

Correspondence Log  
Ghostrider 25/36 WODM Fed Com #2H

Company	Date	Correspondence Type	Details
Black Stone Minerals Company, L.P.	5/10/2017	Certified Letter	Well proposal w/ AFE
	5/11/2017	Email	Sublease offer
	5/11/2017	Email	N2 title question
	6/2/2017	Email	Sublease counter
	6/5/2017	Email	Request for engineering contact
	6/7/2017	Email	Request for lease information/copy of lease
	6/8/2017	Email	Black Stone will sell WI
	6/9/2017	Email	Black Stone advises they will sublease to F&F
	6/14/2017	Overnight Letter	Revised AFE w/ JOA
	6/16/2017	Email	Title question - N2 ownership
	7/7/2016	Email	Title question - N2 ownership
	7/12/2017	Email	Status request on JOA signature
	7/10/2017	Email	Sent title chain for N2 to Black Stone/F&F
	F&F Resources, LLC	6/9/2017	Email
6/14/2017		Overnight Letter	Revised AFE w/ JOA
6/19/2017		Email	Notification that F&F would like to participate
6/21/2017		Email	N2 title question
6/23/2017		Email	Attached signed AFE
7/5/2017		Email	Request for revised ExA with title question for N2
7/7/2017		Email	Title question for N2
7/10/2017		Email	Sent title chain for N2 to Black Stone/F&F
	7/11/2017	Email	Title question for N2

*2 Pooly  
Parties*

EXHIBIT 3

## Lee Scarborough

---

**From:** Lee Scarborough  
**Sent:** Monday, July 10, 2017 2:01 PM  
**To:** Thad Montgomery (tmontgomery@blackstoneminerals.com); Partick R. Fulgham (patrick@ffresources.us)  
**Subject:** Ghost rider, Eddy County, New Mexico

Thad and Patrick,

Attached you will find the Chain of Title covering Black Stone's interest in the NW, E2NE and NWNE of Section 36, T23S, R26E, Eddy County, New Mexico.

Assignment #1 puts Record Title and Operating Rights into JM Huber Corporation (50%) and Apache Corporation (50%). The subsequent chain of title follows JM Huber Corporation's ownership.

Operating rights were assigned by Hamon Operating Company to Faulconer 1996 LLC (surface to 12,007') which they received under Assignment #2.

JM Huber sold their override, reserved under Assignment #1, to Momentum Operating Co., Inc. in 1998.

Black Stone Minerals Company, L.P. ultimately ends up owning 50% Record Title in the NW, E2NE and NWNE of Section 36, but no overriding royalty interest or operating rights above 12,007'.

Lee M. Scarborough  
Landman  
Mewbourne Oil Company  
(432) 682-3715  
[lscarborough@mewbourne.com](mailto:lscarborough@mewbourne.com)

**CHAIN OF TITLE, RECORD TITLE AND OPERATING RIGHTS**

**State of New Mexico - Lease K-3328  
NW/4, E/2NE/4 AND NW/4NE/4 of Section 36, Township 23 South, Range 26 East, N.M.P.M.  
Eddy County, New Mexico**

1. By Assignment of Record Title dated January 11, 1973, approved by the Commissioner of Public Lands, effective February 26, 1973, Apache Exploration Corporation assigned to J M Huber Corporation and Apache Exploration Corporation all of the record title interest in the lease. This assignment also carried with it all of the operating rights.
2. By Assignment of Operating Rights dated May 10, 1983, recorded in Book 225, page 73, Miscellaneous Records, J M Huber Corporation assigned to Jake L. Hamon all of the operating rights in the lease insofar as it covers captioned land for all depths from the surface to 12,007' beneath the surface. The assignor reserved a proportionately reduced 1/16 overriding royalty interest with the option to convert the overriding royalty interest to a 50% working interest in and to the lease acreage within the production unit established for the No. 1 State K-3328 Well, in accordance with the terms and provisions of that certain Farmout Option Letter Agreement dated April 8, 1981 between Assignor and Assignee, if and when payout of such well is reached, as set forth and defined in said Farmout Option Letter Agreement.
3. By Assignment dated January 3, 1984, effective January 1, 1984, recorded in Book 239, page 548, Miscellaneous Records, Jake L. Hamon and wife, Nancy Blackburn Hamon, assigned to Hamon Oil Company all of their interest in the lease for all depths from the surface to 12,007' beneath the surface.
4. By Assignment dated August 9, 1985, effective July 1, 1985, recorded in Book 253, page 222, Miscellaneous Records, Hamon Oil Company assigned to Hamon Operating Company all of its interest in the lease for all depths from the surface to 12,007' beneath the surface.

**Note:** The Eddy County Records do not show that the well drilled on the N2 of Section 36 ever paid out or that the reserved overriding royalty interest was ever converted to a 1/2 working interest, proportionately reduced. Accordingly, at this point in the chain of title, Hamon Operating Company owned all of the operating rights in the lease derived from Assignment No. 2.

5. By Assignment dated October 15, 1998, effective September 1, 1998, recorded in Book 332, page 691, Eddy County Records, Hamon Operating Company assigned to Faulconer 1996 LLC 1/2 of the operating rights in the lease derived from Assignment No. 2 insofar as the lease covers all depths from the surface to 12,007' beneath the surface.
6. By Assignment dated November 30, 2010, effective September 1, 2010, recorded in Book 840, page 246, Eddy County Records, J M Huber Corporation purported to assign to Black Stone Natural Resources IV-B, L.P. an overriding royalty interest in the lease insofar as it covers captioned land for all depths from the surface to 12,007' beneath the surface.

However, at this point J M Huber Corporation no longer owned the overriding royalty interest.

7. By an unrecorded Certificate dated January 1, 2012, it appears that Black Stone Natural Resources IV-B, L.P. merged with and into Black Stone Minerals Company, L.P.
8. By Assignment of Record Title dated February 1, 2012, approved by the Commissioner of Public Lands, effective February 22, 2012, J M Huber Corporation and Natomas North America, Inc. assigned to Black Stone Minerals Company, L.P. and Apache Corporation all of the record title interest in the lease. This assignment did not carry with it any of the operating rights in captioned land for depths from the surface to 12,007' beneath the surface as they were owned by Faulconer 1996 LLC at the time.
9. By Assignment of Record Title dated effective January 1, 2012, approved by the Commissioner of Public Lands, effective October 1, 2012, Black Stone Minerals Company, L.P. and Apache Corporation assigned to Black Stone Energy Company, L.L.C. and Apache Corporation all of the record title interest in the lease. Once again, this assignment did not carry with it any of the operating rights in the lease insofar as it covers captioned land for depths from the surface to 12,007' beneath the surface.

## Lee Scarborough

---

**From:** Montgomery, Thad <TMontgomery@blackstoneminerals.com>  
**Sent:** Friday, July 07, 2017 9:52 AM  
**To:** Lee Scarborough  
**Cc:** prfulgham ; Mitchell, Linda  
**Subject:** RE: Ghost rider AFE  
**Attachments:** 2600\_001.pdf

Lee – As per our conversation moments ago, please look on the attached assignment from Huber to Black Stone and more specifically being the bottom page 255 of the deed you reference below.

Huber assigns to Black Stone the NW/4 and the E/2 of NE/4 being 240G/ 120N.

Don't count the next portion because Huber only has an ORRI in pertinent depths of NW4 of NE/4. Huber owns WI below 12,007'.

Huber then assigns NW/4 of SW/4 and SE/4 of SE/4 being 80G/ 40N

For a total of 320G/ 160N

The State Land Office has Black Stone owning 360G acres within Section 36, which is correct, but Mewbourne is most likely only interested in 320G because of the depths owned in the NW/4 of NE/4.

Patrick and I are both confused as to how Mewbourne is only crediting BSM to own 80G/ 40N. As you mentioned on the phone a few minutes ago, it is in everyone's benefit to get this right so please help us if we are missing something but all of our records indicate BSM to have 320G/ 160N within the Ghost rider Unit.

We look forward to your response when your title attorney gets back in the office on Monday.

Many thanks,

**Thad Montgomery, V, CPL | Senior Landman**

Black Stone Minerals, L.P.  
1001 Fannin, Suite 2020, Houston, Texas 77002  
Office: 713 929-1645 | Fax: 713 658 0943  
[TMontgomery@blackstoneminerals.com](mailto:TMontgomery@blackstoneminerals.com)



---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Friday, June 16, 2017 3:52 PM  
**To:** Montgomery, Thad  
**Subject:** RE: Ghost rider AFE

Title review indicates 50% interest in operating rights under 80 acres (being the NWSW & SESE, Section 36) acquired from J.M. Huber (Book 840, Page 246, Eddy County, New Mexico records). No additional interest found in pertinent depths.

Lee M. Scarborough  
Landman

Mewbourne Oil Company  
(432) 682-3715  
[lscarborough@mewbourne.com](mailto:lscarborough@mewbourne.com)

Notice: This email and any attachments are intended solely for the individual or entity to which they are addressed and may contain confidential or privileged information. Any unauthorized review, disclosure, use, or distribution is prohibited. If you are not the intended recipient, please contact the sender by return email and immediately delete all copies of this email and any attachments from your system.

ASSIGNMENT, BILL OF SALE AND CONVEYANCE

STATE OF NEW MEXICO §

COUNTY OF EDDY §

This Assignment, Bill of Sale and Conveyance ("Assignment"), is dated November 30, 2010, but is effective as of September 1, 2010 at 7:00 a.m. local time where the lands covered by the Assets (hereafter defined) are located (the "Effective Time"), is by and between J.M. Huber Corporation, a New Jersey corporation, whose address is 11451 Katy Freeway, Suite 400, Houston, Texas 77079 ("Assignor") and Black Stone Natural Resources IV-B, L.P., a Delaware limited partnership, whose address is 1001 Fannin Street, Suite 2020, Houston, Texas 77002 ("Assignee").

For One Hundred Dollars (\$100.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor does hereby GRANT, BARGAIN, SELL, CONVEY, ASSIGN and DELIVER unto Assignee, its successors and assigns, all of Assignor's right, title and interest to the following, all of which may be referred to as the "Assets":

1. The oil, gas and other mineral leases described on Exhibit A (collectively, the "Leases" and singularly a "Lease") and any overriding royalty interests, royalty interests, non-participating royalty interests, record title interests, working interests, reversionary interests, operating rights, non-working interests, carried interests (under any farmout, exploration, participation or similar agreement) interest under a force pooling statute or order or under a non-consent provision of any operating agreement, and other rights described on Exhibit A, together with the lands covered thereby or pooled or unitized therewith (the "Lands"), but excluding any specifically described depths or intervals described on Exhibit A, however, including in the defined terms "Leases" and "Lands" the following: (i) all right, title and interest of Assignor in and to any other mineral interests of any nature (A) located in, on and under the Lands, or (B) which are attributable to the spacing unit or designated pooled unit for any of the Wells (as defined below), in each case whether or not described in or omitted from Exhibit A, (ii) all rights with respect to any pooled, communitized or unitized interest by virtue of any Leases and Lands or the interests described in clause (i) above being a part thereof, and (iii) all production of oil, gas (including coal seam gas and coalbed methane gas), condensate, casinghead gas, distillates, associated natural gas liquids, and other hydrocarbons and their constituent products and other lease substances under the Leases (collectively the "Hydrocarbons") from and after the Effective Time from the Leases and the Lands and from any such pooled, communitized or unitized interest and allocated to such Leases and Lands;

2. All wells located on the Leases, or the Lands or on lands pooled, communitized or unitized therewith, whether producing, shut-in, abandoned, and whether for production, produced water injection or disposal, monitoring or otherwise, and including (but not

limited to) those wells described on Exhibit B (collectively, the “Wells”), together with all wellhead equipment, pumps, pumping units, flowlines, gathering systems, pipes, tanks, treatment facilities, injection facilities, disposal facilities, pits, and compression equipment used in connection with the Wells (collectively, the “Equipment”), and, further, the term “Wells” includes those Wells described on Exhibit “B” even if not located on a Lease or any Lands;

3. All easements, rights-of-way, surface use and/or damage agreements and other agreements creating or relating to rights of access or surface use with respect to the Wells, the Leases, and the Lands;

4. All pooling agreements, operating agreements and other agreements relating to the drilling, completion, equipping and operation of the Wells, the Leases, and the Lands;

5. To the extent assignable or transferable, all permits, licenses, approvals, franchises, consents, and other similar rights and privileges (the “Permits”), in each case to the extent used in connection with the Wells, Leases, and the Lands;

6. All division orders, production sales contracts and other agreements relating to the production, storage, treating, processing, transportation, disposal or sale of Hydrocarbons or other lease substances produced from or allocated to the Wells, the Leases, and the Lands; and

7. All well files, engineering reports, reserve reports, geologic data and reports, interpretative geological records and data, land and lease records, Permit files, accounting records, ad valorem and severance tax records, and all other non-proprietary and non-privileged records and data relating to the Wells, the Leases, and the Lands.

EXCLUDED ASSETS. Notwithstanding the foregoing, the Assets shall not include, and there is excepted, reserved and excluded from this Assignment (collectively, the “Excluded Assets”): (a) all corporate, financial, income tax and legal (other than title) records of Assignor; (b) all proprietary or licensed geophysical or interpretive data; (c) any refund of costs, taxes or expenses borne by Assignor or Assignor’s predecessor in title attributable to the period prior to the Effective Time; and (d) any and all proceeds from the settlements of contract disputes relating to the Assets or Hydrocarbons produced therefrom insofar as said proceeds are attributable to periods of time prior to the Effective Time. The Excluded Assets also include (i) any interests related to operations of non-Hydrocarbon divisions of Assignor and/or managed, used and/or under the control of non-Hydrocarbon divisions of Assignor; (ii) all fee surface estates or surface interests; and (iii) any minerals not produced with or constituting Hydrocarbons such as all base (including without limitation coal, lignite, copper, iron, bauxite, silica, sand, and gravel), precious and rare earth metals and/or minerals.

TO HAVE AND TO HOLD the Assets unto Assignee and its successors and assigns forever,

This Assignment is made subject to the following terms and conditions:

- A. NO WARRANTY OF TITLE. THIS ASSIGNMENT IS EXECUTED, DELIVERED AND ACCEPTED WITHOUT ANY REPRESENTATIONS, WARRANTY OR COVENANT OF TITLE OF ANY KIND OR NATURE, EXPRESS, IMPLIED OR STATUTORY.
- B. Disclaimer of Representations and Warranties. The express representations and warranties of Assignor contained in this Assignment are exclusive and are in lieu of all other representations and warranties, express, implied or statutory. ASSIGNEE ACKNOWLEDGES THAT ASSIGNOR HAS NOT MADE, AND ASSIGNOR HEREBY EXPRESSLY DISCLAIMS AND NEGATES, AND ASSIGNEE HEREBY EXPRESSLY WAIVES, ANY REPRESENTATION OR WARRANTY, EXPRESS, IMPLIED, AT COMMON LAW, BY STATUTE OR OTHERWISE RELATING TO (a) PRODUCTION RATES, RECOMPLETION OPPORTUNITIES, DECLINE RATES, OR THE QUALITY, QUANTITY OR VOLUME OF THE RESERVES OF HYDROCARBONS, IF ANY, ATTRIBUTABLE TO THE ASSETS, (b) THE ACCURACY, COMPLETENESS OR MATERIALITY OF ANY INFORMATION, DATA OR OTHER MATERIALS (WRITTEN OR ORAL) NOW, HERETOFORE OR HEREAFTER FURNISHED TO ASSIGNEE BY OR ON BEHALF OF ASSIGNOR, AND (c) THE ENVIRONMENTAL CONDITION OF THE ASSETS. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS ASSIGNMENT, ASSIGNOR EXPRESSLY DISCLAIMS AND NEGATES, AND ASSIGNEE HEREBY WAIVES, AS TO PERSONAL, MOVABLE AND IMMOVABLE PROPERTY, EQUIPMENT AND FIXTURES CONSTITUTING A PART OF THE ASSETS (i) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, (ii) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, (iii) ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS, (iv) ANY RIGHTS OF PURCHASERS UNDER APPROPRIATE STATUTES TO CLAIM DIMINUTION OF CONSIDERATION OR RETURN OF THE PURCHASE PRICE, (v) ANY IMPLIED OR EXPRESS WARRANTY OF FREEDOM FROM VICES OR DEFECTS WHETHER KNOWN OR UNKNOWN, AND (vi) ANY IMPLIED OR EXPRESS WARRANTY REGARDING ENVIRONMENTAL LAWS OR REGULATIONS, THE RELEASE OF MATERIALS INTO THE ENVIRONMENT OR PROTECTION OF THE ENVIRONMENT OR HEALTH, IT BEING THE EXPRESS INTENTION OF ASSIGNEE AND ASSIGNOR THAT THE IMMOVABLE PROPERTY, MOVABLE PROPERTY, EQUIPMENT, INVENTORY, MACHINERY, FIXTURES AND PERSONAL PROPERTY SHALL BE CONVEYED TO ASSIGNEE AS IS AND IN THEIR PRESENT CONDITION AND STATE OF REPAIR AND ASSIGNEE REPRESENTS TO ASSIGNOR THAT ASSIGNEE HAS MADE OR CAUSED TO BE MADE SUCH INSPECTIONS WITH RESPECT TO THE IMMOVABLE PROPERTY, MOVABLE PROPERTY, EQUIPMENT, INVENTORY, MACHINERY, FIXTURES AND PERSONAL PROPERTY AS ASSIGNEE DEEMS APPROPRIATE. ASSIGNOR AND ASSIGNEE AGREE THAT, TO THE EXTENT REQUIRED BY APPLICABLE LAW TO BE EFFECTIVE, THE DISCLAIMERS OF CERTAIN WARRANTIES CONTAINED IN THIS SECTION

ARE "CONSPICUOUS" DISCLAIMERS FOR THE PURPOSES OF ANY APPLICABLE LAW, RULE OR ORDER.

- C. Waiver of Provisions of the Texas Deceptive Trade Practices Act. TO THE EXTENT APPLICABLE TO THE ASSETS OR ANY PORTION THEREOF, ASSIGNEE HEREBY WAIVES THE PROVISIONS OF THE TEXAS DECEPTIVE TRADE PRACTICES ACT, CHAPTER 17, SUBCHAPTER E, SECTIONS 17.41 THROUGH 17.63, INCLUSIVE (OTHER THAN SECTION 17.555, WHICH IS NOT WAIVED), OF THE TEXAS BUSINESS & COMMERCIAL CODE.
- D. Subrogation. To the extent permitted by law, Assignee shall be subrogated to Assignor's rights in and to representations, warranties and covenants given with respect to the Assets. Assignor hereby grants and transfers to Assignee, its successors and assigns, to the extent so transferable and permitted by law, the benefit of and the right to enforce the covenants, representations and warranties, if any, which Assignor is entitled to enforce with respect to the Assets, but only to the extent not enforced by Assignor.
- E. Governmental Assignment Forms. Separate governmental form assignments of the Assets may be executed on officially approved forms by Assignor to Assignee, in sufficient counterparts to satisfy applicable statutory and regulatory requirements. Those assignments shall be deemed to contain all of the exceptions, reservations, warranties, rights, titles, power and privileges set forth herein as fully as though they were set forth in each such assignment. The Assets conveyed by such separate assignments are the same, and not in addition to, the Assets conveyed herein.
- F. Purchase and Sale Agreement. This Assignment is made subject to that certain Purchase and Sale Agreement dated November 23, 2010, by and between Assignor and Assignee (the "Purchase Agreement"). The Purchase Agreement contains certain representations, warranties, indemnity obligations and other agreements between Assignor and Assignee which survive the delivery of this Assignment and shall not be merged into this Assignment or otherwise negated by the execution and delivery of this Assignment. Any capitalized terms not defined herein shall have the meaning set forth in the Purchase Agreement.
- G. Miscellaneous.
- (1) This Assignment and all rights and covenants and conditions hereof shall be considered covenants running with the land and shall inure to and be binding upon the parties hereto, their respective successors and assigns.
  - (2) Assignor will execute, acknowledge and deliver all further conveyances, transfer orders, division orders, notices, releases and acquittances and such other instruments as may be reasonably necessary or appropriate to more fully assure and convey to Assignee, its successors or assigns, all of the Assets, rights, title and interests, remedies, powers and privileges assigned and conveyed by this instrument or intended to be so assigned and conveyed.

- (3) This Assignment may be executed in any number of counterparts. All counterparts together shall constitute only one Assignment, but each counterpart shall be considered an original.
- (4) This Assignment may be altered, amended or waived only by a written agreement executed by the parties hereto. No waiver of any provision of this Assignment shall be construed as a continuing waiver of the provision.

IN WITNESS WHEREOF, this Assignment shall be effective between the Assignor and Assignee as of the Effective Time but has been executed by the parties hereto as of the date set forth above.

**J.M. HUBER CORPORATION**

By: Ralph W Schofield  
Ralph W. Schofield  
Vice President

**BLACK STONE NATURAL RESOURCES IV-B, L.P.  
by its General Partner BSNR IV GP, L.L.C.**

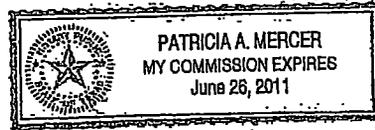
By: Halie A. Vanderhider  
Halie A. Vanderhider  
President and Chief Operating Officer

STATE OF TEXAS )  
 ) ss:  
COUNTY OF HARRIS )

The foregoing instrument was acknowledged before me on this 30<sup>th</sup> day of November, 2010, by Ralph W. Schofield, Vice President of J.M. Huber Corporation, a New Jersey corporation, on behalf of such corporation.

*Patricia A. Mercer*

Notary Public in and for the State of Texas



My Commission Expires: 6/26/2011

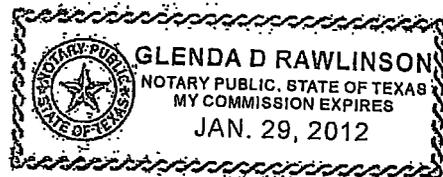
(SEAL)

STATE OF TEXAS )  
 ) ss:  
COUNTY OF HARRIS )

The foregoing instrument was acknowledged before me on this 30<sup>th</sup> day of November, 2010, by Hallie A. Vanderhider, as President and Chief Operating Officer of BSNR IV GP, L.L.C., the general partner of Black Stone Natural Resources IV-B, L.P., a Delaware limited partnership, on behalf of such limited partnership.

*Glenda D. Rawlinson*

Notary Public in and for the State of Texas



My Commission Expires: 1/29/2012

(SEAL)

EXHIBIT A

LEASES

## EXHIBIT A

Page 1 of 5

Lease no	Lessor	Lessee	Lease date	Book	Page	State	County/ Parish	Legal desc
✓1400718	USA NM 0540294A US DEPT OF	MRS FRANKIE L PAYNE	5/1/1964			NM	EDDY	T23S R26E SECTION <u>21</u> NW DOWN TO 12,250' (PACIFIC 25%, APEXCO 25%, COQUINA 50%); BELOW 12,250' (HUBER 50%, APEXCO 50%)
✓1400404	USA NM 04825 US DEPT OF INTERIOR BLM	VICTOR V VAN HOOK	6/1/1952			NM	EDDY	T20S R29E SECTION <u>32</u> , S/2 (AS TO RIGHTS FROM 4500 FT. TO 12,220 FT.) (HUBER 50% WI, WAINOCO 10.3956%, PENNZOIL 6.2710%, STOLTZ 10.4167%, CHAM. & KNDY. 7.2916%, FULTON 6.25%, FURR 3.125%, BROWN 3.125%, ROPER 3.125%) SECTION <u>33</u> E/2E/2; NW/4 (AS TO RIGHTS FROM 4,500' TO 12,200' (HUBER 0% WI, TRIGG 50%, WAINOCO 5.1978%, PENNZOIL 3.1355%, STOLTZ 5.20835%, CHAM. & KNDY. 3.645%, FULTON 3.125%, FURR 1.5625%, BROWN 1.5625%, & ROPER 1.5625%) (HUBER'S INT WAS ASSIGNED TO DAVID PETR 8.302% AND MCMILLAN 16.698%) SECTION <u>28</u> NW/4 & SE/4 (AS TO RIGHTS FROM 4,500 FT. TO 12,220 FT (HUBER 0% WI, TRIGG 50%, WAINOCO 5.1978%, PENNZOIL 3.1355%, STOLTZ 5.20835%, CHAM. & KNDY. 3.6458%, FULTON 3.125%, FURR 1.5625%,
✓1400408	USA NM 0559535 US DEPT OF INTERIOR BLM	GENEVIEVE NG GEE	4/1/1966	779	588	NM	EDDY	T16S R30E SECTION 21, N/2; SE/4; N/2SW/4; SE/4SW/4

2010 Conveyance from J.M. Huber Corporation to Black Stone Natural Resources IV-B, L.P.,

BOOK 840  
PAGE 0253

EXHIBIT A

Lease no	Lessor	Lessee	Lease date	Book	Page	State	County/ Parish	Legal desc
✓1400481	USA NM 7752 US DEPT OF INTERIOR BLM	LOUIS J ROOT	12/31/1938			NM	EDDY	T17S R29E SECTION 1, SW/4NE/4; S/2NW/4; SW/4; W/2SE/4 (AS TO OPERATING RIGHTS BELOW 5000 FT.) (HUBER OWNS ORR ONLY / SEE
✓1400487	STATE OF NEW MEXICO L-3016	J M HUBER CORPORATION	6/17/1969			NM	EDDY	T17S R28E SECTION 19, LOT 3 (43.00 ACRES) & LOT 4 (43.05 ACRES) AS TO ALL DEPTHS BELOW
✓1400613	USA NM 13627A US DEPT OF INTERIOR BLM	LUCINDA BARTLETT	6/1/1971			NM	EDDY	T19S R27E SECTION <u>20</u> N/2SE/4, SW/4SE/4 (HUBER 100% DEEP RTS BELOW 10,610'; SOUTHLAND 100% SHALLOW RTS FROM THE SURFACE TO 10,610') SECTION <u>20</u> NW/4 (HUBER 100% DEEP RTS BELOW 10,299'; MEWBORNE 100% SHALLOW RTS FROM THE SURFACE TO 10,299') SECTION 20 N/2SW/4, SE/4SW/4 (DICKESON 100% ALL DEPTHS) SECTION <u>21</u> NW/4SW/4 (HUBER 100% DEEP RTS BELOW 10,520'; SOUTHLAND 100% SHALLOW RTS FROM THE SURFACE TO 10,520') SECTION <u>21</u> SW/4NW/4 (DICKESON 100% ALL DEPTHS) SECTION 29 NE/4NW/4; S/2NW/4; SW/4SW/4 (POGO OPER RIGHTS) SECTION <u>31</u> LOT 4, NE/4SW/4 (EUBANKS 100% OPERATING RIGHTS FOR ALL DEPTHS) SECTION <u>19</u> , SE/4NE/4, NE/4SE/4 (DICKESON 100% ALL DEPTHS) SECTION <u>18</u> W/2SE/4 (DICKESON 50% & ENFIELD
✓1400669	USA NM 14758 US DEPT OF INTERIOR BLM	ROBERT L LINDGREN	1/1/1972	117	314	NM	EDDY	T20S-R25E SECTION 4, SE/4NE/4; S/2NW/4; N/2S/2 SECTION <u>9</u> NE/4; N/2NW/4, SW/4NW/4 SECTION <u>15</u> NE/4NW/4; S/2NW/4

## EXHIBIT A

Page 3 of 5

Lease no	Lessor	Lessee	Lease date	Book	Page	State	County/ Parish	Legal desc
✓1400688	USA NM 15291 US DEPT OF INTERIOR BLM	FRED OMAR IRAMI	5/1/1972	90	901	NM	EDDY	T19S R25E SECTION 33, SE/4 SECTION 34 W/2SW/4; NE/4SW/4; NW/4SE/4; SE/4SW/4 SECTION 34 SE/4SW/4 (FROM SURFACE TO 3095' CHAMA 100%) SECTION 34 W/2SW/4; NE/4SW/4; NW/4SE/4 (EFFECTIVE 1/1/04 - HUBER OWNED 100% AND CONVEYED TO NEARBURG BY TERM ASSIGNMENT OF 24 MONTHS EXPIRES 1/1/06) SECTION 34, SE/4SW/4 (3095' BELOW) (EFFECTIVE 1/1/04 - HUBER OWNED 3095' BELOW AND CONVEYED TO NEARBURG BY TERM ASSIGNMENT OF 24 MONTHS EXPIRES 1/1/06) SECTION 33 SE/4 (EFFECTIVE 7/1/98 HUBER CONVEYED 100% TO NEARBURG - FROM THE DEPTHS BELOW THE BASE OF THE ATOKA FORMATION TO THE BASE OF THE MORROW
✓1400716	STATE OF NEW MEXICO K-3403	SHELL OIL COMPANY	7/16/1963			NM	EDDY	T23S R26E SECTION 28, NW/4NE/4, SE/4NE/4, NW/4NW/4 (BELOW 11,985' DEEP RIGHTS ONLY); NW/4SW/4, NW/4SE/4; SECTION 27, N/2SE/4, S/2SW/4, N/2NW/4, SW/4NW/4
✓1400717	STATE OF NEW MEXICO K-3328	SHELL OIL COMPANY	6/18/1963			NM	EDDY	T23S R26E SECTION 36, NW/4; E/2NE/4; NW/4NE/4 (FROM SURFACE TO 12,007'- HAMON 50%, TERRA 50%, HUBER'S ORR 14R-84; DEEP RTS TERRA 50%, HUBER 50%) SECTION 36 NW/4SW/4; SE/4SE/4 (HUBER 50%, TERRA 50%) SECTION 35 SW/4NE/4; E/2/NW/4 (TERRA 50%,

2010 Conveyance from J.M. Huber Corporation to Black Stone Natural Resources IV-B, L.P.

BOOK 840 PAGE 0255

## EXHIBIT A

Page 4 of 5

Lease no	Lessor	Lessee	Lease date	Book	Page	State	County/ Parish	Legal desc
✓1400734	USA NM 027994A US DEPT OF INTERIOR BLM	GEORGE E CONLEY	11/1/1956	165 823	225 246	NM	EDDY	T23S R26E SECTION 23, N/2NE/4; SE/4NE/4 (FROM 5000 FT. TO 12,209 FT)
✓1400766	USA NMLC 0 065421 US DEPT OF INTERIOR	M M BRADLEY	✓ 2/1/1946 ✓	26	192	NM	✓EDDY	✓T24S R26E SECTION 14, 480 ACRES OUT OF THE E/2 & NW/4 OF SECTION 14, (SURFACE DOWN TO AND INCLUDING THE BASE OF THE MORROW
✓1400775	USA NM 7754 US DEPT OF	LOUIS J ROOT	12/31/1938			NM	EDDY	T17S R29E SECTION 1, SE/4SE/4 (AS TO OPERATING RIGHTS BELOW 5000 FT)
✓1401059	ESPERANZA 28 FEE COM #1	UNKNOWN	1/1/2000			NM	EDDY	T21S R27E SECTION 28, W/2 (LIMITED IN DEPTH FROM THE BASE OF THE BONE SPRING FORMATION TO THE BASE OF THE MORROW
✓1401060	ELIZÓNDO A FEDERAL 1	CITIES SERVICE OIL COMPANY	12/1/2000			NM	EDDY	T21S R27E SECTION 28, NE/4NW/4 (LIMITED IN DEPTH SURFACE TO THE BASE OF THE BONE SPRINGS FORMATION)
✓1401061	USA NM 0354232 US DEPT OF INTERIOR BLM	JOAN CHORNEY	4/1/1963			NM	EDDY	T21S R27E SECTION 28 NE/4
✓14R0071	USA NM 13627A US DEPT OF INTERIOR BLM	LUCINDA BARTLETT	6/1/1971			NM	EDDY	T19S R27E SECTION 20, N/2SE/4, SW/4SE/4 (SOUTHLAND 100% SHALLOW RTS DOWN TO 10,610 FT - DEEP RTS HUBER 100%)

## EXHIBIT A

Page 5 of 5

Lease no	Lessor	Lessee	Lease date	Book	Page	State	County/ Parish	Legal desc
✓ 14R0118	USA NM 29234 US DEPT OF INTERIOR BLM	DEWEY DARYL SHELLEY	1/1/1977	273	481	NM	EDDY	T24S R31E SECTION 11, SE/4NW/4 (RTS DOWN TO SEQ OF TOP OF BONE SPRING FORMATION ONLY, BEING 8,400 FT) (MERIT ENERGY 100%)
✓ 14R0121	USA NM LC 064200 US DEPT OF INTERIOR BLM	T.O. SHAPPELL	9/1/1948	33	50	NM	EDDY	T24S R26E SECTION 10, NW/4; N/2SW/4 AND THE SW/4SW/4 (FROM SURFACE TO THE BASE OF THE MORROW FORMATION OR 12,000', WHICHEVER IS SHALLOWER)
✓ 14R0125	STATE OF NEW MEXICO L-3016	J M HUBER CORPORATION	6/17/1969			NM	EDDY	T17S R28E SECTION 19, LOT 3 (43.00 ACRES) & LOT 4 (43.05 ACRES)
✓ 14R0126	STATE OF NEW MEXICO K-3403	SHELL OIL COMPANY	7/16/1963			NM	EDDY	T23S R26E SECTION 27  S/2SW/4, N/2SE/4
✓ 14R0129	USA NM 0559535 US DEPT OF INTERIOR BLM	GENEVIEVE NG GEE	4/1/1966	690	436	NM	EDDY	T16S R30E SECTION 21, NE/4SE/4

2010 Conveyance from J.M. Huber Corporation to Black Stone Natural Resources IV-B, L.P..

BOOK 840 PAGE 0257

EXHIBIT B

WELLS

EXHIBIT "B"

Well number	Deal #	API #	Well name	St	County	Operator name	Last Status	Remark codes	Remarks	Interest
4816	14-N-351-A		SDS 11 FEDERAL 1	NM	EDDY	MERIT ENERGY COMPANY	PR	BPO	GW - NRI - 0.0150000	ORRI
4818	14-N-351-A		SDS 11 FEDERAL 1	NM	EDDY	MERIT ENERGY COMPANY	PR	APO	GW - NRI - 0.0150000	ORRI
6223	14-N-131-E	30-015-29473	MALLON 10 FEDERAL 1	NM	EDDY	COG OPERATING LLC	SI	BPO	GW - NRI - 0.0140430	ORRI
6223	14-N-131-E	30-015-29473	MALLON 10 FEDERAL 1	NM	EDDY	COG OPERATING LLC	SI	APO	GW - NRI - 0.0150430	ORRI
9010	14-N-74-C	30-015-20828	ELIZONDO A FEDERAL 1	NM	EDDY	SNOW OIL & GAS INC	PR	BPO	GW - 0.0600000 NRI - 0.0000000	n/a
9010	14-N-74-C	30-015-20828	ELIZONDO A FEDERAL 1	NM	EDDY	SNOW OIL & GAS INC	PR	APO	GW - 0.0641600 NRI - 0.0542060	n/a
9076	14-N-88-D	30-015-31327	STARBUCK FEDERAL COM 1	NM	EDDY	EOG (OKLAHOMA) INC.	PR	NPO	GW - 0.0000000 NRI - 0.0246380	n/a
10001	14-N-151-N	30-015-31284	OXY LIMOUSINE FED CO	NM	EDDY	OXY USA WTP Limited Partnership	PR	NPO	GW - 0.0000000 NRI - 0.0206250	ORRI
10040	14-N-126AL	30-015-32351	SOUTH CARLSBAD 17-7	NM	EDDY	NADEL & GUSSMAN ENERGY LLC	PR	NPO	GW - 0.0000000 NRI - 0.0001875	ORRI
10480	14-N-131-H	30-015-32672	BRADLEY FEDERAL COM 1	NM	EDDY	Climarex Energy Co of Colorado	SI	BPO	GW - 0.0000000 NRI - 0.0000000	n/a
10480	14-N-131-H	30-015-32672	BRADLEY FEDERAL COM 1	NM	EDDY	Climarex Energy Co of Colorado	SI	APO	GW - 0.1875000 NRI - 0.1543359	n/a
10481	14-N-131-H	30-015-32673 and 30-015-33492	BRADLEY FEDERAL COM 2	NM	EDDY	MAGNUM HUNTER PRODUCTION INC	n/a	BPO	GW - 0.0000000 NRI - 0.0000000	n/a
10481	14-N-131-H	30-015-32673 and 30-015-33492	BRADLEY FEDERAL COM 2	NM	EDDY	MAGNUM HUNTER PRODUCTION INC	n/a	APO	GW - 0.1875000 NRI - 0.1543359	n/a
11842	14-N-151-O	30-015-00117	WERTHEM 34 FEDERAL #1	NM	EDDY	NEARBURG PRODUCING CO	PR	NPO	GW - 0.0000000 NRI - 0.0375000	ORRI
11665	14-N-74-O	30-015-32931	DOMINO FEDERAL #1	NM	EDDY	NADEL AND GUSSMAN OPERATING CO	PR	NPO	GW - 0.0000000 NRI - 0.0014434	ORRI
11992	14-N-151-M	30-015-34883	LONG DRAW "B" FED COM NO 1	NM	EDDY	MEWBOURNE OIL COMPANY	PR	NPO	GW - 0.0000000 NRI - 0.0375000	ORRI
14011	14-N-151-P	30-015-34262	LONG DRAW "A" FED COM NO 1	NM	EDDY	MEWBOURNE OIL COMPANY	PR	OWN	HUBER GW = 0.00, NRI = .0375 (OR)	ORRI
14018	14-N-151-P	30-015-35599	Fast Draw 4 Federal COM 1	NM	EDDY	MEWBOURNE OIL COMPANY	PR		0.0275	ORRI
14040	14-N-151-P	30-015-37202	Long Draw "A" Federal No. 1	NM	EDDY	MEWBOURNE OIL COMPANY	PR		0.075	ORRI
14041	14-N-089A	30-015-38538	Federal "ER" #4	NM	EDDY	YATES PETROLEUM COMPANY	PR		0.01	ORRI
14043	14-N-151-P	30-015-37200	Long Draw "B" H Fed No. 1	NM	EDDY	MEWBOURNE OIL COMPANY	PR		0.075	ORRI
14044	14-N-151-P	30-015-21409	FNB Albuquerque "A" COM NO 1	NM	EDDY	MEWBOURNE OIL COMPANY	PR		0.028125	ORRI
14061	14-N-151-P	30-015-37685	Gunsmoke 8 EF Fed Com #1H	NM	EDDY	MEWBOURNE OIL COMPANY	PR		0.0375	ORRI
14061	14-N-151-P	30-015-37818	Limousine 16" CD Federal Com #1H	NM	EDDY	MEWBOURNE OIL COMPANY	PR		0.0275	ORRI
14045	14-N-1000	30-015-30681	Skyhawk "H" Fed Com No. 1	NM	EDDY	MEWBOURNE OIL COMPANY	PR		0.02499531	ORRI
14060	14-N-151-P	30-015-37470	Long Draw "B" A Federal No. 1	NM	EDDY	MEWBOURNE OIL COMPANY	PR		GW - 0.0000000 NRI - 0.0750000	ORRI

RECEPTION NO: 1100357 STATE OF  
 NEW MEXICO, COUNTY OF EDDY  
 RECORDED 01/11/2011 9:01 AM  
 BOOK 0840 PAGE 0259  
 DARLENE ROSPRIM, COUNTY CLERK



## Lee Scarborough

---

**From:** Montgomery, Thad <TMontgomery@blackstoneminerals.com>  
**Sent:** Friday, June 16, 2017 3:24 PM  
**To:** Lee Scarborough  
**Cc:** prfulgham .  
**Subject:** RE: Ghost rider AFE

Lee – I am trying to finalize documents with F&F Exploration regarding sublease for the Ghost rider Unit in Eddy and F&F said that you sent them preliminary title check stating Black Stone only has 40 net acres instead of 60. What has changed? Our records show 60 so please provide something stating otherwise.

Thanks

**Thad Montgomery, V, CPL | Senior Landman**

Black Stone Minerals, L.P.  
1001 Fannin, Suite 2020, Houston, Texas 77002  
Office: 713 929-1645 | Fax: 713 658 0943  
[TMontgomery@blackstoneminerals.com](mailto:TMontgomery@blackstoneminerals.com)



Notice: This email and any attachments are intended solely for the individual or entity to which they are addressed and may contain confidential or privileged information. Any unauthorized review, disclosure, use, or distribution is prohibited. If you are not the intended recipient, please contact the sender by return email and immediately delete all copies of this email and any attachments from your system.

## Lee Scarborough

---

**From:** Montgomery, Thad <TMontgomery@blackstoneminerals.com>  
**Sent:** Friday, June 09, 2017 2:34 PM  
**To:** Lee Scarborough  
**Cc:** prfulgham .  
**Subject:** Ghost rider AFE  
**Attachments:** 2188\_001.pdf

Lee – please see attached and more specifically the last page setting out our election and plans for the Ghost rider AFE.

Let me know if you have any questions.

TM

**From:** [ecopy@blackstoneminerals.com](mailto:ecopy@blackstoneminerals.com) [<mailto:ecopy@blackstoneminerals.com>]  
**Sent:** Friday, June 09, 2017 2:34 AM  
**To:** Montgomery, Thad  
**Subject:** Attached Image

Notice: This email and any attachments are intended solely for the individual or entity to which they are addressed and may contain confidential or privileged information. Any unauthorized review, disclosure, use, or distribution is prohibited. If you are not the intended recipient, please contact the sender by return email and immediately delete all copies of this email and any attachments from your system.

Orig: I. Abarca  
Copy: T. Montgomery

**Mewbourne Oil Company**

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

May 5, 2017

Via Certified Mail

Black Stone Natural Resources, LLC  
1001 Fannin Street, #2020  
Houston, Texas 77002  
Attn: Mr. Thad Montgomery

Re: Ghost rider 25/36 WODM Fed Com #2H  
185' FNL, 450' FWL (SL), Section 25  
330' FSL, 450' FWL (BHL), Section 36  
Township 23 South, Range 26 East  
Eddy County, New Mexico

RECEIVED  
MAY 10 2017

Gentlemen:

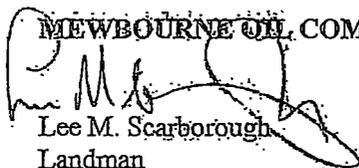
Mewbourne Oil Company ("Mewbourne"), as Operator, hereby proposes to form a 1,280.00 acre Working Interest Unit ("WIU") covering all of Section 25 and Section 36, Township 23 South, Range 26 East, Eddy County, New Mexico. Our records indicate Black Stone Natural Resources, LLC ("Black Stone") owns 30 net acres in the NWSW of Section 36 and 30 net acres in the SESE of Section 36 (60 net acres / 1280 WIU = 4.6875% working interest, all derived from State of New Mexico Lease K-3328).

In conjunction with formation of the WIU, Mewbourne proposes to drill the Ghost rider 25/36 WODM Fed Com #2H, Surface Location (SL) and Bottom Hole Location (BHL) referenced above, to a proposed Total Vertical Depth (TVD) of 8,793' and Total Measured Depth (TMD) of 18,650', to test the Wolfcamp formation. The W/2 of Sections 25 and 36 will be dedicated to the well as the gas proration unit.

Enclosed for your review and further handling is Mewbourne's AFE, dated May 2, 2017, for the proposed well. In the event you elect to participate, please execute the enclosed AFB and return to me within thirty (30) days, our Joint Operating Agreement will follow upon receipt. A drilling title opinion has been ordered.

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

Very truly yours,

**Mewbourne Oil Company**  
  
Lee M. Scarborough  
Landman

Enclosures

# MEWBOURNE OIL COMPANY

## AUTHORIZATION FOR EXPENDITURE

Well Name: <b>Ghostrider 25/36 WQDM Fed Com #2H</b>		Prospect: <b>Ghostrider</b>	
Location: <b>SL: 185' FNL &amp; 450' FWL (25); BHL: 330' FSL &amp; 450' FWL (36)</b>		County: <b>Eddy</b>	ST: <b>NM</b>
Sec. <b>25</b>	Blk: <b></b>	Survey: <b></b>	TWP: <b>23S</b> RNC: <b>26E</b> Prop. TVD: <b>8793'</b> TMD: <b>18650'</b>

INTANGIBLE COSTS 0180	CODE	TCP	CODE	CC
Regulatory/Permits & Surveys	0180-0100	\$15,000	0180-0200	
Location / Road / Site / Preparation	0180-0105	\$50,000	0180-0205	\$25,000
Location / Restoration	0180-0106	\$195,000	0180-0206	\$55,000
Daywork / Turnkey / Footage Drilling 28 days drlg / 4 days comp @ \$18,000/day	0180-0110	\$536,800	0180-0210	\$76,700
Fuel 1500 gal/day @ 1.90/gal	0180-0114	\$91,200		
Mud, Chemical & Additives	0180-0120	\$200,000	0180-0220	
Horizontal Drilling Services			0180-0222	\$105,000
Cementing	0180-0125	\$80,000	0180-0225	\$30,000
Logging & Wireline Services	0180-0130	\$2,000	0180-0230	\$404,000
Casing / Tubing / Snubbing Service	0180-0134	\$25,000	0180-0234	\$20,000
Mud Logging	0180-0137	\$25,000		
Stimulation 60 stg 24.4 MM gals X 24.4 MM#			0180-0241	\$4,400,000
Stimulation Rentals & Other			0180-0242	\$150,000
Water & Other	0180-0145	\$40,000	0180-0245	\$320,000
Blfs	0180-0148	\$81,000	0180-0248	\$4,000
Inspection & Repair Services	0180-0150	\$40,000	0180-0250	\$5,000
Misc. Air & Pumping Services	0180-0154		0180-0254	\$10,000
Testing & Flowback Services	0180-0158	\$15,000	0180-0258	\$30,000
Completion / Workover Rig 5 days @ \$3500/day			0180-0260	\$18,500
Rig Mobilization	0180-0164	\$160,000		
Transportation	0180-0165	\$25,000	0180-0265	\$12,000
Welding Services	0180-0168	\$5,000	0180-0268	\$5,000
Contract Services & Supervision	0180-0170		0180-0270	\$48,000
Directional Services Includes vertical control	0180-0175	\$218,000		
Equipment Rental	0180-0180	\$194,000	0180-0280	\$30,000
Well / Lease Legal	0180-0184	\$5,000	0180-0284	
Well / Lease Insurance	0180-0185	\$5,700	0180-0285	
Intangible Supplies	0180-0188	\$8,000	0180-0288	\$1,000
Damages	0180-0190	\$25,000	0180-0290	
ROW & Easements	0180-0192		0180-0292	\$65,000
Pipeline Interconnect			0180-0293	
Company Supervision	0180-0195	\$143,000	0180-0295	\$115,000
Overhead Fixed Rate	0180-0196	\$10,000	0180-0296	\$20,000
Well Abandonment	0180-0198		0180-0298	
Contingencies 10% (TCP) 5% (CC)	0180-0199	\$219,500	0180-0299	\$322,500
<b>TOTAL</b>		<b>\$2,414,200</b>		<b>\$6,771,700</b>
TANGIBLE COSTS 0181				
Casing (19.1" - 30")	0181-0793			
Casing (10.1" - 19.0") 475' - 13 3/8" 54.5# J-55 ST&C @ \$28.51/ft	0181-0794	\$14,500		
Casing (8.1" - 10.0") 1720' - 9 5/8" 40# N-80 LT&C @ \$25.40/ft	0181-0795	\$46,600		
Casing (6.1" - 8.0") 8900' - 7" 29# P-110 LT&C @ \$24.21/ft	0181-0796	\$204,200		
Casing (4.1" - 6.0") 10355' - 4 1/2" 13.5# P-110 BPN @ \$14.21/ft			0181-0797	\$156,800
Tubing (2" - 4")			0181-0798	
Drilling Head	0181-0860	\$30,000		
Tubing Head & Upper Section 10K frac valve & tree			0181-0870	\$45,000
Horizontal Completion Tools			0181-0871	\$30,000
Stucker Rods			0181-0875	
Subsurface Equipment			0181-0880	
Artificial Lift Systems			0181-0884	
Pumping Unit			0181-0885	
Surface Pumps & Prime Movers VRU and SWD pump			0181-0886	\$50,000
Tanks - Oil 3 - 750 steel			0181-0890	\$40,000
Tanks - Water 3 - 750 steel coated			0181-0891	\$45,000
Separation / Treating Equipment 36"x15"x1000# 3 pf, 30"x10"x1000# 3 pf, GB			0181-0895	\$50,000
Heater Treaters Line Heaters 6"x20"x75#			0181-0897	\$15,000
Metering Equipment			0181-0898	\$7,000
Line Pipe & Valves - Gathering 2.5 miles 8" SWD & 1 mile 4 1/2" gas			0181-0900	\$240,000
Fittings / Valves & Accessories			0181-0906	\$60,000
Cathodic Protection			0181-0908	\$6,000
Electrical Installation			0181-0909	\$75,000
Equipment Installation			0181-0910	\$35,000
Pipeline Construction 2.5 miles 8" SWD & 1 mile 4 1/2" gas			0181-0920	\$232,000



**BLACK STONE  
MINERALS**

**DATE:** 6/9/17  
**TO:** Lee M. Scarborough  
**FROM:** Thad Montgomery  
**Re:** Ghost rider 25/36 WODM FedCom #2H  
AFE Election

---

Black Stone has elected to Sublease its Working Interest within your planned Ghost rider Unit to F&F Exploration, LLC, whose address is 6523 Axton Circle, Dallas, TX 75214. Person of contact is Patrick Fulgham whose phone number is 214-734-2582 and his email is [Patrick@ffresources.us](mailto:Patrick@ffresources.us)

F&F Exploration has elected to participate in the drilling of the Ghost rider 25/36 WODM Fed Com #2H under the terms of a JOA to be negotiated.

If you have any additional questions please do not hesitate to ask.

Thanks,

Thad Montgomery

## Lee Scarborough

---

**From:** Montgomery, Thad <TMontgomery@blackstoneminerals.com>  
**Sent:** Thursday, June 08, 2017 3:27 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider

Right. There is no JOA currently in place so they would need to negotiate one with you.

---

**From:** Lee Scarborough [mailto:lscarborough@mewbourne.com]  
**Sent:** Thursday, June 08, 2017 3:25 PM  
**To:** Montgomery, Thad  
**Subject:** RE: Ghost rider

I believe they will be subject to our well proposal (dated May 5, 2017), having the option to participate under the joint operating agreement or be force pooled.

---

**From:** Montgomery, Thad [mailto:TMontgomery@blackstoneminerals.com]  
**Sent:** Thursday, June 08, 2017 3:06 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider

Ok – so what happens if I accept the better offer from another company.

---

**From:** Lee Scarborough [mailto:lscarborough@mewbourne.com]  
**Sent:** Thursday, June 08, 2017 3:05 PM  
**To:** Montgomery, Thad  
**Subject:** RE: Ghost rider

The best Mewbourne can offer for a one year term assignment is as follows:

1. \$1,500/net acre at 78% NRI, or;
2. \$1,000/net acre at 75% NRI,

These options are subject to a mutually agreeable form of assignment and verification of title.

Thank you for your patience. For your planning, our well is currently scheduled with an August 2017 spud, a joint operating agreement will be sent for review as soon as our drilling opinion is completed.

Thank you,

Lee M. Scarborough  
Landman  
Mewbourne Oil Company  
(432) 682-3715  
[lscarborough@mewbourne.com](mailto:lscarborough@mewbourne.com)

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Thursday, June 08, 2017 1:31 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider

Ok – I need to know something soon so I don't leave this company hanging. Otherwise we will have to go with them.

Thanks

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Thursday, June 08, 2017 11:50 AM  
**To:** Montgomery, Thad  
**Subject:** RE: Ghost rider

My apologies, from the email chain, I thought you were still evaluating participation.

I'll check with our Management today and see if I can make a counteroffer.

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Thursday, June 08, 2017 11:34 AM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider

Clearly – but you have not given me any indication of upping your initial offer. We have several offers on table that exceed yours. Top offer currently sits at \$2000/acre delivering 75% NRI.

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Thursday, June 08, 2017 11:22 AM  
**To:** Montgomery, Thad  
**Subject:** RE: Ghost rider

Yes, as Operator, we'd prefer that you work with Mewbourne.

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Thursday, June 08, 2017 10:52 AM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider

Great thanks – I think we are going to sell our WI to another outfit. You guys have any issue with that?

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Thursday, June 08, 2017 10:18 AM  
**To:** Montgomery, Thad  
**Subject:** RE: Ghost rider

It looks like Shell to Apache to Huber . . .

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Wednesday, June 07, 2017 3:17 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider

Thanks! Shell assigned a portion to Huber? Having trouble locating all my docs.



---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Wednesday, June 07, 2017 3:14 PM  
**To:** Montgomery, Thad  
**Subject:** RE: Ghost rider

Here's a scanned image of State of New Mexico Lease K-3328.

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Wednesday, June 07, 2017 2:55 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider

Do you have a copy of it handy?

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Wednesday, June 07, 2017 2:54 PM  
**To:** Montgomery, Thad  
**Subject:** RE: Ghost rider

It's State of New Mexico Lease K-3328.

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Wednesday, June 07, 2017 2:40 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider

Lee – do you have the lease information making up Black Stone's WI in this Ghost rider Unit?

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Monday, June 05, 2017 10:03 AM  
**To:** Montgomery, Thad  
**Cc:** Nyaaba, Clement; Travis Cude  
**Subject:** RE: Ghost rider

Travis Cude – 432-682-3715  
[tcude@mewbourne.com](mailto:tcude@mewbourne.com)

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Monday, June 05, 2017 9:56 AM  
**To:** Lee Scarborough  
**Cc:** Nyaaba, Clement  
**Subject:** Ghost rider

Lee – who is the engineer working this well? My engineer has a few questions regarding the completion details (perf length, stages, total sand, etc.). We are bringing this well to our meeting Wednesday to make a decision so please help us get in touch ASAP. Thanks

**Thad Montgomery, V, CPL | Senior Landman**

Black Stone Minerals, L.P.  
1001 Fannin, Suite 2020, Houston, Texas 77002  
Office: 713 929-1645 | Fax: 713 658 0943  
[TMontgomery@blackstoneminerals.com](mailto:TMontgomery@blackstoneminerals.com)



Notice: This email and any attachments are intended solely for the individual or entity to which they are addressed and may contain confidential or privileged information. Any unauthorized review, disclosure, use, or distribution is prohibited. If you are not the intended recipient, please contact the sender by return email and immediately delete all copies of this email and any attachments from your system.

## Lee Scarborough

---

**From:** Montgomery, Thad <TMontgomery@blackstoneminerals.com>  
**Sent:** Thursday, June 08, 2017 3:06 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghostrider

Ok – so what happens if I accept the better offer from another company.

---

**From:** Lee Scarborough [mailto:lscarborough@mewbourne.com]  
**Sent:** Thursday, June 08, 2017 3:05 PM  
**To:** Montgomery, Thad  
**Subject:** RE: Ghostrider

The best Mewbourne can offer for a one year term assignment is as follows:

1. \$1,500/net acre at 78% NRI, or;
2. \$1,000/net acre at 75% NRI,

These options are subject to a mutually agreeable form of assignment and verification of title.

Thank you for your patience. For your planning, our well is currently scheduled with an August 2017 spud, a joint operating agreement will be sent for review as soon as our drilling opinion is completed.

Thank you,

Lee M. Scarborough  
Landman  
Mewbourne Oil Company  
(432) 682-3715  
[lscarborough@mewbourne.com](mailto:lscarborough@mewbourne.com)

---

**From:** Montgomery, Thad [mailto:TMontgomery@blackstoneminerals.com]  
**Sent:** Thursday, June 08, 2017 1:31 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghostrider

Ok – I need to know something soon so I don't leave this company hanging. Otherwise we will have to go with them.

Thanks

---

**From:** Lee Scarborough [mailto:lscarborough@mewbourne.com]  
**Sent:** Thursday, June 08, 2017 11:50 AM  
**To:** Montgomery, Thad  
**Subject:** RE: Ghostrider

My apologies, from the email chain, I thought you were still evaluating participation.

I'll check with our Management today and see if I can make a counteroffer.

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Thursday, June 08, 2017 11:34 AM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider

Clearly – but you have not given me any indication of upping your initial offer. We have several offers on table that exceed yours. Top offer currently sits at \$2000/acre delivering 75% NRI.

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Thursday, June 08, 2017 11:22 AM  
**To:** Montgomery, Thad  
**Subject:** RE: Ghost rider

Yes, as Operator, we'd prefer that you work with Mewbourne.

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Thursday, June 08, 2017 10:52 AM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider

Great thanks – I think we are going to sell our WI to another outfit. You guys have any issue with that?

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Thursday, June 08, 2017 10:18 AM  
**To:** Montgomery, Thad  
**Subject:** RE: Ghost rider

It looks like Shell to Apache to Huber . . .

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Wednesday, June 07, 2017 3:17 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider

Thanks! Shell assigned a portion to Huber? Having trouble locating all my docs.

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Wednesday, June 07, 2017 3:14 PM  
**To:** Montgomery, Thad  
**Subject:** RE: Ghost rider

Here's a scanned image of State of New Mexico Lease K-3328.

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Wednesday, June 07, 2017 2:55 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider

Do you have a copy of it handy?

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Wednesday, June 07, 2017 2:54 PM  
**To:** Montgomery, Thad  
**Subject:** RE: Ghost rider

It's State of New Mexico Lease K-3328.

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Wednesday, June 07, 2017 2:40 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider

Lee – do you have the lease information making up Black Stone's WI in this Ghost rider Unit?

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Monday, June 05, 2017 10:03 AM  
**To:** Montgomery, Thad  
**Cc:** Nyaaba, Clement; Travis Cude  
**Subject:** RE: Ghost rider

Travis Cude – 432-682-3715  
[tcude@mewbourne.com](mailto:tcude@mewbourne.com)

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Monday, June 05, 2017 9:56 AM  
**To:** Lee Scarborough  
**Cc:** Nyaaba, Clement  
**Subject:** Ghost rider

Lee – who is the engineer working this well? My engineer has a few questions regarding the completion details (perf length, stages, total sand, etc.). We are bringing this well to our meeting Wednesday to make a decision so please help us get in touch ASAP. Thanks

**Thad Montgomery, V, CPL | Senior Landman**

Black Stone Minerals, L.P.  
1001 Fannin, Suite 2020, Houston, Texas 77002  
Office: 713 929-1645 | Fax: 713 658 0943  
[TMontgomery@blackstoneminerals.com](mailto:TMontgomery@blackstoneminerals.com)



Notice: This email and any attachments are intended solely for the individual or entity to which they are addressed and may contain confidential or privileged information. Any unauthorized review, disclosure, use, or distribution is prohibited. If you are not the intended recipient, please contact the sender by return email and immediately delete all copies of this email and any attachments from your system.

## Lee Scarborough

---

**From:** Montgomery, Thad <TMontgomery@blackstoneminerals.com>  
**Sent:** Thursday, June 08, 2017 1:31 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider

Ok – I need to know something soon so I don't leave this company hanging. Otherwise we will have to go with them.

Thanks

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Thursday, June 08, 2017 11:50 AM  
**To:** Montgomery, Thad  
**Subject:** RE: Ghost rider

My apologies, from the email chain, I thought you were still evaluating participation.

I'll check with our Management today and see if I can make a counteroffer.

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Thursday, June 08, 2017 11:34 AM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider

Clearly – but you have not given me any indication of upping your initial offer. We have several offers on table that exceed yours. Top offer currently sits at \$2000/acre delivering 75% NRI.

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Thursday, June 08, 2017 11:22 AM  
**To:** Montgomery, Thad  
**Subject:** RE: Ghost rider

Yes, as Operator, we'd prefer that you work with Mewbourne.

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Thursday, June 08, 2017 10:52 AM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider

Great thanks – I think we are going to sell our WI to another outfit. You guys have any issue with that?

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Thursday, June 08, 2017 10:18 AM  
**To:** Montgomery, Thad  
**Subject:** RE: Ghost rider

It looks like Shell to Apache to Huber . . .

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Wednesday, June 07, 2017 3:17 PM

**To:** Lee Scarborough  
**Subject:** RE: Ghostrider

Thanks! Shell assigned a portion to Huber? Having trouble locating all my docs.

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Wednesday, June 07, 2017 3:14 PM  
**To:** Montgomery, Thad  
**Subject:** RE: Ghostrider

Here's a scanned image of State of New Mexico Lease K-3328.

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Wednesday, June 07, 2017 2:55 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghostrider

Do you have a copy of it handy?

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Wednesday, June 07, 2017 2:54 PM  
**To:** Montgomery, Thad  
**Subject:** RE: Ghostrider

It's State of New Mexico Lease K-3328.

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Wednesday, June 07, 2017 2:40 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghostrider

Lee – do you have the lease information making up Black Stone's WI in this Ghostrider Unit?

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Monday, June 05, 2017 10:03 AM  
**To:** Montgomery, Thad  
**Cc:** Nyaaba, Clement; Travis Cude  
**Subject:** RE: Ghostrider

Travis Cude – 432-682-3715  
[tcude@mewbourne.com](mailto:tcude@mewbourne.com)

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Monday, June 05, 2017 9:56 AM  
**To:** Lee Scarborough  
**Cc:** Nyaaba, Clement  
**Subject:** Ghostrider

Lee – who is the engineer working this well? My engineer has a few questions regarding the completion details (perf length, stages, total sand, etc.). We are bringing this well to our meeting Wednesday to make a decision so please help us get in touch ASAP. Thanks

Thad Montgomery, V, CPL | Senior Landman

Black Stone Minerals, L.P.  
1001 Fannin, Suite 2020, Houston, Texas 77002  
Office: 713 929-1645 | Fax: 713 658 0943  
[TMontgomery@blackstoneminerals.com](mailto:TMontgomery@blackstoneminerals.com)



Notice: This email and any attachments are intended solely for the individual or entity to which they are addressed and may contain confidential or privileged information. Any unauthorized review, disclosure, use, or distribution is prohibited. If you are not the intended recipient, please contact the sender by return email and immediately delete all copies of this email and any attachments from your system.

## Lee Scarborough

---

**From:** Montgomery, Thad <TMontgomery@blackstoneminerals.com>  
**Sent:** Thursday, June 08, 2017 11:34 AM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider

Clearly – but you have not given me any indication of upping your initial offer. We have several offers on table that exceed yours. Top offer currently sits at \$2000/acre delivering 75% NRI.

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Thursday, June 08, 2017 11:22 AM  
**To:** Montgomery, Thad  
**Subject:** RE: Ghost rider

Yes, as Operator, we'd prefer that you work with Mewbourne.

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Thursday, June 08, 2017 10:52 AM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider

Great thanks – I think we are going to sell our WI to another outfit. You guys have any issue with that?

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Thursday, June 08, 2017 10:18 AM  
**To:** Montgomery, Thad  
**Subject:** RE: Ghost rider

It looks like Shell to Apache to Huber . . .

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Wednesday, June 07, 2017 3:17 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider

Thanks! Shell assigned a portion to Huber? Having trouble locating all my docs.

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Wednesday, June 07, 2017 3:14 PM  
**To:** Montgomery, Thad  
**Subject:** RE: Ghost rider

Here's a scanned image of State of New Mexico Lease K-3328.

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Wednesday, June 07, 2017 2:55 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider

Do you have a copy of it handy?

---

**From:** Lee Scarborough [mailto:lscarborough@mewbourne.com]  
**Sent:** Wednesday, June 07, 2017 2:54 PM  
**To:** Montgomery, Thad  
**Subject:** RE: Ghost rider

It's State of New Mexico Lease K-3328.

---

**From:** Montgomery, Thad [mailto:TMontgomery@blackstoneminerals.com]  
**Sent:** Wednesday, June 07, 2017 2:40 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider

Lee – do you have the lease information making up Black Stone's WI in this Ghost rider Unit?

---

**From:** Lee Scarborough [mailto:lscarborough@mewbourne.com]  
**Sent:** Monday, June 05, 2017 10:03 AM  
**To:** Montgomery, Thad  
**Cc:** Nyaaba, Clement; Travis Cude  
**Subject:** RE: Ghost rider

Travis Cude – 432-682-3715  
[tcude@mewbourne.com](mailto:tcude@mewbourne.com)

---

**From:** Montgomery, Thad [mailto:TMontgomery@blackstoneminerals.com]  
**Sent:** Monday, June 05, 2017 9:56 AM  
**To:** Lee Scarborough  
**Cc:** Nyaaba, Clement  
**Subject:** Ghost rider

Lee – who is the engineer working this well? My engineer has a few questions regarding the completion details (perf length, stages, total sand, etc.). We are bringing this well to our meeting Wednesday to make a decision so please help us get in touch ASAP. Thanks

**Thad Montgomery, V, CPL | Senior Landman**

Black Stone Minerals, L.P.  
1001 Fannin, Suite 2020, Houston, Texas 77002  
Office: 713 929-1645 | Fax: 713 658 0943  
[TMontgomery@blackstoneminerals.com](mailto:TMontgomery@blackstoneminerals.com)



Notice: This email and any attachments are intended solely for the individual or entity to which they are addressed and may contain confidential or privileged information. Any unauthorized review, disclosure, use, or distribution is prohibited. If you are not the intended recipient, please contact the sender by return email and immediately delete all copies of this email and any attachments from your system.

## Lee Scarborough

---

**From:** Montgomery, Thad <TMontgomery@blackstoneminerals.com>  
**Sent:** Thursday, June 08, 2017 10:52 AM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider

Great thanks – I think we are going to sell our WI to another outfit. You guys have any issue with that?

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Thursday, June 08, 2017 10:18 AM  
**To:** Montgomery, Thad  
**Subject:** RE: Ghost rider

It looks like Shell to Apache to Huber . . .

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Wednesday, June 07, 2017 3:17 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider

Thanks! Shell assigned a portion to Huber? Having trouble locating all my docs.

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Wednesday, June 07, 2017 3:14 PM  
**To:** Montgomery, Thad  
**Subject:** RE: Ghost rider

Here's a scanned image of State of New Mexico Lease K-3328.

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Wednesday, June 07, 2017 2:55 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider

Do you have a copy of it handy?

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Wednesday, June 07, 2017 2:54 PM  
**To:** Montgomery, Thad  
**Subject:** RE: Ghost rider

It's State of New Mexico Lease K-3328.

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Wednesday, June 07, 2017 2:40 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider

Lee – do you have the lease information making up Black Stone's WI in this Ghost rider Unit?

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Monday, June 05, 2017 10:03 AM  
**To:** Montgomery, Thad  
**Cc:** Nyaaba, Clement; Travis Cude  
**Subject:** RE: Ghostrider

Travis Cude – 432-682-3715  
[tcude@mewbourne.com](mailto:tcude@mewbourne.com)

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Monday, June 05, 2017 9:56 AM  
**To:** Lee Scarborough  
**Cc:** Nyaaba, Clement  
**Subject:** Ghostrider

Lee – who is the engineer working this well? My engineer has a few questions regarding the completion details (perf length, stages, total sand, etc.). We are bringing this well to our meeting Wednesday to make a decision so please help us get in touch ASAP. Thanks

**Thad Montgomery, V, CPL | Senior Landman**

Black Stone Minerals, L.P.  
1001 Fannin, Suite 2020, Houston, Texas 77002  
Office: 713 929-1645 | Fax: 713 658 0943  
[TMontgomery@blackstoneminerals.com](mailto:TMontgomery@blackstoneminerals.com)



Notice: This email and any attachments are intended solely for the individual or entity to which they are addressed and may contain confidential or privileged information. Any unauthorized review, disclosure, use, or distribution is prohibited. If you are not the intended recipient, please contact the sender by return email and immediately delete all copies of this email and any attachments from your system.

## Lee Scarborough

---

**From:** Montgomery, Thad <TMontgomery@blackstoneminerals.com>  
**Sent:** Wednesday, June 07, 2017 3:17 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider

Thanks! Shell assigned a portion to Huber? Having trouble locating all my docs.

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Wednesday, June 07, 2017 3:14 PM  
**To:** Montgomery, Thad  
**Subject:** RE: Ghost rider

Here's a scanned image of State of New Mexico Lease K-3328.

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Wednesday, June 07, 2017 2:55 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider

Do you have a copy of it handy?

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Wednesday, June 07, 2017 2:54 PM  
**To:** Montgomery, Thad  
**Subject:** RE: Ghost rider

It's State of New Mexico Lease K-3328.

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Wednesday, June 07, 2017 2:40 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider

Lee – do you have the lease information making up Black Stone's WI in this Ghost rider Unit?

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Monday, June 05, 2017 10:03 AM  
**To:** Montgomery, Thad  
**Cc:** Nyaaba, Clement; Travis Cude  
**Subject:** RE: Ghost rider

Travis Cude -- 432-682-3715  
[tcude@mewbourne.com](mailto:tcude@mewbourne.com)

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Monday, June 05, 2017 9:56 AM  
**To:** Lee Scarborough  
**Cc:** Nyaaba, Clement  
**Subject:** Ghost rider

Lee – who is the engineer working this well? My engineer has a few questions regarding the completion details (perf length, stages, total sand, etc.). We are bringing this well to our meeting Wednesday to make a decision so please help us get in touch ASAP. Thanks

**Thad Montgomery, V, CPL | Senior Landman**

Black Stone Minerals, L.P.  
1001 Fannin, Suite 2020, Houston, Texas 77002  
Office: 713 929-1645 | Fax: 713 658 0943  
[TMontgomery@blackstoneminerals.com](mailto:TMontgomery@blackstoneminerals.com)



Notice: This email and any attachments are intended solely for the individual or entity to which they are addressed and may contain confidential or privileged information. Any unauthorized review, disclosure, use, or distribution is prohibited. If you are not the intended recipient, please contact the sender by return email and immediately delete all copies of this email and any attachments from your system.

## Lee Scarborough

---

**From:** Montgomery, Thad <TMontgomery@blackstoneminerals.com>  
**Sent:** Wednesday, June 07, 2017 2:55 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider

Do you have a copy of it handy?

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Wednesday, June 07, 2017 2:54 PM  
**To:** Montgomery, Thad  
**Subject:** RE: Ghost rider

It's State of New Mexico Lease K-3328.

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Wednesday, June 07, 2017 2:40 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider

Lee – do you have the lease information making up Black Stone's WI in this Ghost rider Unit?

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Monday, June 05, 2017 10:03 AM  
**To:** Montgomery, Thad  
**Cc:** Nyaaba, Clement; Travis Cude  
**Subject:** RE: Ghost rider

Travis Cude – 432-682-3715  
[tcude@mewbourne.com](mailto:tcude@mewbourne.com)

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Monday, June 05, 2017 9:56 AM  
**To:** Lee Scarborough  
**Cc:** Nyaaba, Clement  
**Subject:** Ghost rider

Lee – who is the engineer working this well? My engineer has a few questions regarding the completion details (perf length, stages, total sand, etc.). We are bringing this well to our meeting Wednesday to make a decision so please help us get in touch ASAP. Thanks

**Thad Montgomery, V, CPL | Senior Landman**

Black Stone Minerals, L.P.  
1001 Fannin, Suite 2020, Houston, Texas 77002  
Office: 713 929-1645 | Fax: 713 658 0943  
[TMontgomery@blackstoneminerals.com](mailto:TMontgomery@blackstoneminerals.com)



Notice: This email and any attachments are intended solely for the individual or entity to which they are addressed and may contain confidential or privileged information. Any unauthorized review, disclosure, use, or distribution is prohibited. If you are not the intended recipient, please contact the sender by return email and immediately delete all copies of this email and any attachments from your system.

## Lee Scarborough

---

**From:** Montgomery, Thad <TMontgomery@blackstoneminerals.com>  
**Sent:** Wednesday, June 07, 2017 2:40 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider

Lee – do you have the lease information making up Black Stone’s WI in this Ghost rider Unit?

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Monday, June 05, 2017 10:03 AM  
**To:** Montgomery, Thad  
**Cc:** Nyaaba, Clement; Travis Cude  
**Subject:** RE: Ghost rider

Travis Cude – 432-682-3715  
[tcude@mewbourne.com](mailto:tcude@mewbourne.com)

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Monday, June 05, 2017 9:56 AM  
**To:** Lee Scarborough  
**Cc:** Nyaaba, Clement  
**Subject:** Ghost rider

Lee – who is the engineer working this well? My engineer has a few questions regarding the completion details (perf length, stages, total sand, etc.). We are bringing this well to our meeting Wednesday to make a decision so please help us get in touch ASAP. Thanks

Thad Montgomery, V, CPL | Senior Landman

Black Stone Minerals, L.P.  
1001 Fannin, Suite 2020, Houston, Texas 77002  
Office: 713 929-1645 | Fax: 713 658 0943  
[TMontgomery@blackstoneminerals.com](mailto:TMontgomery@blackstoneminerals.com)



Notice: This email and any attachments are intended solely for the individual or entity to which they are addressed and may contain confidential or privileged information. Any unauthorized review, disclosure, use, or distribution is prohibited. If you are not the intended recipient, please contact the sender by return email and immediately delete all copies of this email and any attachments from your system.

## Lee Scarborough

---

**From:** Montgomery, Thad <TMontgomery@blackstoneminerals.com>  
**Sent:** Monday, June 05, 2017 9:56 AM  
**To:** Lee Scarborough  
**Cc:** Nyaaba, Clement  
**Subject:** Ghost rider

Lee – who is the engineer working this well? My engineer has a few questions regarding the completion details (perf length, stages, total sand, etc.). We are bringing this well to our meeting Wednesday to make a decision so please help us get in touch ASAP. Thanks

**Thad Montgomery, V, CPL | Senior Landman**

Black Stone Minerals, L.P.  
1001 Fannin, Suite 2020, Houston, Texas 77002  
Office: 713 929-1645 | Fax: 713 658 0943  
[TMontgomery@blackstoneminerals.com](mailto:TMontgomery@blackstoneminerals.com)



Notice: This email and any attachments are intended solely for the individual or entity to which they are addressed and may contain confidential or privileged information. Any unauthorized review, disclosure, use, or distribution is prohibited. If you are not the intended recipient, please contact the sender by return email and immediately delete all copies of this email and any attachments from your system.

## Lee Scarborough

---

**From:** Montgomery, Thad <TMontgomery@blackstoneminerals.com>  
**Sent:** Friday, June 02, 2017 10:04 AM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider Prospect, Section 25 & 36, T23S, R26E, Eddy County, New Mexico

Lee – just got approval for following terms:

1. Sublease – 1 year term
2. No Pugh Clause
3. \$1500/ acre
4. Delivering 75% NRI

Let me know if this is acceptable and I will draft up the docs.

Thanks

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Thursday, May 11, 2017 3:58 PM  
**To:** Montgomery, Thad  
**Subject:** RE: Ghost rider Prospect, Section 25 & 36, T23S, R26E, Eddy County, New Mexico

Yes, sir!

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Thursday, May 11, 2017 3:42 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider Prospect, Section 25 & 36, T23S, R26E, Eddy County, New Mexico

Ok I will look into it. I am also showing Huber/ Black Stone to have an additional interest in the N/2 of Section 36. Can you ask your attorney to see if he is seeing that as well and let me know?

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Thursday, May 11, 2017 3:36 PM  
**To:** Montgomery, Thad  
**Subject:** RE: Ghost rider Prospect, Section 25 & 36, T23S, R26E, Eddy County, New Mexico

My information (1983 Opinion) lists it at 87.5%. I'm hoping your records bear that out.

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Thursday, May 11, 2017 3:33 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider Prospect, Section 25 & 36, T23S, R26E, Eddy County, New Mexico

Where does the current NRI sit at?

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Thursday, May 11, 2017 3:01 PM

**To:** Montgomery, Thad

**Subject:** Ghost rider Prospect, Section 25 & 36, T23S, R26E, Eddy County, New Mexico

Thad,

Thanks for the call this morning. As mentioned, our Management Team is in town this week, we were able to mention to them today that Black Stone might be interested in an offer. Please consider the following:

1. Term Assignment – six (6) month term
2. \$750/acre
3. Delivering an 82.5% NRI

This offer is subject to verification of title and execution of a mutually acceptable term assignment form.

I'll be out of town for a few days; however, I will have access to email. Also, Corey Mitchell can be reached at the number listed below should you need to discuss any issues prior to my return (Thursday, May 18<sup>th</sup>).

Thank you.

Lee M. Scarborough  
Landman  
Mewbourne Oil Company  
(432) 682-3715  
[lscarborough@mewbourne.com](mailto:lscarborough@mewbourne.com)

Notice: This email and any attachments are intended solely for the individual or entity to which they are addressed and may contain confidential or privileged information. Any unauthorized review, disclosure, use, or distribution is prohibited. If you are not the intended recipient, please contact the sender by return email and immediately delete all copies of this email and any attachments from your system.

## Lee Scarborough

---

**From:** Montgomery, Thad <TMontgomery@blackstoneminerals.com>  
**Sent:** Thursday, May 11, 2017 3:42 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider Prospect, Section 25 & 36, T23S, R26E, Eddy County, New Mexico

Ok I will look into it. I am also showing Huber/ Black Stone to have an additional interest in the N/2 of Section 36. Can you ask your attorney to see if he is seeing that as well and let me know?

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Thursday, May 11, 2017 3:36 PM  
**To:** Montgomery, Thad  
**Subject:** RE: Ghost rider Prospect, Section 25 & 36, T23S, R26E, Eddy County, New Mexico

My information (1983 Opinion) lists it at 87.5%. I'm hoping your records bear that out.

---

**From:** Montgomery, Thad [<mailto:TMontgomery@blackstoneminerals.com>]  
**Sent:** Thursday, May 11, 2017 3:33 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider Prospect, Section 25 & 36, T23S, R26E, Eddy County, New Mexico

Where does the current NRI sit at?

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Thursday, May 11, 2017 3:01 PM  
**To:** Montgomery, Thad  
**Subject:** Ghost rider Prospect, Section 25 & 36, T23S, R26E, Eddy County, New Mexico

Thad,

Thanks for the call this morning. As mentioned, our Management Team is in town this week, we were able to mention to them today that Black Stone might be interested in an offer. Please consider the following:

1. Term Assignment – six (6) month term
2. \$750/acre
3. Delivering an 82.5% NRI

This offer is subject to verification of title and execution of a mutually acceptable term assignment form.

I'll be out of town for a few days; however, I will have access to email. Also, Corey Mitchell can be reached at the number listed below should you need to discuss any issues prior to my return (Thursday, May 18<sup>th</sup>).

Thank you.

Lee M. Scarborough  
Landman  
Mewbourne Oil Company  
(432) 682-3715  
[lscarborough@mewbourne.com](mailto:lscarborough@mewbourne.com)

Notice: This email and any attachments are intended solely for the individual or entity to which they are addressed and may contain confidential or privileged information. Any unauthorized review, disclosure, use, or distribution is prohibited. If you are not the intended recipient, please contact the sender by return email and immediately delete all copies of this email and any attachments from your system.

## Lee Scarborough

---

**From:** Montgomery, Thad <TMontgomery@blackstoneminerals.com>  
**Sent:** Thursday, May 11, 2017 3:33 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider Prospect, Section 25 & 36, T23S, R26E, Eddy County, New Mexico

Where does the current NRI sit at?

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Thursday, May 11, 2017 3:01 PM  
**To:** Montgomery, Thad  
**Subject:** Ghost rider Prospect, Section 25 & 36, T23S, R26E, Eddy County, New Mexico

Thad,

Thanks for the call this morning. As mentioned, our Management Team is in town this week, we were able to mention to them today that Black Stone might be interested in an offer. Please consider the following:

1. Term Assignment – six (6) month term
2. \$750/acre
3. Delivering an 82.5% NRI

This offer is subject to verification of title and execution of a mutually acceptable term assignment form.

I'll be out of town for a few days; however, I will have access to email. Also, Corey Mitchell can be reached at the number listed below should you need to discuss any issues prior to my return (Thursday, May 18<sup>th</sup>).

Thank you.

Lee M. Scarborough  
Landman  
Mewbourne Oil Company  
(432) 682-3715  
[lscarborough@mewbourne.com](mailto:lscarborough@mewbourne.com)

Notice: This email and any attachments are intended solely for the individual or entity to which they are addressed and may contain confidential or privileged information. Any unauthorized review, disclosure, use, or distribution is prohibited. If you are not the intended recipient, please contact the sender by return email and immediately delete all copies of this email and any attachments from your system.

## Lee Scarborough

---

**From:** TrackingUpdates@fedex.com  
**Sent:** Wednesday, June 14, 2017 9:29 AM  
**To:** Lee Scarborough  
**Subject:** FedEx Shipment 779393594407 Delivered

# Your package has been delivered

Tracking # 779393594407

Ship date:  
Tue, 6/13/2017

Lee Scarborough  
Mewbourne Oil Company  
Midland, TX 79701  
US



Delivered

Delivery date:  
Wed, 6/14/2017 9:21  
am

Black Stone Energy  
Company, L.L.C.  
1001 Fannin, Suite 2020  
HOUSTON, TX 77002  
US

## Personalized Message

Ghostrider 25/36 W0DM #2H

## Shipment Facts

Our records indicate that the following package has been delivered.

**Tracking number:** 779393594407

**Status:** Delivered: 06/14/2017 09:21  
AM Signed for By:  
C.MURRPY

**Reference:** Ghostrider 25/36 W0DM #2H

**Signed for by:** C.MURRPY

**Delivery location:** HOUSTON, TX

**Delivered to:** Shipping/Receiving

**Service type:** FedEx Standard Overnight

**Packaging type:** FedEx Envelope

**Number of pieces:** 1

**Weight:** 0.50 lb.

**Special handling/Services:** Deliver Weekday

**Standard transit:** 6/14/2017 by 3:00 pm

**This tracking update has been requested by:**

**Company name:** Mewbourne Oil Company  
**Name:** Lee Scarborough  
**Email:** [akirksey@mewbourne.com](mailto:akirksey@mewbourne.com)

 Please do not respond to this message. This email was sent from an unattended mailbox. This report was generated at approximately 9:29 AM CDT on 06/14/2017.

All weights are estimated.

To track the latest status of your shipment, click on the tracking number above.

This tracking update has been sent to you by FedEx on behalf of the Requestor [akirksey@mewbourne.com](mailto:akirksey@mewbourne.com). FedEx does not validate the authenticity of the requestor and does not validate, guarantee or warrant the authenticity of the request, the requestor's message, or the accuracy of this tracking update.

Standard transit is the date and time the package is scheduled to be delivered by, based on the selected service, destination and ship date. Limitations and exceptions may apply. Please see the FedEx Service Guide for terms and conditions of service, including the FedEx Money-Back Guarantee, or contact your FedEx Customer Support representative.

© 2017 Federal Express Corporation. The content of this message is protected by copyright and trademark laws under U.S. and international law. Review our [privacy policy](#). All rights reserved.

Thank you for your business.

## Lee Scarborough

---

**From:** TrackingUpdates@fedex.com  
**Sent:** Tuesday, June 13, 2017 4:14 PM  
**To:** Lee Scarborough  
**Subject:** FedEx Shipment 779393594407 Notification

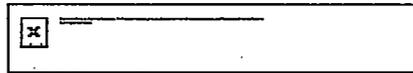
This shipment is scheduled to be sent on  
**06/13/2017.**

See "Preparing for Delivery" for helpful tips

Tracking # 779393594407

Anticipated ship date:  
Tue, 6/13/2017

Lee Scarborough  
Mewbourne Oil Company  
Midland, TX 79701  
US



Initiated

Scheduled delivery:  
Wed, 6/14/2017 by 3:00  
pm

Black Stone Energy  
Company, L.L.C.  
1001 Fannin, Suite 2020  
HOUSTON, TX 77002  
US

### Personalized Message

Ghostrider 25/36 WODM #2H

### Shipment Facts

**Tracking number:** 779393594407  
**Reference:** Ghostrider 25/36 WODM #2H  
**Service type:** FedEx Standard Overnight  
**Packaging type:** FedEx Envelope  
**Number of pieces:** 1  
**Weight:** 0.50 lb.  
**Special handling/Services:** Deliver Weekday

---

### Preparing for Delivery

To help ensure successful delivery of your shipment, please review the below.

Won't be in?

You may be able to hold your delivery at a convenient FedEx World

Service Center or FedEx Office location for pick up. Track your shipment to determine Hold at FedEx location availability.

**This tracking update has been requested by:**

**Company name:** Mewbourne Oil Company

**Name:** Lee Scarborough

**Email:** [akirksey@mewbourne.com](mailto:akirksey@mewbourne.com)

 Please do not respond to this message. This email was sent from an unattended mailbox. This report was generated at approximately 4:13 PM CDT on 06/13/2017.

All weights are estimated.

The shipment is scheduled for delivery on or before the scheduled delivery displayed above. FedEx does not determine money-back guarantee or delay claim requests based on the scheduled delivery. Please see the FedEx Service Guide for terms and conditions of service, including the FedEx Money-Back Guarantee, or contact your FedEx customer support representative.

To track the latest status of your shipment, click on the tracking number above.

This tracking update has been sent to you by FedEx on behalf of the Requestor [akirksey@mewbourne.com](mailto:akirksey@mewbourne.com). FedEx does not validate the authenticity of the requestor and does not validate, guarantee or warrant the authenticity of the request, the requestor's message, or the accuracy of this tracking update.

© 2017 Federal Express Corporation. The content of this message is protected by copyright and trademark laws under U.S. and international law. Review our [privacy policy](#). All rights reserved.

Thank you for your business.

June 13, 2017

Via Overnight Mail

To: Working Interest Owners

Re: Ghost rider 25/36 W0DM Fed Com #2H  
185' FNL, 450' FWL (SL), Section 25  
330' FSL, 450' FWL (BHL), Section 36  
Township 23 South, Range 26 East  
Eddy County, New Mexico

Ladies and Gentlemen:

Enclosed for your review and further handling is Mewbourne Oil Company's revised AFE (working interest percentage revised based off of preliminary title review) along with our Joint Operating Agreement for the proposed Ghost rider 25/36 W0DM Fed Com #2H well. Our spud date is currently set for July 25, 2017. In the event you elect to participate, please execute the enclosed AFE and Joint Operating Agreement as soon as possible.

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

Very truly yours

MEWBOURNE OIL COMPANY

Lee M. Scarborough  
Landman

Enclosures

**MEWBOURNE OIL COMPANY**  
AUTHORIZATION FOR EXPENDITURE

Well Name: Ghostrider 25/36 W0DM Fed Com #2H Prospect: Ghostrider  
 Location: SL: 185' FNL & 450' FWL (25); BHL: 330' FSL & 450' FWL (36) County: Eddy ST: NM  
 Sec. 25 Blk:      Survey:      TWP: 23S RNG: 26E Prop. TVD: 8793' TMD: 18650'

INTANGIBLE COSTS 0180		CODE	TCP	CODE	CC
Regulatory Permits & Surveys		0180-0100	\$15,000	0180-0200	
Location / Road / Site / Preparation		0180-0105	\$50,000	0180-0205	\$25,000
Location / Restoration		0180-0106	\$185,000	0180-0206	\$55,000
Daywork / Turnkey / Footage Drilling 28 days drlg / 4 days comp @ \$18,000/day		0180-0110	\$536,800	0180-0210	\$76,700
Fuel 1500 gal/day @ 1.90/gal		0180-0114	\$91,200		
Mud, Chemical & Additives		0180-0120	\$200,000	0180-0220	
Horizontal Drillout Services				0180-0222	\$105,000
Cementing		0180-0125	\$80,000	0180-0225	\$30,000
Logging & Wireline Services		0180-0130	\$2,000	0180-0230	\$404,000
Casing / Tubing / Snubbing Service		0180-0134	\$25,000	0180-0234	\$20,000
Mud Logging		0180-0137	\$25,000		
Stimulation 60 stg 24.4 MM gals X 24.4 MM#				0180-0241	\$4,400,000
Stimulation Rentals & Other				0180-0242	\$150,000
Water & Other		0180-0145	\$40,000	0180-0245	\$820,000
Bits		0180-0148	\$81,000	0180-0248	\$4,000
Inspection & Repair Services		0180-0150	\$40,000	0180-0250	\$5,000
Misc. Air & Pumping Services		0180-0154		0180-0254	\$10,000
Testing & Flowback Services		0180-0168	\$15,000	0180-0258	\$30,000
Completion / Workover Rlg 5 days @ \$3500/day				0180-0260	\$18,500
Rlg Mobilization		0180-0164	\$160,000		
Transportation		0180-0165	\$25,000	0180-0265	\$12,000
Welding Services		0180-0168	\$5,000	0180-0268	\$5,000
Contract Services & Supervision		0180-0170		0180-0270	\$48,000
Directional Services Includes vertical control		0180-0175	\$218,000		
Equipment Rental		0180-0180	\$194,000	0180-0280	\$30,000
Well / Lease Legal		0180-0184	\$5,000	0180-0284	
Well / Lease Insurance		0180-0185	\$5,700	0180-0285	
Intangible Supplies		0180-0188	\$8,000	0180-0288	\$1,000
Damages		0180-0190	\$25,000	0180-0290	
ROW & Easements		0180-0192		0180-0292	\$65,000
Pipeline Interconnect				0180-0293	
Company Supervision		0180-0195	\$143,000	0180-0295	\$115,000
Overhead Fixed Rate		0180-0196	\$10,000	0180-0296	\$20,000
Well Abandonment		0180-0198		0180-0298	
Contingencies 10% (TCP) 5% (CC)		0180-0199	\$219,500	0180-0299	\$322,500
<b>TOTAL</b>			<b>\$2,414,200</b>		<b>\$6,771,700</b>

TANGIBLE COSTS 0181		CODE	TCP	CODE	CC
Casing (19.1" - 30")		0181-0793			
Casing (10.1" - 19.0") 475' - 13 3/8" 54.5# J-55 ST&C @ \$28.51/ft		0181-0794	\$14,500		
Casing (8.1" - 10.0") 1720' - 9 5/8" 40# N-80 LT&C @ \$25.40/ft		0181-0795	\$46,600		
Casing (6.1" - 8.0") 8900' - 7" 29# P-110 LT&C @ \$21.21/ft		0181-0798	\$201,200		
Casing (4.1" - 6.0") 10355' - 4 1/2" 13.5# P-110 BPN @ \$14.21/ft				0181-0797	\$158,800
Tubing (2" - 4")				0181-0798	
Drilling Head		0181-0860	\$30,000		
Tubing Head & Upper Section 10K frac valve & tree				0181-0870	\$45,000
Horizontal Completion Tools				0181-0871	\$30,000
Sucker Rods				0181-0875	
Subsurface Equipment				0181-0880	
Artificial Lift Systems				0181-0884	
Pumping Unit				0181-0885	
Surface Pumps & Prime Movers VRU and SWD pump				0181-0886	\$50,000
Tanks - Oil 3 - 750 steel				0181-0890	\$40,000
Tanks - Water 3 - 750 steel coated				0181-0891	\$45,000
Separation / Treating Equipment 36"x15"x1000# 3ph, 30"x10"x1000# 3 ph, GB				0181-0895	\$50,000
Heater Treaters, Line Heaters 6"x20"x75#				0181-0897	\$15,000
Metering Equipment				0181-0898	\$7,000
Line Pipe & Valves - Gathering 2.5 miles 8" SWD & 1 mile 4 1/2" gas				0181-0900	\$240,000
Fittings / Valves & Accessories				0181-0906	\$60,000
Cathodic Protection				0181-0908	\$8,000
Electrical Installation				0181-0909	\$75,000
Equipment Installation				0181-0910	\$35,000
Pipeline Construction 2.5 miles 8" SWD & 1 mile 4 1/2" gas				0181-0920	\$232,000
<b>TOTAL</b>			<b>\$292,300</b>		<b>\$1,086,800</b>
<b>SUBTOTAL</b>			<b>\$2,706,500</b>		<b>\$7,858,500</b>

**TOTAL WELL COST \$10,565,000**

Extra Expense Insurance

I elect to be covered by Operator's Extra Expense Insurance and pay my proportionate share of the premium.  
Operator has secured Extra Expense Insurance covering costs of well control, clean up and redrilling as estimated in Line Item 0180-0185.

I elect to purchase my own well control insurance policy.

If neither box is checked above, non-operating working interest owner elects to be covered by Operator's well control insurance.

Prepared by: R. Terrell Date: 5/2/2017  
 Company Approval: *M. White* Date: 5/2/2017

Joint Owner Interest: 3.12500000% Amount: \$330,166.26  
 Joint Owner Name: Black Stone Energy Company, L.L.C. Signature: \_\_\_\_\_



**BLACK STONE  
MINERALS**

**DATE:** 6/9/17  
**TO:** Lee M. Scarborough  
**FROM:** Thad Montgomery  
**Re:** Ghost rider 25/36 WODM FedCom #2H  
AFE Election

---

Black Stone has elected to Sublease its Working Interest within your planned Ghost rider Unit to F&F Exploration, LLC, whose address is 6523 Axton Circle, Dallas, TX 75214. Person of contact is Patrick Fulgham whose phone number is 214-734-2582 and his email is [Patrick@ffresources.us](mailto:Patrick@ffresources.us)

F&F Exploration has elected to participate in the drilling of the Ghost rider 25/36 WODM Fed Com #2H under the terms of a JOA to be negotiated.

If you have any additional questions please do not hesitate to ask.

Thanks,

Thad Montgomery



Date: May 10, 2017

Simple Certified:

The following is in response to your May 10, 2017 request for delivery information on your Certified Mail™/RRE item number 9414810699945022892484. The delivery record shows that this item was delivered on May 10, 2017 at 1:03 pm in HOUSTON, TX 77002. The scanned image of the recipient information is provided below.

Signature of Recipient :

Delivery Section	
Signature	<i>[Handwritten Signature]</i>
Printed Name	<i>[Handwritten Name]</i>

Address of Recipient :

Delivery Address	<i>1001 FANNIN W - STE 2020</i>
------------------	---------------------------------

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

Thad Montgomery  
Black Stone Energy Company, LLC, et al  
4001 FANNIN ST STE 2020  
HOUSTON, TX 77002  
Reference #: Ghost rider 25/36 WQDM #2H LS  
Item ID: Ghost rider 25 36 WQDM No 2H LS

*Notified us on 6/12/2017 - Subleasing to F&F Exploration - have not rec'd signed AFE or transfer documents*

May 5, 2017

Via Certified Mail

Black Stone Natural Resources, LLC  
1001 Fannin Street, #2020  
Houston, Texas 77002  
Attn: Mr. Thad Montgomery

Re: Ghost rider 25/36 W0DM Fed Com #2H  
185' FNL, 450' FWL (SL), Section 25  
330' FSL, 450' FWL (BHL), Section 36  
Township 23 South, Range 26 East  
Eddy County, New Mexico

Gentlemen:

Mewbourne Oil Company ("Mewbourne"), as Operator, hereby proposes to form a 1,280.00 acre Working Interest Unit ("WIU") covering all of Section 25 and Section 36, Township 23 South, Range 26 East, Eddy County, New Mexico. Our records indicate Black Stone Natural Resources, LLC ("Black Stone") owns 30 net acres in the NWSW of Section 36 and 30 net acres in the SESE of Section 36 (60 net acres / 1280 WIU = 4.6875% working interest, all derived from State of New Mexico Lease K-3328).

In conjunction with formation of the WIU, Mewbourne proposes to drill the Ghost rider 25/36 W0DM Fed Com #2H, Surface Location (SL) and Bottom Hole Location (BHL) referenced above, to a proposed Total Vertical Depth (TVD) of 8,793' and Total Measured Depth (TMD) of 18,650', to test the Wolfcamp formation. The W/2 of Sections 25 and 36 will be dedicated to the well as the gas proration unit.

Enclosed for your review and further handling is Mewbourne's AFE, dated May 2, 2017, for the proposed well. In the event you elect to participate, please execute the enclosed AFE and return to me within thirty (30) days, our Joint Operating Agreement will follow upon receipt. A drilling title opinion has been ordered.

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

Very truly yours,

**MEWBOURNE OIL COMPANY**

Lee M. Scarborough  
Landman

Enclosures

**MEWBORNE OIL COMPANY**  
AUTHORIZATION FOR EXPENDITURE

Well Name: Ghostrider 25/36 W0DM Fed Com #2H Prospect: Ghostrider  
 Location: SL: 185' FNL & 450' FWL (25); BHL: 330' FSL & 450' FWL (36) County: Eddy ST: NM  
 Sec. 25 Blk:      Survey:      TWP: 23S RNG: 26E Prop. TVD: 8793' TMD: 18650'

INTANGIBLE COSTS 0180		CODE	TCP	CODE	CC
Regulatory Permits & Surveys		0180-0100	\$15,000	0180-0200	
Location / Road / Site / Preparation		0180-0105	\$50,000	0180-0205	\$25,000
Location / Restoration		0180-0106	\$195,000	0180-0206	\$55,000
Daywork / Turnkey / Footage Drilling 28 days drlg / 4 days comp @ \$18,000/day		0180-0110	\$538,800	0180-0210	\$76,700
Fuel 1500 gal/day @ 1.90/gal		0180-0114	\$91,200		
Mud, Chemical & Additives		0180-0120	\$200,000	0180-0220	
Horizontal Drillout Services				0180-0222	\$105,000
Cementing		0180-0125	\$80,000	0180-0225	\$30,000
Logging & Wireline Services		0180-0130	\$2,000	0180-0230	\$404,000
Casing / Tubing / Snubbing Service		0180-0134	\$25,000	0180-0234	\$20,000
Mud Logging		0180-0137	\$25,000		
Stimulation 60 stg 24.4 MM gals X 24.4 MM#				0180-0241	\$4,400,000
Stimulation Rentals & Other				0180-0242	\$150,000
Water & Other		0180-0145	\$40,000	0180-0245	\$820,000
Bits		0180-0148	\$81,000	0180-0248	\$4,000
Inspection & Repair Services		0180-0150	\$40,000	0180-0250	\$5,000
Misc. Air & Pumping Services		0180-0164		0180-0254	\$10,000
Testing & Flowback Services		0180-0168	\$15,000	0180-0258	\$30,000
Completion / Workover Rig 5 days @ \$3500/day				0180-0260	\$18,500
Rig Mobilization		0180-0184	\$160,000		
Transportation		0180-0185	\$25,000	0180-0265	\$12,000
Welding Services		0180-0188	\$5,000	0180-0268	\$5,000
Contract Services & Supervision		0180-0170		0180-0270	\$48,000
Directional Services Includes vertical control		0180-0175	\$218,000		
Equipment Rental		0180-0180	\$184,000	0180-0280	\$30,000
Well / Lease Legal		0180-0184	\$5,000	0180-0284	
Well / Lease Insurance		0180-0185	\$5,700	0180-0285	
Intangible Supplies		0180-0188	\$8,000	0180-0288	\$1,000
Damages		0180-0190	\$25,000	0180-0290	
ROW & Easements		0180-0192		0180-0292	\$65,000
Pipeline Interconnect				0180-0293	
Company Supervision		0180-0195	\$143,000	0180-0295	\$115,000
Overhead Fixed Rate		0180-0196	\$10,000	0180-0296	\$20,000
Well Abandonment		0180-0198		0180-0298	
Contingencies 10% (TCP) 5% (GC)		0180-0199	\$219,500	0180-0299	\$322,500
<b>TOTAL</b>			<b>\$2,414,200</b>		<b>\$6,771,700</b>

TANGIBLE COSTS 0181		CODE	TCP	CODE	CC
Casing (19.1" - 30")		0181-0793			
Casing (10.1" - 19.0") 475' - 13 3/8" 64.5# J-55 ST&C @ \$28.51/ft		0181-0794	\$14,500		
Casing (8.1" - 10.0") 1720' - 9 5/8" 40# N-80 LT&C @ \$25.40/ft		0181-0795	\$48,600		
Casing (6.1" - 8.0") 8900' - 7" 29# P-110 LT&C @ \$21.21/ft		0181-0796	\$201,200		
Casing (4.1" - 6.0") 10355' - 4 1/2" 13.5# P-110 BPN @ \$14.21/ft				0181-0797	\$156,800
Tubing (2" - 4")				0181-0798	
Drilling Head		0181-0860	\$30,000		
Tubing Head & Upper Section 10K frac valve & tree				0181-0870	\$45,000
Horizontal Completion Tools				0181-0871	\$30,000
Sucker Rods				0181-0875	
Subsurface Equipment				0181-0880	
Artificial Lift Systems				0181-0884	
Pumping Unit				0181-0885	
Surface Pumps & Prime Movers VRU and SWD pump				0181-0886	\$50,000
Tanks - Oil 3 - 750 steel				0181-0890	\$40,000
Tanks - Water 3 - 750 steel coated				0181-0891	\$45,000
Separation / Treating Equipment 36"x15"x1000# 3ph, 30"x10"x1000# 3 ph, GB				0181-0895	\$50,000
Heater Treaters, Line Heaters 6"x20"x75#				0181-0897	\$15,000
Metering Equipment				0181-0898	\$7,000
Line Pipe & Valves - Gathering 2.5 miles 8" SWD & 1 mile 4 1/2" gas				0181-0900	\$240,000
Fittings / Valves & Accessories				0181-0906	\$60,000
Cathodic Protection				0181-0908	\$6,000
Electrical Installation				0181-0909	\$75,000
Equipment Installation				0181-0910	\$35,000
Pipeline Construction 2.5 miles 8" SWD & 1 mile 4 1/2" gas				0181-0920	\$232,000
<b>TOTAL</b>			<b>\$292,300</b>		<b>\$1,088,800</b>
<b>SUBTOTAL</b>			<b>\$2,706,500</b>		<b>\$7,858,500</b>
<b>TOTAL WELL COST</b>			<b>\$10,565,000</b>		

Extra Expense Insurance .....

I elect to be covered by Operator's Extra Expense Insurance and pay my proportionate share of the premium.  
Operator has secured Extra Expense Insurance covering costs of well control, clean up and redrilling as estimated in Line Item 0180-0185.

I elect to purchase my own well control insurance policy.

If neither box is checked above, non-operating working interest owner elects to be covered by Operator's well control insurance.

Prepared by: R. Terrell Date: 5/2/2017  
 Company Approval: *M. White* Date: 5/2/2017

Joint Owner Interest: 4.68750000% Amount: \$495,234.38  
 Joint Owner Name: Black Stone Natural Resources, LLC Signature: \_\_\_\_\_