

**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. 14,436

VERIFIED STATEMENT OF KEVIN CARTWRIGHT

Kevin Cartwright, 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 Morrow formation underlying the underlying the E/2 of Section 29, Township 22 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, and in the following manner:

(i) the NE/4NE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Happy Valley-Delaware Pool and Undesignated Happy Valley-Wolfcamp Pool;

(ii) the NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations or pools developed on 160-acre spacing within that vertical extent; and

(iii) the E/2 to form a standard 320-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent, including the Undesignated Southeast Carlsbad-Wolfcamp Gas Pool,

Oil Conservation Division
Case No. _____
Exhibit No. 1

Undesignated East Hackberry Hills-Canyon Gas Pool, Undesignated South Happy Valley-Atoka Gas Pool, and Happy Valley-Morrow Gas Pool;

The units are to be dedicated to the proposed Huckleberry Draw "29" Com. Well No. 1, to be drilled at an orthodox location in the NE/4NE/4 of Section 29. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well.

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

The Bundy Family Trust 1604 Westridge Way Casper, Wyoming 82601	<u>0.3472%</u>
Maecenas Minerals, LLP P.O. Box 176 Abilene, Texas 79604	<u>0.4285%</u>
The Fasken Foundation P.O. Box 2024 Midland, Texas 79702	<u>0.0391%</u>
Bauchman Investment Partnership, Ltd. c/o John R. Hannah & Co. Suite 210 800 Navarro San Antonio, Texas 78205	<u>0.7813%</u>

The above addresses are current and correct.

(d) Copies of the proposal letters sent to the uncommitted working interest owners are attached hereto as Exhibit B. We have also had several telephone discussions and e-mails with these parties, but have been unable to reach agreement with it.

(e) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against any 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) Mewbourne proposes overhead rates (combined fixed rates) of \$7,000 per month while drilling and \$700 per month while producing which are the rates in Mewbourne's February 15, 2010 Operating Agreement that has been signed by McCombs Energy, Ltd. 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.

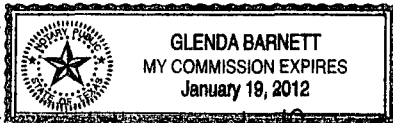
VERIFICATION

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

Kevin Cartwright, 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.


Kevin Cartwright

SUBSCRIBED AND SWORN TO before me this 1st day of March, 2010 by Kevin Cartwright.



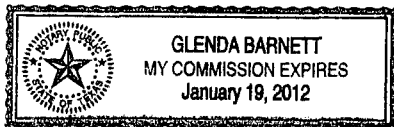
My Commission Expires: 1-19-2012


Notary Public

ACKNOWLEDGEMENT

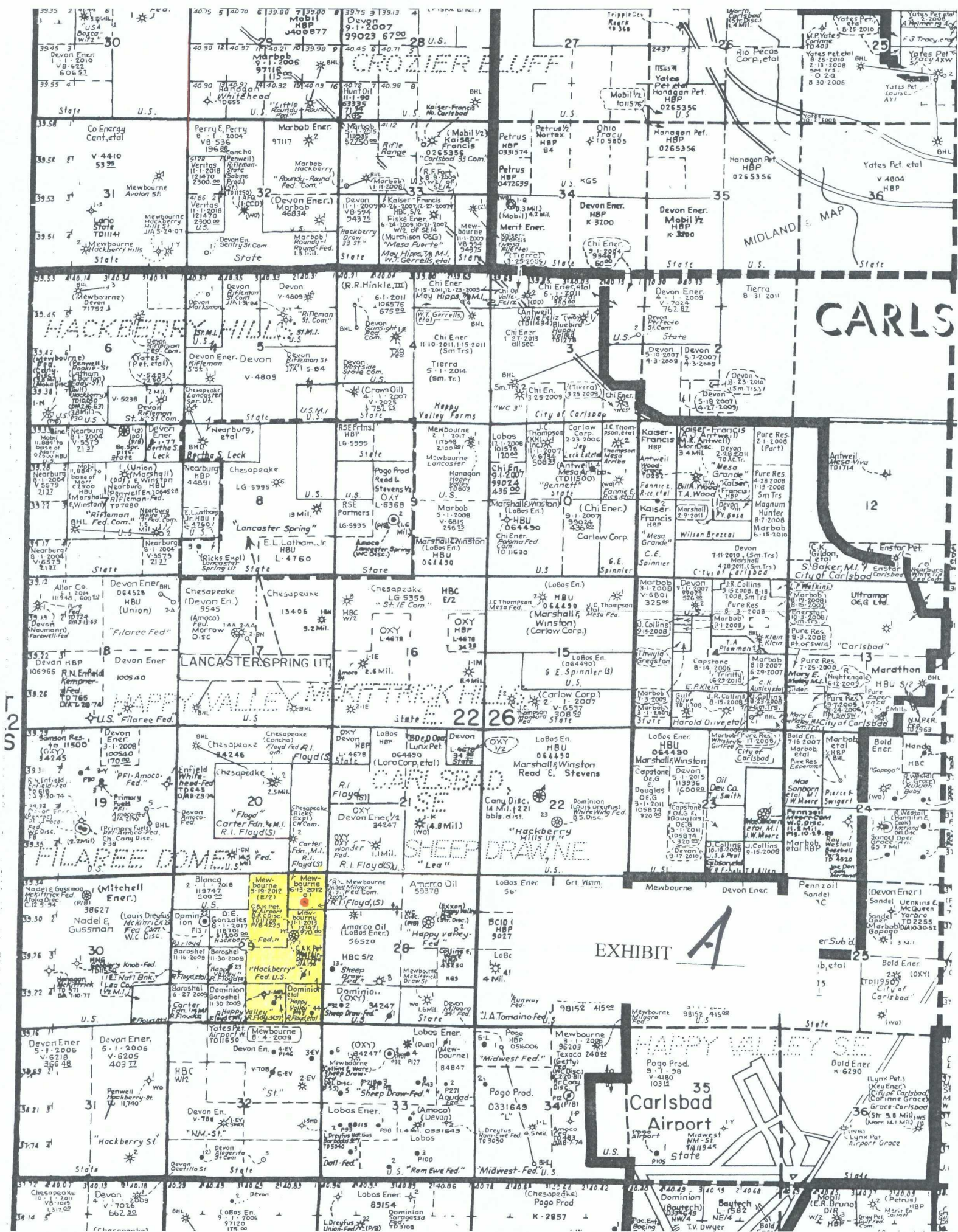
STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this 1st day of March, 2010 by Kevin Cartwright.



My Commission Expires:
1-19-2012


Notary Public, State of Texas



Percentage Ownership
Case No. 14436
Huckleberry Draw "29" Federal Com. No. 1 Well
E/2, Section 29, T22S, R26E
Eddy County, New Mexico

NE/4 NE/4

<u>Leasehold Owner</u>	<u>Percentage Interest</u>
Mewbourne Oil Company	39.4785%
McCombs Energy	12.5000%
Blumberg Family Investment Partnership, L.P.	18.7500%
Hilmar Daniel Blumberg	6.2500%
Carla Ann Blumberg	6.2500%
Edward Austin Blumberg Trust	6.2500%
*Bauchman Investment Partnership, Ltd.	6.2500%
*Bundy Family Trust	2.7778%
*Maecenas Minerals, L.L.P.	1.1813%
*The Fasken Foundation	0.3125%
	100.0000%

These are the parties being pooled.

NE/4

<u>Leasehold Owner</u>	<u>Percentage Interest</u>
Mewbourne Oil Company	75.4947%
McCombs Energy	12.5000%
Blumberg Family Investment Partnership, L.P.	4.6875%
Hilmar Daniel Blumberg	1.5625%
Carla Ann Blumberg	1.5625%
Edward Austin Blumberg Trust	1.5625%
*Bauchman Investment Partnership, Ltd.	1.5625%
*Bundy Family Trust	0.6945%
*Maecenas Minerals, L.L.P.	0.2953%
*The Fasken Foundation	0.0781%
	100.0000%

These are the parties being pooled.

E/2

Leasehold Owner

Percentage Interest

Mewbourne Oil Company	81.2162%
McCombs Energy	12.5000%
Blumberg Family Investment Partnership, L.P.	2.3438%
Hilmar Daniel Blumberg	0.7813%
Carla Ann Blumberg	0.7813%
Edward Austin Blumberg Trust	0.7813%
*Bauchman Investment Partnership, Ltd.	0.7813%
*Bundy Family Trust	0.3472%
*Maecenas Minerals, L.L.P.	0.4285%
*The Fasken Foundation	0.0391%
	100.0000%

These are the parties being pooled.

Summary of Communications
Case No. 14436
Huckleberry Draw "29" Federal Com. No. 1 Well
E/2, Section 29, T22S, R26E
Eddy County, New Mexico

Party: Bauchman Investment Partnership, Ltd. 0.7813%

Contact: Jan B. Meadows, Secretary

Phone Number: (210)-822-6294

1. 1-19-10: Sent lease offer letter to Bauchman Investment Partnership.
 2. 1-22-10: Sent letter via certified mail proposing Huckleberry Draw "29" Federal Com. No. 1 Well with AFE enclosed.
 3. 2-4-10: Sent follow up letter via certified mail.
 4. 2-24-10: Phone conversation with Jan B. Meadows in which she informed me that they would like to participate and asked me to call her accountant John Hannah and discuss it with him.
 5. 2-24-10: Phone conversation with John Hannah in which he told me to send the AFE and they would get it signed and sent back to me.
 6. 2-24-10: Sent letter via certified mail with AFE enclosed.
-

Party: Maecenas Minerals, L.L.P. 0.4285%

Contact: Linda S. Buckner

Phone Number: (325)-673-6429

1. 1-19-10: Sent lease offer letter to Maecenas Minerals, L.L.P.
2. 1-20-10: Received email from Linda Buckner regarding interests.
3. 1-20-10: Follow up email to Linda Buckner.
4. 1-22-10: Sent letter via certified mail proposing Huckleberry Draw "29" Federal Com. No. 1 Well with AFE enclosed.
5. 1-27-10: Received email from Linda Buckner regarding interests.

6. 1-28-10: Follow up email to Linda Buckner.
 7. 1-28-10: Email from Linda Buckner.
 8. 1-28-10: Follow up email to Linda Buckner.
 9. 1-28-10: Email from Linda Buckner.
 10. 2-9-10: Follow up email to Linda Buckner.
 11. 2-9-10: Reply from Linda Buckner.
 12. 2-9-10: Follow up email to Linda Buckner.
 13. 2-9-10: Reply from Linda Buckner.
 14. 2-17-10: Follow up email to Linda Buckner.
 15. 2-17-10: Reply from Linda Buckner.
 16. 2-18-10: Email from Linda Buckner saying Maecenas would execute a lease.
 17. 2-19-10: Follow up email from Linda Buckner.
 18. 2-19-10: Email to Linda Buckner saying I received her email about Maecenas' willingness to execute a lease.
 19. 2-19-10: Email from Linda saying she would send lease soon.
 20. 2-24-10: Received executed copy of lease. Provisions that both parties agreed to have struck from the lease were not struck out.
 21. 2-24-10: Phone conversation with Linda Buckner where she said she would send amended lease.
-

Party: Bundy Family Trust
Contact: David Allen Bundy
Phone Number: (307)-234-3684

0.3472%

1. 1-22-10: Sent letter via certified mail proposing Huckleberry Draw "29" Federal Com. No. 1 Well with AFE enclosed.
 2. 2-4-10: Sent follow up letter via certified mail.
 3. 2-20-10: Received email containing letter saying our offer was unacceptable and proposing a counter offer. Also stated they did not wish to participate.
 4. 2-22-10: Received same email again.
 5. 2-23-10: Follow up email to David Allen Bundy and Bruce Lee Bundy.
-

Party: The Fasken Foundation
Contact: Steven P. Fasken
Phone Number: (505)-989-7060

0.0391%

1. 1-22-10: Sent letter via certified mail proposing Huckleberry Draw "29" Federal Com. No. 1 Well with AFE enclosed.
2. 2-3-10: Telephone conversation with Steve Fasken where he told me The Fasken Foundation did not want to participate but would lease to us using their form. He said they would not alter their form in any way and told me to send him an email and he would respond with the form. I told him that if we found their form to be unacceptable we would force pool the interest and he said that was fine with him.
3. 2-3-10: Email to Steve Fasken containing legal description of land.
4. 2-3-10: Email response from Steve Fasken containing lease form which we found to be unacceptable.

2-24-10: Phone conversation with Jan Meadows.

Told me the Bauchman Investment Partnership would participate and to call her accountant John Hannah to discuss it with him.

2-24-10: Phone conversation with John Hannah where he told me to send the AFE and they would get it signed and sent back to me.

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

January 19, 2010

Bauchman Investment Partnership, Ltd.
c/o John R. Hannah and Co.
800 Navarro, Suite 210
San Antonio, TX 78205
Attn: Barbara Bauchman Stevenson

Re: MOC's Huckleberry Draw 29 Prospect
NE/4 NE/4, NE/4 SW/4, SW/4 SW/4
Section 29, T22S, R26E
Eddy County, New Mexico

Dear Ms. Stevenson,

Mewbourne Oil Company (Mewbourne) is interested in leasing the mineral interest owned by the Bauchman Investment Partnership, Ltd. (Bauchman) in the land described above. Based on our most current title information Bauchman appears to own an undivided 3.9063% mineral interest in the NE/4 NE/4, NE/4 SW/4, and SW/4 SW/4 being 4.68756 net mineral acres in the captioned lands.

Regarding the above, Mewbourne hereby offers Bauchman no bonus for a six (6) month paid-up Oil and Gas Lease providing a 3/16 royalty. We would like to use the same lease form that we previously used with you dated June 27, 2006, covering this same acreage. I will be sending an AFE with a well proposal in the near future.

This offer is made subject to your immediate acceptance and Mewbourne's review and approval of your title and the use of a mutually acceptable lease form and shall remain in effect for 30 days from the date of this letter after which it may be withdrawn by Mewbourne without notice. Please indicate your acceptance by signing and returning this letter to me within 30 days from the date hereof. Enclosed for your convenience is a postage paid envelope.

If you have any questions concerning this offer please feel free to call me at 432-682-3715 or email me at kcartwright@mewbourne.com. Thank you for your time and I look forward to hearing from you.

Sincerely,

Mewbourne Oil Company



Kevin Cartwright
Landman

Agreed and Accepted this _____ day of _____, 2010.

By: _____
Barbara Bauchman Stevenson, Manager

Tax ID#: _____

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

January 22, 2010

Via Certified Mail-Return Receipt No.3806

Bauchman Investment Partnership, Ltd.
c/o John R. Hannah and Co.
800 Navarro, Suite 210
San Antonio, TX 78205
Attn: Barbara Bauchman Stevenson

Re: Huckleberry Draw "29" Federal Com #1
990' FNL & 770' FEL
Section 29, T22S, R26E
Eddy County, New Mexico

Dear Ms. Stevenson,

Mewbourne Oil Company (Mewbourne) as Operator hereby proposes to drill the captioned well at the referenced location to a depth sufficient to evaluate the Morrow formation, estimated total depth being 11,800 feet beneath the surface. The E/2 of the captioned Section 29 will be dedicated to the well.

Regarding the captioned proposed well, please find two copies of our AFE dated January 20, 2010. Should the Bauchman Investment Partnership, Ltd. (Bauchman) elect to participate in the captioned proposed well, please return a signed copy of the enclosed AFE within 30 days. Upon receipt of the signed AFE, we will forward you our Operating Agreement for execution.


In the event Bauchman elects not to participate in the captioned well, Mewbourne hereby offers to lease Bauchman's mineral interest in the land described above for no bonus, providing a 1/4 royalty for a six (6) month term. The royalty rate has been increased from our previous offer in our letter dated January 19, 2010 due to the fact that we are not offering a bonus. Based on our most current title information, Bauchman appears to own an undivided 3.9063% mineral interest in the NE/4 NE/4, NE/4 SW/4, and SW/4 SW/4 being 4.68756 net mineral acres in the captioned lands.

The above offer is subject to Bauchman's immediate acceptance and Mewbourne's approval of Bauchman's title, a mutually acceptable lease form and such offer shall remain in effect for 30 days from the date of this letter after which it may be withdrawn by Mewbourne without notice.

If you have any questions concerning this offer please feel free to call me at 432-682-3715 or email me at kcartwright@mewbourne.com. Thank you for your time and I look forward to hearing from you.

Sincerely,

Mewbourne Oil Company


Kevin Cartwright
Landman

Hackberry 29

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:

Bauchman Investment Partnership, Ltd.
c/o John R. Hannah and Co.
800 Navarro, Suite 210
San Antonio, TX 78205
Attn: Barbara Bauchman Stevenson

2. Article Number
(Transfer from service label)

7005 2570 0001 0978 3806

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

x S. Pacheco

☐ Agent

☐ Addressee

B. Received by (Printed Name)

S. Pacheco

C. Date of Delivery

1/26/10

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 4, 2010

Via Certified Mail-Return Receipt No.5397

Bauchman Investment Partnership, Ltd.
c/o John R. Hannah and Co.
800 Navarro, Suite 210
San Antonio, TX 78205
Attn: Barbara Bauchman Stevenson

Re: Huckleberry Draw "29" Federal Com #1
990' FNL & 770' FEL
Section 29, T22S, R26E
Eddy County, New Mexico

Dear Ms. Stevenson,

I have reached a deal with your niece Virginia Musselman regarding the undivided interests of the Estate of Leila Bauchman Goddard and the James Bauchman Partnership, Ltd in the NE/4 NE/4, NE/4 SW/4, and SW/4 SW/4 of the captioned Section 29. The terms of the deal provide for a six month term, with no bonus, providing a 1/4 royalty. We would like to do the same deal with you covering the undivided 3.9063% interest in the NE/4 NE/4, NE/4 SW/4, and SW/4 SW/4 being 4.68756 net mineral acres of the captioned Section 29 owned by the Bauchman Investment Partnership Ltd. (Partnership). In light of this, enclosed please find the Original and Copy of the Oil & Gas Lease covering the Partnership's undivided mineral interest in the above captioned land. I have also included a W-9 Tax Form that you will need to send back with the signed lease. You need to write the Partnership's Tax ID Number on the W-9 Form and sign it.

In order to process the document please execute the lease in the presence of a notary public and mail the executed lease and W-9 form back to me in the envelope provided. The copy of the lease is for your records.

We have already notified our attorney in New Mexico to begin the force pooling process. We will be happy to remove the Partnership from the force pooling docket once we receive the executed lease back from you.

If you have any questions concerning this please feel free to call me at 432-682-3715 or email me at kcartwright@mewbourne.com. Thank you for your time.

Sincerely,

Mewbourne Oil Company



Kevin Cartwright
Landman

Huckleberry 2941

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:

Bauchman Investment Partnership, Ltd.
c/o John R. Hannah and Co.
800 Navarro, Suite 210
San Antonio, TX 78205
Attn: Barbara Bauchman Stevenson

2. Article Number
(Transfer from service label)

7009 2250 0000 0616 5397

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

Barbara Bauchman Stevenson

☐ Agent

☐ Addressee

B. Received by (Printed Name)

Barbara Bauchman Stevenson

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

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

February 24, 2010

Via Certified Mail-Return Receipt No.5601

Bauchman Investment Partnership, Ltd.
c/o John R. Hannah and Co.
800 Navarro, Suite 210
San Antonio, TX 78205
Attn: Jan B. Meadows

Re: Huckleberry Draw "29" Federal Com #1
990' FNL & 770' FEL
Section 29, T22S, R26E
Eddy County, New Mexico

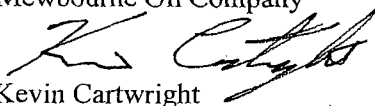
Dear Mrs. Meadows,

Pursuant to my phone conversations today with you and John Hannah where you informed me that the Bauchman Investment Partnership, Ltd. would like to participate in the captioned well, enclosed please find two copies of our AFE. Please execute one of the copies and send it back to me along with a check in the amount of \$16,393.75. Upon receipt of the executed AFE and check I will release the Bauchman Investment Partnership, Ltd. from the Compulsory Pooling hearing set for March 4, 2010 in Santa Fe, New Mexico.

If you have any questions concerning this please feel free to call me at 432-682-3715 or email me at kcartwright@mewbourne.com. Thank you for your time and I look forward to hearing from you.

Sincerely,

Mewbourne Oil Company


Kevin Cartwright
Landman

2-24-10: Phone conversation with Linda Buckner
where she said she would send me an amended lease.

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

January 19, 2010

Maecenas Minerals, L.L.P.
P.O. Box 176
Abilene, TX 79604
Attn: Linda S. Buckner

Re: MOC's Huckleberry Draw 29 Prospect
NE/4 NE/4 & SW/4 SE/4
Section 29, T22S, R26E
Eddy County, New Mexico

Dear Linda,

Mewbourne Oil Company (Mewbourne) is interested in leasing the mineral interest owned by Maecenas Minerals, L.L.P. (Maecenas) in the land described above. Based on our most current title information Maecenas appears to own an undivided 18.9% of a 1/16 mineral interest in the NE/4 NE/4 being 0.4725 net mineral acres and an undivided 17.7975% of a 1/8 mineral interest in the SW/4 SE/4 being 0.8987 net mineral acres for a total of 1.3712 net mineral acres in the captioned lands.

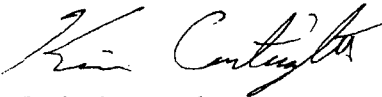
Regarding the above, Mewbourne hereby offers Maecenas no bonus for a six (6) month paid-up Oil and Gas Lease providing a 1/4 royalty. We would like to use the same lease form that we previously used with Maecenas dated February 4, 2009, covering this same acreage. I will be sending an AFE with a well proposal in the near future.

This offer is made subject to your immediate acceptance and Mewbourne's review and approval of your title and the use of a mutually acceptable lease form and shall remain in effect for 30 days from the date of this letter after which it may be withdrawn by Mewbourne without notice.

If you have any questions concerning this offer please feel free to call me at 432-682-3715 or email me at kcartwright@mewbourne.com. Thank you for your time and I look forward to hearing from you.

Sincerely,

Mewbourne Oil Company



Kevin Cartwright
Landman



linda buckner
<lbsue@yahoo.com>
01/20/2010 02:49 PM

To kcartwright@mewbourne.com
cc
bcc

Subject Lease Proposal to Maecenas Minerals - Eddy Co., NM

History

✉ This message has been replied to.


Kevin,

Maecenas Minerals has received your letter regarding a lease proposal covering Sec. 29, T22S, R26E. We have not made a decision as to what we will do. The reason for my contact with you today is the percentage you have for Maecenas out of Sec. 29 SW/4SE/4 - which is incorrect. Our interest is an 18.9% not the 17.7975%. Please check your takeoff and let us know why you would have the NE/4 NE/4 as an 18.9% and the SW/4 SE/4 as an 17.7975%.

Thank you,

Linda S. Buckner
Agent for Maecenas Minerals, LLP

Kevin Cartwright /Mewbourne
01/20/2010 04:19 PM

To linda buckner <lsbsue@yahoo.com>
cc
bcc
Subject Re: Lease Proposal to Maecenas Minerals - Eddy Co., NM 

Linda,

The interests that I credited Maecenas with is based on our Title Opinion. I have attached a copy of the Opinion for your convenience. I will be sending out a well proposal with an AFE in the near future. Please let me know if you have a question.

Thanks,

Kevin Cartwright

Landman
Phone: (432) 682-3715 | Fax: (432) 685-4170
Email: KCartwright@Mewbourne.com
Mewbourne Oil Company
500 West Texas Suite 1020
Midland, TX 79701 US



Huckleberry Draw 29 Original TO.pdf
linda buckner <lsbsue@yahoo.com>



linda buckner
<lsbsue@yahoo.com>
01/20/2010 02:49 PM

To kcartwright@mewbourne.com
cc
Subject Lease Proposal to Maecenas Minerals - Eddy Co., NM

Kevin,

Maecenas Minerals has received your letter regarding a lease proposal covering Sec. 29, T22S, R26E. We have not made a decision as to what we will do. The reason for my contact with you today is the percentage you have for Maecenas out of Sec. 29 SW/4SE/4 - which is incorrect. Our interest is an 18.9% not the 17.7975%. Please check your takeoff and let us know why you would have the NE/4 NE/4 as an 18.9% and the SW/4 SE/4 as an 17.7975%.

Thank you,

Linda S. Buckner
Agent for Maecenas Minerals, LLP

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

January 22, 2010

Via Certified Mail-Return Receipt No.3790

Maecenas Minerals, L.L.P.
P.O. Box 176
Abilene, TX 79604
Attn: Linda S. Buckner

Re: Huckleberry Draw "29" Federal Com #1
990' FNL & 770' FEL
Section 29, T22S, R26E
Eddy County, New Mexico

Dear Linda,

Mewbourne Oil Company (Mewbourne) as Operator hereby proposes to drill the captioned well at the referenced location to a depth sufficient to evaluate the Morrow formation, estimated total depth being 11,800 feet beneath the surface. The E/2 of the captioned Section 29 will be dedicated to the well.

Regarding the captioned proposed well, please find two copies of our AFE dated January 20, 2010. Should Maecenas Minerals, L.L.P. (Maecenas) elect to participate in the captioned proposed well, please return a signed copy of the enclosed AFE within 30 days. Upon receipt of the signed AFE, we will forward you our Operating Agreement for execution.

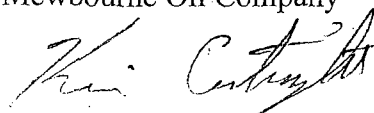
In the event Maecenas elects not to participate in the captioned well, Mewbourne hereby offers to lease Maecenas's mineral interest in the land described above for no bonus, providing a $\frac{1}{4}$ royalty for a six (6) month term using the same lease form that we previously used with Maecenas dated February 4, 2009, covering this same acreage. Based on our most current title information, Maecenas appears to own an undivided 18.9% of a $\frac{1}{16}$ mineral interest in the NE/4 NE/4 being 0.4725 net mineral acres and an undivided 17.7975% of a $\frac{1}{8}$ mineral interest in the SW/4 SE/4 being 0.8987 net mineral acres for a total of 1.3712 net mineral acres in the captioned lands.

The above offer is subject to Maecenas's immediate acceptance and Mewbourne's approval of Maecenas's title, a mutually acceptable lease form and such offer shall remain in effect for 30 days from the date of this letter after which it may be withdrawn by Mewbourne without notice.

If you have any questions concerning this offer please feel free to call me at 432-682-3715 or email me at kcartwright@mewbourne.com. Thank you for your time and I look forward to hearing from you.

Sincerely,

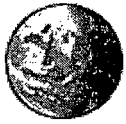
Mewbourne Oil Company

A handwritten signature in black ink, appearing to read "Kevin Cartwright". The signature is stylized with a large, sweeping "K" and a cursive "Cartwright".

Kevin Cartwright
Landman

Huckberry 29

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none">■ 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.	<p>A. Signature <i>Linda Kinard</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>
<p>1. Article Addressed to:</p> <p>Maecenas Minerals, L.L.P. P.O. Box 176 Abilene, TX 79604 Attn: Linda S. Buckner</p>	<p>B. Received by: (<i>Printed Name</i>) LINDA KINARD C. Date of Delivery</p>
<p>2. Article Number (Transfer from service label)</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
	<p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>
	<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>PS Form 3811, February 2004</p>	<p>7005 2570 0001 0978 3790 Domestic Return Receipt 102595-02-M-1540</p>



linda buckner
<lsbsue@yahoo.com>
01/27/2010 10:56 AM

To kcartwright@mewbourne.com
cc
bcc
Subject Eddy County, NM (Sec. 2)

History:


 This message has been replied to.

Kevin,

Maecenas Minerals received a lease proposal from Mewbourne Oil - we talked about the legal on your proposal. Maecenas owns 18.90% x 1/8 in SW/4 SE/4 of Sec. 29 not 17.7975% x 1/8. Would you check to see if you have a Mary Ralph Lowe Trust and Andrews Royalty on your takeoff. These interests are now in the name of Maecenas Minerals. Thought maybe they were missed during the chain of title search.

Linda Buckner
Maecenas Minerals, LLP

Kevin Cartwright/Mewbourne
01/28/2010 08:31 AM

To linda buckner <lsbsue@yahoo.com>
cc
bcc
Subject Re: Eddy County, NM (Sec. 2) 

Linda,

In the Title Opinion that I sent you it states that Maecenas Minerals does own 18.90% x 1/8 in the SW/4 SE/4 of Sec. 29. It also states that 17.7975% x 1/8 is unleased and shows that 1.1025% x 1/8 is HBP. The well holding that interest is the Happy Valley 29 #34 well operated by RKI Exploration and Production LLC. The 1.1025% x 1/8 interest is divided equally between the Erma Lowe Trust for Clayton Lowe Yost (0.36750%), the Erma Lowe Trust for Carson R. Yost (0.36750%), and the Erma Lowe Trust for Samantha Adelaide Yost (0.36750%). The leases are lease numbers 16, 17, and 18 respectively in the Title Opinion. I understand that Maecenas Minerals owns 18.90% x 1/8 but we are interested in the 17.7975% x 1/8 interest that is unleased. Please let me know if these numbers add up with yours. Thanks for your help.

Kevin Cartwright

Landman
Phone: (432) 682-3715 | Fax: (432) 685-4170
Email: KCartwright@Mewbourne.com
Mewbourne Oil Company
500 West Texas Suite 1020
Midland, TX 79701 US
linda buckner <lsbsue@yahoo.com>



linda buckner
<lsbsue@yahoo.com>
01/27/2010 10:56 AM

To kcartwright@mewbourne.com
cc
Subject Eddy County, NM (Sec. 2)

Kevin,

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Linda Buckner
Maecenas Minerals, LLP



linda buckner
<lsbsue@yahoo.com>
01/28/2010 10:18 AM

To Kevin Cartwright <kcartwright@Mewbourne.com>
cc
bcc
Subject Re: Eddy County, NM (Sec. 2)

History: This message has been replied to.

Kevin, Thanks for the explanation! I would have known this if I had read through all the title opinion. Sorry!

Can you tell me what you have done with Dorchester regarding the Maecenas acreage that is unleased?

Linda Buckner

--- On Thu, 1/28/10, Kevin Cartwright <kcartwright@Mewbourne.com> wrote:

> From: Kevin Cartwright <kcartwright@Mewbourne.com>
> Subject: Re: Eddy County, NM (Sec. 2)
> To: "linda buckner" <lsbsue@yahoo.com>
> Date: Thursday, January 28, 2010, 8:31 AM
>
>
> Linda,
>
> In the Title Opinion that I sent you it states that
> Maecenas Minerals does
> own 18.90% x 1/8 in the SW/4 SE/4 of Sec. 29. It also
> states that 17.7975%
> x 1/8 is unleased and shows that 1.1025% x 1/8 is
> HBP. The well holding
> that interest is the Happy Valley 29 #34 well operated by
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> and Production LLC. The 1.1025% x 1/8 interest is
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> Adelaide Yost (0.36750%). The leases are lease
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> respectively in the Title Opinion. I understand that
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> 1/8 interest that
> is unleased. Please let me know if these numbers add
> up with yours.
> Thanks for your help.
>
> Kevin Cartwright
> Landman
> Phone: (432) 682-3715 | Fax: (432) 685-4170
> Email: KCartwright@Mewbourne.com
> Mewbourne Oil Company
> 500 West Texas Suite 1020
> Midland, TX 79701 US
>

Kevin Cartwright /Mewbourne

01/28/2010 11:29 AM

To linda buckner <lsbsue@yahoo.com>

cc

bcc

Subject Re: Eddy County, NM (Sec. 2) 

Linda,

Haha, no worries. As for Dorchester, I have offered them the same deal I offered Maecenas and have not heard back from them yet. I have sent well proposals to both Dorchester and Maecenas and we intend to spud the well on March 1st, 2010.

Kevin Cartwright

Landman

Phone: (432) 682-3715 | Fax: (432) 685-4170

Email: KCartwright@Mewbourne.com

Mewbourne Oil Company

500 West Texas Suite 1020

Midland, TX 79701 US

linda buckner <lsbsue@yahoo.com>



linda buckner
<lsbsue@yahoo.com>

01/28/2010 10:18 AM

To Kevin Cartwright <kcartwright@Mewbourne.com>

cc

Subject Re: Eddy County, NM (Sec. 2)

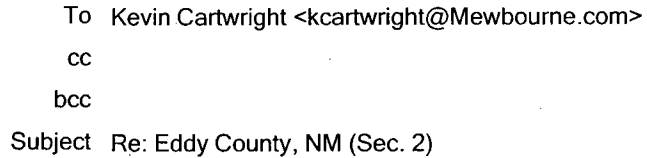
Kevin, Thanks for the explanation! I would have known this if I had read through all the title opinion. Sorry!

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Linda Buckner

--- On Thu, 1/28/10, Kevin Cartwright <kcartwright@Mewbourne.com> wrote:

> From: Kevin Cartwright <kcartwright@Mewbourne.com>
> Subject: Re: Eddy County, NM (Sec. 2)
> To: "linda buckner" <lsbsue@yahoo.com>
> Date: Thursday, January 28, 2010, 8:31 AM
>
>
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> x 1/8 is unleased and shows that 1.1025% x 1/8 is
> HBP. The well holding
> that interest is the Happy Valley 29 #34 well operated by
> RKI Exploration
> and Production LLC. The 1.1025% x 1/8 interest is



 This message has been replied to

To


Kevin Cartwright /Mewbourne

02/09/2010 01:56 PM

To linda buckner <lsbsue@yahoo.com>

cc

bcc

Subject Re: Eddy County, NM (Sec. 2) 

Linda,

Have you all had a chance to look into this well any further? We have advised our attorney to begin the force pooling process and you should receive a letter shortly if you haven't already. The hearing is set for March 4th in Santa Fe. There are a couple of small interests that we will have to pool regardless but we would like to work out a deal with you rather than force pool Maecenas's interest. When you get a chance please let me know what you would like to do.

Thanks,

Kevin Cartwright

Landman

Phone: (432) 682-3715 | Fax: (432) 685-4170

Email: KCartwright@Mewbourne.com

Mewbourne Oil Company

500 West Texas Suite 1020

Midland, TX 79701 US

[linda buckner <lsbsue@yahoo.com>](mailto:linda.buckner@lsbsue@yahoo.com)



linda buckner

[<lsbsue@yahoo.com>](mailto:lsbsue@yahoo.com)

01/28/2010 11:34 AM

To Kevin Cartwright <kcartwright@Mewbourne.com>

cc

Subject Re: Eddy County, NM (Sec. 2)

Okay, we will try to find out Dorchester's thoughts on this well.

Linda Buckner

--- On Thu, 1/28/10, Kevin Cartwright <kcartwright@Mewbourne.com> wrote:

> From: Kevin Cartwright <kcartwright@Mewbourne.com>

> Subject: Re: Eddy County, NM (Sec. 2)

> To: "linda buckner" <lsbsue@yahoo.com>

> Date: Thursday, January 28, 2010, 11:29 AM

>

>

> Linda,

>

> Haha, no worries. As for Dorchester, I have offered

> them the same deal I

> offered Maecenas and have not heard back from them

> yet. I have sent well

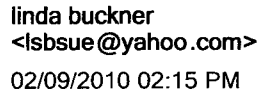
> proposals to both Dorchester and Maecenas and we intend to

> spud the well on

> March 1st, 2010.

>

> Kevin Cartwright



CC

Subject Re: Eddy County, NM (Sec. 2)

 This message has been replied to


What did Dorchester Minerals do on this?

--- On Tue, 2/9/10, Kevin Cartwright <kcartwright@Mewbourne.com> wrote:

```
> Thanks,  
>  
> Kevin Cartwright  
> Landman  
> Phone: (432) 682-3715 | Fax: (432) 685-4170  
> Email: KCartwright@Mewbourne.com  
> Mewbourne Oil Company  
> 500 West Texas Suite 1020  
> Midland, TX 79701 US
```

```
> linda
> buckner
```

Kevin Cartwright /Mewbourne
02/09/2010 02:17 PM

To linda buckner <lsbsue@yahoo.com>
cc
bcc
Subject Re: Eddy County, NM (Sec. 2) 

I have sent them a couple of letters and they have yet to respond.

Kevin Cartwright

Landman
Phone: (432) 682-3715 | Fax: (432) 685-4170
Email: KCartwright@Mewbourne.com
Mewbourne Oil Company
500 West Texas Suite 1020
Midland, TX 79701 US
linda buckner <lsbsue@yahoo.com>



linda buckner
<lsbsue@yahoo.com>
02/09/2010 02:15 PM

To Kevin Cartwright <kcartwright@Mewbourne.com>
cc
Subject Re: Eddy County, NM (Sec. 2)

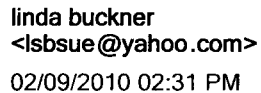
Kevin,

What did Dorchester Minerals do on this?

Linda Buckner

--- On Tue, 2/9/10, Kevin Cartwright <kcartwright@Mewbourne.com> wrote:

> From: Kevin Cartwright <kcartwright@Mewbourne.com>
> Subject: Re: Eddy County, NM (Sec. 2)
> To: "linda buckner" <lsbsue@yahoo.com>
> Date: Tuesday, February 9, 2010, 1:56 PM
>
>
> Linda,
>
> Have you all had a chance to look into this well any
> further? We have
> advised our attorney to begin the force pooling process and
> you should
> receive a letter shortly if you haven't already. The
> hearing is set for
> March 4th in Santa Fe. There are a couple of small
> interests that we will
> have to pool regardless but we would like to work out a
> deal with you
> rather than force pool Maecenas's interest. When you
> get a chance please
> let me know what you would like to do.
>
> Thanks,



Subject Re: Eddy County, NM (Sec. 2)

History:  This message has been replied to.

Linda Buckner

```
> From: Kevin Cartwright <kcartwright@Mewbourne.com>
> Subject: Re: Eddy County, NM (Sec. 2)
> To: "linda buckner" <lsbsue@yahoo.com>
> Date: Tuesday, February 9, 2010, 2:17 PM
>
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> I have sent them a couple of letters and they have yet to
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> Kevin Cartwright
> Landman
> Phone: (432) 682-3715 | Fax: (432) 685-4170
> Email: KCartwright@Mewbourne.com
> Mewbourne Oil Company
> 500 West Texas Suite 1020
> Midland, TX 79701 US
```

> <lsbsue@yahoo.com

```
> Kevin Cartwright
>
>
> 02/09/2010 02:15
```


Kevin Cartwright /Mewbourne

02/17/2010 01:08 PM

To linda buckner <lsbsue@yahoo.com>

cc

bcc

Subject Re: Eddy County, NM (Sec. 2) 

Linda,

I just received word from Monette Harbert that Dorchester will lease their mineral interest to us under the proposed terms which are 1/4 royalty, 6 month term, no bonus. We will be using the exact same form that we used last time. Monette is going to prepare the lease and send it to me this week. At your earliest convenience please let me know if Maecenas would like to do the same.

Thanks,

Kevin Cartwright

Landman

Phone: (432) 682-3715 | Fax: (432) 685-4170

Email: KCartwright@Mewbourne.com

Mewbourne Oil Company

500 West Texas Suite 1020

Midland, TX 79701 US

linda buckner <lsbsue@yahoo.com>



linda buckner

<lsbsue@yahoo.com>

02/09/2010 02:31 PM

To Kevin Cartwright <kcartwright@Mewbourne.com>

cc

Subject Re: Eddy County, NM (Sec. 2)

Maecenas would like to do the same thing as Dorchester. Please let us know if you hear from them on this matter.

Linda Buckner

--- On Tue, 2/9/10, Kevin Cartwright <kcartwright@Mewbourne.com> wrote:

> From: Kevin Cartwright <kcartwright@Mewbourne.com>

> Subject: Re: Eddy County, NM (Sec. 2)

> To: "linda buckner" <lsbsue@yahoo.com>

> Date: Tuesday, February 9, 2010, 2:17 PM

>

>

> I have sent them a couple of letters and they have yet to
> respond.

>

> Kevin Cartwright

> Landman

> Phone: (432) 682-3715 | Fax: (432) 685-4170

> Email: KCartwright@Mewbourne.com

> Mewbourne Oil Company

> 500 West Texas Suite 1020

> Midland, TX 79701 US

>



linda buckner
<lsbsue@yahoo.com>
02/17/2010 05:08 PM

To: Kevin Cartwright <kcartwright@Mewbourne.com>
cc
bcc
Subject: Re: Eddy County, NM (Sec. 2)

Kevin, Maecenas will probably lease for the same terms as Dorchester but I do have to check on more thing before we will make commitment to lease.

Linda Buckner
Maecenas Minerals, LLP

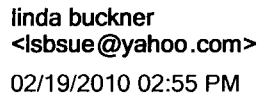
--- On Wed, 2/17/10, Kevin Cartwright <kcartwright@Mewbourne.com> wrote:

> From: Kevin Cartwright <kcartwright@Mewbourne.com>
> Subject: Re: Eddy County, NM (Sec. 2)
> To: "linda buckner" <lsbsue@yahoo.com>
> Date: Wednesday, February 17, 2010, 1:08 PM
>
>
> Linda,
>
> I just received word from Monette Harbert that Dorchester
> will lease their
> mineral interest to us under the proposed terms which are
> 1/4 royalty, 6
> month term, no bonus. We will be using the exact same
> form that we used
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> Kevin Cartwright
> Landman
> Phone: (432) 682-3715 | Fax: (432) 685-4170
> Email: KCartwright@Mewbourne.com
> Mewbourne Oil Company
> 500 West Texas Suite 1020
> Midland, TX 79701 US

>
>
>
>
>
>
>
>
> linda
> buckner

>
>
>
>
> <lsbsue@yahoo.com>
>
>



To Kevin Cartwright <kcartwright@Mewbourne.com>
cc
bcc


History: This message has been replied to.

Linda Buckner
Maecenas

> From: Kevin Cartwright <kcartwright@Mewbourne.com>
> Subject: Re: Eddy County, NM (Sec. 2)
> To: "linda buckner" <lbsue@yahoo.com>
> Date: Wednesday, February 17, 2010, 1:08 PM
>
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> Linda,
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> Phone: (432) 682-3715 | Fax: (432) 685-4170
> Email: KCartwright@Mewbourne.com
> Mewbourne Oil Company
> 500 West Texas Suite 1020
> Midland, TX 79701 US

```
>
> buckner
>
>
>
>
> <lsbsue@yahoo.com>
```

Kevin Cartwright /Mewbourne
02/19/2010 03:01 PM

To linda buckner <lsbsue@yahoo.com>
cc
bcc
Subject Re: Eddy County, NM (Sec. 2) 

Yes I did. Once I have received the executed lease I will notify our attorney to take Maecenas off of the force pooling docket. Thanks for your help.

Kevin Cartwright

Landman
Phone: (432) 682-3715 | Fax: (432) 685-4170
Email: KCartwright@Mewbourne.com
Mewbourne Oil Company
500 West Texas Suite 1020
Midland, TX 79701 US
linda buckner <lsbsue@yahoo.com>



linda buckner
<lsbsue@yahoo.com>
02/19/2010 02:55 PM

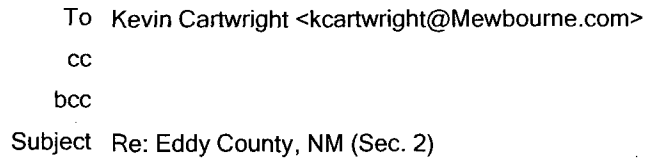
To Kevin Cartwright <kcartwright@Mewbourne.com>
cc
Subject Re: Eddy County, NM (Sec. 2)

Kevin, Did you receive my email whereas Maecenas will execute a lease for the same terms as Dorchester?

Linda Buckner
Maecenas

--- On Wed, 2/17/10, Kevin Cartwright <kcartwright@Mewbourne.com> wrote:

> From: Kevin Cartwright <kcartwright@Mewbourne.com>
> Subject: Re: Eddy County, NM (Sec. 2)
> To: "linda buckner" <lsbsue@yahoo.com>
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>
>
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> like to do the same.
>
> Thanks,
>



> 02/19/2010 02:55

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

January 22, 2010

Certified Mail-Return Receipt No. 3813

David Allen Bundy & Bruce Lee Bundy
Co-Trustees of the Bundy Family Trust
1604 Westridge Way
Casper, WY 82601

Re: MOC's Huckleberry Draw "29" Federal Com #1 Well
990' FNL & 770' FEL
Section 29, T22S, R26E
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 evaluate the Morrow formation, estimated total depth being 11,800 feet beneath the surface. The E/2 of the captioned Section 29 will be dedicated to the well.

Regarding the captioned proposed well, please find two copies of our AFE dated January 20, 2010. Should the Bundy Family Trust (Bundy) elect to participate in the captioned proposed well, please return a signed copy of the enclosed AFE within 30 days. Upon receipt of the signed AFE, we will forward you our Operating Agreement for execution.

In the event Bundy elects not to participate in the captioned well, Mewbourne hereby offers to lease Bundy's mineral interest in the land described above for no bonus, providing a 1/4 royalty for a six (6) month term. Based on our most current title information, Bundy appears to own an undivided 1/24 mineral interest in the NE/4 NE/4 being 1.66667 net mineral acres in the captioned lands.

The above offer is subject to Bundy's immediate acceptance and Mewbourne's approval of Bundy's title, a mutually acceptable lease form and such offer shall remain in effect for 30 days from the date of this letter after which it may be withdrawn by Mewbourne without notice.

If you have any questions concerning this offer please feel free to call me at 432-682-3715 or email me at kcartwright@mewbourne.com. Thank you for your time and I look forward to hearing from you.

Sincerely,

Mewbourne Oil Company



Kevin Cartwright
Landman

Huckberry 29

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:

**David Allen Bundy & Bruce Lee Bundy
Co-Trustees of the Bundy Family Trust
1604 Westridge Way
Casper, WY 82601**

2. Article Number

(Transfer from service label)

7005 2570 0001 0978 3813

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

DAB

☐ 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

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

February 4, 2010

Certified Mail-Return Receipt No. 5403

David Allen Bundy & Bruce Lee Bundy
Co-Trustees of the Bundy Family Trust
1604 Westridge Way
Casper, WY 82601

Re: MOC's Huckleberry Draw "29" Federal Com #1 Well
990' FNL & 770' FEL
Section 29, T22S, R26E
Eddy County, New Mexico

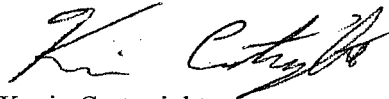
Gentlemen,

To date regarding the well captioned above you have not responded to our Well Proposal Letter dated January 22, 2010 in which we offered to lease the interest owned by the Bundy Family Trust (Trust) or let you participate in the well. This interest is now subject to a Compulsory Pooling Hearing on March 4, 2010 in Santa Fe, New Mexico. We are still willing to work out a deal with you and lease the interest owned by the Trust for no bonus, providing a 1/4 royalty for a six (6) month term, on a mutually acceptable lease form in order to avoid force pooling the interest. Please respond at your earliest convenience to let us know if you are interested.

If you have any questions concerning this offer please feel free to call me at 432-682-3715 or email me at kcartwright@mewbourne.com. Thank you for your time and I look forward to hearing from you.

Sincerely,

Mewbourne Oil Company



Kevin Cartwright
Landman



"MAX"
<notaxmax@vcn.com>
02/20/2010 02:43 PM

To <kcartwright@mewbourne.com>

cc

bcc

Subject AFE and offer to lease - Bundy Family Trust



Bundy Family Trust letter to Kevin Cartwright-Mewbourne Oil Company dated 2-20-10.doc



"MAX"
<notaxmax@vcn.com>
02/22/2010 10:30 AM

To <kcartwright@mewbourne.com>
cc
bcc

Subject AFE and offer to lease - Bundy Family Trust

History:  This message has been replied to.



Bundy Family Trust letter to Kevin Cartwright-Mewbourne Oil Company dated 2-20-10.doc

David Allen Bundy & Bruce Lee Bundy
CO-Trustees of the Bundy Family Trust
1604 Westridge Way
Casper, WY 82601

February 20, 2010

Mr. Kevin Cartwright
MEWBOURNE OIL COMPANY

500 West Texas, Suite 1020
Midland, TX 79701

Re: MOC's Huckeleberry Draw "29" Federal Com #1 Well
990' FNL & 770' FEL
Section 29, T22S, R26E
Eddy County, New Mexico
Letter dated January 20, 2010, Certified Mail-Return Receipt No. 3813

Dear Mr. Cartwright,

Pursuant to your above referenced letter with AFE or offer to lease, we are not going to sign the AFE and have no desire to be a Working Interest owner.

Your offer to lease for "no bonus, providing a 1/4 royalty for a six (6) month term" is absolutely unacceptable!

However, we would be willing to lease our interest for a bonus consideration of \$1,200.00, a 1/4 royalty for a six (6) month term which would be subject to approval of the Oil and Gas Lease. A consideration bonus is mandatory in order to have a valid oil and oil and gas lease.


Sincerely,

David Allen Bundy, CO-Trustees of the
Bundy Family Trust

Bruce Lee Bundy, CO-Trustees of the
Bundy Family Trust

Kevin Cartwright /Mewbourne
02/23/2010 04:54 PM

To "MAX" <notaxmax@vcn.com>
cc
bcc

Subject Re: AFE and offer to lease - Bundy Family Trust 

Gentlemen,

A consideration bonus is not mandatory in order to have a valid Oil and Gas Lease. We are offering a 1/4 royalty with no bonus for a 6 month term. You have three options: 1. You can participate with your mineral interest as a working interest owner in the well. 2. You can lease the interest to us for the terms described above or 3. You can be force pooled. You own a 1/24 interest in a 40 acre tract which comes out to 1.66666667 net mineral acres. You are asking us to pay you \$1,200.00 to lease 1.66666667 net mineral acres which comes to \$720 per net acre for a 6 month term and give you a 1/4 royalty. We find these terms to be unacceptable. The Compulsory Pooling hearing is set for March 4th, 2010 in Santa Fe, New Mexico. Please let me know which one of the three options you would like to choose.

Thank you for your time.

Kevin Cartwright

Landman
Phone: (432) 682-3715 | Fax: (432) 685-4170
Email: KCartwright@Mewbourne.com
Mewbourne Oil Company
500 West Texas Suite 1020
Midland, TX 79701 US
"MAX" <notaxmax@vcn.com>



"MAX"
<notaxmax@vcn.com>
02/22/2010 10:30 AM

To <kcartwright@mewbourne.com>
cc
Subject AFE and offer to lease - Bundy Family Trust



Bundy Family Trust letter to Kevin Cartwright-Mewbourne Oil Company dated 2-20-10.doc

2-3-10: Phone conversation with Steve Fasken where he told me The Fasken Foundation did not want to participate but they would lease to us using their form. He said they would not alter their form in any way and told me to send him an email and he would respond with the form. I told him that if we found their form to be unacceptable we would force pool the interest. He said that was fine with him.

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

January 22, 2010

Certified Mail-Return Receipt No. 3837

The Fasken Foundation
P.O. Box 2024
Midland, TX 79702
Attn: Mr. Steven P. Fasken

Re: MOC's Huckleberry Draw "29" Federal Com #1 Well
990' FNL & 770' FEL
Section 29, T22S, R26E
Eddy County, New Mexico

Mr. Fasken,

Mewbourne Oil Company (Mewbourne) as Operator hereby proposes to drill the captioned well at the referenced location to a depth sufficient to evaluate the Morrow formation, estimated total depth being 11,800 feet beneath the surface. The E/2 of the captioned Section 29 will be dedicated to the well.

Regarding the captioned proposed well, please find two copies of our AFE dated January 20, 2010. Should The Fasken Foundation (Fasken) elect to participate in the captioned proposed well, please return a signed copy of the enclosed AFE within 30 days. Upon receipt of the signed AFE, we will forward you our Operating Agreement for execution.

In the event Fasken elects not to participate in the captioned well, Mewbourne hereby offers to lease Fasken's mineral interest in the land described above for no bonus, providing a 1/4 royalty for a six (6) month term. Based on our most current title information, Fasken appears to own an undivided 5% of 1/16 mineral interest in the NE/4 NE/4 being 0.125 net mineral acres in the captioned lands.

The above offer is subject to Fasken's immediate acceptance and Mewbourne's approval of Fasken's title, a mutually acceptable lease form and such offer shall remain in effect for 30 days from the date of this letter after which it may be withdrawn by Mewbourne without notice.

If you have any questions concerning this offer please feel free to call me at 432-682-3715 or email me at kcartwright@mewbourne.com. Thank you for your time and I look forward to hearing from you.

Sincerely,

Mewbourne Oil Company



Kevin Cartwright
Landman

Handwritten: 29

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:

**The Fasken Foundation
P.O. Box 2024
Midland, TX 79702
Attn: Mr. Steven P. Fasken**

2. Article Number
(Transfer from service label)

7005 2570 0001 0978 3837

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *Bonnie Rogers* ☐ Agent ☐ Addressee

B. Received by (Printed Name)

Bonnie Rogers

C. Date of Delivery

1-26-70

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

Kevin Cartwright /Mewbourne
02/03/2010 11:08 AM

To spfasken@aol.com
cc
bcc
Subject Legal Description

Mr. Fasken,

The lands are in Eddy County and the legal description is as follows:

Township 22 South, Range 26 East, N.M.P.M.
Section 29: NE/4 NE/4

containing 40 acres more or less.

Please go ahead and send me your lease form and we will take a look at it.

Thanks,

Kevin Cartwright

Landman

Phone: (432) 682-3715 | Fax: (432) 685-4170

Email: KCartwright@Mewbourne.com

Mewbourne Oil Company

500 West Texas Suite 1020

Midland, TX 79701 US



Spfasken@aol.com
02/03/2010 11:10 AM

To kcartwright@Mewbourne.com
cc
bcc
Subject Re: Legal Description

PLEASE SEE ATTACHED

In a message dated 2/3/2010 10:08:02 A.M. Mountain Standard Time, kcartwright@Mewbourne.com writes:

Mr. Fasken,

The lands are in Eddy County and the legal description is as follows:

Township 22 South, Range 26 East, N.M.P.M.
Section 29: NE/4 NE/4

containing 40 acres more or less.

Please go ahead and send me your lease form and we will take a look at it.

Thanks,

Kevin Cartwright
Landman
Phone: (432) 682-3715 | Fax: (432) 685-4170
Email: KCartwright@Mewbourne.com
Mewbourne Oil Company
500 West Texas Suite 1020
Midland, TX 79701 US



Foundation Lease Form.DOC

MEWBOURNE OIL COMPANY

AUTHORIZATION FOR EXPENDITURE

Well Name: Huckleberry 29 Federal Com #1		Prospect: Huckleberry 29	
Location: 990' FNL & 770' FEL		County: Eddy	ST: NM
Section: 29	Blk: 	Survey: 	TNP: 22S 26E Prop. Dpth: 11,800'

INTANGIBLE COSTS 180	CODE	TCP	CODE	CC
Permits and Surveys	100	\$3,000	200	\$1,000
Location: Roads, Pits & Site Preparation	105	\$45,000	205	\$3,000
Location: Excavation & Other	106	\$150,000		
Day Work, Footage, Turnkey Drilling 38 days/drilling and 2 day comp @ \$11,000/day	110	\$443,100	210	\$23,400
Fuel \$2.25/gal	114	\$80,000		
Mud	120	\$65,000		
Chemicals and Additives	121	\$55,000	221	
Cementing	125	\$30,000	225	\$40,000
Logging, Wireline & Coring Services	130	\$25,000	230	\$12,000
Casing, Tubing & Snubbing Services	134	\$7,000	234	\$10,000
Mud Logging	137	\$18,000		
Stimulation			241	\$125,000
Stimulation Rentals & Other			242	\$10,000
Water & Other	145	\$40,000		\$5,000
Bits	148	\$50,000	248	
Inspection & Repair Services	150	\$5,000	250	\$12,000
Misc. Air & Pumping Services	154		254	\$18,000
Testing	158		258	\$5,000
Completion / Workover Rig			260	\$10,000
Rig Mobilization	164	\$70,000		
Transportation	165	\$12,000	265	\$3,500
Welding and Construction	168	\$5,000	268	\$5,000
Engineering & Contract Supervision	170	\$25,000	270	
Directional Services	175			
Equipment Rental	180	\$35,000	280	\$3,500
Well / Lease Legal	184	\$3,500	284	\$1,000
Well / Lease Insurance	185	\$10,500	285	
Intangible Supplies	188		288	
Damages	190		290	
Pipeline, Road, Electrical ROW & Easements	192		292	\$10,000
Pipeline Interconnect			293	
Company Supervision	195	\$30,000	295	\$15,000
Overhead Fixed Rate	196	\$9,000	296	\$3,500
Well Abandonment	198		298	
Contingencies 10% (TCP) 5% (CC)	199	\$121,600	299	\$15,800
TOTAL		\$1,337,700		\$331,700

TANGIBLE COSTS 181	CODE	TCP	CODE	CC
Casing (19.1" - 30")	793			
Casing (10.1" - 19.0") 650' 13 3/8" 48# H40 STC @ \$26.00/ft	794	\$16,900		
Casing (8.1" - 10.0") 2500' 9 5/8" 40# J55 STC @ 27.50/ft	795	\$69,800		
Casing (6.1" - 8.0")	796			
Casing (4.1" - 6.0") 11,800' 4 1/2 P110 @ \$12.50 w/GRT			797	\$147,500
Tubing (2" - 4") 11,500' 2 3/8 4.7# N80 EUE 8rd @ \$4.50 w/GRT			798	\$51,800
Drilling Head	860	\$8,000		
Tubing Head & Upper Section			865	\$18,000
Sucker Rods			875	
Packer Pump & Subsurface Equipment			880	
Artificial Lift Systems			884	
Pumping Unit			885	
Surface Pumps & Prime Movers			886	
Tanks - Steel			890	\$12,000
Tanks - Others 1 300			891	\$9,000
Separation Equipment			895	\$20,000
Gas Treating Equipment			896	
Heater Treaters, Line Heaters			897	
Metering Equipment			898	\$8,000
Line Pipe - Gas Gathering and Transportation			900	\$15,000
Misc. Fittings, Valves, Line Pipe and Accessories			906	\$15,000
Cathodic Protection			908	
Electrical Installations			909	
Production Equipment Installation			910	\$13,000
Pipeline Construction			920	\$25,000
TOTAL		\$94,700		\$334,300
SUBTOTAL		\$1,432,400		\$666,000
TOTAL WELL COST		\$2,098,400		

EXHIBIT C

Prepared by: NM Young Date: 1/20/2010

Co. Approval: *m. white* Date: 1/21/2010

Joint Owner Interest: _____ Amount: _____

Joint Owner: _____ Joint Owner Approval: By: _____

Operator has secured Operator's Extra Expense Insurance covering costs of well control, clean up and redrilling as estimated in Line Item 185. 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: By: _____ Form Rev: 8/12/09