing Head & Upper Section Honzontal Completion Tools Sucker Rods Subsurface Equipment Artif cial Lift Systems Pumping Unit Surface Pumps & Pime Movers VRU / SWD Transfer Pump / Arrow Engine Tanks Oil 3 500 bbl steel Tanks Water 1 500 bbl steel coated Separation / Treating Equipment Line Pipe & Valves Gathering Fittings / Valves & Accessones Cathodic Protection Electrical Installation Equipment Installation Equipment Installation Prepleine Construction TOTAL SUBTOTAL | 0181 0794 0181 0795 0181 0796 | \$53 500 \$81 100 \$20 000 \$20 000 \$20 000 \$20 000 \$20 000 \$22 000 \$154 600 \$2 279 400 | 0181-0798 0181 0870 0181 0870 0181 0875 0181 0886 0181 0886 0181 0886 0181 0890 0181 0890 0181 0890 0181 0897 0181 0890 0181 0900 0 0181 0900 0 0181 0900 01 | \$205 400 \$37 100 \$15 000 \$32 000 \$32 000 \$15 000 \$85 000 \$28 500 \$11 000 \$25 000 \$13 000 \$25 000 \$45 000 \$45 000 \$45 000 \$30 000 \$40 000 \$711 000 | 15 |
| TANGIBLE COSTS 0181 Casing (19 1 30) 30) Casing (10 1 19 0) 2085 13 3/8 54 5# J55 STC @ \$24 00/ft GRT Casing (8 1 10 0) 4875 9 5/8 36#/40# J55/N80 LTC @ \$15 56/ft GRT Casing (6 1 8 0) Casing (4 1 6 0) 15850 5 1/2 17# P110 LTC/BTC @ \$12 09/ft GRT Tubing (2 4) Dnling Head Tubing Head & Upper Section Honzontal Completion Tools Subsurface Equipment Artif cial Lft Systems Pumping Unit Sufface Pumps & Prime Movers VRU / SWD Transfer Pump / Arrow Engine Tanks Oil 3 500 bbl steel Tanks Water 1 500 bbl steel coated Separation / Treating Equipment Line Heaters Subsurface Pumps & Cassones Cathodic Protection Line Pipe & Valves & Accessones Cathodic Protection Electincal Installation Equipment Installation Pupeline Construction | 0181 0794 0181 0795 0181 0796 | \$53 500 \$81 100 \$20 000 \$20 000 \$20 000 \$20 000 \$20 000 \$22 000 \$154 600 \$2 279 400 | 0181-0798 0181 0870 0181 0870 0181 0875 0181 0886 0181 0886 0181 0886 0181 0890 0181 0890 0181 0890 0181 0897 0181 0890 0181 0900 0 0181 0900 0 0181 0900 01 | \$205 400 \$37 100 \$15 000 \$32 000 \$32 000 \$15 000 \$85 000 \$28 500 \$11 000 \$25 000 \$13 000 \$25 000 \$45 000 \$45 000 \$45 000 \$30 000 \$40 000 \$711 000 | 15 |
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| TANGIBLE COSTS 0181 Casing (19 1 30) 30 Casing (10 1 19 0) 2085 13 3/8 54 5# J55 STC @ \$24 00/ft GRT Casing (8 1 10 0) 4875 9 5/8 36#/40# J55/N80 LTC @ \$15 56/ft GRT Casing (6 1 8 0) Casing (4 1 6 0) 15850 5 1/2 17# P110 LTC/BTC @ \$12 09/ft GRT Tubing (2 4) Dniling Head Tubing Head & Upper Section Honzontal Completion Tools Sucker Rods Subsurface Equipment Artif cial Lift Systems Pumping Unit Sentry 912 Unit Surface Pumps & Prime Movers VRU / SWD Transfer Pump / Arrow Engine Tanks Oil 3 500 bbl steel Tanks Oil 3 500 bbl steel coated Separation / Treating Equipment 2 30 x10 x1k# 3ph/FWKO Heater Treaters Line Heaters 6 x20 x75# HT Metering Equipment Line Pipe & Valves & Accessones Cathodic Protection Electincal Installation Equipment Installation Pipeline Construction TOTAL SUBTOTAL TOTAL SUBTOTAL <td< td=""><td></td><td>\$53 500 \$81 100 \$20 000 \$20 000 \$20 000 \$20 000 \$20 000 \$20 000 \$2 279 400 \$4 8</td><td>0181-0798 0181 0870 0181 0870 0181 0875 0181 0880 0181 0884 0181 0885 0181 0896 0181 0896 0181 0897 0181 0897 0181 0896 0181 0906 0181 0908 0181 0909 0181 0910 0181 0920 99 000</td><td>\$205 400 \$37 100 \$15 000 \$27 000 \$32 000 \$15 000 \$85 000 \$28 500 \$11 000 \$25 000 \$13 000 \$25 000 \$45 000 \$45 000 \$45 000 \$45 000 \$45 000 \$25 000 \$45 000 \$40 0</td><td>15</td></td<> | | \$53 500 \$81 100 \$20 000 \$20 000 \$20 000 \$20 000 \$20 000 \$20 000 \$2 279 400 \$4 8 | 0181-0798 0181 0870 0181 0870 0181 0875 0181 0880 0181 0884 0181 0885 0181 0896 0181 0896 0181 0897 0181 0897 0181 0896 0181 0906 0181 0908 0181 0909 0181 0910 0181 0920 99 000 | \$205 400 \$37 100 \$15 000 \$27 000 \$32 000 \$15 000 \$85 000 \$28 500 \$11 000 \$25 000 \$13 000 \$25 000 \$45 000 \$45 000 \$45 000 \$45 000 \$45 000 \$25 000 \$45 000 \$40 0 | 15 |
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| TANGIBLE COSTS 0181 Casing (19 130) Casing (10 119 0)2025 13 3/8 54 5# J55 STC @ \$24 00/ftGRT Casing (8 100 0)4875 9 5/8 36#/40# J55/N80 LTC @ \$15 56/ftGRT Casing (4 100 0)4875 9 5/8 36#/40# J55/N80 LTC @ \$12 09/ftGRT Casing (4 100 0)4875 9 5/8 36#/40# J55/N80 LTC @ \$12 09/ftGRT Tubing (24) Dilling Head Tubing (24) Dilling Head Tubing Completion Tools Sucker Rods Subsurface Equipment Artificial Lift Systems Pumping Unit Sentry 912 Unit Subsurface Equipment A 500 bbl steel Tanks Oil 3 500 bbl steel Tanks Water 1 500 bbl steel coated Separation / Treating Equipment La 0x 10 x1k# 3ph/FWKO Heater Treaters Line Heaters 6 x20 x75# HT Metering Equipment 2 | | | | | |

MEWBOURNE OIL COMPANY