

STATE OF NEW MEXICO

**ENERGY, MINERALS AND NATURAL
RESOURCES DEPARTMENT**

OIL CONSERVATION

CASE #: 14306

EXHIBIT 1

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:**

**APPLICATION OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.**

Case No. 14,306

VERIFIED STATEMENT OF COREY MITCHELL

Corey Mitchell, being duly sworn upon his oath, deposes and states:

1. I am a landman for Mewbourne Oil Company, and have personal knowledge of the matters stated herein.

2. Pursuant to Division Rule NMAC 19.15.4.12.A(1), the following information is submitted in support of the compulsory pooling application filed herein:

(a) No opposition is expected because the working interest owners being pooled have been contacted regarding the proposed well, and have simply not decided whether to join in the well or farm out their interests.

(b) A plat outlining the spacing unit being pooled is attached hereto as Exhibit A. Applicant seeks an order pooling all mineral interests from the surface to the base of the Yeso formation underlying the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 15, Township 20 South, Range 25 East, N.M.P.M., Eddy County, New Mexico. The unit will be dedicated to the Quick Draw "15" J Well No. 1, to be drilled at an orthodox location in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 15. The well will be an oil well.

(c) The parties being pooled, their working interests in the well unit, and their addresses, are as follows:

- | | | |
|----|------------------------------------------------------------------------------------------|-----------------|
| 1) | Nadel and Gussman Capitan, LLC
Suite 508
601 N. Marienfeld
Midland, Texas 79701 | <u>0.03125%</u> |
|----|------------------------------------------------------------------------------------------|-----------------|

Oil Conservation Division
Case No. 14306
Exhibit No.

- | | | |
|----|----------------------------------------------------------------------------|------------------------------------|
| ② | OXY USA WTP Limited Partnership
P.O. Box 4294
Houston, Texas 77210 | <u>1.796875%</u>
<u>DISMISS</u> |
| ③ | James H. Yates, Inc.
P.O. Box 189
Roswell, NM 88202 | <u>0.03125%</u>
<u>DISMISS</u> |
| ④ | Explorers Petroleum Corp.
P.O. Box 1933
Roswell, New Mexico 88202 | <u>0.03125%</u>
<u>DISMISS</u> |
| ⑤ | Spiral, Inc.
P.O. Box 1933
Roswell, New Mexico 88202 | <u>0.03125%</u>
<u>DISMISS</u> |
| ⑥ | Harvey E. Yates Company
P.O. Box 1933
Roswell, New Mexico 88202-1933 | <u>0.625%</u>
<u>DISMISS</u> |
| 7) | Colkelan Corp.
5836 South Pecos Road
Las Vegas, Nevada 89120-3419 | <u>0.03125%</u> |

All addresses are current and correct.

(d) A Summary of Communications between the uncommitted working interest owners and Mewbourne Oil Company with copies of the correspondence is attached hereto as Exhibit B. In addition, several phone calls and emails have been made to the interest owners.

(e) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against a non-consenting working interest owner.

(f) A copy of the Authority for Expenditure for the proposed well is attached hereto as Exhibit C. The drilling and completion costs set forth therein are fair and reasonable, and are comparable to those of other wells of this depth drilled in this area of Eddy County.

(g) Overhead charges of \$4000/month for a drilling well, and \$400/month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by other operators in this area for wells of this depth. Applicant also requests that the order contain a provision adjusting the rates pursuant to the COPAS accounting procedure.

(h) Applicant requests that it be designated operator of the well.

VERIFICATION

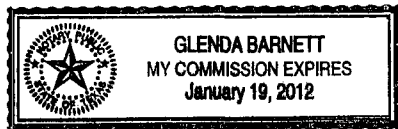
STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

Corey Mitchell, being duly sworn upon his oath, deposes and states that: He is a landman for Mewbourne Oil Company; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge, information, and belief.

Corey Mitchell
Corey Mitchell

SUBSCRIBED AND SWORN TO before me this 9th day of April, 2009 by Corey Mitchell.

My Commission Expires: 1-19-2012



Glenda Barnett
Notary Public

EXHIBIT

Summary of Communications
Quick Draw "15" J Well No. 1

Colkelan NV Corporation

- 1) Mailed well proposal letter with AFE via certified mail dated 1-12-2009. Offered to acquire a one (1) year Term Assignment in the event Colkelan NV Corporation elected not to participate.
- 2) Mailed well proposal letter with AFE via certified mail dated 2-2-2009. Offered to acquire a one (1) year Term Assignment in the event Colkelan NV Corporation elected not to participate.
- 3) Mailed well proposal letter with AFE via certified mail dated 2-12-2009. Offered to acquire a one (1) year Term Assignment in the event Colkelan NV Corporation elected not to participate.
- 4) Returned unclaimed
- 5) Mailed well proposal letter with AFE via certified mail dated 2-25-2009. Offered to acquire a one (1) year Term Assignment in the event Colkelan NV Corporation elected not to participate.
- 6) Received green card signed by P. Laidler.
- 7) Mailed Operating Agreement via certified mail dated 3-12-2009.
- 8) Received green card signed by P. Laidler.
- 9) Mailed letter reference change to location of Quick draw 15 J No. 1 well 4-8-2009.

Nadel and Gussman Capitan, LLC
c/o Emerald Johnson (432) 682-4429

- 1) Mailed well proposal letter with AFE via certified mail dated 1-28-2009. Offered to acquire a one (1) year Term Assignment in the event Nadel & Gussman elected not to participate.
- 2) Received green card signed by Brown.
- 3) Mailed well proposal letter with AFE via certified mail dated 2-12-2009. Offered to acquire a one (1) year Term Assignment in the event Nadel & Gussman elected not to participate.
- 4) Received green card signed by Lauren LeBario.
- 5) Received email dated 2-18-2009 from Emerald Johnson stating Nadel & Gussman intends to go non-consent in the well, but would be interested in selling their interest.
- 6) Received message from Emerald Johnson 2-24-2009 regarding the Quick Draw "15" J No. 1 Well.
- 7) Called Emerald Johnson back 2-25-2009. No answer; left message to call me back.
- 8) Emerald Johnson called me back 2-25-2009 and said they were not interested in participating and that she would come up with a "number" to buy their interest.
- 9) Emailed Emerald Johnson 3-10-2009 regarding the Quick Draw "15" J No. 1 Well.
- 10) Emerald Johnson emailed me back 3-10-2009, stating she would get back to me as soon as she found out something.
- 11) Called Emerald Johnson on 3-10-2009. No answer; left message to call me back.
- 12) Called Emerald Johnson on 3-12-2009. She said they wanted \$1,000.00 for their interest. I told her I would get back to her.
- 13) Emailed Emerald Johnson on 3-12-2009 with a counter offer.

EXHIBIT B

- 14) Emerald Johnson emailed me back on 3-12-2009. She said they would not go any lower than \$1,000.00 and she would send me their election.
- 15) Emailed Emerald Johnson on 3-13-2009 and told her we could not do \$1,000.00 for their interest and requested her to forward me Nadel & Gussman's election.
- 16) Mailed letter reference change to location of Quick draw 15 J No. 1 well 4-8-2009.

Harvey E. Yates Company (HEYCO),
Explorers Petroleum Corp., and
Spiral, Inc.
c/o Melissa Randle (575) 623-6601

- 1) Mailed well proposal letter with AFE to Harvey E. Yates Company via certified mail dated 1-12-2009. Offered to acquire a one (1) year Term Assignment in the event Harvey E. Yates Company elected not to participate.
- 2) Received green card signed by Sally Posey.
- 3) Mailed well proposal letter with AFE to Explorers Petroleum Corp. via certified mail dated 1-12-2009. Offered to acquire a one (1) year Term Assignment in the event Explorers Petroleum Corp. elected not to participate.
- 4) Received green card signed by Sally Posey.
- 5) Mailed well proposal letter with AFE to Spiral, Inc. via certified mail dated 1-12-2009. Offered to acquire a one (1) year Term Assignment in the event Spiral, Inc. elected not to participate.
- 6) Received green card signed by Sally Posey.
- 7) Melissa Randle with HEYCO emailed me 1-17-2009 stating she received my well proposal and AFE for the Quick Draw 15 J #1 Well.
- 8) Emailed Melissa Randle back on 1-19-2009.
- 9) Emailed Melissa Randle on 2-12-2009 to see if they were going to participate or not.
- 10) Melissa Randle emailed me on 2-16-2009 stating they planned to participate.
- 11) Emailed Melissa Randle on 3-10-2009 requesting their well requirements.
- 12) Melissa Randle emailed me back on 3-10-2009.
- 13) Emailed Melissa Randle again on 3-10-2009 stating we would like to move forward with this well.
- 14) Called Melissa Randle twice (2) on 3-10-2009. No answer; left message to call me back.
- 15) Mailed Operating Agreement 3-12-2009.
- 16) Melissa Randle emailed me on 3-20-2009 stating she was processing our JOA.
- 17) Emailed Melissa Randle 3-27-2009 to check the status of our JOA.
- 18) Called Melissa Randle 4-1-2009. No answer; left message to call me back.
- 19) Emailed Melissa Randle on 4-3-2009 to check the status of our JOA.
- 20) Melissa Randle emailed me back on 4-3-2009 wanting to negotiate the JOA.
- 21) Emailed Melissa back 4-3-2009 stating everyone else had signed the JOA and it was not negotiable at this time.
- 22) Mailed Title Opinion to Melissa Randle 4-6-2009.
- 23) Mailed letter reference change to location of Quick draw 15 J No. 1 well 4-8-2009.

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

January 12, 2009

Via Certified Mail-Return Receipt No. 5909

Colkelan Corp.
906 South St. Francis Dr., Ste. C
Santa Fe, New Mexico 87501

Re: Quick Draw "15" J No. 1
2310'FSL & 2310'FEL
Section 15, T20S, R25E
Eddy County, New Mexico

Gentlemen:

Mewbourne Oil Company (Mewbourne) as Operator hereby proposes to drill the captioned well at the referenced location to a depth sufficient to adequately evaluate the Yeso formation, estimated total depth being 3,500 feet beneath the surface. The NW/4SE/4 of the captioned Section 15 will be dedicated to the well.

Regarding the above, enclosed for your further handling are two copies of our AFE dated December 15, 2008 for the captioned well. In the event Colkelan Corp. (Colkelan) elects to participate in the captioned proposed well, please have one copy of the enclosed AFE signed on behalf of Colkelan and return to me within thirty (30) days. Upon our receipt of same, I will forward you our Operating Agreement covering the SE/4 of the Section 15.

In the event Colkelan elects not to participate in the captioned well as to your respective working interest, Mewbourne offers to purchase a Term Assignment from Colkelan covering your 0.03125% working interest on the basis of \$250.00 per net acre for a one (1) year term based upon delivery of a 75% net revenue interest to Mewbourne. This offer is available for your acceptance for a period ending February 15, 2009.

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

Sincerely,

MEWBOURNE OIL COMPANY

Corey Mitchell

Corey Mitchell
Landman

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

February 2, 2009

Via Certified Mail-Return Receipt No. 6272

Colkelan Corp.
906 S. St. Francis Dr., Ste. C
Santa Fe, New Mexico 87505

Re: Quick Draw "15" J No. 1
2310'FSL & 2310'FEL
Section 15, T20S, R25E
Eddy County, New Mexico

Gentlemen:

Mewbourne Oil Company (Mewbourne) as Operator hereby proposes to drill the captioned well at the referenced location to a depth sufficient to adequately evaluate the Yeso formation, estimated total depth being 3,500 feet beneath the surface. The NW/4SE/4 of the captioned Section 15 will be dedicated to the well.

Regarding the above, enclosed for your further handling are two copies of our AFE dated December 15, 2008 for the captioned well. In the event Colkelan Corp. (Colkelan) elects to participate in the captioned proposed well, please have one copy of the enclosed AFE signed on behalf of Colkelan and return to me within thirty (30) days. Upon our receipt of same, I will forward you our Operating Agreement covering the SE/4 of the Section 15.

In the event Colkelan elects not to participate in the captioned well as to your respective working interest, Mewbourne offers to purchase a Term Assignment from Colkelan covering your 0.03125% working interest on the basis of \$250.00 per net acre for a one (1) year term based upon delivery of a 75% net revenue interest to Mewbourne. This offer is available for your acceptance for a period ending February 20, 2009.

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

Sincerely,

MEWBOURNE OIL COMPANY



Corey Mitchell
Landman

UNDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

**Colkelan Corp.
1429 Central Ave NW
Albuquerque, New Mexico 87104**

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☒ Agent
☒ Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

Article Number
(Transfer from service label)

7005 2570 0001 0978 6524

Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

FROM	
MEWBOURNE OIL COMPANY	
500 WEST TEXAS, SUITE 1020 MIDLAND, TEXAS 79701	
SHIP TO	
Colkelan Corp. 1429 Central Ave NW Albuquerque, New Mexico 87104	
RETURN POSTAGE GUARANTEED	

ATTACHED NOT RECORDED
UN

12 2009 PM MIDLAND/ODESSA TX 797
FEB 12 2009
MIDLAND TX
First Class

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

February 12, 2009

Via Certified Mail-Return Receipt No. 6524

Colkelan Corp.
1429 Central Ave NW
Albuquerque, New Mexico 87104

Re: Quick Draw "15" J No. 1
2310' FSL & 2310' FEL
Section 15, T20S, R25E
Eddy County, New Mexico

Gentlemen:

Mewbourne Oil Company (Mewbourne) as Operator hereby proposes to drill the captioned well at the referenced location to a depth sufficient to adequately evaluate the Yeso formation, estimated total depth being 3,500 feet beneath the surface. The NW/4SE/4 of the captioned Section 15 will be dedicated to the well.

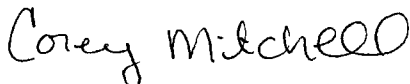
Regarding the above, enclosed for your further handling are two copies of our AFE dated December 15, 2008 for the captioned well. In the event Colkelan Corp. (Colkelan) elects to participate in the captioned proposed well, please have one copy of the enclosed AFE signed on behalf of Colkelan and return to me within thirty (30) days. Upon our receipt of same, I will forward you our Operating Agreement covering the SE/4 of the Section 15.

In the event Colkelan elects not to participate in the captioned well as to your respective working interest, Mewbourne offers to purchase a Term Assignment from Colkelan covering your 0.03125% working interest on the basis of \$250.00 per net acre for a one (1) year term based upon delivery of a 75% net revenue interest to Mewbourne. This offer is available for your acceptance for a period ending March 1, 2009.

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

Sincerely,

MEWBOURNE OIL COMPANY



Corey Mitchell
Landman

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Colkelan Corp.
5836 South Pecos Road
Las Vegas, Nevada 89120-3419

JM

2. Article Number
(Transfer from service label)

7005 2570 0001 0978 6814

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-15

COMPLETE THIS SECTION ON DELIVERY

A. Signature

P. Laidler

☐ Agent
☐ Addressee

B. Received by (Printed Name)

P. LAIDLER

C. Date of Delivery

02/27

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

February 25, 2009

Via Certified Mail-Return Receipt No. 6814

Colkelan Corp.
5836 South Pecos Road
Las Vegas, Nevada 89120-3419

Re: Quick Draw "15" J No. 1
2310'FSL & 2310'FEL
Section 15, T20S, R25E
Eddy County, New Mexico

Gentlemen:

Mewbourne Oil Company (Mewbourne) as Operator hereby proposes to drill the captioned well at the referenced location to a depth sufficient to adequately evaluate the Yeso formation, estimated total depth being 3,500 feet beneath the surface. The NW/4SE/4 of the captioned Section 15 will be dedicated to the well.

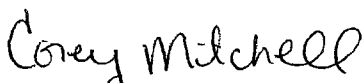
Regarding the above, enclosed for your further handling are two copies of our AFE dated December 15, 2008 for the captioned well. In the event Colkelan Corp. (Colkelan) elects to participate in the captioned proposed well, please have one copy of the enclosed AFE signed on behalf of Colkelan and return to me within thirty (30) days. Upon our receipt of same, I will forward you our Operating Agreement covering the SE/4 of the Section 15.

In the event Colkelan elects not to participate in the captioned well as to your respective working interest, Mewbourne offers to purchase a Term Assignment from Colkelan covering your 0.03125% working interest on the basis of \$250.00 per net acre for a one (1) year term based upon delivery of a 75% net revenue interest to Mewbourne. This offer is available for your acceptance for a period ending March 15, 2009.

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

Sincerely,

MEWBOURNE OIL COMPANY


Corey Mitchell
Landman

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to: ✓

Colkelan Corp.
5836 South Pecos Road
Las Vegas, Nevada 89120-3419

2. Article Number
(Transfer from service label)

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

3-19

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

7005 2570 0001 0978 7088

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

March 12, 2009

Via Certified Mail-Return Receipt No. 7088

Colkelan Corp.
5836 South Pecos Road
Las Vegas, Nevada 89120-3419

Re: Quick Draw "15" J No. 1
NW/4SE/4 of Section 15,
T20S, R25E
Eddy County, New Mexico

Ladies and Gentlemen:

Enclosed for your further handling is our Operating Agreement dated March 1, 2009 and extra signature pages regarding the captioned land and well. Please execute the Operating Agreement and return only the extra set of signature pages to me at your earliest convenience.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

April 8, 2009

Colkelan Corp.
5836 South Pecos Road
Las Vegas, Nevada 89120-3419

Re: Quick Draw "15" J No. 1
(2310' FSL & 2310' FEL)
2275' FSL & 2275' FEL
Section 15, T20S, R25E
Eddy County, New Mexico

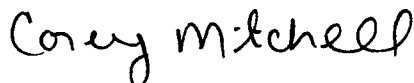
Ladies and Gentlemen:

Reference is made to my previous letter dated February 25, 2009 and our AFE dated December 15, 2008 whereby Mewbourne Oil Company as operator proposed drilling the above captioned well at a location 2310' FSL & 2310' FEL of the captioned Section 15. Please be advised, the well location as referenced in our previous letter and AFE referenced "2310' FSL & 2310' FEL". The location had to be moved to a new location 2275' FSL & 2275' FEL due to the previous location being too close to Eddy County Road 28. The new location of 2275' FSL & 2275' FEL is still within the same 40 acre tract and should not present a problem. Please revise your records accordingly for the proposed revised location.

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

Sincerely,

MEWBOURNE OIL COMPANY



Corey Mitchell
Landman

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Nadel and Gussman Capitan, LLC
15 East 5th Street, Ste. 3200
Tulsa, Oklahoma 74103
Attn: Scott Germann

2. Article Number

(Transfer from service label)

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail☒ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

7005 2570 0001 0978 6227

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-15

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

January 28, 2009

Via Certified Mail-Return Receipt No. 6227

Nadel and Gussman Capitan, LLC
15 East 5th Street, Ste. 3200
Tulsa, Oklahoma 74103
Attn: Scott Germann, General Manager

Re: Quick Draw "15" J No. 1
2310'FSL & 2310'FEL
Section 15, T20S, R25E
Eddy County, New Mexico

Dear Mr. Germann:

Mewbourne Oil Company (Mewbourne) as Operator hereby proposes to drill the captioned well at the referenced location to a depth sufficient to adequately evaluate the Yezo formation, estimated total depth being 3,500 feet beneath the surface. The NW/4SE/4 of the captioned Section 15 will be dedicated to the well.

Regarding the above, enclosed for your further handling are two copies of our AFE dated December 15, 2008 for the captioned well. In the event Nadel and Gussman Capitan, LLC (Nadel & Gussman) elects to participate in the captioned proposed well, please have one copy of the enclosed AFE signed on behalf of Nadel & Gussman and return to me within thirty (30) days. Upon our receipt of same, I will forward you our Operating Agreement covering the SE/4 of the Section 15.

In the event Nadel & Gussman elects not to participate in the captioned well as to your respective working interest, Mewbourne offers to purchase a Term Assignment from Nadel & Gussman covering your 0.03125% working interest on the basis of \$250.00 per net acre for a one (1) year term based upon delivery of a 75% net revenue interest to Mewbourne. This offer is available for your acceptance for a period ending February 28, 2009.

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

Sincerely,

MEWBOURNE OIL COMPANY



Corey Mitchell
Landman

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Nadel and Gussman Capitan, LLC
601 N. Marienfeld, Ste. 508
Midland, TX 79701
Attn: Scott German, General Mgr.

2. Article Number
(Transfer from service label)

COMPLETE THIS SECTION ON DELIVERY

A. Signature
x *[Signature]* ☐ Agent
☐ AddresseeB. Received by (Printed Name) *Laurenle Bano* C. Date of Delivery *2/23/05*D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.4. Restricted Delivery? (Extra Fee) ☐ Yes

7005 2570 0001 0978 6500

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-15*

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

February 12, 2009

Via Certified Mail-Return Receipt No. 6500

Nadel and Gussman Capitan, LLC
601 N. Marienfeld, Ste. 508
Midland, Texas 79701
Attn: Scott Germann, General Manager

Re: Quick Draw "15" J No. 1
2310'FSL & 2310'FEL
Section 15, T20S, R25E
Eddy County, New Mexico

Dear Mr. Germann:

Mewbourne Oil Company (Mewbourne) as Operator hereby proposes to drill the captioned well at the referenced location to a depth sufficient to adequately evaluate the Yeso formation, estimated total depth being 3,500 feet beneath the surface. The NW/4SE/4 of the captioned Section 15 will be dedicated to the well.

Regarding the above, enclosed for your further handling are two copies of our AFE dated December 15, 2008 for the captioned well. In the event Nadel and Gussman Capitan, LLC (Nadel & Gussman) elects to participate in the captioned proposed well, please have one copy of the enclosed AFE signed on behalf of Nadel & Gussman and return to me within thirty (30) days. Upon our receipt of same, I will forward you our Operating Agreement covering the SE/4 of the Section 15.

In the event Nadel & Gussman elects not to participate in the captioned well as to your respective working interest, Mewbourne offers to purchase a Term Assignment from Nadel & Gussman covering your 0.03125% working interest on the basis of \$250.00 per net acre for a one (1) year term based upon delivery of a 75% net revenue interest to Mewbourne. This offer is available for your acceptance for a period ending March 1, 2009.

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

Sincerely,

MEWBOURNE OIL COMPANY


Corey Mitchell
Landman



"Emerald Johnson"
<ejohnson@naguss.com>
02/18/2009 10:27 AM

To <cmitchell@mewbourne.com>
cc
bcc
Subject Quick Draw "15" J No. 1 AFE

Corey,

Nadel and Gussman Capitan, LLC has an .0003125 working interest in the Quick Draw "15" J No. 1 well Melbourne proposed on January 28, 2009. NG Capitan intends to non-consent the AFE. However we would prefer to sell our interest outright, rather than offer a Term Assignment. If Mewbourne has interest in extending an offer, please contact me via email or phone.

Your assistance in this matter is greatly appreciated.

Emerald Johnson

Emerald Johnson
Nadel and Gussman Permian, LLC
601 N. Marienfeld, Suite 508
Midland, TX 79701
(432) 682-4429

2-24-2009 - RECEIVED MESSAGE FROM EMERALD JOHNSON
WITH NADEL & GUSSMAN REGARDING MOC'S
QUICK DRAW "15" J NO. 1 WELL. (CW)

2-25-2009 - CALLED EMERALD WITH NADEL & GUSSMAN BACK.
NO ANSWER, LEFT MESSAGE TO CALL ME BACK. (CW)

2-25-2009 - EMERALD WITH NADEL & GUSSMAN CALLED ME BACK.
SAID THEY ARE NOT INTERESTED IN PARTICI-
PATING IN THE QUICK DRAW "15" J NO. 1 WELL.
SAID SHE WOULD COME UP WITH A "NUMBER"
FOR A BUYOUT OF THE INTEREST AND GET
BACK TO ME. (CW)



"Emerald Johnson"
<ejohnson@naguss.com>
03/10/2009 04:00 PM

To "Corey Mitchell" <cmitchell@Mewbourne.com>
cc
bcc
Subject RE: Quick Draw "15" J No. 1 AFE

Corey,

Our General Manager has been on vacation for the past two weeks. He should be back in the office on Thursday. I apologize for the delay, but I should have something to you by Thursday morning.

Thanks for your patience,

Emerald

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

From: Corey Mitchell [mailto:cmitchell@Mewbourne.com]
Sent: Tuesday, March 10, 2009 3:48 PM
To: Emerald Johnson
Subject: Re: Quick Draw "15" J No. 1 AFE

Emerald,

I just wanted to see if you have come up with anything new in regards to Nadel and Gussman's interest in the NW/4SE/4 of Section 15, T20S, R25E, Eddy County, New Mexico. Like we talked about before, the interest is so small that we don't have much room to be creative on a deal. The actual interest is worth less than \$3 on a net acre basis.


We are going to be drilling this well very soon, so your timeliness in the matter is greatly appreciated. Thanks for your help and time.

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

3-10-2009 - CALLED EMERALD WITH NADEL & GUSMAN BACK.
NO ANSWER, LEFT MESSAGE TO CALL ME BACK. (CN)

3-12-2009 - CALLED EMERALD, SAID THEY WANTED \$1,000.00
FOR THEIR INTEREST IN THE QUICK DRAW
"15" J NO. 1 WELL. I TOLD HER I WOULD GET
BACK TO HER ON THE OFFER. (CN)

Corey Mitchell/Mewbourne
03/13/2009 08:21 AM

To "Emerald Johnson" <ejohnson@naguss.com>
cc
bcc
Subject RE: Quick Draw "15" J No. 1 AFE 

Emerald,

At this time we are not going to be able to meet the \$1,000.00 asking price for Nadel and Gussman's (NG) interest. If you wouldn't mind, please forward NG's election to me as soon as possible. I appreciate all your time and help with this matter. Have a good day.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170
"Emerald Johnson" <ejohnson@naguss.com>



"Emerald Johnson"
<ejohnson@naguss.com>
03/12/2009 05:24 PM

To "Corey Mitchell" <cmitchell@Mewbourne.com>
cc
Subject RE: Quick Draw "15" J No. 1 AFE

Corey,

I appreciate the time you've put in on such a small deal. Unfortunately management has not given me any room to budge on the \$1,000.00 asking price. If Newfield is agreeable to those terms I would be happy to prepare the necessary paperwork. If not, please let me know and I will forward our election to you promptly.

Thanks for your help in this matter,

Emerald

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

From: Corey Mitchell [mailto:cmitchell@Mewbourne.com]
Sent: Thursday, March 12, 2009 2:41 PM
To: Emerald Johnson
Subject: RE: Quick Draw "15" J No. 1 AFE

Emerald,

Also, I meant to tell you if that offer didn't go well, we would be interested in buying all right, title and interest (leasehold and contractual) in which Nadel and Gussman (NG) has in all of Section 15, T20S, R25E, Eddy County, New Mexico for \$500.00. Our records show NG

owning
a 0.5% interest in the W/2 and 0.03125% interest in the NW/4SE/4. On an
acreage basis (1.6125 net acres), \$500.00 is equivalent to \$310 per
acre.

Let me know if there is any interest in either offer. Thanks for your
help
and time. Have a good day.

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

To Corey
Mitchell/Mewbourn
e
"Emerald Johnson"
03/12/2009 10:58 <ejohnson@naguss.com>
AM
cc
Subject RE: Quick Draw "15" J No. 1 AFE
(Document link: Corey Mitchell)

Emerald,

We are not going to be able to pay \$1,000.00 for Nadel and Gussman's
(NG)
interest in Section 15, T20S, R25E, Eddy County, New Mexico.

During our earlier conversation, you mentioned \$1,000.00 for all right, title and interest covering 160 acres. I only show NG owning a 0.0003125 (0.03125%) leasehold interest in the NW/4SE/4 of Section 15, T20S, R25E, Eddy County, New Mexico. I know NG has leasehold/contractual interest covering the W/2 of Section 15, but I'm not sure that we are interested in that at this time.

We would be interested in purchasing all right, title and interest of NG's leasehold interest covering the NW/4SE/4 of the above mentioned Section 15 for \$25.00. I know that the dollar amount is small, but so is the interest. On an acreage basis, \$25.00 is equivalent to \$2,000.00 per acre.

If our offer is not acceptable, I guess NG can go non-consent under the JOA or we will have to force pool the interest. Let me know what you come up with. Thanks for your help and time. Have a good day.

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

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

April 8, 2009

Nadel and Gussman Capitan, LLC
601 N. Marienfeld, Ste. 508
Midland, Texas 79701
Attn: Emerald Johnson

Re: Quick Draw "15" J No. 1
(2310' FSL & 2310' FEL)
2275' FSL & 2275' FEL
Section 15, T20S, R25E
Eddy County, New Mexico


Dear Ms. Johnson:

Reference is made to my previous letter dated January 12, 2009 and our AFE dated December 15, 2008 whereby Mewbourne Oil Company as operator proposed drilling the above captioned well at a location 2310' FSL & 2310' FEL of the captioned Section 15. Please be advised, the well location as referenced in our previous letter and AFE referenced "2310' FSL & 2310' FEL". The location had to be moved to a new location 2275' FSL & 2275' FEL due to the previous location being too close to Eddy County Road 28. The new location of 2275' FSL & 2275' FEL is still within the same 40 acre tract and should not present a problem. Please revise your records accordingly for the proposed revised location.

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

Sincerely,

MEWBOURNE OIL COMPANY



Corey Mitchell
Landman

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Harvey E. Yates Company
P.O. Box 1933
Roswell, New Mexico 88202

2. Article Number
(Transfer from service label)

7005 2570 0001 0978 5947

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

☐ Agent☐ Addressee

B. Received by (Printed Name)



C. Date of Delivery

1-13-09

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

January 12, 2009

Via Certified Mail-Return Receipt No. 5947

Harvey E. Yates Company
P.O. Box 1933
Roswell, New Mexico 88202-1933
Attn: Vernon D. Dyer

Re: Quick Draw "15" J No. 1
2310'FSL & 2310'FEL
Section 15, T20S, R25E
Eddy County, New Mexico

Dear Mr. Dyer:

Mewbourne Oil Company (Mewbourne) as Operator hereby proposes to drill the captioned well at the referenced location to a depth sufficient to adequately evaluate the Yeso formation, estimated total depth being 3,500 feet beneath the surface. The NW/4SE/4 of the captioned Section 15 will be dedicated to the well.

Regarding the above, enclosed for your further handling are two copies of our AFE dated December 15, 2008 for the captioned well. In the event Harvey E. Yates Company elects to participate in the captioned proposed well, please have one copy of the enclosed AFE signed on behalf of Harvey E. Yates Company and return to me within thirty (30) days. Upon our receipt of same, I will forward you our Operating Agreement covering the SE/4 of the Section 15.

In the event Harvey E. Yates Company elects not to participate in the captioned well as to your respective working interest, Mewbourne offers to purchase a Term Assignment from Harvey E. Yates Company covering your 0.625% working interest on the basis of \$250.00 per net acre for a one (1) year term based upon delivery of a 75% net revenue interest to Mewbourne. This offer is available for your acceptance for a period ending February 15, 2009.

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

Sincerely,

MEWBOURNE OIL COMPANY

Corey Mitchell

Corey Mitchell
Landman

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Explorers Petroleum Corp.
P.O. Box 1933
Roswell, New Mexico 88202

2. Article Number
(Transfer from service label)

7005 2570 0001 0978 5923

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-154

COMPLETE THIS SECTION ON DELIVERY

A. Signature

Sally Posey☐ Agent☐ Addressee

B. Received by (Printed Name)

Sally Posey

C. Date of Delivery

*1-14-09*D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

January 12, 2009

Via Certified Mail-Return Receipt No. 5923

Explorers Petroleum Corp.
P.O. Box 1933
Roswell, New Mexico 88202

Re: Quick Draw "15" J No. 1
2310' FSL & 2310' FEL
Section 15, T20S, R25E
Eddy County, New Mexico

Gentlemen:

Mewbourne Oil Company (Mewbourne) as Operator hereby proposes to drill the captioned well at the referenced location to a depth sufficient to adequately evaluate the Yeso formation, estimated total depth being 3,500 feet beneath the surface. The NW/4SE/4 of the captioned Section 15 will be dedicated to the well.

Regarding the above, enclosed for your further handling are two copies of our AFE dated December 15, 2008 for the captioned well. In the event Explorers Petroleum Corp. (Explorers) elects to participate in the captioned proposed well, please have one copy of the enclosed AFE signed on behalf of Explorers and return to me within thirty (30) days. Upon our receipt of same, I will forward you our Operating Agreement covering the SE/4 of the Section 15.

In the event Explorers elects not to participate in the captioned well as to your respective working interest, Mewbourne offers to purchase a Term Assignment from Explorers covering your 0.03125% working interest on the basis of \$250.00 per net acre for a one (1) year term based upon delivery of a 75% net revenue interest to Mewbourne. This offer is available for your acceptance for a period ending February 15, 2009.

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

Sincerely,

MEWBOURNE OIL COMPANY

Corey Mitchell

Corey Mitchell
Landman

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.


1. Article Addressed to:

Spiral, Inc.
P.O. Box 1933
Roswell, New Mexico 88202

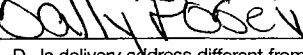
2. Article Number
(Transfer from service label)

COMPLETE THIS SECTION ON DELIVERY

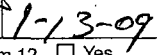
A. Signature

☐ Agent☐ Addressee

B. Received by (Printed Name)



C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

7005 2570 0001 0978 6012

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

January 12, 2009

Via Certified Mail-Return Receipt No. 6012

Spiral, Inc.
P.O. Box 1933
Roswell, New Mexico 88202

Re: Quick Draw "15" J No. 1
2310'FSL & 2310'FEL
Section 15, T20S, R25E
Eddy County, New Mexico

Gentlemen:

Mewbourne Oil Company (Mewbourne) as Operator hereby proposes to drill the captioned well at the referenced location to a depth sufficient to adequately evaluate the Yeso formation, estimated total depth being 3,500 feet beneath the surface. The NW/4SE/4 of the captioned Section 15 will be dedicated to the well.

Regarding the above, enclosed for your further handling are two copies of our AFE dated December 15, 2008 for the captioned well. In the event Spiral, Inc. (Spiral) elects to participate in the captioned proposed well, please have one copy of the enclosed AFE signed on behalf of Spiral and return to me within thirty (30) days. Upon our receipt of same, I will forward you our Operating Agreement covering the SE/4 of the Section 15.

In the event Spiral elects not to participate in the captioned well as to your respective working interest, Mewbourne offers to purchase a Term Assignment from Spiral covering your 0.03125% working interest on the basis of \$250.00 per net acre for a one (1) year term based upon delivery of a 75% net revenue interest to Mewbourne. This offer is available for your acceptance for a period ending February 15, 2009.

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


Sincerely,

MEWBOURNE OIL COMPANY



Corey Mitchell
Landman

Corey Mitchell/Mewbourne
01/19/2009 08:33 AM

To "Melissa Randle" <mrandle@HEYCOENERGY.COM>
cc
bcc
Subject Re: Quick Draw 15 J #1 

Melissa:

As to the Quick Draw 15 Federal #1, #2, #3 and #4 wells, we have not yet drilled them. We have a verbal agreement with OXY involving their interest in the W/2 of Section 15, but we are still waiting for them to process the paperwork in order for us to finalize our trade. If you have any more questions, please email them to me and I will do my best to answer them. Thanks for your time. Have a good day.

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

"Melissa Randle" <mrandle@HEYCOENERGY.COM>



"Melissa Randle"
<mrandle@HEYCOENERGY.
COM>

01/17/2009 03:43 PM

To <cmitchell@mewbourne.com>
cc "Melissa Randle" <mrandle@HEYCOENERGY.COM>
Subject Quick Draw 15 J #1

Corey – Hello. I received your proposal and AFE to drill the captioned well and our geologist is reviewing the information at this time. In order to finalize our review, we need to know the status of the Quick Draw 15 Federal #1, #2, #3 and #4 wells. I'm not certain they were ever drilled. If we decide to participate in the drilling of the Quick Draw 15 "J" #1, our policy is to review and agree to the terms of the JOA before we will sign and return the AFE. Please respond with as much information as you can for the #1-4 wells that I mention.

Melissa Randle

Harvey E. Yates Company

575-623-6601

mrandle@heycoenergy.com



"Melissa Randle"
<mrandle@HEYCOENERGY.COM>

02/16/2009 11:33 AM

To "Corey Mitchell" <cmitchell@Mewbourne.com>
cc "Melissa Randle" <mrandle@HEYCOENERGY.COM>
bcc

Subject RE: Quick Draw 15 J #1

History: This message has been replied to.

Corey - I apologize for the late reply. The address we show is:

Colkelan NV Corporation
5836 South Pecos Road
Las Vegas, Nevada 89120-3419

I don't have a phone number handy, but would be able to run one down if you decide you need it.

Also, we are planning to participate in the drilling of the captioned well. I will need to review and approve your proposed JOA before management will sign your AFE. Let me know if you need more information.

Melissa Randle
Harvey E. Yates Company
575-623-6601
mrandle@heycoenergy.com

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

From: Corey Mitchell [mailto:cmitchell@Mewbourne.com]
Sent: Thursday, February 12, 2009 8:30 AM
To: Melissa Randle
Subject: Re: Quick Draw 15 J #1

Melissa,

I have a quick question for you. I'm trying to send Colkelan Corp. an AFE for our Quick Draw 15 J Well No. 1 and the mailing address I had came back unclaimed. I was hoping you could help me out.

The address I have is:

Colkelan Corp.
906 South St. Francis Dr., Ste. C
Santa Fe, New Mexico 87501

Also, have you heard any new information on whether you will participate in the drilling of the Quick Draw 15 "J" No. 1?

Thanks for your time and help. Have a good day.?

Corey Mitchell

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

Corey Mitchell/Mewbourne
03/10/2009 04:45 PM

To "Melissa Randle" <mrandle@HEYCOENERGY.COM>
cc
bcc
Subject RE: Quick Draw 15 J #1

Melissa,

I appreciate you getting back with me. No, the well has not spud yet, but we would like to get the well going soon. I'm trying to get all my "ducks in a row" so we can move forward.

One last question for you, I need to get well requirements from James H. Yates, Inc. and Colkelan Corp., but I do not have a phone number for either party. If you have a number where I can reach them, would you please send it to me? Once again, thanks for your help and time. Have a good day. Let me know if you have any other questions.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170
"Melissa Randle" <mrandle@HEYCOENERGY.COM>



"Melissa Randle"
<mrandle@HEYCOENERGY.COM>
03/10/2009 04:31 PM

To "Corey Mitchell" <cmitchell@Mewbourne.com>
cc "Melissa Randle" <mrandle@HEYCOENERGY.COM>
Subject RE: Quick Draw 15 J #1

Corey - Thank you for the email. I've been out on a few days vacation time and this has been a serious "Monday" for me. I will try to fax you a requirements letter by end of day. I haven't had a secretary for about 60 days and the new girl starts tomorrow (thank goodness!). Has the well spud? Or, will it spud soon? Harvey E. Yates Company is a New Mexico Corporation and Spiral, Inc. and Explorers Petroleum Corporation are Delaware Corporations. Arlene T. Rowland can sign for each entity as Vice President. I look forward to receiving the JOA. Let me know if you have more questions. Melissa

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

From: Corey Mitchell [mailto:cmitchell@Mewbourne.com]
Sent: Tuesday, March 10, 2009 2:25 PM
To: Melissa Randle
Subject: RE: Quick Draw 15 J #1

Melissa,

I need HEYCO's well requirements for the Quick Draw 15 J Well No.1.
Also, I

need to know what kind of entity HEYCO is (I think it is a New Mexico corporation, but I'm not positive) and who will be signing on behalf of HEYCO and in what capacity.

I'm not sure if HEYCO speaks for Spiral, Inc. and Explorers Petroleum Corp,
but if so I need to know the same information as above. As soon as I get this information I will forward the JOA to you.

Your timeliness in this matter will be greatly appreciated.

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

HEYCO

3-10-09 - CALLED TWICE (2) TO MELISSA
RANDLE WITH HEYCO & LEFT MESSAGES
TO CALL ME BACK.

4-1-09 - CALLED MELISSA WITH HEYCO.
NO ANSWER - LEFT MESSAGE TO CALL BACK

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

March 12, 2009

Harvey E. Yates Company,
Spiral, Inc. and
Explorers Petroleum Corp.
P.O. Box 1933
Roswell, New Mexico 88202

Re: Quick Draw "15" J No. 1
NW/4SE/4 of Section 15,
T20S, R25E
Eddy County, New Mexico

Ladies and Gentlemen:

Enclosed for your further handling is our Operating Agreement dated March 1, 2009 and extra signature pages regarding the captioned land and well. Please execute the Operating Agreement and return only the extra set of signature pages to me at your earliest convenience.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

Corey Mitchell/Mewbourne
03/27/2009 03:06 PM

To "Melissa Randle" <mrandle@HEYCOENERGY.COM>
cc
bcc
Subject Re: Quick Draw Area

Melissa,

Just checking in and seeing if you have heard any information regarding our JOA for the Quick Draw 15 J #1 well. Let me know what you come up with. Have a good weekend.

Corey Mitchell
Land Department
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701
Bus. (432) 682-3715
Fax (432) 685-4170
"Melissa Randle" <mrandle@HEYCOENERGY.COM>



"Melissa Randle"
<mrandle@HEYCOENERGY.COM>

03/20/2009 04:09 PM

To "Corey Mitchell" <cmitchell@Mewbourne.com>
cc "Melissa Randle" <mrandle@HEYCOENERGY.COM>
Subject Quick Draw Area

Corey – I'm processing your JOA for the Quick Draw 15 J #1, but won't be able to get management approval/signatures until mid week next week. In pulling various, pertinent documents to create my well file, I ran across old AFE's for the Quick Draw 15 Federal #1, 2, 3 and 4 wells, proposed in April, 2008. Originally, HEYCO planned to non-consent the drilling of the #1-4 wells, for lack of encouraging geological data in the immediate area. Since HEYCO couldn't see the wells were ever drilled, we interpret the original proposals and force pool procedures as null and void. Do you anticipate the #1-4 wells will be re-proposed in 2009?


Melissa Randle

Harvey E. Yates Company

575-623-6601

mrandle@heycoenergy.com

Corey Mitchell/Mewbourne
04/03/2009 04:53 PM

To "Melissa Randle" <mrandle@HEYCOENERGY.COM>
cc
bcc
Subject RE: Quick Draw Area 

Melissa,

The title opinion covering the subject land is too big of a document to scan and email to you. I will send you a copy of our Title Opinion dated 9-25-2008 in the mail.

As I previously mentioned to you, everyone else participating in the Quick Draw 15 J No. 1 well has reviewed and signed the same JOA form which I sent to you. With that said, the JOA is going to be non-negotiable at this time. The interest held by all three parties (HEYCO, Explorers and Spiral) doesn't even total 1%; I believe it is somewhere around 0.6875%.

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

"Melissa Randle" <mrandle@HEYCOENERGY.COM>



"Melissa Randle"
<mrandle@HEYCOENERGY.COM>
04/03/2009 03:56 PM

To "Corey Mitchell" <cmitchell@Mewbourne.com>
cc "Melissa Randle" <mrandle@HEYCOENERGY.COM>
Subject RE: Quick Draw Area

Corey - HEYCO, Spiral and Explorers plan to participate. You have our well requirements letter, via fax. The only thing we need to finish reviewing is the JOA, which my Vice President is looking over now. Do you have a title opinion that you could scan and email to me? On Page 4 of your JOA, you use 25% and I don't see that our leases are burdened that heavily. If that is true, we will ask for a change to that page. We have no objections to your well proposal at a force pool hearing, but we may have other requests for changes to the JOA. Surely we can agree on changes next week and send you our signed documents. Do you have a rig on its way to location? Thanks, Melissa

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

From: Corey Mitchell [mailto:cmitchell@Mewbourne.com]
Sent: Friday, April 03, 2009 8:11 AM
To: Melissa Randle
Subject: RE: Quick Draw Area

Melissa,

Have you heard any information from management yet? We have everyone that is going to participate signed up except for the HEYCO group (being Harvey E. Yates Comp., Spiral, Inc. and Explorers Petroleum Corp.). We are moving forward with this and would like to get you on board before the pooling hearing. Please get in touch with me and let me know where you are at this time regarding this matter. Thanks for your help and time. Have a good day.

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

"Melissa Randle"

<mrandle@HEYCOENE

RGY.COM>

To

"Corey Mitchell"

03/23/2009 09:48

<cmitchell@Mewbourne.com>

AM

cc

Subject

RE: Quick Draw Area

Corey - This is helpful information. Thank you for the reply. Melissa

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

From: Corey Mitchell [mailto:cmitchell@Mewbourne.com]
Sent: Monday, March 23, 2009 7:43 AM
To: Melissa Randle
Subject: Re: Quick Draw Area

Melissa,

The Quick Draw Federal #1, 2, 3 and 4 wells you previously referenced were never drilled. They will be re-proposed at a later date as "Limousine Federal Wells", with Mewbourne as Operator under an agreement with Oxy. I hope this helps you. let me know if you have any more questions. Have a good day.

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

"Melissa Randle"

<mrandle@HEYCOENE

RGY.COM>

To

"Corey Mitchell"

03/20/2009 04:09

<cmitchell@Mewbourne.com>

PM

cc

"Melissa Randle"

<mrandle@HEYCOENERGY.COM>

Subject

Quick Draw Area

Corey - I'm processing your JOA for the Quick Draw 15 J #1, but won't be able to get management approval/signatures until mid week next week. In pulling various, pertinent documents to create my well file, I ran across old AFE's for the Quick Draw 15 Federal #1, 2, 3 and 4 wells, proposed in April, 2008. Originally, HEYCO planned to non-consent the drilling of the #1-4 wells, for lack of encouraging geological data in the immediate area. Since HEYCO couldn't see the wells were ever drilled, we interpret the original proposals and force pool procedures as null and void. Do you anticipate the #1-4 wells will be re-proposed in 2009?

Melissa Randle

Harvey E. Yates Company

575-623-6601

mrandle@heycoenergy.com

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

April 6, 2009

Harvey E. Yates Company
Spiral, Inc.
Explorers Petroleum Corp.
P.O. Box 1933
Roswell, New Mexico 88202
Attn: Melissa Randle

Re: Quick Draw "15" Prospect
SE/4 of Section 15, T20S, R25E
Eddy County, New Mexico

Dear Ms. Randle:

Per your request, attached is a copy of Mewbourne's Drilling Title Opinion dated September 25, 2008 covering the SE/4 of Section 15, T20S, R25E, Eddy County, New Mexico.

As a side note, Harvey E. Yates Company, Spiral, Inc and Explorers Petroleum Corp. (HEYCO) interest is not reflected in the SE/4 of the above captioned Section 15 in the attached Title Opinion because the title attorney has the two (2) leases which HEYCO has an interest in listed as "OPEN", as opposed to "HBP". The referenced two (2) leases in which I show HEYCO owning an interest in and as "HBP" are as follows:

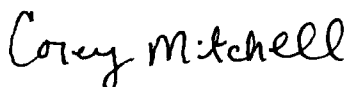
-Oil & Gas Lease dated 4-1-2000, between E. Frank Howe and Frances E. Howe, his wife, as lessors and Sheldon L. Smith, as lessee covering the N/2SW/4, SW/4SW/4, NW/4SE/4 of Section 15, T20S, R25E, Eddy County, New Mexico. Recorded in B382 P907, Eddy County Records.

-Oil & Gas Lease dated 1-28-1999, between George W. Oge, as lessor and Sheldon L. Smith, as lessee covering the N/2SW/4, SW/4SW/4, NW/4SE/4 of Section 15, T20S, R25E, Eddy County, New Mexico. Recorded in B378 P278, Eddy County Records.

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

Sincerely,

MEWBOURNE OIL COMPANY



Corey Mitchell
Landman

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

April 8, 2009

Harvey E. Yates Company,
Explorers Petroleum Corp., and
Spiral, Inc.
P.O. Box 1933
Roswell, New Mexico 88202
Attn: Melissa Randle

Re: Quick Draw "15" J No. 1
(2310' FSL & 2310' FEL)
2275' FSL & 2275' FEL
Section 15, T20S, R25E
Eddy County, New Mexico

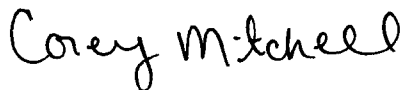
Dear Ms. Randle:

Reference is made to my previous letter dated January 12, 2009 and our AFE dated December 15, 2008 whereby Mewbourne Oil Company as operator proposed drilling the above captioned well at a location 2310' FSL & 2310' FEL of the captioned Section 15. Please be advised, the well location as referenced in our previous letter and AFE referenced "2310' FSL & 2310' FEL". The location had to be moved to a new location 2275' FSL & 2275' FEL due to the previous location being too close to Eddy County Road 28. The new location of 2275' FSL & 2275' FEL is still within the same 40 acre tract and should not present a problem. Please revise your records accordingly for the proposed revised location.

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

Sincerely,

MEWBOURNE OIL COMPANY



Corey Mitchell
Landman

**MEWBOURNE OIL COMPANY
AUTHORIZATION FOR EXPENDITURE**

Prospect: Quick Draw 15 Well Name & No: Quick Draw 15J #1
 Field: _____ Location: 2310' FSL & 2310' FEL
 Section: 15 Block: _____ Survey: _____ Township 20S Range: 25E
 County: Eddy ST: NM Proposed Depth: 3500'

DESCRIPTION		Cost To Casing Point AFE NO.	Completion Cost AFE NO.
INTANGIBLE COST 180			
300	Permits and Surveys	\$2,000	\$1,000
301	Location, Roads and Site Preparation (includes 80' of conductor & cement)	\$40,000	\$1,500
302	Footage or Turnkey Drilling		
303	Day Work 5 Days @ \$13,200/Day + GRT	\$70,000	\$13,200
304	Fuel 6 Days @ 500 gal/day	\$5,700	
305	Completion / Workover Rig		\$20,000
306	Mud and Chemicals	\$13,000	
307	Cementing	\$7,500	\$15,000
308	Logging, Wireline and Coring Services	\$15,000	\$28,200
309	Casing, Tubing & Snubbing Services	\$3,500	\$4,000
310	Mud Logging	\$5,000	
311	Testing		
312	Treating 2 frac's		\$220,000
313	Water & Other	\$8,000	\$1,000
314	Bits	\$10,000	
315	Inspection & Repair Services		\$2,000
316	Misc. Air and Pumping Services		
320	Rig Mobilization & Transportation	\$20,000	
321	Welding and Construction	\$5,000	
322	Engineering & Contract Supervision	\$5,000	
330	Equipment Rental	\$12,000	\$3,000
334	Well / Lease Legal	\$3,000	\$1,000
335	Well / Lease Insurance	\$1,200	
350	Intangible Supplies	\$500	\$500
355	Damages	\$8,000	
360	Pipeline and Electrical ROW and Easements		\$5,000
367	Pipeline Interconnect		
375	Company Supervision	\$10,000	\$7,500
380	Overhead Fixed Rate	\$2,500	\$2,500
398	Well Abandonment	\$12,000	(\$12,000)
399	Contingencies 10% / 10%	\$25,900	\$31,300
Total Intangibles		\$284,800	\$344,700
TANGIBLE COST 181			
797	Conductor Casing 80' 20" (included in location)		
797	Surface Casing 1200' 8 5/8" 24# J-55 @ \$31.80/ft	\$38,200	
797	Intermediate Casing		
797	Intermediate Casing		
797	Production Casing 3,500' 4 1/2" 10.5# J55 LTC @ \$15.63/ft		\$54,700
798	Tubing 3200' 2 3/8" 4.7# J-55 EUE 8rd @ \$6.89/ft		\$22,100
860	Drilling Head 8 5/8" x 4 1/2" Larkin	\$3,500	
870	Tubing Head & Upper Section 4-1/2" x 2 3/8" Larkin		\$3,500
875	Sucker Rods		\$14,600
880	Packer Pump & Subsurface Equipment		\$12,000
884	Artificial Lift Systems		
885	Pumping Unit		\$38,000
886	Surface Pumps & Prime Movers		\$5,000
890	Tanks - Steel Consolidated		\$8,000
891	Tanks - Other Consolidated		\$2,800
895	Separation Equipment Consolidated		\$7,500
896	Gas Treating Equipment		
898	Metering Equipment		\$3,300
900	Line Pipe - Gas Gathering and Transportation		\$3,000
901	Line Pipe - Production		\$1,500
906	Miscellaneous Fittings, Valves & Accessories		\$6,000
909	Electrical Installations		\$20,000
910	Production Equipment Installation		\$7,500
920	Pipeline Construction		\$3,000
Prepared by: <u>M. Young</u> Date Prepared: <u>12/15/2008</u> Total Tangibles		\$41,700	\$212,500
Company Approval: <u>M. Whittle</u> Date Approved: <u>12/15/2008</u> SUBTOTAL		\$326,500	\$557,200
Joint Owner Interest: _____ Joint Owner Amount: _____ TOTAL WELL COST		\$883,700	

EXHIBIT C

Operator has secured Operator's Extra Expense Insurance covering costs of well control, clean up, and redrilling, as estimated in Line Item 335. Non-operator may elect not to be covered by this Operator's Extra Expense Insurance only by signing below. The undersigned elects not to be covered by Operator's Extra Expense Insurance for their well.

By: _____ Name: _____