

Altura

Per Jerry West -
They would try to get
us an answer soon
maybe before Sept. 1ST.

PH.

8-26-99

Called Jerry this date
regarding our proposed
solution as to their ownership
of rights above the Morrow as
to their participation at some
future date as to their rights.
Left message. PH. 9-14-99

NEW MEXICO
CONSERVATION DIVISION

EXHIBIT

3

CASE NO.

12238

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020

MIDLAND, TEXAS 79701

(915) 682-3715

FAX (915) 685-4170

August 20, 1999

Altura Energy Ltd.
P.O. Box 4294
Houston, Texas 77210-4294

Attn: Mr. Jerry D. West

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Gentlemen:

In reference to the captioned proposed well, our title examination indicates your firm owns a 11.35481% unit interest in the captioned 320 acre tract of land as to rights below the base of the Bone Spring formation to the top of the Morrow formation. As of this date, we have not received a written response as to your firm's participation in the subject well. Regarding same, we would appreciate receiving a decision from you prior to August 27th, the Friday before the September 2, 1999 compulsory pooling hearing date.

Should you have any questions regarding the above, please call.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

FACSIMILE TRANSMITTAL COVER SHEET

Date: 8-19-99

Time: _____

Page 1 of 2 Pages

TO: JERRY WEST : ALTURA ENERGY, LTD. P.O. Box 4294, Houston, TX.
FACSIMILE NO.: _____ PHONE NO.: 77210-4294

FROM: PAUL HADEN

TYPE OF DOCUMENT: _____

ORIGINAL TO FOLLOW IN MAIL (Y/N): _____

MESSAGE: RE: ESPERANZA "28" FEE COM. No. 1 WELL PROPOSAL.
W2 SEC. 28, T21S, R27E, EDDY CO., N.M.

JERRY: ATTACHED FOR YOUR INFO IS THE CURRENT UNIT
OWNERSHIP FOR THE REFERENCED WELL.

IF YOU DO NOT RECEIVE ALL PAGES CLEARLY, PLEASE CALL US AS SOON AS
POSSIBLE.

CONFIDENTIALITY NOTE: The information contained in this facsimile message is confidential and is intended only for the use of the individual or entity named above. Dissemination of this facsimile to anyone else is strictly prohibited. If you have received this facsimile in error, please notify us by telephone immediately.

W/2 = SECTION 28, T21S, R27E
Ownership List - Esperanza Prospect

Mewbourne Oil Company	31.62105%
* Central Resources, Inc.	9.65159%
* RKC, Inc.	1.70322%
Redfern Enterprises, Inc.	4.09023%
Devon Energy Corporation (Nevada)	4.21298%
Texona Petroleum Corporation	.13101%
Texas Independent Exploration, Inc.	.00390%
Rick Zimmerman d/b/a Island Resources	.69790%
Robert St. John	.03673%
David DeMarco d/b/a Black and Gold Resources	.00056%
Lowell Todd Armstrong	.00334%
First Union National Bank, Trustee of First Texas Investment Statutory Trust	.87345%
J. M. Huber Corp.	2.34375%
J. C. Davis, Jr.	1.17187%
James L. Pierce	1.17187%
J. Hiram Moore, Betty Jane Moore and Michael Harrison Moore, Trustees UTI dated July 1, 1971	1.85405%
Six Bits, Inc.	18.750%
Carlsbad School Employees Credit Union (MOC)	.29375%
Enequina O. Elizondo (SIX BITS, INC.)	.29688%
Tony Rodriguez and wife, Eduvina Rodriguez, as joint tenants (MOC)	.62500%
Pascual O. Elizondo, a widower (MOC)	1.62623%
Mike Martinez or Erlinda Martinez, Trustee of the Martinez Family Trust dated 5/3/94	.09063%
Alameda Cawley Caldwell, as her separate property (SIX BITS, INC.)	11.71875%
Suzanne Cawley Caldwell, as her separate property (SIX BITS, INC.)	3.51563%
Jason Cawley, as his separate property (SIX BITS, INC.)	3.51563%

* MORROW RIGHTS ONLY; ALTURA OWNS THESE RIGHTS FROM
 THE BASE OF THE BONE SPRINGS FORMATION TO THE
 TOP OF THE MORROW FORMATION.

Altura -

Called Jerry this date
to let him know that we
were filing a pooling
application; left message
for him to call me.

3:00 P.M. JH.
8-10-99

Re Jerry - They were
reviewing our proposal. I
advised him that they didn't
have Monrow rights.

JH 8-10-99

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

July 22, 1999

Altura Energy LTD.
P.O. Box 4294
Houston, Texas 77210-4294

Attn: Mr. Jerry D. West

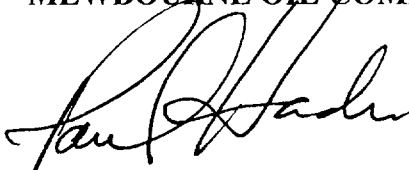
Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Dear Jerry:

Regarding the captioned well and land, enclosed for your file and information is a copy of our Original Drilling Title Opinion dated July 20, 1999.

Sincerely yours,

MEWBOURNE OIL COMPANY

A handwritten signature in black ink, appearing to read "D. Paul Haden", written in a cursive style.

D. Paul Haden
Senior Landman

DPH/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

July 26, 1999

Altura Energy LTD.
P.O. Box 4294
Houston, Texas 77210-4294

Attn: Mr. Jerry D. West

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Dear Jerry:

Regarding the captioned proposed well, enclosed for your file is a copy of Pages 15, 16, 34, 35, 36, 37 and Pages A-1 and A-2 of Exhibit "A" which were apparently omitted from the copy of our Original Drilling Title Opinion dated July 20, 1999 which I previously sent to you under separate cover.

Should you have any questions regarding our well proposal, please call.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPIH/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

May 26, 1999

Certified Mail- Return Receipt Requested Z236347150

Altura Energy LTD.
P.O. Box 4294
Houston, Texas 77210-4294
Attn: Jerry D. West

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company (Mewbourne) hereby proposes the drilling of a well to a depth sufficient to adequately test the Morrow formation, anticipated total depth being 11,900 '. Furthermore, Mewbourne shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The W/2 of the captioned Section 28 will be dedicated as the proration unit for the well.

The referenced well will be located approximately 1750' FSL & 660' FWL of Section 28, T21S, R27E, Eddy County, New Mexico. Our AFE dated 5-12-99 is enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

Upon receipt of the executed AFE or by prior request, we will forward our Joint Operating Agreement for your review and execution.

In the event you do not wish to participate, Mewbourne respectfully requests that you farmout your interest to Mewbourne under the following proposed terms:

- 1) Farmout all of your interest in the W/2 of the captioned Section 28 for a period of 180 days to Mewbourne under the following general terms:
 - (a) If any well drilled under the terms of our farmout agreement results in oil and/or gas production on a proration unit that includes your acreage, Mewbourne will earn an assignment of 100% of your rights and interest, free of any liens or encumbrances, in the proration unit assigned to each well to a depth of 100' below the total depth drilled for each well.

Esperanza "28" Fee Com. No. 1 Well

May 26, 1999

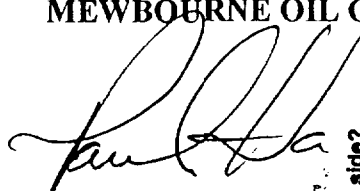
Page -2-

- (b) Altura Energy LTD. (Altura) will retain an overriding royalty interest equal to the difference, if any, between 20% of all oil and gas produced and the total of all royalty interests, overriding royalty interests and other burdens or lawful claims upon production to which the Altura leases may be currently subject, so that Mewbourne will be assigned a 80% net revenue interest in the Altura leases. Such overriding royalty interest retained by Altura shall be subject to proportionate reduction.
- (c) Upon acceptance of our farmout proposal Altura agrees to furnish at no cost to Mewbourne, title information such as copies of the leases covering the captioned lands, title opinions currently in your possession, title curative, letter agreements and any contracts currently in effect, etc.

Should you have any questions regarding the above, please do not hesitate to call.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

Esperanza "28" Fee Com No 1 Well

SENDER: ■ Complete Items 1 and 2 for additional services. ■ Complete Items 3, 4 and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: Altura Energy Ltd. P.O. Box 4294 Houston, Texas 77210-4294 Attention: Jerry D. West		4a. Article Number Z 236 347 150	
5. Received By: (Print Name)		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
6. Signature: (Addressee or Agent) X		7. Date of Delivery JUN - 1 1999	
6. Signature: (Addressee or Agent) <i>G</i>		8. Addressee's Address (Only if requested and fee is paid)	

PS Form 3811, December 1994 102595-97-B-0179 Domestic Return Receipt

Is your RETURN ADDRESS completed on the reverse side?

Thank you for using Return Receipt Service.

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

—
(915) 682-3715
FAX (915) 685-4170

August 27, 1999

L. Todd Armstrong
850 Azalea
Houston, Texas 77018

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Ladies and Gentlemen:

Enclosed for your further handling is our proposed Operating Agreement dated August 26, 1999 for the captioned land and well in duplicate originals. At your earliest convenience, please execute both originals and return one (1) to me at the above address together with the executed AFE which I have also enclosed another copy of same for your convenience.

For your information, we have continued the compulsory pooling hearing until September 16, 1999. So that we can dismiss you or your firm from the proceedings as to such hearing, we would appreciate receiving the requested executed Operating Agreement and AFE prior to such hearing date.

Should you have any questions regarding the above, please call.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

August 20, 1999

L. Todd Armstrong
850 Azalea
Houston, Texas 77018

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

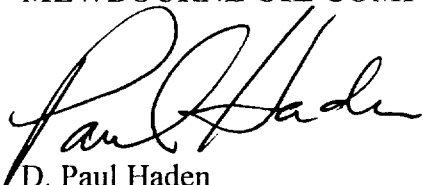
Dear Mr. Armstrong:

In reference to the captioned proposed well, our title examination indicates you own a .00334% unit interest in the captioned 320 acre tract of land. As of this date, we have not received a written response as to your participation in the subject well. Regarding same, we would appreciate receiving a decision from you prior to August 27th, the Friday before the September 2, 1999 compulsory pooling hearing date.

Should you have any questions regarding the above, please call.

Sincerely yours,

MEWBOURNE OIL COMPANY

A handwritten signature in black ink, appearing to read "D. Paul Haden", written in a cursive style.

D. Paul Haden
Senior Landman

DPH/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020

MIDLAND, TEXAS 79701

(915) 682-3715

FAX (915) 685-4170

August 13, 1999

Mr. Todd Armstrong
850 Azalea
Houston, Texas 77018

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

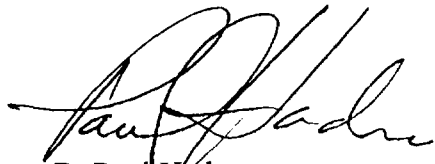
Dear Mr. Armstrong:

As requested this date, enclosed for your information is some information regarding your ownership in the proposed well as set forth in our Original Drilling Title Opinion dated July 20, 1999. Regarding the unit ownership in the captioned land, I am having our title attorney prepare an Exhibit which sets out the unit ownership as to the proposed well. When available, I will send you a copy of same. As discussed, we plan to continue our pooling case to the next hearing date which will be September 16, 1999.

When the unit ownership is known as to the above land, I will forward you and Operating Agreement for consideration. Should you have any questions until such time, please call.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

713-546-6228
713-691-4472
Per Todd Armstrong -
he would like to participate;
requested our proposed JOA,
advised him it hasn't been
~~pre~~ prepared yet do to certain
title ~~was~~ questions as to unit
ownership. I'm to send him
a copy of the unit ownership
once it's prepared.

Pff,
8-13-99

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

July 22, 1999

Certified Mail- Return Receipt Requested Z236347194

Lowell Todd Armstrong
850 Azalea
Houston, Texas 77018

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company (Mewbourne) hereby proposes the drilling of a well to a depth sufficient to adequately test the Morrow formation, anticipated total depth being 11,900'. Furthermore, Mewbourne shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The W/2 of the captioned Section 28 will be dedicated as the proration unit for the well.

The referenced well will be located approximately 1750' FSL & 660' FWL of Section 28, T21S, R27E, Eddy County, New Mexico. Our AFE dated 5-12-99 is enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

Upon receipt of the executed AFE or by prior request, we will forward our Joint Operating Agreement for your review and execution.

In the event you do not wish to participate, Mewbourne respectfully requests that you farmout your interest to Mewbourne under the following proposed terms:

- 1) Farmout all of your interest in the W/2 of the captioned Section 28 for a period of 180 days to Mewbourne under the following general terms:
 - (a) If any well drilled under the terms of our farmout agreement results in oil and/or gas production on a proration unit that includes your acreage, Mewbourne will earn an assignment of 100% of your rights and interest, free of any liens or encumbrances, in the proration unit assigned to each well to a depth of 100' below the total depth drilled for each well.

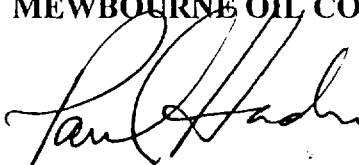
Esperanza "28" Fee Com. No. 1 Well
July 22, 1999
Page -2-

- (b) You shall retain an overriding royalty interest equal to the difference, if any, between 25% of all oil and gas produced and the total of all royalty interests, overriding royalty interests and other burdens or lawful claims upon production to which your leases may be currently subject, so that Mewbourne will be assigned a 75% net revenue interest as to your leases. Such overriding royalty interest retained by you shall be subject to proportionate reduction.
- (c) Upon acceptance of our farmout proposal you agree to furnish at no cost to Mewbourne, title information such as copies of the leases covering the captioned lands, title opinions currently in your possession, title curative, letter agreements and any contracts currently in effect, etc.

Should you have any questions regarding the above, please do not hesitate to call.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

Esperanza "28" Fee Com #1

SENDER: ■ Complete Items 1 and 2 for additional services. ■ Complete Items 3, 4 ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: Lowell Todd Armstrong 850 Azalea Houston, Texas 77018		4a. Article Number <i>Z 236 347 194</i>	
5. Received By: (Print Name) <i>Lowell</i>		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
6. Signature: (Addressee or Agent) <i>X</i>		7. Date of Delivery <i>7-28-99</i>	
		8. Addressee's Address (Only if requested and fee is paid)	

Is your RETURN ADDRESS completed on the reverse side?

102595-97-B-0179 PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

September 2, 1999

Central Resources, Inc.
2600 Mellon Center
1775 Sherman Street
Denver, CO 80203-4313

Attn: Christine L. Hinton

Re: Farmout Letter Agreement
MOC Esperanza "28" Fee
Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Dear Christine:

This letter confirms in writing the agreement between Mewbourne Oil Company (Mewbourne) and Central Resources, Inc. (Central) whereby Central has agreed to grant a farmout of its interest in the lands and depths more particularly described in Exhibit "A" subject to the following terms and conditions:

I. TEST WELL

At our sole expense and risk Mewbourne, as Operator agrees to commence or cause to be commenced operations for the drilling of a Test Well in search of oil and /or gas at a location 1750' FSL & 660' FWL of the captioned Section 28 within 180 days from Central's execution of this Farmout Letter Agreement. Said well once commenced, shall be prosecuted with due diligence and in a prudent manner to a depth of 11,900', or a depth sufficient to test the Morrow formation, or to a depth at which mechanical difficulties arise or practically impenetrable substances are encountered which render further drilling impossible or impractical or any other condition or situation that may be encountered which would necessitate cessation of drilling operations in Mewbourne's opinion whichever of the foregoing depths is lesser. Failure to timely commence drilling operations of the Test Well will result only in our loss of rights provided for in this agreement.

II. SUBSTITUTE WELL

If in conducting any of the drilling operations herein described, permitted or provided for, Mewbourne encounters any conditions or difficulties, whether natural or mechanical, which in Mewbourne's opinion make further drilling and completion of any well impossible or impracticable, then Mewbourne shall have the option to commence operations for the drilling of a substitute well within sixty (60) days after cessation of operations on the well in which conditions or difficulties were encountered. Such substitute well shall be drilled at a location acceptable to Mewbourne and in the manner and to the depth specified for the well which it replaces.

III. TESTING

Mewbourne agrees to keep an accurate log of each well, to drill the same in a good faith effort to discover oil and/or gas and to test adequately all oil and gas shows encountered while drilling same in Mewbourne's opinion which warrant testing. Mewbourne agrees to comply with all reasonable requirements as may be specified in any "Geological Requirement" letter that you might furnish Mewbourne.

IV. DRILLING AND COST OF WELLS

- 1) The entire expense and risk of drilling, testing, completing, recompleting and/or plugging the Test Well or Substitute Well shall be borne exclusively by Mewbourne.
- 2) The operations conducted by Mewbourne for the Test Well or any well drilled or completed hereunder shall be conducted in compliance with all valid rules, orders, regulations and laws of state, local or federal authorities and in accordance with approved drilling and completion practices. Mewbourne agrees to save and hold Central harmless from any and all claims, liens, loss, cost and expense arising out of or as a result of our operations on the lands described herein or land pooled therewith.

V. ASSIGNMENT AND RESERVATIONS

- 1) If any of the operations conducted by Mewbourne under the terms of this agreement results in oil and/or gas production in a proration unit including the leasehold, land and rights subject to this agreement, Mewbourne will earn an assignment on a form acceptable to Mewbourne of all right, title and interest of Central included in the 320 acre productive proration unit allocated to such well from the base of the Bone Spring formation to 100' below the total depth drilled and logged.

- 2) Central shall retain an overriding royalty interest equal to the difference between 25% of all oil and gas produced and saved and the total of all royalty interests, overriding royalty interests and other similar lease burdens upon production to which the farmout leasehold may be subject, to the extent Mewbourne will be assigned a 75% net revenue interest in the leasehold estate, operating rights and/or any contractual interests that might have been created under a Operating Agreement affecting the farmout land and leasehold to be assigned hereunder. Should burdens exceed 25%, the net revenue interest delivered to Mewbourne shall be reduced accordingly. However, Central represents that Central has not nor will they create any excess burdens since the date of Mewbourne's Original Drilling Title Opinion dated July 20, 1999 as to the captioned land. The overriding royalty interest retained is to be subject to proportionate reduction (i) in the event Central owns less than the full interest in the leasehold insofar as it covers the land subject to this agreement or land pooled therewith (ii) if the leasehold subject to this agreement covers less than all of the oil and gas and/or (iii) if any contractual interest earned by Mewbourne under any existing Operating Agreement covers less than all of the oil and/or gas in the farmout land or land pooled therewith. The overriding royalty reserved herein shall bear its ratable portion of all treating, compression, gathering and transportation costs and applicable production taxes.
- 3) At payout of any well drilled by Mewbourne under the terms of this agreement which includes Central's acreage under the captioned land, Central would have the option to convert its retained overriding royalty interest to a 25% working interest, subject to proportionate reduction in the same manner as the overriding royalty interest described above, together with a like interest in all leasehold equipment and personal property in or used in connection therewith, subject to a proportionate part of any royalty, overriding royalty or similar lease burdens reserved and outstanding. Such conversion option if exercised, shall be on a well by well basis upon payout and shall become effective as of the first day of the month following payout. Such payout option shall be exercisable by Central within 30 days after receipt of written notice of payout. Failure to elect within such 30 day period shall be deemed an election to continue the overriding royalty interest owned by Central as retained hereunder. If at any time any part of the farmout acreage or lands pooled or communitized therewith becomes jointly owned by Mewbourne and Central, said parties agree to be bound by the joint operating agreement attached hereto as Exhibit "B", being the same form of agreement proposed to the balance of the joint interest partners in the subject well. Mewbourne agrees to provide quarterly payout statements evidencing the payout status of the well.

- 4) For purposes of this agreement, payout shall be deemed to have occurred when proceeds or market value of production from the subject well (after deducting production taxes, royalty, overriding royalty and similar lease burdens) shall equal 100% of Mewbourne's actual cost of drilling, testing, equipping, and completing the subject well, including the actual cost of any reworking, deepening or plugging back, plus 100% of the actual cost of operations of the well; the proceeds of production and the cost of such development and operations to be attributable only to the undivided interest subject hereto if less than the full interest in the oil and gas. The provisions of the 1984 COPAS Accounting Procedure attached as Exhibit "C" to the operating agreement described in paragraph No. 3 above shall govern the rates and charges during payout, as defined above.
- 5) Mewbourne shall have the right to pool the lands covered by the leasehold to be *farmed out and assigned and any retained overriding royalty interests* or reversionary working interest into any type of proration unit or other unit approved by the State of New Mexico and/or the Bureau of Land Management or any governmental agency having jurisdiction, with such pooling to be accomplished without Central's further consent. In the event such pooling occurs, the overriding royalty interest retained hereunder together with any reversionary working interest will be proportionately reduced accordingly.

VI. INDEMNIFICATION

- 1) Mewbourne shall indemnify, defend and hold Central harmless from any and all costs, obligations, claims, demands, and causes of action of any kind or character arising out of, incident to, directly or indirectly from Mewbourne's operations conducted on the farmout land pursuant to the terms of this Farmout Letter Agreement. All operations conducted by Mewbourne with respect to the farmout land shall be at Mewbourne's sole risk and cost and under Mewbourne's exclusive control pursuant to the terms of this Farmout Letter Agreement. Furthermore, all operations conducted by Mewbourne with respect to the farmout land (including without limitation, plugging and abandoning operations) shall be conducted in strict compliance with the leases and the statutes, rules, regulations, requirements and orders of any governmental agency having jurisdiction thereof.

VII. FORCE MAJEURE

The performance by Mewbourne of any of the terms and provisions of this agreement shall be excused in the event such performance is prevented by strikes, fires, flood, tornado, lightning, explosion, acts of God or the public enemy, State or Federal rules or regulations or any things or happenings either similar or dissimilar beyond our control; provided, however, that such performance shall be resumed within thirty (30) days after such cause has been removed.

VIII. GEOLOGICAL REQUIREMENTS

Mewbourne agrees to furnish you the following:

- 1) DAILY DRILLING REPORTS on the progress of the well which shall include drilling depth, name of any formation penetrated, shows of oil, gas or water.
- 2) One (1) copy of all forms furnished to any governmental authority.
- 3) One (1) copy of any open hole or cased hole logs, any surveys run in the well, DRILL STEM TEST, core analysis, mud log or hydrocarbon log run in the well.

IX. EFFECT OF AGREEMENT

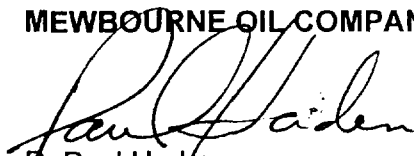
This agreement shall not create, nor shall it be construed as creating a partnership or joint venture. The terms, covenants, and conditions hereof shall be binding upon and inure to the benefits of the parties hereto, their successors and assigns.

X. ACCEPTANCE

If the above and foregoing is acceptable to you, please indicate such acceptance by signing in the space provided below and return one (1) fully executed agreement to the undersigned at the above address.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

AGREED and ACCEPTED this _____ day of September, 1999.

CENTRAL RESOURCES, INC.

By: _____

Name typed/printed: _____

EXHIBIT "A"

Attached to and made a part of that certain Farmout Letter Agreement dated September 2, 1999, between Central Resources, Inc. and Mewbourne Oil Company.

Land and Depths subject to this Farmout Letter Agreement:

Contractual leasehold rights in that certain Operating Agreement dated September 22, 1972, by and among Cities Service Oil Company, as Operator, and Midwest Oil Corporation, et al, as Non-Operators, insofar and only insofar as the Operating Agreement covers the following lands and depths in Eddy County, New Mexico:

Township 21 South, Range 27 East, N.M.P.M.

Section 28: W/2, limited to all depths below the base of the Bone Spring formation to the base of the Morrow formation.

END OF EXHIBIT "A"

CENTRAL

RESOURCES, INC.

FAX COVER SHEET

DATE: 9-1-99

TO: Paul Haden PHONE: _____

COMPANY: Newbourn FAX #: 915-685-4170

RE: _____

FROM: CHRISTINE HINTON PHONE: 303-830-0100

COMPANY: CENTRAL RESOURCES INC. FAX #: 303-830-9297

PAGE 1 OF 24
(Including Cover Page)

PRIVILEGE NOTICE:

Unless otherwise indicated, the information contained in this facsimile message is privileged communication and is confidential information intended only for use of the individual or entity named above. If the reader of this message is not the intended recipient, you are hereby notified that any use, dissemination, distribution or copying of this communication is strictly prohibited.

CENTRAL

RESOURCES, INC.

BY FACSIMILE TO (915) 685-4170

September 1, 1999

Mewbourne Oil Company
Attn: D. Paul Haden
500 W. Texas, Suite 1020
Midland, TX 79701

Re: Esperanza "28" Com. No. 1 Well
Central Farmout
Eddy County, NM

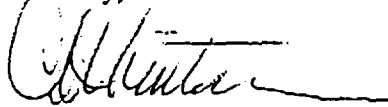
Dear Paul:

This letter is to indicate our agreement to farmout Central's interest as proposed in your July 22, 1999 letter, referenced and incorporated herein, with the following modification:

1. Central will deliver a NRI of 75%, if possible, as to our proportionate leasehold, but should it be the case that burdens are in excess of 25%, our NRI will be delivered as such. We represent that Central has not nor will they create any excess burdens since the time of your original drilling title opinion.
2. Central will have the right to back in proportionately for a 25% working interest after 100% payout of drilling and operational costs.
3. It is understood that a mutually acceptable JOA will be entered into at payout, a draft of which will be forthcoming from Mewbourne in the near future, it being understood that this JOA will pattern that proposed to other joint partners for the drilling of the well.
4. Geological and drilling information contacts and requirements will be provided by Central in the near future.

I understand that you are securing a supplemental drilling title opinion which will be provided upon receipt. Additionally, I will be reviewing same and our internal files for leasehold expirations which you have noted in order to determine if we are in agreement as to the final interest subject to farmout.

Sincerely,



Christine L. Hinton
Land Department

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
PAX (915) 685-4170

cc: G. Davis
8/25/99

July 22, 1999

Certified Mail- Return Receipt Requested Z236347196

Central Resources, Inc.
1775 Sherman Street, Suite 2600
Denver, Colorado 80203
Attention: Mr. Rick L. Hodges

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company (Mewbourne) hereby proposes the drilling of a well to a depth sufficient to adequately test the Morrow formation, anticipated total depth being 11,900'. Furthermore, Mewbourne shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The W/2 of the captioned Section 28 will be dedicated as the proration unit for the well.

The referenced well will be located approximately 1750' FSL & 660' FWL of Section 28, T21S, R27E, Eddy County, New Mexico. Our AFE dated 5-12-99 is enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

Upon receipt of the executed AFE or by prior request, we will forward our Joint Operating Agreement for your review and execution.

In the event you do not wish to participate, Mewbourne respectfully requests that you farmout your interest to Mewbourne under the following proposed terms:

- 1) Farmout all of your interest in the W/2 of the captioned Section 28 for a period of 180 days to Mewbourne under the following general terms:
 - (a) If any well drilled under the terms of our farmout agreement results in oil and/or gas production on a proration unit that includes your acreage, Mewbourne will earn an assignment of 100% of your rights and interest, free of any liens or encumbrances, in the proration unit assigned to each well to a depth of 100' below the total depth drilled for each well.

Esperanza "28" Fee Com. No. 1 Well

July 22, 1999

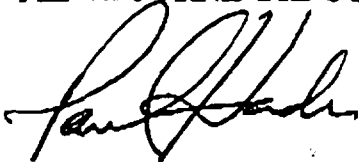
Page -2-

- (b) You shall retain an overriding royalty interest equal to the difference, if any, between 25% of all oil and gas produced and the total of all royalty interests, overriding royalty interests and other burdens or lawful claims upon production to which your leases may be currently subject, so that Mewbourne will be assigned a 75% net revenue interest as to your leases. Such overriding royalty interest retained by you shall be subject to proportionate reduction.
- (c) Upon acceptance of our farmout proposal you agree to furnish at no cost to Mewbourne, title information such as copies of the leases covering the captioned lands, title opinions currently in your possession, title curative, letter agreements and any contracts currently in effect, etc.

Should you have any questions regarding the above, please do not hesitate to call.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

Esperanza "28" Fee Com. No. 1

SENDER: 18843 DENVER F&DC 19114 07725798

1. Complete form 1 and 2 for additional services.
2. Complete form 3, 4 and 5.
3. Print your name and address on the reverse of this form so that we can return this card to you.
4. Attach this form to the front of the mailpiece, or on the back if space does not permit.
5. Write "Return Receipt Requested" on the mailpiece below the article number.
6. The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Addressee's Address
2. ☐ Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to:
Central Resources, Inc.
1775 Sherman Street, Suite 2600
Denver, Colorado 80203
Attn: Mr. Rick L. Hodges

4a. Article Number
2 236 347 196

4b. Service Type
☐ Registered ☒ Certified
☐ Express Mail ☐ Insured
☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery
7/26

5. Received By: (Print Name)
L Schamp

6. Signature: (Addressed Agent)
X L Schamp

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994 102585-07-8-0178 Domestic Return Receipt

Is your RETURN ADDRESS completed on the reverse side?

Thank you for using Return Receipt Service.

To Paul ☐ URGENT

Date 8.31.99 Time 11.05 A.M.
P.M.

WHILE YOU WERE OUT

From Christine Hester

of Central Resou

Phone 303-830-0100
Area Code Number Ext.

Fax
Area Code Number

Telephoned	<input checked="" type="checkbox"/>
Came to see you	<input type="checkbox"/>
Returned your call	<input type="checkbox"/>

Please call	<input checked="" type="checkbox"/>
Wants to see you	<input type="checkbox"/>
Will call again	<input type="checkbox"/>

Message For Christine -

Thay'll Flo @ 75% NR2
W/ 25% BTAP0.

Signed 9.1.99

Advised Christine
Hinton w/ Central Res.
this date that we would
be agreeable to a 25% BIAPD
in lieu of a 35% BIAPD for
a 75% NRI. She's to
get back w/ me about our
counter offer.

PA.
8.26.99

CENTRAL**RESOURCES, INC.****FAX COVER SHEET**

DATE:

8/25/99

TO:

Paul Haden

PHONE:

915 685-4170
~~3715~~

COMPANY:

Newbourne

FAX #:

918 488-8182

RE:

CCPAS Bulletin No 2 andabandonment provision from our9-22-72 JOA which provides forsalvage. Central proposes to formantour interest, delivering 75% NRI proportionately
reduced but with 35% back in AFO.

FROM:

CHRISTINE HINTON

PHONE:

303-830-0100COMPANY: CENTRAL RESOURCES INC.

FAX #:

303-830-9297

PAGE

1

OF

10

(Including Cover Page)

*I will call tomorrow
to see if this is
agreeable to Newbourne.*

PRIVILEGE NOTICE:

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MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

FACSIMILE TRANSMITTAL COVER SHEET

Date: 8-25-99

Time: _____

Page 1 of 4 Pages

TO:

CHRISTINE HINTON

FACSIMILE NO.:

PHONE NO.:

FROM:

PAUL HADEN

TYPE OF DOCUMENT:

ORIGINAL TO FOLLOW IN MAIL (Y/N):

(N)

MESSAGE:

RE: WELL PROPOSAL LETTER W/AFE

IF YOU DO NOT RECEIVE ALL PAGES CLEARLY, PLEASE CALL US AS SOON AS
POSSIBLE.

CONFIDENTIALITY NOTE: The information contained in this facsimile message is confidential and is intended only for the use of the individual or entity named above. Dissemination of this facsimile to anyone else is strictly prohibited. If you have received this facsimile in error, please notify us by telephone immediately.

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

FACSIMILE TRANSMITTAL COVER SHEET

Date: 8-25-99

Time: _____

Page 1 of 2 Pages

TO:

CHRISTINE HINTON

FACSIMILE NO.: (303) 830-9297 PHONE NO.: _____

FROM:

PAUL HADEN

TYPE OF DOCUMENT: _____

ORIGINAL TO FOLLOW IN MAIL (Y/N): (N)

MESSAGE: FYI AS DISCUSSED. WE WILL CONTINUE

THE COMPULSORY POOLING HEARING TO 9-16-99.
WE HOPE TO GET YOU AN OPERATING AGREEMENT
TO YOU SOON. PLEASE CALL IF YOU HAVE FURTHER
QUESTIONS.

IF YOU DO NOT RECEIVE ALL PAGES CLEARLY, PLEASE CALL US AS SOON AS
POSSIBLE.

CONFIDENTIALITY NOTE: The information contained in this facsimile message is confidential and is intended only for the use of the individual or entity named above. Dissemination of this facsimile to anyone else is strictly prohibited. If you have received this facsimile in error, please notify us by telephone immediately.

RE: W/2 SEC. 28,
T21S, R27E

Ownership List - Esperanza Prospect

Mewbourne Oil Company	31.62105%
* Central Resources, Inc.	9.65159%
* RKC, Inc.	1.70322%
Redfern Enterprises, Inc.	4.09023%
Devon Energy Corporation (Nevada) (WILL JOIN)	4.21298%
Texona Petroleum Corporation (WILL JOIN)	.13101%
Texas Independent Exploration, Inc.	.00390%
Rick Zimmerman d/b/a Island Resources	.69790%
Robert St. John	.03673%
David DeMarco d/b/a Black and Gold Resources	.00056%
Lowell Todd Armstrong	.00334%
First Union National Bank, Trustee of First Texas Investment Statutory Trust	.87345%
J. M. Huber Corp.	2.34375%
J. C. Davis, Jr.	1.17187%
James L. Pierce MEWBOURNE	1.17187%
J. Hiram Moore, Betty Jane Moore and Michael Harrison Moore, Trustees UTT dated July 1, 1971 MEWBOURNE	1.85405%
Six Bits, Inc.	18.750%
Carlsbad School Employees Credit Union MEWBOURNE	.29375%
Enequina O. Elizondo SIX BITS	.29688%
Tony Rodriguez and wife, Eduvina Rodriguez, as joint tenants MEWBOURNE	.62500%
Pascual O. Elizondo, a widower MEWBOURNE	1.62623%
Mike Martinez or Erlinda Martinez, Trustee of the Martinez Family Trust dated 5/3/94	.09063%
Alameda Cawley Caldwell, as her separate property SIX BITS	11.71875%
Suzanne Cawley Caldwell, as her separate property SIX BITS	3.51563%
Jason Cawley, as his separate property SIX BITS	3.51563%

* THIS INTEREST OWNED BY ALTURA AS TO RIGHTS FROM THE BASE
OF THE BONE SPRING FORMATION TO THE TOP OF THE MORROW FORMATION.

Called Rick Hodges this
DATE - NOT IN - TALKED TO
GARY DAVIS - HE SAID HE
WOULD CHECK ON THE STATUS
AS TO THEIR RESPONSE TO
OUR WELL PROPOSAL -
HE SAID CHECK BACK
W/ HIM WED. THE 25TH.

PH
8.23.99

Called Gary Davis this DATE
TO CHECK ON THEIR PARTICIPATION
STATUS - LEFT MESSAGE FOR
HIM TO CALL.

PH
8.25.99

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

—
(915) 682-3715
FAX (915) 685-4170

August 20, 1999

Central Resources, Inc.
1775 Sherman Street, Suite 2600
Denver, CO 80203

Attn: Mr. Richard L. Hodges

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Gentlemen:

In reference to the captioned proposed well, our title examination indicates your firm owns a 9.65159% unit interest in the captioned 320 acre tract of land. As of this date, we have not received a written response as to your firm's participation in the subject well. Regarding same, we would appreciate receiving a decision from you prior to August 27th, the Friday before the September 2, 1999 compulsory pooling hearing date.

Should you have any questions regarding the above, please call.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

Called Rick Hodges
w/ Central Resources
this date regarding our
well proposal - left
message for him to call
me in order for ~~us~~ us to
set up a meeting date ~~which~~
~~I requested~~ to discuss.

PA
8-6-99

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

July 26, 1999

Central Resources, Inc.
1775 Sherman Street, Suite 2600
Denver, CO 80203

Attn: Mr. Richard L. Hodges

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Dear Richard:

Regarding the captioned proposed well, enclosed for your file is a copy of Pages 15, 16, 34, 35, 36, 37 and Pages A-1 and A-2 of Exhibit "A" which were apparently omitted from the copy of our Original Drilling Title Opinion dated July 20, 1999 which I previously sent to you under separate cover.

Should you have any questions regarding our well proposal, please call.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

July 23, 1999

Central Resources, Inc.
1775 Sherman Street, Suite 2600
Denver, Colorado 80203

Attn: Mr. Richard L. Hodges

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Gentlemen:

Regarding the captioned well and land, enclosed for your file and information is a copy of our Original Drilling Title Opinion dated July 20, 1999. We hope that the title information contained therein as to your interest may help to expedite your decision as to your participation in the subject well.

Should you have any questions regarding the above, please call.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

July 22, 1999

Certified Mail- Return Receipt Requested Z236347196

Central Resources, Inc.
1775 Sherman Street, Suite 2600
Denver, Colorado 80203
Attention: Mr. Rick L. Hodges

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company (Mewbourne) hereby proposes the drilling of a well to a depth sufficient to adequately test the Morrow formation, anticipated total depth being 11,900 '. Furthermore, Mewbourne shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The W/2 of the captioned Section 28 will be dedicated as the proration unit for the well.

The referenced well will be located approximately 1750' FSL & 660' FWL of Section 28, T21S, R27E, Eddy County, New Mexico. Our AFE dated 5-12-99 is enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

Upon receipt of the executed AFE or by prior request, we will forward our Joint Operating Agreement for your review and execution.

In the event you do not wish to participate, Mewbourne respectfully requests that you farmout your interest to Mewbourne under the following proposed terms:

- 1) Farmout all of your interest in the W/2 of the captioned Section 28 for a period of 180 days to Mewbourne under the following general terms:
 - (a) If any well drilled under the terms of our farmout agreement results in oil and/or gas production on a proration unit that includes your acreage, Mewbourne will earn an assignment of 100% of your rights and interest, free of any liens or encumbrances, in the proration unit assigned to each well to a depth of 100' below the total depth drilled for each well.

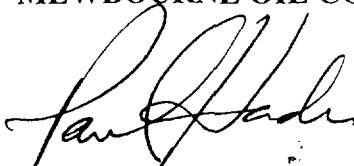
Esperanza "28" Fee Com. No. 1 Well
July 22, 1999
Page -2-

- (b) You shall retain an overriding royalty interest equal to the difference, if any, between 25% of all oil and gas produced and the total of all royalty interests, overriding royalty interests and other burdens or lawful claims upon production to which your leases may be currently subject, so that Mewbourne will be assigned a 75% net revenue interest as to your leases. Such overriding royalty interest retained by you shall be subject to proportionate reduction.
- (c) Upon acceptance of our farmout proposal you agree to furnish at no cost to Mewbourne, title information such as copies of the leases covering the captioned lands, title opinions currently in your possession, title curative, letter agreements and any contracts currently in effect, etc.

Should you have any questions regarding the above, please do not hesitate to call.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

Esperanza "28" Fee Com. #1

SENDER: <i>ISS#3 DENVER P&DC</i> <i>19 JUL 26 1999</i>	
<small>■ Complete Items 1 and 2 for additional services. ■ Complete Items 3, 4 and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.</small>	
<small>I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.</small>	
3. Article Addressed to: Central Resources, Inc. 1775 Sherman Street, Suite 2600 Denver, Colorado 80203 Attn: Mr. Rick L. Hodges	4a. Article Number <i>Z 236 347 196</i>
	4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD
	7. Date of Delivery <i>7/26</i>
5. Received By: (Print Name) <i>L Schamp</i>	8. Addressee's Address (Only if requested and fee is paid)
6. Signature: (Addressee or Agent) <i>X L Schamp</i>	

Is your RETURN ADDRESS completed on the reverse side?

PS Form 3811, December 1994 102595-97-B-0179 Domestic Return Receipt

Thank you for using Return Receipt Service.

Called J.C. Davis, Jr.
this date in follow up
of well proposal - left message
this date for him to call me.

PH
8.23.99

Re J.C. Davis, Jr. this date -
he wants to go under the
pooling - I advised him our
hearing was continued to 9-16-99

PH 8.25.99

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

July 22, 1999

Certified Mail- Return Receipt Requested Z236347198

J.C. Davis, Jr.
4703 Boulder Drive
Midland, Texas 79707

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company (Mewbourne) hereby proposes the drilling of a well to a depth sufficient to adequately test the Morrow formation, anticipated total depth being 11,900'. Furthermore, Mewbourne shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The W/2 of the captioned Section 28 will be dedicated as the proration unit for the well.

The referenced well will be located approximately 1750' FSL & 660' FWL of Section 28, T21S, R27E, Eddy County, New Mexico. Our AFE dated 5-12-99 is enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

Upon receipt of the executed AFE or by prior request, we will forward our Joint Operating Agreement for your review and execution.

In the event you do not wish to participate, Mewbourne respectfully requests that you farmout your interest to Mewbourne under the following proposed terms:

- 1) Farmout all of your interest in the W/2 of the captioned Section 28 for a period of 180 days to Mewbourne under the following general terms:
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Esperanza "28" Fee Com. No. 1 Well

July 22, 1999


Page -2-

- (b) You shall retain an overriding royalty interest equal to the difference, if any, between 25% of all oil and gas produced and the total of all royalty interests, overriding royalty interests and other burdens or lawful claims upon production to which your leases may be currently subject, so that Mewbourne will be assigned a 75% net revenue interest as to your leases. Such overriding royalty interest retained by you shall be subject to proportionate reduction.
- (c) Upon acceptance of our farmout proposal you agree to furnish at no cost to Mewbourne, title information such as copies of the leases covering the captioned lands, title opinions currently in your possession, title curative, letter agreements and any contracts currently in effect, etc.

Should you have any questions regarding the above, please do not hesitate to call.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

Esperanza "28" Fee Com. #1

SENDER: ■ Complete items 1 and/or 2 for additional services. ■ Complete items 3, 4a, and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: J. C. Davis, Jr 4703 Boulder Drive Midland, Texas 79707		4a. Article Number Z 236 347 198	
5. Received By: (Print Name)		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
6. Signature: (Addressee or Agent) X <i>J. C. Davis, Jr</i>		7. Date of Delivery <i>7-28</i>	
		8. Addressee's Address (Only if requested and fee is paid)	

PS Form 3811, December 1994 102595-97-B-0179 Domestic Return Receipt

Is your RETURN ADDRESS completed on the reverse side?

Thank you for using Return Receipt Service.

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

FACSIMILE TRANSMITTAL COVER SHEET

Date: 7/27/99

Time: _____

Page 1 of 10 Pages

TO:

DAVID DEMARCO

FACSIMILE NO.: (913) 960-7167 PHONE NO.: _____

FROM:

PAUL HADEN

TYPE OF DOCUMENT:

TITLE OPINION PAGES

ORIGINAL TO FOLLOW IN MAIL (Y/N): _____

MESSAGE: _____

IF YOU DO NOT RECEIVE ALL PAGES CLEARLY, PLEASE CALL US AS SOON AS
POSSIBLE.

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MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

July 22, 1999

Certified Mail- Return Receipt Requested Z236347193

David V. DeMarco, d/b/a Black & Gold Resources
3050 Post Oak Blvd., ~~Suite 502~~
Houston, Texas 77056

SUITE 500

FAX: 713-960-7167

Ph. : 713-960-7161

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Ladies and Gentlemen:

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In the event you do not wish to participate, Mewbourne respectfully requests that you farmout your interest to Mewbourne under the following proposed terms:

- 1) Farmout all of your interest in the W/2 of the captioned Section 28 for a period of 180 days to Mewbourne under the following general terms:
 - (a) If any well drilled under the terms of our farmout agreement results in oil and/or gas production on a proration unit that includes your acreage, Mewbourne will earn an assignment of 100% of your rights and interest, free of any liens or encumbrances, in the proration unit assigned to each well to a depth of 100' below the total depth drilled for each well.

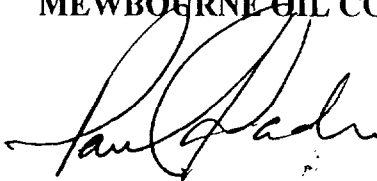
Esperanza "28" Fee Com. No. 1 Well
July 22, 1999
Page -2-

- (b) You shall retain an overriding royalty interest equal to the difference, if any, between 25% of all oil and gas produced and the total of all royalty interests, overriding royalty interests and other burdens or lawful claims upon production to which your leases may be currently subject, so that Mewbourne will be assigned a 75% net revenue interest as to your leases. Such overriding royalty interest retained by you shall be subject to proportionate reduction.
- (c) Upon acceptance of our farmout proposal you agree to furnish at no cost to Mewbourne, title information such as copies of the leases covering the captioned lands, title opinions currently in your possession, title curative, letter agreements and any contracts currently in effect, etc.

Should you have any questions regarding the above, please do not hesitate to call.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

Esperanza "28" Fee Com #1

Is your RETURN ADDRESS completed on the reverse side?	SENDER: <ul style="list-style-type: none">■ Complete items 1 and/or 2 for additional services.■ Complete items 3, 4a, and 4b.■ Print your name and address on the reverse of this form so that we can return this card to you.■ Attach this form to the front of the mailpiece, or on the back if space does not permit.■ Write "Return Receipt Requested" on the mailpiece below the article number.■ The Return Receipt will show to whom the article was delivered and the date delivered.	I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
	3. Article Addressed to: David V. DeMarco d/b/a Black & Gold Resources 3050 Post Oak Blvd., Ste. 502 Houston, Texas 77056	4a. Article Number <i>Z 236 347 193</i>	Thank you for using Return Receipt Service.
	5. Received By: (Print Name) <i>E. Martinez</i>	4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
		6. Signature: (Addressee or Agent) X	
		8. Addressee's Address (Only if requested and fee is paid)	

PS Form 3811, December 1994 102595-97-B-0179 Domestic Return Receipt

Devon

Advised Carla this date
that we were proceeding w/
pooling. We would name
them at pooling w/understanding
that we would dismiss them
upon their execution of the
JOA. Carla said there
wasn't anyone in her office
that could sign same for
the next 2 weeks.

9-14-99 PH

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

August 27, 1999

Devon Energy Corporation (Nevada)
20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102

Attn: Carla D. Wood

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Ladies and Gentlemen:

Enclosed for your further handling is our proposed Operating Agreement dated August 26, 1999 for the captioned land and well in duplicate originals. At your earliest convenience, please execute both originals and return one (1) to me at the above address together with the executed AFE which I have also enclosed another copy of same for your convenience.

For your information, we have continued the compulsory pooling hearing until September 16, 1999. So that we can dismiss you or your firm from the proceedings as to such hearing, we would appreciate receiving the requested executed Operating Agreement and AFE prior to such hearing date.

Should you have any questions regarding the above, please call.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

Advised Steve Hixon
this date that we were
continuing our hearings
to ~~the~~ Sept. 16th.

Advised him that we were
currently preparing a
JOA for execution.

JH.
8-26-99

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

FACSIMILE TRANSMITTAL COVER SHEET

Date: 8-19-99

Time: _____

Page 1 of 2 Pages

TO: CARLA WOOD : DEVON ENERGY CORP., 20 NORTH BROADWAY, SUITE 1500

FACSIMILE NO.: (405) 552-8113 PHONE NO.: OKLAHOMA CITY, OK 73102

FROM: PAUL HADEN

TYPE OF DOCUMENT: UNIT OWNERSHIP FOR MOC ESPERANZA "28" Fee Com. #1

ORIGINAL TO FOLLOW IN MAIL (Y/N): (Y) W/2 SEC. 28, T21S, R27E

MESSAGE: EDDY CO., N.M.

CARLA - AS PROMISED, PLEASE SEE ATTACHED OWNERSHIP
AS TO THE REFERENCED WELL. I WILL SEND YOU AN OPERATING
AGREEMENT SOON. WE'VE RECEIVED DEVON'S EXECUTED APE.
PLEASE CALL IF YOU HAVE ANY QUESTIONS.

IF YOU DO NOT RECEIVE ALL PAGES CLEARLY, PLEASE CALL US AS SOON AS
POSSIBLE.

CONFIDENTIALITY NOTE: The information contained in this facsimile message is confidential and is intended only for the use of the individual or entity named above. Dissemination of this facsimile to anyone else is strictly prohibited. If you have received this facsimile in error, please notify us by telephone immediately.

W/2 F SECTION 28, T21S, R27E
Ownership List - Esperanza Prospect

Mewbourne Oil Company	31.62105%
Central Resources, Inc.	9.65159%
RKC, Inc.	1.70322%
Redfern Enterprises, Inc.	4.09023%
Devon Energy Corporation (Nevada)	4.21298%
Texona Petroleum Corporation	.13101%
Texas Independent Exploration, Inc.	.00390%
Rick Zimmerman d/b/a Island Resources	.69790%
Robert St. John	.03673%
David DeMarco d/b/a Black and Gold Resources	.00056%
Lowell Todd Armstrong	.00334%
First Union National Bank, Trustee of First Texas Investment Statutory Trust	.87345%
J. M. Huber Corp.	2.34375%
J. C. Davis, Jr.	1.17187%
James L. Pierce	1.17187%
J. Hiram Moore, Betty Jane Moore and Michael Harrison Moore, Trustees UTI dated July 1, 1971	1.85405%
Six Bits, Inc.	18.750%
Carlsbad School Employees Credit Union (MOC)	.29375%
Enedina O. Elizondo (SIX BITS, INC.)	.29688%
Tony Rodriquez and wife, Eduvina Rodriquez, as joint tenants (MOC)	.62500%
Pascual O. Elizondo, a widower (MOC)	1.62623%
Mike Martinez or Erlinda Martinez, Trustee of the Martinez Family Trust dated 5/3/94	.09063%
Alameda Cawley Caldwell, as her separate property (SIX BITS, INC.)	11.71875%
Suzanne Cawley Caldwell, as her separate property (SIX BITS, INC.)	3.51563%
Jason Cawley, as his separate property (SIX BITS, INC.)	3.51563%

Called Carla this date
to let her know that
we had to file a pooling
application, however we
plan to continue the
hearing date for title
reasons.

P.H.
8-11-99

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

FACSIMILE TRANSMITTAL COVER SHEET

Date: 8-4-99

Time: _____

Page 1 of 89 Pages

TO:

CARLA WOOD

FACSIMILE NO.:

(405) 552-8113

PHONE NO.:

FROM:

PAUL HADEN

TYPE OF DOCUMENT:

PAGES OF TITLE OPINION

ORIGINAL TO FOLLOW IN MAIL (Y/N):

MESSAGE:

ADVISED CARLA OF MY GUESS AS TO
DEVON'S INTEREST.

CARLA SAYS THAT THEY WILL PROBABLY
JOIN IN THE WELL.

IF YOU DO NOT RECEIVE ALL PAGES CLEARLY, PLEASE CALL US AS SOON AS
POSSIBLE.

CONFIDENTIALITY NOTE: The information contained in this facsimile message is confidential and is intended only for the use of the individual or entity named above. Dissemination of this facsimile to anyone else is strictly prohibited. If you have received this facsimile in error, please notify us by telephone immediately.

To Paul ☐ U. **ENT**

Date 8-3-99 Time 11:25 A.M.
P.M.

WHILE YOU WERE OUT

From Carla Wood

of Union

Phone 405-552-4615
Area Code Number Ext.

Fax
Area Code Number

Telephoned	<input type="checkbox"/>
Came to see you	<input type="checkbox"/>
Returned your call	<input checked="" type="checkbox"/>

Please Call	<input type="checkbox"/>
Wants to see you	<input type="checkbox"/>
Will call again	<input type="checkbox"/>

Message Carla thinks they can give
us an answer in 2-30
weeks. I have advised her
of their interest & she's
reviewing our title opinion.
8-3-99

Signed P.A.

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

—
(915) 682-3715
FAX (915) 685-4170

July 22, 1999

Devon Energy Corporation
20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102

Attn: Carla D. Wood

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Dear Carla:

Regarding the captioned well and land, enclosed for your file and information is a copy of our Original Drilling Title Opinion dated July 20, 1999.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPIH/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

FACSIMILE TRANSMITTAL COVER SHEET

Date: 6-4-99

Time: _____

Page 1 of 3 Pages

TO:

KATHY BOAZ (DEVON)

FACSIMILE NO.:

405-552-8113 PHONE NO.: 405-552-4613

FROM:

PAUL HADEN

TYPE OF DOCUMENT: _____

ORIGINAL TO FOLLOW IN MAIL (Y/N):

N

MESSAGE:

DEVON'S INTEREST MAY BE SUBJECT TO THE
TERMS OF AN OPERATING AGREEMENT DATED 9-2-72 BETWEEN
CITIES SERVICE AS OPERATOR AND MIDWEST OIL CORP., et al
AS NON-OPERATORS COVERING SECTIONS 20, 21, 27, 28, 32,
33 AND 34 T21S, R27E - CALLED THE MAGRUDER
WORKING INTEREST UNIT - HOWEVER, WE CAN NOT CONFIRM
THIS YET - WE ARE WAITING ON TITLE EXAMINATION.

IF YOU DO NOT RECEIVE ALL PAGES CLEARLY, PLEASE CALL US AS SOON AS
POSSIBLE.

CONFIDENTIALITY NOTE: The information contained in this facsimile message is confidential and is intended only for the use of the individual or entity named above. Dissemination of this facsimile to anyone else is strictly prohibited. If you have received this facsimile in error, please notify us by telephone immediately.

Called Devon's
Carla Wood this date
regarding our will
proposal wherein I
advised her of what we
believed Devon's interest
to be as to our proposed
will. She is to review
our proposal while we
examine title. PLS
6-4-99

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

May 26, 1999

Certified Mail- Return Receipt Requested Z236347152

Devon Energy Corporation
20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102
Attn: Carla D. Wood

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company (Mewbourne) hereby proposes the drilling of a well to a depth sufficient to adequately test the Morrow formation, anticipated total depth being 11,900 '. Furthermore, Mewbourne shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The W/2 of the captioned Section 28 will be dedicated as the proration unit for the well.

The referenced well will be located approximately 1750' FSL & 660' FWL of Section 28, T21S, R27E, Eddy County, New Mexico. Our AFE dated 5-12-99 is enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

Upon receipt of the executed AFE or by prior request, we will forward our Joint Operating Agreement for your review and execution.

In the event you do not wish to participate, Mewbourne respectfully requests that you farmout your interest to Mewbourne under the following proposed terms:

- 1) Farmout all of your interest in the W/2 of the captioned Section 28 for a period of 180 days to Mewbourne under the following general terms:
 - (a) If any well drilled under the terms of our farmout agreement results in oil and/or gas production on a proration unit that includes your acreage, Mewbourne will earn an assignment of 100% of your rights and interest, free of any liens or encumbrances, in the proration unit assigned to each well to a depth of 100' below the total depth drilled for each well.

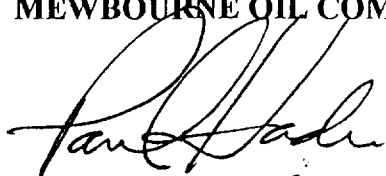
Esperanza "28" Fee Com. No. 1 Well
May 26, 1999
Page -2-

- (b) Devon Energy Corporation (Devon) will retain an overriding royalty interest equal to the difference, if any, between 20% of all oil and gas produced and the total of all royalty interests, overriding royalty interests and other burdens or lawful claims upon production to which the Devon leases may be currently subject, so that Mewbourne will be assigned a 80% net revenue interest in the Devon leases. Such overriding royalty interest retained by Devon shall be subject to proportionate reduction.
- (c) Upon acceptance of our farmout proposal Devon agrees to furnish at no cost to Mewbourne, title information such as copies of the leases covering the captioned lands, title opinions currently in your possession, title curative, letter agreements and any contracts currently in effect, etc.

Should you have any questions regarding the above, please do not hesitate to call.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

Esperanza "28" Fee Com. No. 1 Well

SENDER: <ul style="list-style-type: none">Complete Items 1 and 2 for additional services.Complete Items 3, 4, and 5.Print your name and address on the reverse of this form so that we can return this card to you.Attach this form to the front of the mailpiece, or on the back if space does not permit.Write "Return Receipt Requested" on the mailpiece below the article number.The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): <ul style="list-style-type: none">1. <input type="checkbox"/> Addressee's Address2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: Devon Energy Corporation 20 North Broadway, Suite 1500 Oklahoma City, OK 73102 Attention: Carla D. Wood		4a. Article Number <i>2 236 347 152</i>	
5. Received By: (Print Name) <i>Steven G. Wood</i>		4b. Service Type <ul style="list-style-type: none"><input type="checkbox"/> Registered<input type="checkbox"/> Express Mail<input type="checkbox"/> Return Receipt for Merchandise<input checked="" type="checkbox"/> Certified<input type="checkbox"/> Insured<input type="checkbox"/> COD	
6. Signature: (Addressee or Agent) <i>X</i>		7. Date of Delivery <i>6-1</i>	
		8. Addressee's Address (Only if requested and fee is paid)	

Is your RETURN ADDRESS completed on the reverse side? **X**

PS Form 3811, December 1994 102595-97-B-0179 Domestic Return Receipt

Thank you for using Return Receipt Service.

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

May 26, 1999

Certified Mail- Return Receipt Requested Z236347157

Estate of Pascual O. Elizondo, Deceased,
his Heirs and Devisees
c/o Eric O. Elizondo
1412 Elizondo Road
Carlsbad, New Mexico 88220

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company (Mewbourne) hereby proposes the drilling of a well to a depth sufficient to adequately test the Morrow formation, anticipated total depth being 11,900'. Furthermore, Mewbourne shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The W/2 of the captioned Section 28 will be dedicated as the proration unit for the well.

The referenced well will be located approximately 1750' FSL & 660' FWL of Section 28, T21S, R27E, Eddy County, New Mexico. Our AFE dated 5-12-99 is enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

Upon receipt of the executed AFE or by prior request, we will forward our Joint Operating Agreement for your review and execution.

In the event you do not wish to participate, Mewbourne respectfully requests that you lease your interest to Mewbourne under the following proposed terms:

- 1) Lease all of your mineral interest in the W/2 of the captioned Section 28 to Mewbourne under the following general terms:
 - (a) A three (3) year paid-up Oil and Gas Lease.

Esperanza "28" Fee Com. No. 1 Well
May 26, 1999
Page -2-

- (b) A lease bonus consideration of \$100.00 per net mineral acre.
- (c) A three-sixteenths (3/16) royalty interest on oil and gas.

Should you have any questions regarding the above, please do not hesitate to call.

Sincerely yours,

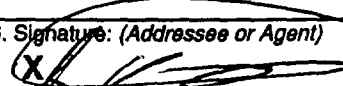
MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

Esperanza "28" Fee Com. No. 1 Well

SENDER: <ul style="list-style-type: none">■ Complete items 1 and 2 for additional services.■ Complete items 3, 4a, and 4b.■ Print your name and address on the reverse of this form so that we can return this card to you.■ Attach this form to the front of the mailpiece, or on the back if space does not permit.■ Write "Return Receipt Requested" on the mailpiece below the article number.■ The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: Estate of Pascual O. Elizondo his Heirs and Devisees c/o Eric O. Elizondo 1412 Elizondo Road Carlsbad, New Mexico 88220		4a. Article Number <i>2 236 347 157</i>	
5. Received By: (Print Name)		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
6. Signature: (Addressee or Agent) 		7. Date of Delivery <i>5-28-99</i>	
		8. Addressee's Address (Only if requested and fee is paid)	

Is your RETURN ADDRESS completed on the reverse side?

PS Form 3811, December 1994 102995-97-B-0179 Domestic Return Receipt

Thank you for using Return Receipt Service.

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

February 25, 1999

^C
Pasqual O. Elizondo
Elizondo Road
Carlsbad, New Mexico 88220

Re: 10.41 acres described as follows:

Beginning at the SW corner of the NW/4SW/4 of Section 28, T-21-S, R-27-E; thence North along the West line of the said NW/4SW/4 a distance of 1022.50 feet; thence East parallel to the South line of said NW/4SW/4 a distance of 852.00 feet; thence South parallel to the West line of the said NW/4SW/4 a distance of 1022.50 feet to the South line of the said NW/4SW/4; thence West along the South line of said NW/4SW/4 a distance of 852.00 feet to the point of beginning,

T21S, R27E

Eddy County, New Mexico

Gentlemen:

Eddy County records indicate that you own a undivided 1/2 mineral interest in the captioned 10.41 acre tract of land which appears to be unleased. If this is correct, MEWBOURNE OIL COMPANY hereby offers you \$100.00 per net mineral acre for a three (3) year paid-up Oil and Gas Lease providing a one-eighth (1/8) royalty interest.

The above offer is subject to immediate acceptance and Mewbourne's approval of title.

Please respond at your earliest convenience regarding the above. Regarding our offer, please respond in writing or call me collect at our phone number listed above. Enclosed for your convenience in responding is our self-addressed and postage paid envelope.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPIH/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

—
(915) 682-3715
FAX (915) 685-4170

August 13, 1999

Eugene Elizondo
1406 Elizondo Road
Carlsbad, New Mexico 88220

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28,
T21S, R27E
Eddy County, New Mexico

Dear Mr. Elizondo:

Reference is made to the captioned proposed well, my previous letters dated 2-25-99, 4-09-99, 5-26-99 and 6-23-99 and your receipt of our Application for Compulsory Pooling as to the spacing unit for the captioned well. Please be advised, it is not our intentions of forcing you to do something that you do not want to do. However, as an Oil and Gas Lessee, we have the right to drill the captioned proposed well at our proposed location of 1750' FSL (From the South Line) & 660' FWL (From the West Line) of the captioned Section 28. Furthermore, we have the right to use as much of the surface as is reasonably necessary to develop the underlying mineral estate as the rights of the mineral estate owners are superior to the surface estate owners. However, as an Oil and Gas Lessee, we have the obligation to monetarily compensate the surface estate owners for any actual damage incurred to the surface owner's property. In this connection, we have already settled the surface damages with Tony Rodriguez.

Regarding the above, as an unleased mineral owner, you have the option to lease your mineral interest to us (as we offered), the right to join in the proposed well as to your percentage mineral ownership in the proposed drilling spacing unit or you have the option to be a non-consenting party under the terms of a Compulsory Pooling Order as issued by the New Mexico Oil Conservation Division as a result of an Examiner's hearing held in Santa Fe, New Mexico, which is the reason why you have received our Application for Compulsory Pooling as to the captioned well and spacing unit.

Our title examination of the captioned land indicates you may own a mineral interest by virtue of your inheritance from the Estate of Pascual O. Elizondo, Jr., Deceased. Apparently your father did not leave a Last Will & Testament which resulted in his estate being subject to the laws of descent and distribution for the State of New Mexico. According to our title examination of the captioned land, Pascual O. Elizondo, Jr. owned an undivided 1/2 mineral interest in the following described tract of land:

Eugene Elizondo
Esperanza "28" Fee Com. No. 1 Well
August 13, 1999
Page -2-

"A twenty (20) acre tract of land in the NW/4SW/4 of Section 28, Township 21 South, Ranch 27 East, Eddy County, New Mexico, described as beginning at the Southwest corner of said NW/4SW/4, thence North 1022.50 feet, thence East 852 feet, thence South 1022.50 feet, thence West 852 feet to the point of beginning".

Regarding the above, we are basing your ownership in the referenced tract of land by virtue of the heirs listed on Exhibit "A" of that certain Proof of Death and Heirship executed by Tony Rodriguez as to the Estate of Olivia Ortega Elizondo, Deceased which is filed of record in Eddy County in Book 250, at Page 1045 of the Eddy County Records (see copy enclosed). As there are ten heirs listed, you own 1/10th of said Estate which we presume would be the same ownership in your father's Estate. If this is correct, you own 1/10 of an undivided 1/2 interest in the referenced tract of land which we believe said tract actually comprises 10.41 acres. Accordingly, you own $1/10 \times 1/2 \times 10.41$ acres which equals 0.5205 net mineral acres in our proposed 320 acre drilling and spacing unit.

In the event you decided to join us as to your percentage interest in the spacing unit for the above well, your estimated expense (which does not include operating costs in the event such well is completed as a producer) would be calculated as follows:

$$.5205 \text{ (net mineral acres)} / 320 \text{ (acres in the spacing unit)} = .0016265 \text{ (.1625\%)}$$

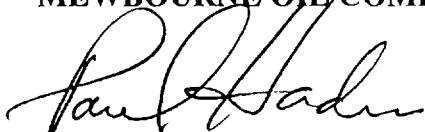
$$.0016265 \times \$768,500 \text{ (total estimated well cost)} = \$1,248.81 \text{ (your estimated cost)}$$

In the event you decide not to join us in the proposed well and elect not to be force pooled at the upcoming Examiner's hearing in Santa Fe, we would still be willing to lease your interest under the referenced tract of land on the basis of a cash consideration of \$100.00, for a Oil & Gas Lease providing for a primary term of three (3) years with such lease providing for a 3/16th royalty interest, subject to proportionate reduction. Such offer will remain available for your acceptance for a period of thirty (30) days from the date of this letter.

Should you have any further questions regarding the above, please do not hesitate to call me at the above phone number.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

June 23, 1999

Eugene Elizondo
1406 Elizondo Road
Carlsbad, New Mexico 88220

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

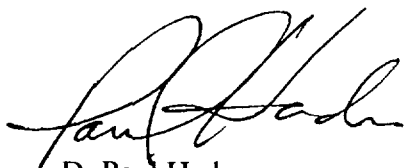
Dear Mr. Elizondo:

Reference is made to my previous letter to you dated May 26, 1999 regarding the captioned proposed well and your currently unleased mineral interest regarding the same. As of this date you have not responded to our well proposal. In the event you elect not to participate in the drilling and completion of the captioned well to the full extent of your mineral interest, we are requesting you to lease your interest to us on the terms offered in the above referenced letter. For your information, all of the other family members of the Estate of Pascual Olga Elizondo, Jr., Deceased, have agreed to lease their mineral interest to us as of this date except for Emma Bellis, Antonio Vargas, Irma Vargas Daily and yourself.

Regarding the above, please respond at your earliest convenience by writing to me at our address listed above or by calling me collect at the above phone number.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

—
(915) 682-3715
FAX (915) 685-4170

May 26, 1999

Certified Mail- Return Receipt Requested Z236347159

Eugene Elizondo
1406 Elizondo Road
Carlsbad, New Mexico 88220

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company (Mewbourne) hereby proposes the drilling of a well to a depth sufficient to adequately test the Morrow formation, anticipated total depth being 11,900 '. Furthermore, Mewbourne shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The W/2 of the captioned Section 28 will be dedicated as the proration unit for the well.

The referenced well will be located approximately 1750' FSL & 660' FWL of Section 28, T21S, R27E, Eddy County, New Mexico. Our AFE dated 5-12-99 is enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

Upon receipt of the executed AFE or by prior request, we will forward our Joint Operating Agreement for your review and execution.

In the event you do not wish to participate, Mewbourne respectfully requests that you lease your interest to Mewbourne under the following proposed terms:

- 1) Lease all of your mineral interest in the W/2 of the captioned Section 28 to Mewbourne under the following general terms:
 - (a) A three (3) year paid-up Oil and Gas Lease.

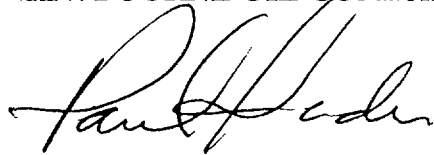
Esperanza "28" Fee Com. No. 1 Well
May 26, 1999
Page -2-

- (b) A lease bonus consideration of \$100.00 per net mineral acre.
- (c) A three-sixteenths (3/16) royalty interest on oil and gas.

Should you have any questions regarding the above, please do not hesitate to call.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

Esperanza "28" Fee Com. No. 1 Well

SENDER: ■ Complete Items 1 and/or 2 for additional services. ■ Complete Items 3, 4a, and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: Eugene Elizondo 1406 Elizondo Road Carlsbad, New Mexico 88220		4a. Article Number <u>Z 236 347 159</u>	
		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
5. Received By: (Print Name)		7. Date of Delivery <u>5-28-99</u>	
6. Signature: (Addressee or Agent) <u>X</u>		8. Addressee's Address (Only if requested and fee is paid)	

Is your RETURN ADDRESS completed on the reverse side?

PS Form 3811, December 1994 102995-97-B-0179 Domestic Return Receipt

Thank you for using Return Receipt Service.

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

April 9, 1999

Eugenio O. Elizondo
1611 Hacienda Ave.
Carlsbad, New Mexico 88220

Re: Esperanza No. 1 Well;
W/2 of Section 28, T21S, R27E,
Eddy County, New Mexico

Dear Mr. Elizondo:

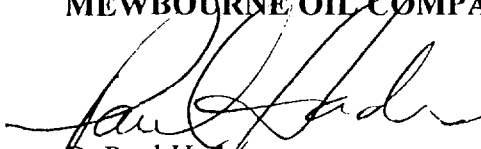
For reference, Mewbourne Oil Company as Operator has plans to drill the captioned well to a depth sufficient to adequately evaluate the Morrow formation at a location 660 feet from the West line and 1750 feet from the South line of the captioned Section 28, estimated total depth being 11,700 feet beneath the surface. The W/2 of the subject Section 28 will be dedicated to the well for production allowable purposes as prescribed by the New Mexico Oil Conservation Division.

In reference to the above, I previously sent you a letter dated February 25, 1999 (apparently to the wrong address; see copy attached) wherein we offered to purchase an Oil and Gas Lease covering your 1/2 mineral interest in a 4.0 acre tract of land as described in and on the terms offered in said letter. To date we have not received a response from you regarding our offer. Unless I hear from you earlier, I will call you the week of April 12-16 to set up a meeting at your convenience to discuss our proposal.

Should you have any questions prior to my phone call, please do not hesitate to phone me collect at the above phone number listed on our letterhead.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

February 25, 1999

Eugene O. Elizondo
Elizondo Road
Carlsbad, New Mexico 88220

Re: 4.00 acres described as follows:
Beginning at a point 1022.50 feet North and 426 feet East of the SW corner of the
NW/4SW/4 of Section 28, T-21-S, R-27-E; thence East 426.00 feet; thence South
409.00 feet; thence West 426.00 feet; thence North 426.00 feet to the point of beginning,
T21S, R27E
Eddy County, New Mexico

Gentlemen:

Eddy County records indicate that you own a undivided 1/2 mineral interest in the captioned 4.00 acre tract of land which appears to be unleased. If this is correct, MEWBOURNE OIL COMPANY hereby offers you \$100.00 per net mineral acre for a three (3) year paid-up Oil and Gas Lease providing a one-eighth (1/8) royalty interest.

The above offer is subject to immediate acceptance and Mewbourne's approval of title.

Please respond at your earliest convenience regarding the above. Regarding our offer, please respond in writing or call me collect at our phone number listed above. Enclosed for your convenience in responding is our self-addressed and postage paid envelope.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

First Union Nat'l Bk, (915) 682-3715
FAX (915) 685-4170

September 3, 1999

Via Certified Mail-Return Receipt Requested Z236347212

Joseph de Compiegne
P.O. Box 1071
Midland, Texas 79702

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Dear Joe:

As you will recall, we previously proposed the captioned well to Patoil Corporation per our letter dated May 26, 1999 (see copy enclosed). Per our phone conversation shortly thereafter, you advised me that you thought that Patoil sold their interest to someone a few years earlier. Upon our title examination of the captioned land, we found that Patoil Corporation merged into First Texas Investment Statutory Trust with the First Union National Bank designated as Trustee per Certificate dated October 13, 1998, recorded in Book 341, page 751, Eddy County Records. Per a phone conversation between our attorney, Jim Bruce and Jeff Kramer of First Union National Bank, Mr. Kramer advised Mr. Bruce that First Union had sold its interest to you. Our abstract coverage for the captioned land covers the period from inception of the records to May 6, 1999 for the County records and our abstract coverage for the Plat Book Records, Historical Index Records and Serial Record of Lease NM 0354232 in the United States Land Office in Santa Fe, New Mexico covers the period from inception of the records to March 1, 1999. Accordingly, you apparently acquired the referenced interest sometime after such dates. In this connection, please furnish me a copy of the applicable instrument wherein you acquired such interest. According to our records, First Union owned a .87345% unit interest in the captioned land. For your information I've enclosed a copy of our Original Drilling Title Opinion dated July 20, 1999 and a copy of Allen Harvey's Ownership List-Esperanza Prospect which sets forth the unit ownership in the captioned land as to rights from the base of the Bone Spring formation to the base of the Morrow formation.

Assuming that you now own the referenced interest, Mewbourne Oil Company hereby proposes the drilling of the captioned well to you on the same terms as referenced in our previous letter to Patoil Corporation dated May 26, 1999 and our letter to First Union National Bank, Trustee of First Texas Investment Statutory Trust dated July 22, 1999 (see copy enclosed). Enclosed for your information

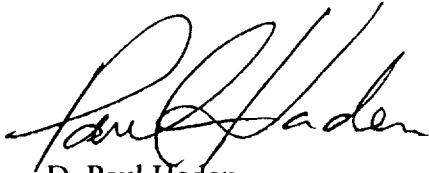
Joseph de Compiegne
September 3, 1999
Page -2-

In the event you elect to participate in the captioned well, please sign and return the AFE to me and I will forward you our Operating Agreement dated August 26, 1999 for the captioned land.

As the Compulsory Pooling Hearing in Santa Fe is scheduled for September 16, 1999, your immediate response to our well proposal would be greatly appreciated. Please call me if you'd like to discuss our well proposal further.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

Esperanza "28" Fec. Com. No. 1

SENDER: <ul style="list-style-type: none">Complete Items 1 and/or 2 for additional services.Complete Items 3, 4a, aPrint your name and address on the reverse of this form so that we can return this card to you.Attach this form to the front of the mailpiece, or on the back if space does not permit.Write "Return Receipt Requested" on the mailpiece below the article number.The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: Joseph de Compiegne P.O. Box 1071 Midland, Texas 79702		4a. Article Number Z 236 347 2121	
5. Received By: (Print Name)		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
6. Signature: (Addressee or Agent) X <i>Kimberly Martin</i>		7. Date of Delivery SEP 8 1999	
PS Form 3811, December 1994		8. Addressee's Address (Only if requested and fee is paid) DOWN TOWN SANTA FE, N.M.	

102595-97-B-0179 Domestic Return Receipt

Thank you for using Return Receipt Service.

JAMES BRUCE
Attorney at Law
Post Office Box 1056
Santa Fe, New Mexico 87504
Telephone: (505) 982-2043
Fax: (505) 982-2151

FAX COVER SHEET

DELIVER TO: D. Paul Haden

COMPANY: Mewbourne Oil Company

CITY: Midland, Texas

FAX NUMBER: (915) 685-4170

NUMBER OF PAGES: 1 (Including Cover Sheet)

DATE SENT: 9/2/99

MEMO: Paul: Jeff Kramer of First Union National Bank, Trustee of the First Texas Statutory Trust, called back and said the trust's interest was conveyed to Joseph Decompiagne, P.O. Box 1071, Midland, Texas 79702. The fax number for Mr. Decompiagne (or his representative) is (210) 227-6560.

If you need to speak to Mr. Kramer, his number is (860) 692-7216.

CONFIDENTIALITY NOTICE

This transmission contains information which may be confidential and/or legally privileged. The information is intended only for the above-named recipient. If you are not the intended recipient, any copying or distribution of the information is prohibited. If you have received this transmission in error, please call us at the above number and return the document by United States mail. Thank you.

Talked to Jeff Kramer this date regarding their interest. He said he thought the Trust sold all of its interest to Joe de Compiegne, however he can't locate the conveyance. I told him we'd propose the well to Joe de Compiegne. JHB
9-2-99

JAMES BRUCE
Attorney at Law
Post Office Box 1056
Santa Fe, New Mexico 87504
Telephone: (505) 982-2043
Fax: (505) 982-2151

FAX COVER SHEET

DELIVER TO: D. Paul Haden

COMPANY: Mewbourne Oil Company

CITY: Midland, Texas

FAX NUMBER: (915) 685-4170

NUMBER OF PAGES: 1 (Including Cover Sheet)

DATE SENT: 9/1/99

MEMO: Paul: I got a call from an officer of First Union National Bank, Trustee of the First Texas Statutory Trust, regarding the Esperanza well. He said that the trust conveyed its interest. He will check his file to see who the grantee is, but you may want to double check the county records.

CONFIDENTIALITY NOTICE

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MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

August 20, 1999

First Union National Bank, Trustee
of First Texas Investment Statutory Trust
1001 Fannin Street, Suite 2255
Houston, Texas 77002

Attn: Mr. Jay Chernosky

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Gentlemen:

In reference to the captioned proposed well, our title examination indicates your firm owns a .87345% unit interest in the captioned 320 acre tract of land. As of this date, we have not received a written response as to your firm's participation in the subject well. Regarding same, we would appreciate receiving a decision from you prior to August 27th, the Friday before the September 2, 1999 compulsory pooling hearing date.

Should you have any questions regarding the above, please call.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

July 22, 1999

Certified Mail- Return Receipt Requested Z236347195

First Union National Bank, Trustee of
First Texas Investment Statutory Trust
1001 Fannin Street, Suite 2255
Houston, Texas 77002
Attention: Mr. Jay Chernosky

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company (Mewbourne) hereby proposes the drilling of a well to a depth sufficient to adequately test the Morrow formation, anticipated total depth being 11,900 '. Furthermore, Mewbourne shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The W/2 of the captioned Section 28 will be dedicated as the proration unit for the well.

The referenced well will be located approximately 1750' FSL & 660' FWL of Section 28, T21S, R27E, Eddy County, New Mexico. Our AFE dated 5-12-99 is enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

Upon receipt of the executed AFE or by prior request, we will forward our Joint Operating Agreement for your review and execution.

In the event you do not wish to participate, Mewbourne respectfully requests that you farmout your interest to Mewbourne under the following proposed terms:

- 1) Farmout all of your interest in the W/2 of the captioned Section 28 for a period of 180 days to Mewbourne under the following general terms:
 - (a) If any well drilled under the terms of our farmout agreement results in oil and/or gas production on a proration unit that includes your acreage, Mewbourne will earn an assignment of 100% of your rights and interest, free of any liens or encumbrances, in the proration unit assigned to each well to a depth of 100' below the total depth drilled for each well.

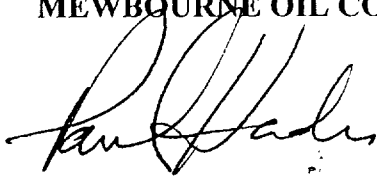
Esperanza "28" Fee Com. No. 1 Well
July 22, 1999
Page -2-

- (b) You shall retain an overriding royalty interest equal to the difference, if any, between 25% of all oil and gas produced and the total of all royalty interests, overriding royalty interests and other burdens or lawful claims upon production to which your leases may be currently subject, so that Mewbourne will be assigned a 75% net revenue interest as to your leases. Such overriding royalty interest retained by you shall be subject to proportionate reduction.
- (c) Upon acceptance of our farmout proposal you agree to furnish at no cost to Mewbourne, title information such as copies of the leases covering the captioned lands, title opinions currently in your possession, title curative, letter agreements and any contracts currently in effect, etc.

Should you have any questions regarding the above, please do not hesitate to call.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

Esperanza "28" Fee Com. #1

SENDER: <ul style="list-style-type: none">Complete Items 1 and/or 2 for additional services.Complete Items 3, 4a, and 4b.Print your name and address on the reverse of this form so that we can return this card to you.Attach this form to the front of the mailpiece, or on the back if space does not permit.Write "Return Receipt Requested" on the mailpiece below the article number.The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): <ul style="list-style-type: none"><input type="checkbox"/> Addressee's Address<input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: First Union National Bank 1001 Fannin Street, Suite 2255 Houston, Texas 77002 Attn: Mr. Jay Chernosky		4a. Article Number Z 236 347 195	
		4b. Service Type <ul style="list-style-type: none"><input type="checkbox"/> Registered<input type="checkbox"/> Express Mail<input type="checkbox"/> Return Receipt for Merchandise<input checked="" type="checkbox"/> Certified<input type="checkbox"/> Insured<input type="checkbox"/> COD	
5. Received By: (Print Name)		7. Date of Delivery 28 JUL 1999	
6. Signature: (Addressee or Agent) X M Frouge		8. Addressee's Address (Only if requested and fee is paid)	

PS Form 3811, December 1994 102595-97-B-0179 Domestic Return Receipt

Is your RETURN ADDRESS completed on the reverse side?

Thank you for using Return Receipt Service.

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

August 20, 1999

Via Fax (713-871-4478) and U.S. Mail

J. M. Huber Corporation
1900 West Loop South, Suite 1600
Houston, Texas 77027

Attn: Mr. W. Paul Loyd

Re: W/2 of Section 28, Below the Base of the
Bone Spring Formation, T21S, R27E,
Eddy County, New Mexico

Dear Paul:

In reference to our previous correspondence regarding Mewbourne's proposed Esperanza "28" Fee Com. No. 1 Well which is dedicated to the W/2 of the subject Section 28 for proration unit purposes, Mewbourne would be interested in purchasing Huber's interest in the captioned land and depths in the event Huber elects not to participate in such well.

Regarding the above, our title-attorney has now determined the unit ownership in the proposed spacing unit as to the rights referenced above (please see attachment as to the ownership). As to Huber's interest, Mewbourne hereby offers \$1,500 (\$200.00 per net acre) for all of J.M. Huber's interest in the captioned land and depths.

The above offer will remain available for Huber's acceptance until September 1, 1999 at 5:00 p.m. In the event Huber elects to participate in the subject well as to Huber's 2.34375% unit interest, please advise me of same and I will forward our Operating Agreement for your consideration.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

FACSIMILE TRANSMITTAL COVER SHEET

Date: 8-19-99

Time: _____

Page 1 of 2 Pages

TO:

CAROL VEATCH

FACSIMILE NO.:

(713) 871-4478

PHONE NO.:

FROM:

PAUL HADEN

TYPE OF DOCUMENT:

OWNERSHIP LIST

ORIGINAL TO FOLLOW IN MAIL (Y/N):

(N)

MESSAGE:

RE: MOC'S ESPERANZA '28" FEE COM. #1 WELL
W/2 SEC. 28, T21S, R27E

CAROL: IN LIEU OF J.M. HUBER BEING FORCE POOLED, WE
WOULD BE AGREEABLE TO PURCHASING HUBER'S INTEREST
FOR \$1,500, IF HUBER DIDN'T WANT TO JOIN IN THE WELL.
PLEASE ADVISE.

IF YOU DO NOT RECEIVE ALL PAGES CLEARLY, PLEASE CALL US AS SOON AS
POSSIBLE.

CONFIDENTIALITY NOTE: The information contained in this facsimile message is confidential and is intended only for the use of the individual or entity named above. Dissemination of this facsimile to anyone else is strictly prohibited. If you have received this facsimile in error, please notify us by telephone immediately.

W/2 SECTION 28, T21S, R27E (5 PERANZA "28" FEE COM. #1)
Ownership List - Esperanza Prospect

Mewbourne Oil Company	31.62105%
Central Resources, Inc.	9.65159%
RKC, Inc.	1.70322%
Redfern Enterprises, Inc.	4.09023%
Devon Energy Corporation (Nevada)	4.21298%
Texona Petroleum Corporation	.13101%
Texas Independent Exploration, Inc.	.00390%
Rick Zimmerman d/b/a Island Resources	.69790%
Robert St. John	.03673%
David DeMarco d/b/a Black and Gold Resources	.00056%
Lowell Todd Armstrong	.00334%
First Union National Bank, Trustee of First Texas Investment Statutory Trust	.87345%
J. M. Huber Corp.	2.34375%
J. C. Davis, Jr.	1.17187%
James L. Pierce (MOC)	1.17187%
J. Hiram Moore, Betty Jane Moore and Michael Harrison Moore, Trustees UTI dated July 1, 1971	1.85405%
Six Bits, Inc.	18.750%
Carlsbad School Employees Credit Union (MOC)	.29375%
Enequina O. Elizondo Six Bits, Inc.	.29688%
Tony Rodriguez and wife, Eduvina Rodriguez, as joint tenants (MOC)	.62500%
Pascual O. Elizondo, a widower (MOC)	1.62623%
Mike Martinez or Erlinda Martinez, Trustee of the Martinez Family Trust dated 5/3/94	.09063%
Alameda Cawley Caldwell, as her separate property Six Bits, Inc.	11.71875%
Suzanne Cawley Caldwell, as her separate property Six Bits, Inc.	3.51563%
Jason Cawley, as his separate property Six Bits, Inc.	3.51563%

PER CONVERSATION WITH
CAROL VEATCH OF J.M.
HUBER CORP. - THEY WILL
ELECT TO NON-CONSENT WELL
PROPOSAL UNDER THE TERMS
OF A POOLING ORDER.

PIA
8-4-99

Paul ☐ URGENT

Date 7-29-99 Time 3:45 P.M.

WHILE YOU WERE OUT

From Carol Veatch

of Paul Loyds office - J.M. Huber Corp.

Phone 713-871-4493

Area Code Number Ext.

Fax _____

Area Code Number

Telephoned	<input checked="" type="checkbox"/>	Please call	<input checked="" type="checkbox"/>
Came to see you	<input type="checkbox"/>	Wants to see you	<input type="checkbox"/>
Returned your call	<input type="checkbox"/>	Will call again	<input type="checkbox"/>

Message concerning election

Signed _____

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

FACSIMILE TRANSMITTAL COVER SHEET

Date: 7-27-99

Time: _____

Page 1 of 8 Pages

TO: PAUL LOYD / J.M. Huber Corp.

FACSIMILE NO.: (713) 871-4478 PHONE NO.: _____

FROM: PAUL HADEN

TYPE OF DOCUMENT: _____

ORIGINAL TO FOLLOW IN MAIL (Y/N): N

MESSAGE: PER YOUR REQUEST, ATTACHED ARE THE PERTINENT PAGES OF OUR ORIGINAL DRILLING TITLE OPINION DATED 7-20-99 FOR THE W/2 SECTION 28, T21S, R27E AS TO HUBER'S INTEREST.

IF YOU DO NOT RECEIVE ALL PAGES CLEARLY, PLEASE CALL US AS SOON AS POSSIBLE.

CONFIDENTIALITY NOTE: The information contained in this facsimile message is confidential and is intended only for the use of the individual or entity named above. Dissemination of this facsimile to anyone else is strictly prohibited. If you have received this facsimile in error, please notify us by telephone immediately.

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020

MIDLAND, TEXAS 79701

(915) 682-3715

FAX (915) 685-4170

July 22, 1999

Certified Mail- Return Receipt Requested Z236347197

J.M. Huber Corporation
1900 West Loop South, Suite 1600
Houston, Texas 77027
Attention: Mr. W. Paul Loyd

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company (Mewbourne) hereby proposes the drilling of a well to a depth sufficient to adequately test the Morrow formation, anticipated total depth being 11,900 '. Furthermore, Mewbourne shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The W/2 of the captioned Section 28 will be dedicated as the proration unit for the well.

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In the event you do not wish to participate, Mewbourne respectfully requests that you farmout your interest to Mewbourne under the following proposed terms:

- 1) Farmout all of your interest in the W/2 of the captioned Section 28 for a period of 180 days to Mewbourne under the following general terms:
 - (a) If any well drilled under the terms of our farmout agreement results in oil and/or gas production on a proration unit that includes your acreage, Mewbourne will earn an assignment of 100% of your rights and interest, free of any liens or encumbrances, in the proration unit assigned to each well to a depth of 100' below the total depth drilled for each well.

Esperanza "28" Fee Com. No. 1 Well
July 22, 1999
Page -2-

- (b) You shall retain an overriding royalty interest equal to the difference, if any, between 25% of all oil and gas produced and the total of all royalty interests, overriding royalty interests and other burdens or lawful claims upon production to which your leases may be currently subject, so that Mewbourne will be assigned a 75% net revenue interest as to your leases. Such overriding royalty interest retained by you shall be subject to proportionate reduction.
- (c) Upon acceptance of our farmout proposal you agree to furnish at no cost to Mewbourne, title information such as copies of the leases covering the captioned lands, title opinions currently in your possession, title curative, letter agreements and any contracts currently in effect, etc.

Should you have any questions regarding the above, please do not hesitate to call.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

Esperanza "28" Fee Com. #1

SENDER: ■ Complete items 1 and/or 2 for additional services. ■ Complete items 3, 4a, and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: J. M. Huber Corporation 1900 West Loop South Suite 1600 Houston, Texas 77027 Attn: Mr. W. Paul Loyd		4a. Article Number Z 236 347 197	Thank you for using Return Receipt Service.
5. Received By: (Print Name)		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
6. Signature: (Addressee or Agent) X <i>W. Paul Loyd</i>		7. Date of Delivery 1-26-99	
PS Form 3811, December 1994		8. Addressee's Address (Only if requested and fee is paid)	

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

—
(915) 682-3715
FAX (915) 685-4170

August 20, 1999

Martinez Family Trust
14202 Fairgrove
La Puente, California 91747

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Dear Mr. & Mrs. Martinez:

In reference to the captioned proposed well, our title examination indicates you own a .09063% unit interest in the captioned 320 acre tract of land. As of this date, we have not received a written response as to your participation in the subject well. Regarding same, we would appreciate receiving a decision from you prior to August 27th, the Friday before the September 2, 1999 compulsory pooling hearing date.

Should you have any questions regarding the above, please call.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020

MIDLAND, TEXAS 79701

(915) 682-3715

FAX (915) 685-4170

June 23, 1999

Martinez Family Trust
14202 Fairgrove
La Puente, CA 91747

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Dear Mr. And Mrs. Martinez:

Reference is made to my previous letters to you dated February 24, April 9 and May 26, 1999 regarding the captioned proposed well and your currently unleased mineral interest regarding the same. As of this date you have not responded to our well proposal. In the event you elect not to participate in the drilling and completion of the captioned well to the full extent of your mineral interest, we are requesting you to lease your interest to us on the terms offered in the above referenced letters or on other terms mutually acceptable.

Regarding the above, please respond at your earliest convenience by writing to me at our address listed above or by calling me collect at the above phone number.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

—
(915) 682-3715
FAX (915) 685-4170

May 26, 1999

Certified Mail- Return Receipt Requested Z236347154

Martinez Family Trust
14202 Fairgrove
LaPuenta, CA 91747

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company (Mewbourne) hereby proposes the drilling of a well to a depth sufficient to adequately test the Morrow formation, anticipated total depth being 11,900 '. Furthermore, Mewbourne shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The W/2 of the captioned Section 28 will be dedicated as the proration unit for the well.

The referenced well will be located approximately 1750' FSL & 660' FWL of Section 28, T21S, R27E, Eddy County, New Mexico. Our AFE dated 5-12-99 is enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

Upon receipt of the executed AFE or by prior request, we will forward our Joint Operating Agreement for your review and execution.

In the event you do not wish to participate, Mewbourne respectfully requests that you lease your interest to Mewbourne under the following proposed terms:

- 1) Lease all of your mineral interest in the W/2 of the captioned Section 28 to Mewbourne under the following general terms:
 - (a) A three (3) year paid-up Oil and Gas Lease.


Esperanza "28" Fee Com. No. 1 Well
May 26, 1999
Page -2-

- (b) A lease bonus consideration of \$100.00 per net mineral acre.
- (c) A three-sixteenths (3/16) royalty interest on oil and gas.

Should you have any questions regarding the above, please do not hesitate to call.

Sincerely yours,

MEWBOURNE OIL COMPANY


D. Paul Haden
Senior Landman

DPH/gb

Esperanza "28" Fee Com. No. 1 Well

SENDER: ■ Complete Items 1 and/or 2 for additional services. ■ Complete Items 3, 4a, and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: Martinez Family Trust 14202 Fairgrove LaPuente, CA 91747		4a. Article Number <i>Z 236 347 154</i>	
5. Received By: (Print Name) <i>MIKE MARTINEZ</i>		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
6. Signature: (Addressee or Agent) <i>X Mike Martinez</i>		7. Date of Delivery <i>MAY 26 1999</i>	
8. Addressee's Address (Only if requested and fee is paid)			

Is your RETURN ADDRESS completed on the reverse side?

Thank you for using Return Receipt Service.

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

April 9, 1999

Certified Mail-Return Receipt Requested Z236347140

Mike Martinez and
Erlinda Martinez, Trustees
of the Martinez Family Trust
14202 Fairgrove
LaPuenta, CA 91746

Re: 1.33 acres, more or less, lying South and West of the west side canal of the
Carlsbad Project U.S.R.S. in Section 28,
T21S, R27E
Eddy County, New Mexico

Dear Mr. & Mrs. Martinez:

Reference is made to my previous letter dated February 24, 1999 (see copy attached) wherein Mewbourne Oil Company offered to purchase an Oil and Gas Lease covering your interest under the subject land. To date we have not received a response regarding same.

Regarding the above, Mewbourne Oil Company as Operator has plans to drill a well at a location 1750' FSL & 660' FWL of the captioned Section 28 sufficient to adequately evaluate the Morrow formation estimated total depth being 11,700' beneath the surface. If you have not already committed your interest to a third party, we would be interested in working out a trade. If the terms are not acceptable to you as previously offered, please advise me of the terms which are acceptable.

Please respond at your earliest convenience regarding the above.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

*Called directory assistance
this date in an attempt to
obtain phone number. Their
number is nonpublished per
their request. DPH
4-21-99*

13300000 - Clarkstad Project U.S.P.S. Section 28, T21S R27E, Eddy Co. N.M.

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Mike Martinez and
Erlinda Martinez, Trustees
of the Martinez Family Trust
14202 Fairgrove
LaPuente, CA 91746

4a. Article Number

Z 236 347 140

4b. Service Type

☒ Registered ☒ Certified
☐ Express Mail ☐ Insured
☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

4-12

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X Mike Martinez

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994 102595-97-B-0179 Domestic Return Receipt

Is your RETURN ADDRESS completed on the reverse side?

Thank you for using Return Receipt Service.

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

February 24, 1999

Mike Martinez and
Erlinda Martinez, Trustees
of the Martinez Family Trust
14202 Fairgrove
LaPuenta, CA 91746

1.33 net

Re: 1.33 acres more or less in Section 28,
lying South and West of the west side
canal of the Carlsbad Project, U.S.R.S.,
T21S, R27E
Eddy County, New Mexico

Dear Mr. and Mrs. Martinez:

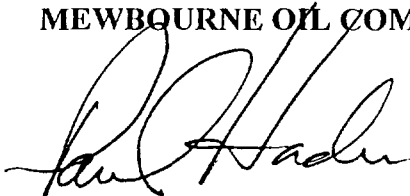
Eddy County records indicate that you own a full interest in the captioned 1.33 acre tract of land which appears to be unleased. If this is correct, MEWBOURNE OIL COMPANY hereby offers you \$100.00 per net mineral acre for a three (3) year paid-up Oil and Gas Lease providing a one-eighth (1/8) royalty interest.

The above offer is subject to immediate acceptance and Mewbourne's approval of title.

Please respond at your earliest convenience regarding the above. Regarding our offer, please respond in writing or call me collect at our phone number listed above. Enclosed for your convenience in responding is our self-addressed and postage paid envelope.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

August 26, 1999

James L. Pierce
2607 Ward
Midland, Texas 79705

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Dear Mr. Pierce:

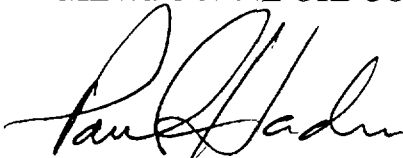
Enclosed for your further handling is an Assignment dated August 26, 1999 covering you and Mrs. Pierce's interest in the captioned land. Such assignment covers only your interest in the operating rights below the base of the Bone Spring formation as to the captioned land. You will retain whatever additional rights you may own in other lands by virtue of your contractual interest as created under the terms of that certain Operating Agreement referenced in the attached Assignment.

As agreed, we are purchasing your interest in the captioned land for \$650.00. In this connection, I've enclosed our bank draft for such amount. At your early convenience, please have the assignment fully executed, and have your bank forward same with the bank draft to our bank in Tyler, Texas for collection.

Should you have any questions regarding the above, please call. Your cooperation in connection with this trade is greatly appreciated.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

Jim Pierce 1.17187%
3.74 N/A.

Called Mr. Pierce this
date to make him an
offer. Left message
for him to call me.


Sharon H.
Pierce

PH-
8-19-99

Offered \$650⁰⁰ for his interest
in W/2 Sec. 28 below base
of Bone Spring to base of
Morrow. Accepted this date, we'll
prepare assignment PH 8-19-99

(Jim Pierce)
2607 Ward
Midland, TX. 79705

Wants us to make him
an offer to purchase his
interest OR HE WOULD ELECT TO
GO NON-CONSENT.


7/29/99

684-8315

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

July 22, 1999

Certified Mail- Return Receipt Requested Z236347199

James L. Pierce
501 W. Scharbauer Drive
Midland, Texas 79705

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company (Mewbourne) hereby proposes the drilling of a well to a depth sufficient to adequately test the Morrow formation, anticipated total depth being 11,900 '. Furthermore, Mewbourne shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The W/2 of the captioned Section 28 will be dedicated as the proration unit for the well.

The referenced well will be located approximately 1750' FSL & 660' FWL of Section 28, T21S, R27E, Eddy County, New Mexico. Our AFE dated 5-12-99 is enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

Upon receipt of the executed AFE or by prior request, we will forward our Joint Operating Agreement for your review and execution.

In the event you do not wish to participate, Mewbourne respectfully requests that you farmout your interest to Mewbourne under the following proposed terms:

- 1) Farmout all of your interest in the W/2 of the captioned Section 28 for a period of 180 days to Mewbourne under the following general terms:
 - (a) If any well drilled under the terms of our farmout agreement results in oil and/or gas production on a proration unit that includes your acreage, Mewbourne will earn an assignment of 100% of your rights and interest, free of any liens or encumbrances, in the proration unit assigned to each well to a depth of 100' below the total depth drilled for each well.

Esperanza "28" Fee Com. No. 1 Well

July 22, 1999

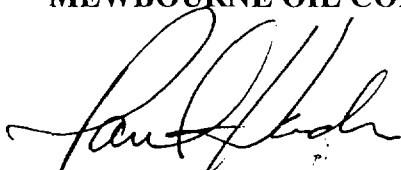
Page -2-

- (b) You shall retain an overriding royalty interest equal to the difference, if any, between 25% of all oil and gas produced and the total of all royalty interests, overriding royalty interests and other burdens or lawful claims upon production to which your leases may be currently subject, so that Mewbourne will be assigned a 75% net revenue interest as to your leases. Such overriding royalty interest retained by you shall be subject to proportionate reduction.
- (c) Upon acceptance of our farmout proposal you agree to furnish at no cost to Mewbourne, title information such as copies of the leases covering the captioned lands, title opinions currently in your possession, title curative, letter agreements and any contracts currently in effect, etc.

Should you have any questions regarding the above, please do not hesitate to call.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

Esperanza "28" Fee Com. #1

SENDER: ■ Complete items 1 and 2 for additional services. ■ Complete items 3, 4a and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: James L. Pierce 501 W. Scharbauer Drive Midland, Texas 79705		4a. Article Number <i>Z 236 347 199</i>	
		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
5. Received By: (Print Name) <i>James L. Pierce</i>		7. Date of Delivery <i>7-24-99</i>	
6. Signature: (Addressee or Agent) <i>X James L. Pierce</i>		8. Addressee's Address (Only if requested and fee is paid)	

Is your RETURN ADDRESS completed on the reverse side?

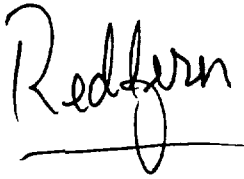
PS Form 3811, December 1994 102595-97-B-0179 Domestic Return Receipt

Thank you for using Return Receipt Service.

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170



September 3, 1999

Via Certified Mail-Return Receipt Requested Z236347211

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Attn: Commission Examiner

Re: Case No. 12238; Application for Compulsory Pooling;
Esperanza "28" Fee Com. No. 1 Well;
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Gentlemen:

Reference is made to Redfern Enterprises, Inc.'s letter dated August 30, 1999 regarding the captioned pooling case and proposed well and the allegations made by Redfern concerning same. The claims made by Redfern are not correct regarding Mewbourne's timing of drilling the above well. Furthermore, Mewbourne did not refuse to discuss the reasons for the well proposal nor did Mewbourne refuse to show its geological interpretation of the area. Apparently Redfern's consultant, Mr. Chuck Pearson misunderstood Mewbourne's position regarding same per a phone conversation on August 25, 1999 with the undersigned.

To set the record straight, please be advised, Mewbourne has plans to commence drilling its proposed well upon issuance of a pooling order at the proposed location either in November or December, 1999 regardless of the outcome of the KCS well referenced in the Redfern letter. Our well proposal from a geological perspective has nothing to do with KCS's geological interpretation of the area. In the spirit of cooperation, we offered to show Redfern the Mewbourne geology, provided that Redfern would sign a letter of intent wherein Redfern would agree to commit its interest in the proposed well either by joining in the well, farmout its interest or their agreement to voluntarily be force pooled under the terms of a pooling order. Any election by Redfern as to the options offered would be made by Redfern after Redfern's review of Mewbourne's geology. This offer is still available for Redfern's acceptance if Redfern executes a letter of intent.

State of New Mexico
Esperanza "28" Fee Com. No. 1 Well
September 3, 1999
Page -2-

Regarding Redfern's request to delay its decision under a pooling order pending the outcome of the KCS well, Mewbourne would be agreeable to a delayed election by Redfern under any pooling order issued for the captioned well and land provided that such election would terminate December 1, 1999.

Should you have any questions regarding the above, please call, or, I will be happy to answer same at the hearing currently scheduled for September 16, 1999.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

cc: Redfern Enterprises, Inc.
P.O. Box 2127
Midland, Texas 79702-2127
Attn: Rosalind R. Grover, President

Esperanza "28" Fee Com. No. 1

SENDER: ■ Complete items 1 and/or 2 for additional services. ■ Complete items 3, 4a, and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: State of New Mexico Energy, Mineral & Natural Resources Oil Conservation Division 2040 South Pacheco Street Santa Fe, New Mexico 87505		4a. Article Number <u>Z 236 347 211</u>	
5. Received By: (Print Name)		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
6. Signature: (Addressee or Agent) <u>X [Signature]</u>		7. Date of Delivery <u>7 Sept 99</u>	
		8. Addressee's Address (Only if requested and fee is paid)	

PS Form 3811, December 1994 102595-97-B-0179 Domestic Return Receipt

Is your RETURN ADDRESS completed on the reverse side?

Thank you for using Return Receipt Service.

REDFERN ENTERPRISES, INC.

P.O. Box 2127
Midland, TX 79702-2127

Telephone (915) 683-9137
Facsimile (915) 682-5639

August 30, 1999

**IN THE MATTER OF THE APPLICATION OF MEWBOURNE OIL COMPANY FOR
COMPULSORY POOLING IN THE W/2 SECTION 28, T-21-S, R-27-E, EDDY
COUNTY, NEW MEXICO.**

CASE NO _____

For Division Examiner's Docket September 16, 1999

VIA CERTIFIED MAIL Z 470 646 755

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, NM 87505

Ladies and Gentlemen:

Redfern Enterprises, Inc. is participating in the KCS Medallion Resources, Inc. - Esperanza Well #1 to spud in the SE/4 of subject Section 28 on or about October 15, 1999.

Via letter dated July 22, 1999, Mewbourne submitted an AFE for their Esperanza "28" Fee Com Well #1, requesting that Redfern join in drilling subject well or farmout its interest to Mewbourne. Via letter dated August 10, 1999, Mewbourne's Attorney, James Bruce, advised of a Compulsory Pooling Hearing to be held September 2, 1999. We have since been advised that the hearing has been continued to September 16, 1999.

Mewbourne has declined to discuss their location, justification for drilling the well and timing, except to say that they did not plan to drill the well until the KCS- Esperanza Well #1 has been evaluated.

SEP 01 1999

Page 2

State of New Mexico

Energy, Minerals and Natural Resources Department

Oil Conservation Division

August 30, 1999

Therefore, we respectfully request that any election under the Compulsory Pooling Order issued as a result of this Hearing be required only after the KCS - Esperanza Well #1 has been evaluated. We further request that the location of Mewbourne's well be amended, if necessary, after data becomes available from the KCS well.

Respectfully Submitted,

REDFERN ENTERPRISES, INC.



Rosalind R. Grover, President

cc: James Bruce, Attorney
P. O. Box 1056
Santa Fe, NM 87504

CERTIFIED MAIL - Z 470 646 756

✓ D. Paul Haden, Senior Landman
Mewbourne Oil Company
500 W. Texas, Suite 1020
Midland, TX 79701

CERTIFIED MAIL - Z 470 646 757

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

August 27, 1999

Redfern Enterprises, Inc.
P.O. Box 2127
Midland, Texas 79702-2127

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Ladies and Gentlemen:

Enclosed for your further handling is our proposed Operating Agreement dated August 26, 1999 for the captioned land and well in duplicate originals. At your earliest convenience, please execute both originals and return one (1) to me at the above address together with the executed AFE which I have also enclosed another copy of same for your convenience.

For your information, we have continued the compulsory pooling hearing until September 16, 1999. So that we can dismiss you or your firm from the proceedings as to such hearing, we would appreciate receiving the requested executed Operating Agreement and AFE prior to such hearing date.

Should you have any questions regarding the above, please call.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

Advised Chuck Pearson
(Redfern's consultant)
that we were continuing
our hearing to the 16th.
I advised him that we
would show our geol. if
they would commit their
interest - either by joining or
farming out. P.A. 8.25.99

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

August 20, 1999

Redfern Enterprises, Inc.
P.O. Box 2127
Midland, Texas 79702-2127

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Ladies and Gentlemen:

In reference to the captioned proposed well, our title examination indicates your firm owns a 4.09023% unit interest in the captioned 320 acre tract of land. As of this date, we have not received a written response as to your firm's participation in the subject well. Regarding same, we would appreciate receiving a decision from you prior to August 27th, the Friday before the September 2, 1999 compulsory pooling hearing date.

Should you have any questions regarding the above, please call.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

July 22, 1999

Certified Mail- Return Receipt Requested Z236347189

Redfern Enterprises, Inc.
P.O. Box 2127
Midland, Texas 79702-2127

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company (Mewbourne) hereby proposes the drilling of a well to a depth sufficient to adequately test the Morrow formation, anticipated total depth being 11,900'. Furthermore, Mewbourne shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The W/2 of the captioned Section 28 will be dedicated as the proration unit for the well.

The referenced well will be located approximately 1750' FSL & 660' FWL of Section 28, T21S, R27E, Eddy County, New Mexico. Our AFE dated 5-12-99 is enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

Upon receipt of the executed AFE or by prior request, we will forward our Joint Operating Agreement for your review and execution.

In the event you do not wish to participate, Mewbourne respectfully requests that you farmout your interest to Mewbourne under the following proposed terms:

- 1) Farmout all of your interest in the W/2 of the captioned Section 28 for a period of 180 days to Mewbourne under the following general terms:
 - (a) If any well drilled under the terms of our farmout agreement results in oil and/or gas production on a proration unit that includes your acreage, Mewbourne will earn an assignment of 100% of your rights and interest, free of any liens or encumbrances, in the proration unit assigned to each well to a depth of 100' below the total depth drilled for each well.

Esperanza "28" Fee Com. No. 1 Well

July 22, 1999

Page -2-

- (b) You shall retain an overriding royalty interest equal to the difference, if any, between 25% of all oil and gas produced and the total of all royalty interests, overriding royalty interests and other burdens or lawful claims upon production to which your leases may be currently subject, so that Mewbourne will be assigned a 75% net revenue interest as to your leases. Such overriding royalty interest retained by you shall be subject to proportionate reduction.
- (c) Upon acceptance of our farmout proposal you agree to furnish at no cost to Mewbourne, title information such as copies of the leases covering the captioned lands, title opinions currently in your possession, title curative, letter agreements and any contracts currently in effect, etc.

Should you have any questions regarding the above, please do not hesitate to call.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

Esperanza "28" Fee Com #1

SENDER: ■ Complete items 1 and/or 2 for additional services. ■ Complete items 3, 4, and 5. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: Redfern Enterprises, Inc. P.O. Box 2127 Midland, Texas 79702-2127		4a. Article Number 2236 347 189 4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
5. Received By: (Print Name) <i>Virginia Busbee</i>		7. Date of Delivery <i>SEP 1 1999</i>	
6. Signature: (Addressee or Agent) <i>X [Signature]</i>		8. Addressee's Address (Only if requested and fee is paid) <i>Midland, TX</i>	

PS Form 3811, December 1994 102595-97-0178 Domestic Return Receipt

Thank you for using Return Receipt Service.

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

August 27, 1999

RKC, Inc.
1527 Hillside Road
Fairfield, CT 06430

Attn: Richard Kral

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Ladies and Gentlemen:

Enclosed for your further handling is our proposed Operating Agreement dated August 26, 1999 for the captioned land and well in duplicate originals. At your earliest convenience, please execute both originals and return one (1) to me at the above address together with the executed AFE which I have also enclosed another copy of same for your convenience.

For your information, we have continued the compulsory pooling hearing until September 16, 1999. So that we can dismiss you or your firm from the proceedings as to such hearing, we would appreciate receiving the requested executed Operating Agreement and AFE prior to such hearing date.

Should you have any questions regarding the above, please call.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

Is your RETURN ADDRESS completed on the reverse?

- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece.
- The Return Receipt will show to whom the article was delivered.

- 1. ☐ Addressee's Address
 - 2. ☐ Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

RKC, Inc.
c/o Mr. Anthony Kochevar
7029 E. Briarwood Circle
Englewood, CO 80112

4a. Article Number
2 236 347 187

4b. Service Type
☐ Registered ☒ Certified
☐ Express Mail ☐ Insured
☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)
X

8. Addressee's Address (Only if requested and fee is paid)

Thank you for using Return Receipt Service

MAIL

2 236 347 187

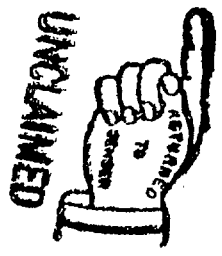
FROM
MEWBOURNE OIL COMPANY
500 WEST TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

SHIP TO
RKC, Inc.
c/o Mr. Anthony Kochevar
7029 E. Briarwood Circle
Englewood, CO 80112

RETURN POSTAGE GUARANTEED

7-19
7-15
7-24

PER DIRECTORY ASSISTANCE:
ANTHONY KOCHVAR'S
ph.# IS NON-PUBLISHED
P.A.
8-5-99



FIRST CLASS

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

July 26, 1999

RKC, Inc.
c/o Mr. Anthony Kochevar
7029 E. Briarwood Circle
Englewood, CO 80112

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

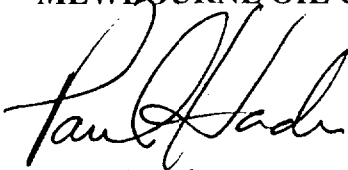
Gentlemen:

Regarding the captioned proposed well, enclosed for your file is a copy of Pages 15, 16, 34, 35, 36, 37 and Pages A-1 and A-2 of Exhibit "A" which were apparently omitted from the copy of our Original Drilling Title Opinion dated July 20, 1999 which I previously sent to you under separate cover.

Should you have any questions regarding our well proposal, please call.

Sincerely yours,

MEWBOURNE OIL COMPANY

A handwritten signature in black ink, appearing to read "D. Paul Haden", written in a cursive style.

D. Paul Haden
Senior Landman

DPH/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

July 23, 1999

RKC Inc.
c/o Mr. Anthony Kochevar
7029 E. Briarwood Circle
Englewood, CO 80112

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

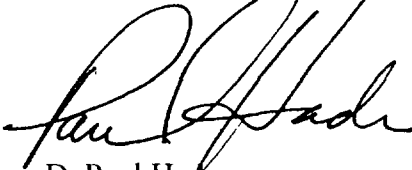
Dear Sir:

Regarding the captioned well and land, enclosed for your file and information is a copy of our Original Drilling Title Opinion dated July 20, 1999. We hope that the title information contained therein as to your interest may help to expedite your decision as to your participation in the subject well.

Should you have any questions regarding the above, please call.

Sincerely yours,

MEWBOURNE OIL COMPANY

A handwritten signature in black ink, appearing to read "D. Paul Haden", written over the printed name.

D. Paul Haden
Senior Landman

DPII/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

July 6, 1999

Certified Mail- Return Receipt Requested Z236347187

RKC, Inc.
c/o Mr. Anthony Kochevar
7029 E. Briarwood Circle
Englewood, CO 80112

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company (Mewbourne) hereby proposes the drilling of a well to a depth sufficient to adequately test the Morrow formation, anticipated total depth being 11,900'. Furthermore, Mewbourne shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The W/2 of the captioned Section 28 will be dedicated as the proration unit for the well.

The referenced well will be located approximately 1750' FSL & 660' FWL of Section 28, T21S, R27E, Eddy County, New Mexico. Our AFE dated 5-12-99 is enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

Upon receipt of the executed AFE or by prior request, we will forward our Joint Operating Agreement for your review and execution.

In the event you do not wish to participate, Mewbourne respectfully requests that you farmout your interest to Mewbourne under the following proposed terms:

- 1) Farmout all of your interest in the W/2 of the captioned Section 28 for a period of 180 days to Mewbourne under the following general terms:
 - (a) If any well drilled under the terms of our farmout agreement results in oil and/or gas production on a proration unit that includes your acreage, Mewbourne will earn an assignment of 100% of your rights and interest, free of any liens or encumbrances, in the proration unit assigned to each well to a depth of 100' below the total depth drilled for each well.

Esperanza "28" Fee Com. No. 1 Well

July 6, 1999

Page -2-

- (b) RKC, Inc. (RKC) will retain an overriding royalty interest equal to the difference, if any, between 20% of all oil and gas produced and the total of all royalty interests, overriding royalty interests and other burdens or lawful claims upon production to which the RKC leases may be currently subject, so that Mewbourne will be assigned a 80% net revenue interest in the RKC leases. Such overriding royalty interest retained by RKC shall be subject to proportionate reduction.
- (c) Upon acceptance of our farmout proposal RKC agrees to furnish at no cost to Mewbourne, title information such as copies of the leases covering the captioned lands, title opinions currently in your possession, title curative, letter agreements and any contracts currently in effect, etc.

Should you have any questions regarding the above, please do not hesitate to call.

Sincerely yours,

MEWBOURNE OIL COMPANY

A handwritten signature in cursive script, appearing to read "D. Paul Haden".

D. Paul Haden
Senior Landman

DPIH/gb

[illegible]

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

May 26, 1999

Certified Mail- Return Receipt Requested Z236347153

RKC, Inc.
1527 Hillside Road
Fairfield, CT 06430

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company (Mewbourne) hereby proposes the drilling of a well to a depth sufficient to adequately test the Morrow formation, anticipated total depth being 11,900'. Furthermore, Mewbourne shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The W/2 of the captioned Section 28 will be dedicated as the proration unit for the well.

The referenced well will be located approximately 1750' FSL & 660' FWL of Section 28, T21S, R27E, Eddy County, New Mexico. Our AFE dated 5-12-99 is enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

Upon receipt of the executed AFE or by prior request, we will forward our Joint Operating Agreement for your review and execution.

In the event you do not wish to participate, Mewbourne respectfully requests that you farmout your interest to Mewbourne under the following proposed terms:

- 1) Farmout all of your interest in the W/2 of the captioned Section 28 for a period of 180 days to Mewbourne under the following general terms:
 - (a) If any well drilled under the terms of our farmout agreement results in oil and/or gas production on a proration unit that includes your acreage, Mewbourne will earn an assignment of 100% of your rights and interest, free of any liens or encumbrances, in the proration unit assigned to each well to a depth of 100' below the total depth drilled for each well.

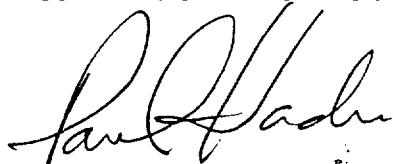
Esperanza "28" Fee Com. No. 1 Well
May 26, 1999
Page -2-

- (b) RKC, Inc. (RKC) will retain an overriding royalty interest equal to the difference, if any, between 20% of all oil and gas produced and the total of all royalty interests, overriding royalty interests and other burdens or lawful claims upon production to which the RKC leases may be currently subject, so that Mewbourne will be assigned a 80% net revenue interest in the RKC leases. Such overriding royalty interest retained by RKC shall be subject to proportionate reduction.
- (c) Upon acceptance of our farmout proposal RKC agrees to furnish at no cost to Mewbourne, title information such as copies of the leases covering the captioned lands, title opinions currently in your possession, title curative, letter agreements and any contracts currently in effect, etc.

Should you have any questions regarding the above, please do not hesitate to call.

Sincerely yours,

MEWBOURNE OIL COMPANY

A handwritten signature in black ink, appearing to read "D. Paul Haden", written over a horizontal line.

D. Paul Haden
Senior Landman

DPH/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

April 1, 1999

RKC, Inc.
1527 Hillside Road
Fairfield, CT 06430

Re: 38.67 acres, more or less, lying North and East of the east side canal of the
Carlsbad Project U.S.R.S. in Section 28,
T21S, R27E
Eddy County, New Mexico

Gentlemen:

Reference is made to my previous letter dated February 25, 1999 (see copy attached) wherein Mewbourne Oil Company offered to purchase an assignment covering your interest under the subject land. To date we have not received a response regarding same.

Regarding the above, Mewbourne Oil Company as Operator has plans to drill a well at a location 1750' FSL & 660' FWL of the captioned Section 28 sufficient to adequately evaluate the Morrow formation estimated total depth being 11,700' beneath the surface. If you have not already committed your interest to a third party, we would be interested in working out a trade.

Please respond at your earliest convenience regarding the above.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

February 25, 1999

4.49 n/a
8/25/99 NRE

RKC, Inc.
1527 Hillside Road
Fairfield, CT 06430

Re: 38.67 acres, more or less, lying North and East of the east side canal of the
Carlsbad Project U.S.R.S. in Section 28,
T21S, R27E
Eddy County, New Mexico

Gentlemen:

Eddy County records indicate that you own a undivided 11.607165% leasehold interest in the captioned 38.67 acre tract of land. In this connection, Mewbourne Oil Company hereby offers you \$175.00 per net mineral acre for a two (2) year term assignment of your leasehold interest under the captioned land wherein Mewbourne would be delivered a 80% net revenue interest in the lease currently in effect as to such land. Such assignment to Mewbourne would be under the terms of a mutually acceptable form of assignment.

The above offer is subject to immediate acceptance and Mewbourne's approval of title.

Please respond at your earliest convenience regarding the above.

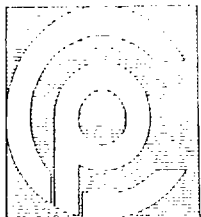
Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb



Sign Bats Inc.

CENTERPOINT RESOURCES, INC.

203 W. Wall, Suite 508 • Midland, Texas 79701
P. O. Box 1821 • Midland, Texas 79702
(915) 684-9060 • FAX (915) 684-7231

September 14, 1999

Mewbourne Oil Company
500 W. Texas, Suite 1020
Midland, Texas 79701

HAND DELIVERED

Attn.: Mr. D. Paul Haden
Senior Landman

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Sec. 28-21S-27E,
Eddy County, New Mexico

Dear Paul:

Attached you will find an executed copy of your 09/08/99 Letter Agreement covering the caption acreage, along with an executed copy of the 09/03/99 Operating Agreement. Our execution of these agreements is subject to your acceptance of the following revisions to said Operating Agreement:

1. Pages 2, 4, 13 and 14 of the Operating Agreement shall be deleted and pages 2, 4, 13, 14 and 14a through 14f attached hereto shall be inserted in lieu thereof.
2. Pages 1, 2, 4 and 8 of the COPAS shall be deleted and pages 1, 2, 4, and 8 attached hereto shall be inserted in lieu thereof. The two (2) pages attached hereto titled "VI. Miscellaneous" shall be inserted immediately following page 8 of said COPAS.

For your information, we show that our leases cover approximately 140 net acres as opposed to the 121.6 net acres mentioned in your letter.

If you are in agreement with the above, please sign in the space provided below and return one executed copy to this office.

Should you need any additional information, please do not hesitate to contact me.

Yours very truly,
CENTERPOINT RESOURCES, INC.

Flynt Chancellor
Flynt Chancellor
Vice President

AGREED TO AND ACCEPTED:
MEWBOURNE OIL COMPANY

Title: _____

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

September 8, 1999

Via Fax (915-524-4993), (915-684-7231) and U.S. Mail

Snow Oil & Gas, Inc.
P.O. Box 1277
Andrews, TX 79714

Six Bits, Inc.
P.O. Box 826
Andrews, TX 79714

Centerpoint Resources, Inc.
P.O. Box 1821
Midland, TX 79702

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Gentlemen:

Regarding the captioned well and land, Mewbourne Oil Company hereby offers to purchase your leasehold under the captioned land as to rights below the base of the Bone Spring formation on the basis of \$175.00 per net mineral acre for a two (2) year term assignment wherein Mewbourne would be delivered an 80% NRI, subject to proportionate reduction. According to our title examination, collectively you currently own a full interest in the SW/4NW/4 and SE/4SW/4, a 50% interest in the NE/4SW/4 and approximately a 54% interest in the NW/4SW/4, or approximately 121.6 net acres as to rights below the base of the Bone Spring formation.

In reference to the above, you shall retain your leasehold interest in the W/2 as to rights from the surface to the base of the Bone Spring formation. As to the shallow rights in the NW/4SW/4, you agree to enter into an Operating Agreement with Mewbourne Oil Company named as Operator for the wellbore of the captioned well and associated proration unit within thirty (30) days of the date of this agreement or prior to our closing the trade for the deep rights, whichever is sooner. As a further condition to this agreement, you agree to rescind your well proposal for the Choxy No. 1 Well to be drilled at a location 1980' FSL & 660' FWL of the captioned Section 28 and agree to dismiss your application for compulsory pooling as to said well.

Regarding the evaluation of the rights from the surface to the base of the Bone Spring formation, you agree to pay your proportionate part of all third party costs associated with evaluating same including but not limited to all costs associated with mud logging, running electric logs and consultant geologist costs as to such interval.

Esperanza "28" Fee Com. No. 1 Well
Eddy County, New Mexico

September 8, 1999

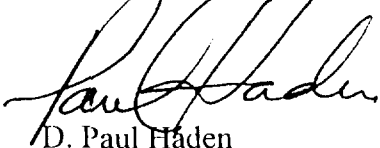
Page -2-

In the event the Esperanza "28" Fee Com. No. 1 Well is completed as a dry hole and Mewbourne elects not to attempt a completion in any zone above the base of the Bone Spring formation, Mewbourne as Operator shall plug and abandon same as prescribed by the requirements of each regulatory authority having jurisdiction as to such operations.

If the above sets forth our agreement, please so indicate by signing and faxing the copy of this letter to the undersigned. Failure to sign and return this letter to the undersigned by Tuesday, September 14th at 5:00 p.m. by any party subject to this agreement shall render such agreement null and void at Mewbourne's sole option.

Sincerely yours,

MEWBOURNE OIL COMPANY

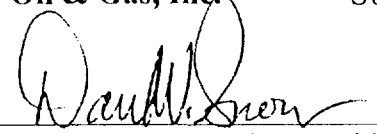


D. Paul Haden
Senior Landman

DPII/gb

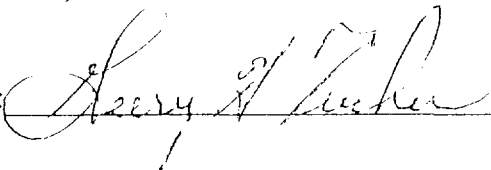
AGREED and ACCEPTED this 14th day of September, 1999.

* **Snow Oil & Gas, Inc.** * Subject to 09/14/99 amendatory letter.

By: 
Dan W. Snow, Vice-President

AGREED and ACCEPTED this 9th day of September, 1999.

* **Six Bits, Inc.**

By: 

AGREED and ACCEPTED this 14th day of September, 1999.

* **Centerpoint Resources, Inc.**

By: 

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020

MIDLAND, TEXAS 79701

(915) 682-3715

FAX (915) 685-4170

September 8, 1999

Snow Oil & Gas, Inc.
P.O. Box 1277
Andrews, Texas 79714

Attn: Dan Snow

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Dear Mr. Snow:

Enclosed for your further handling are duplicate originals of a letter agreement of even date and duplicate originals of our proposed Operating Agreement dated September 3, 1999 covering depths from the surface to the base of the Bone Spring formation in the NW/4SW/4 of the subject Section 28.

Regarding the above, please have the enclosed agreements executed on behalf of Snow Oil & Gas, Inc. and Six Bits, Inc. and return one (1) of the letter agreements and Operating Agreements to me prior to September 14, 1999. Once I receive the requested executed agreements, we will prepare the Term Assignment for execution.

Please call should you have any questions regarding the above.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

—
(915) 682-3715
FAX (915) 685-4170

September 8, 1999

Via Fax (915-524-4993), (915-684-7231) and U.S. Mail

Snow Oil & Gas, Inc.
P.O. Box 1277
Andrews, TX 79714

Six Bits, Inc.
P.O. Box 826
Andrews, TX 79714

Centerpoint Resources, Inc.
P.O. Box 1821
Midland, TX 79702

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Gentlemen:

Regarding the captioned well and land, Mewbourne Oil Company hereby offers to purchase your leasehold under the captioned land as to rights below the base of the Bone Spring formation on the basis of \$175.00 per net mineral acre for a two (2) year term assignment wherein Mewbourne would be delivered an 80% NRI, subject to proportionate reduction. According to our title examination, collectively you currently own a full interest in the SW/4NW/4 and SE/4SW/4, a 50% interest in the NE/4SW/4 and approximately a 54% interest in the NW/4SW/4, or approximately 121.6 net acres as to rights below the base of the Bone Spring formation.

In reference to the above, you shall retain your leasehold interest in the W/2 as to rights from the surface to the base of the Bone Spring formation. As to the shallow rights in the NW/4SW/4, you agree to enter into an Operating Agreement with Mewbourne Oil Company named as Operator for the wellbore of the captioned well and associated proration unit within thirty (30) days of the date of this agreement or prior to our closing the trade for the deep rights, whichever is sooner. As a further condition to this agreement, you agree to rescind your well proposal for the Choxy No. 1 Well to be drilled at a location 1980' FSL & 660' FWL of the captioned Section 28 and agree to dismiss your application for compulsory pooling as to said well.

Regarding the evaluation of the rights from the surface to the base of the Bone Spring formation, you agree to pay your proportionate part of all third party costs associated with evaluating same including but not limited to all costs associated with mud logging, running electric logs and consultant geologist costs as to such interval.

Esperanza "28" Fee Com. No. 1 Well
Eddy County, New Mexico

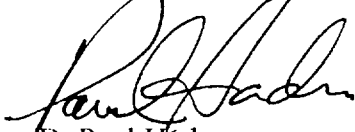
September 8, 1999
Page -2-

In the event the Esperanza "28" Fee Com. No. 1 Well is completed as a dry hole and Mewbourne elects not to attempt a completion in any zone above the base of the Bone Spring formation, Mewbourne as Operator shall plug and abandon same as prescribed by the requirements of each regulatory authority having jurisdiction as to such operations.

If the above sets forth our agreement, please so indicate by signing and faxing the copy of this letter to the undersigned. Failure to sign and return this letter to the undersigned by Tuesday, September 14th at 5:00 p.m. by any party subject to this agreement shall render such agreement null and void at Mewbourne's sole option.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

AGREED and ACCEPTED this _____ day of _____, 1999.

Snow Oil & Gas, Inc.

By: _____
Dan W. Snow, Vice-President

AGREED and ACCEPTED this _____ day of _____, 1999.

Six Bits, Inc.

By: _____

AGREED and ACCEPTED this _____ day of _____, 1999.

Centerpoint Resources, Inc.

By: _____

Flynt -

Please review the
attached letter agreement
and T&A for acceptance.

If acceptable, please
execute same on behalf of
Centerpoint and return

1 original with the letter
agreement to me. We then
will prepare the assignment
into Masbourne. Thanks -
9/8 Paul

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

FACSIMILE TRANSMITTAL COVER SHEET

Date: 9-8-99

Time: _____

Page 1 of 3 Pages

TO: _____

Flynt Chancellor

FACSIMILE NO.: _____

PHONE NO.: _____

FROM: _____

Paul

TYPE OF DOCUMENT: _____

ORIGINAL TO FOLLOW IN MAIL (Y/N):

(Y) w/ OPERATING AGMT.

MESSAGE: _____

IF YOU DO NOT RECEIVE ALL PAGES CLEARLY, PLEASE CALL US AS SOON AS
POSSIBLE.

CONFIDENTIALITY NOTE: The information contained in this facsimile message is confidential and is intended only for the use of the individual or entity named above. Dissemination of this facsimile to anyone else is strictly prohibited. If you have received this facsimile in error, please notify us by telephone immediately.

FAX**Date** August 30, 1999**Number of pages including cover sheet** 2**TO:** *Paul Haden*
*Mewbourne Oil Company***Phone** (915) 682-3715**Fax Phone** (915) 685-4170**FROM:** *Flynt Chancellor*
Centerpoint Resources,
Inc.
P. O. Box 1821
*Midland, Texas 79702***Phone** (915) 684-9060**Fax Phone** (915) 684-7231**CC:****REMARKS:** ☐ Urgent ☒ For your review ☐ Reply ASAP ☐ Please Comment

Re: 08/27/99 Letter Agreement

Paul:

In the second paragraph, we need to either execute the letter agreement and operating agreement at the same time or provide that the letter agreement may be terminated by either party if a mutually acceptable operating agreement is not executed within the 30 day period.

Also, in the second line of the third paragraph, insert the phrase "third party" before the word "costs".

Please let me know if you have any questions.

Flynt
Flynt Chancellor

**CENTERPOINT RESOURCES, INC.**

203 W. Wall, Suite 508 • Midland, Texas 79701
P. O. Box 1821 • Midland, Texas 79702
(915) 684-9060 • FAX (915) 684-7231

August 27, 1999

Mewbourne Oil Company
500 W. Texas, Suite 1020
Midland, Texas 79701

VIA FAX

Attn.: Mr. D. Paul Haden
Senior Landman

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Sec. 28-21S-27E,
Eddy County, New Mexico

Dear Paul:

As we discussed by telephone, we propose the following revisions to your August 24, 1999 letter agreement covering the captioned acreage:

1. The second paragraph shall be deleted in its entirety and the following inserted in lieu thereof: "In reference to the above, you shall retain all of your rights in the captioned acreage from the surface down to the base of the Bone Spring formation. As to such retained rights in the NW/4SW/4, you agree to enter into a mutually acceptable Operating Agreement with Mewbourne named as Operator for the wellbore of the captioned well and the associated proration unit simultaneous with the execution of this letter agreement. You also agree to rescind your well proposal for the Choxy No. 1 well and agree to dismiss your application for compulsory pooling as to said well. In connection with the drilling of the captioned well, the parties hereto agree to obtain the services of a mutually acceptable mud logging unit to be paid for on the basis of the ownership of said shallow rights in said NW/4 SW/4. This cost sharing arrangement shall apply to the depths from 2,000 feet down to 6,000 feet."
2. The last sentence of the last paragraph shall be deleted.

If you are in agreement with the above, please forward a revised letter agreement at your earliest convenience.

Should you need any additional information, please do not hesitate to contact me.

Yours very truly,
CENTERPOINT RESOURCES, INC.


Flynt Chancellor
Vice President

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

August 24, 1999

Via Fax (915-524-4993), (915-684-7231) and U.S. Mail

Snow Oil & Gas, Inc.
P.O. Box 1277
Andrews, TX 79714

Six Bits, Inc.
P.O. Box 826
Andrews, TX 79714

Centerpoint Resources, Inc.
P.O. Box 1821
Midland, TX 79702

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Gentlemen:

Regarding the captioned well and land, Mewbourne Oil Company hereby offers to purchase your leasehold under the captioned land as to rights below the base of the Bone Spring formation on the basis of \$175.00 per net mineral acre for a two (2) year term assignment wherein Mewbourne would be delivered an 80% NRI, subject to proportionate reduction. According to our title examination, collectively you currently own a full interest in the SW/4NW/4 and SE/4SW/4, a 50% interest in the NE/4SW/4 and approximately a 54% interest in the NW/4SW/4, or approximately 121.6 net acres as to rights below the base of the Bone Spring formation.

In reference to the above, you shall retain your leasehold interest in the NW/4SW/4 as to rights from the surface to the base of the Bone Spring formation in addition to such rights in the SW/4NW/4, SE/4SW/4 and NE/4SW/4. As to the shallow rights in the NW/4SW/4, you agree to enter into an Operating Agreement with Mewbourne Oil Company named as Operator for the wellbore of the captioned well and associated proration unit within thirty (30) days of the date of this agreement or prior to our closing the trade for the deep rights, whichever is sooner. Furthermore, no shallow well (to a depth to the base of the Bone Spring formation) shall be drilled by either party on the NW/4SW/4 of the captioned Section 28 prior to the completion or abandonment of the Esperanza "28" Fee Com. No. 1 Well without mutual written consent. As a further condition to this agreement, you agree to rescind your well proposal for the Choxy No. 1 Well to be drilled at a location 1980' FSL & 660' FWL of the captioned Section 28 and agree to dismiss your application for compulsory pooling as to said well.

In the event the Esperanza "28" Fee Com. No. 1 Well is completed as a dry hole and Mewbourne elects not to attempt a completion in any zone above the base of the Bone Spring formation, Mewbourne as Operator shall plug and abandon same as prescribed by the requirements of each regulatory authority having jurisdiction as to such operations.

Esperanza "28" Fee Com. No. 1 Well
Eddy County, New Mexico

August 24, 1999
Page -2-

If the above sets forth our agreement, please so indicate by signing and faxing the copy of this letter to the undersigned. Failure to sign and return this letter to the undersigned by Friday, August 27th at 5:00 p.m. by any party subject to this agreement shall render such agreement null and void at Mewbourne's sole option.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

AGREED and ACCEPTED this _____ day of _____, 1999.

Snow Oil & Gas, Inc.

By: _____
Dan W. Snow, Vice-President

AGREED and ACCEPTED this _____ day of _____, 1999.

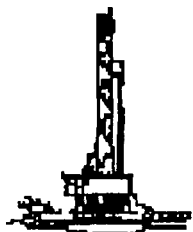
Six Bits, Inc.

By: _____

AGREED and ACCEPTED this _____ day of _____, 1999.

Centerpoint Resources, Inc.

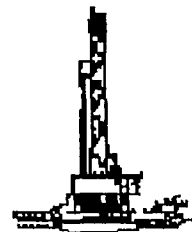
By: _____



SNOW OIL & GAS, INC.

P. O. Box 1277, Andrews, Texas 79714

Phone: (915)524-2371 Fax: (915)524-4993



August 23, 1999

Mewbourne Oil Company

500 W. Texas Ste. 1020

Midland, TX 79701

Phone: (915) 682-3715 Fax: (915) 685-4170

Re: Choxy #1

NW / 1/4 SW / 1/4 of Section 28 T21S R27E Eddy County, New Mexico

Attn: Mr. Paul Haden

Dear Mr. Haden:

By way of this letter we are proposing under authority of attached AFE to drill a base Delaware test at a legal location in the above referenced quarter section. So that our interests may be protected we are likewise requesting a force pooling of the above referenced 40 acre tract. We will file our application today, and you should receive notification by fax or otherwise today from our representative Bill Carr of Cambell, Carr, Berg and Sheridan PA of Santa Fe, New Mexico. We anticipate this case to be heard at an examiners hearing on September 16, 1999. As you are aware, Snow Oil & Gas represents this interest of itself, Six Bits Inc., and Centerpoint Resources Inc.

We would like to resolve this matter as quickly as possible and look forward to your response.

Sincerely,

Dan Snow /pw

Dan W. Snow
Vice President
Snow Oil & Gas

AUG 25 1999

SNOW OIL & GAS, INC.
P.O. BOX 1277
ANDREWS, TX 79714
Phone: (915) 524-2371 Fax: (915) 524-4993
WELL COST ESTIMATE

LEASE/WELL NAME: Choxy #1 PREPARED BY: DWS DATE: 07/30/99
 LOCATION: 1980 FSL & 660 FWL
 COUNTY/STATE: Eddy/NM APPROVED BY: NLS DATE: 08/05/99
 PROPOSED TOTAL DEPTH: 5000' AFE TYPE: Drill/ Base Delaware Test

ESTIMATED COSTS
AFE NOMENCLATURE

ITEM	DESCRIPTION	AMOUNT	
01	* Construction (location, roads, etc.)	\$ 10,000	Surface location may be moved due to surface obstructions
02	Surface restoration	\$	
03	* Move in, Move out (STANDBY RIG TIME)	\$ 4,000	
04	* Contractor Fees-Foolage (____\$/ly) DRLG RIG	\$ 61,000	
05	Contractor Fees-Compl (1600\$/day)	\$ 10,000	
	DAYS SERV/UNIT	\$	
06	Environmental Fire & Safety	\$	
07	* Mud & Materials	\$ 3,000	
08	Drilling Fluid Handling Equipment	\$	
09	Specialty fluids & chemicals	\$	
10	Engineering Services - Stake Location	\$	
11	Salt/Brine Water	\$	
12	Salt Water Disposal	\$	
13	* Water	\$ 8,000	
14	Casing Accessories	\$	
15	* Surface cml	\$ 7,000	
16	Longstring cement, services & accessories	\$ 15,000	
17	* Wireline Logging/S.W. Cores	\$ 18,000	
18	* Fuel	\$ 200	
19	BOP	\$	
20	Drill/work string rentals - subsurface	\$	
21	Packer Rentals & other	\$ 1,500	
22	Tank (rentals)	\$ 1,500	
23	Other Rentals Rev. Unit	\$	
24	* Transportation	\$ 1,800	
25	Pipe Rental	\$	
26	Tubular Inspection	\$	
27	Cased Hole Logs	\$ 2,500	
28	Perforating	\$ 1,500	
29	Production Testing	\$	
30	Swabbing	\$	
31	Stimulation - acidizing	\$ 4,000	
32	Stimulation - fracturing	\$ 15,000	
33	* Casing crews & laydown	\$ 2,000	
34	* BOP testing & inspections	\$ 1,000	
35	* Mudlogging (____days/\$____/day)	\$ 3,000	
36	Engineering/Lab/Technical/Geol. Services	\$	
37	Roustabout and contract labor	\$ 3,500	
38	* Miscellaneous (Admin)	\$ 2,500	
39	* Company Supervision and Overhead	\$ 2,200	
40	Contingency (____%)	\$	
41	* Casing Surface 400'	\$ 3,600	
42	Casing Production 5000'	\$ 30,000	
43	Tubing @ \$1.70/lb 2-3/8	\$ 8,500	
44	Fittings & other	\$	
45	Tank Battery	\$ 18,000	
46	Downhole equipment - Anchors/Pump	\$	
47	Power	\$ 9,000	
48	Rods	\$ 5,100	
49	Wellhead equipment	\$ 2,500	
50	Miscellaneous Supplies	\$	

TOTALS

TOTAL LEASEHOLD COST	\$
* DRY HOLE COST	\$ 127,300
TOTAL COMPLETION COST ESTIMATE	\$ 127,600
TOTAL AFE	\$ 254,900

W.I. OWNER APPROVAL _____

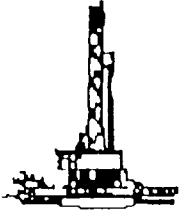
W.I. OWNER NON-APPROVAL _____

COMPANY NAME _____

APPROVED BY _____

TITLE _____

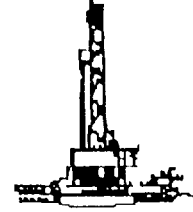
DATE: _____



SNOW OIL & GAS, INC.

P. O. Box 1277, Andrews, Texas 79714

Phone: (915)524-2371 Fax: (915)524-4993



August 23, 1999

Mewbourne Oil Company

500 W. Texas Ste. 1020

Midland, TX 79701

Phone: (915) 682-3715 Fax: (915) 685-4170

Re: Choxy #1

NW / 1/4 SW / 1/4 of Section 28 T21S R27E Eddy County, New Mexico

Attn: Mr. Paul Haden

Dear Mr. Haden:

By way of this letter we are proposing under authority of attached AFE to drill a base Delaware test at a legal location in the above referenced quarter section. So that our interests may be protected we are likewise requesting a force pooling of the above referenced 40 acre tract. We will file our application today, and you should receive notification by fax or otherwise today from our representative Bill Carr of Cambell, Carr, Berg and Sheridan PA of Santa Fe, New Mexico. We anticipate this case to be heard at an examiners hearing on September 16, 1999. As you are aware, Snow Oil & Gas represents this interest of itself, Six Bits Inc., and Centerpoint Resources Inc.

We would like to resolve this matter as quickly as possible and look forward to your response.

Sincerely,

Dan W Snow/DW

Dan W. Snow

Vice President

Snow Oil & Gas

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

August 20, 1999

Six Bits, Inc.
P.O. Box 1277
Andrews, Texas 79714

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

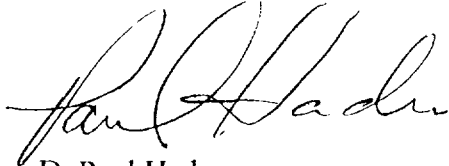
Gentlemen:

In reference to the captioned proposed well, our title examination indicates your firm owns a 37.79662% unit interest in the captioned 320 acre tract of land. As of this date, we have not received a written response as to your firm's participation in the subject well. Regarding same, we would appreciate receiving a decision from you prior to August 27th, the Friday before the September 2, 1999 compulsory pooling hearing date.

Should you have any questions regarding the above, please call.

Sincerely yours,

MEWBOURNE OIL COMPANY

A handwritten signature in black ink, appearing to read "D. Paul Haden", written in a cursive style.

D. Paul Haden
Senior Landman

DPH/gb

Esperanza "28" Fee Com. #1

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete Items 1 or 2 for additional services.
- Complete Items 3 and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Six Bits, Inc.
P.O. BOX 1277
Andrews, Texas 79714

4a. Article Number

Z 236 347 180

4b. Service Type

- ☐ Registered ☒ Certified
☐ Express Mail ☐ Insured
☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

8-5-99

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Addressee or Agent)

X

PS Form 3811, December 1994

102595-97-B-0179

Domestic Return Receipt

Thank you for using Return Receipt Service.

FLYNT CHANCELLOR CALLED
THIS DATE AND SAID THEY
WOULD GIVE US A 2 YR. TERM
ASSIGNMENT AS TO RIGHTS
BELOW BASE OF BONE SPRINGS
AT 175⁰⁰/AC. AT 80% NRI.

P.H.

8-5-99

Advised Flynt we must have all
rights in our wellbore - they have
all the shallow rights offsetting
our well. Advised Flynt we
would be pooling the acreage
9-2-99. They are to get back with
me.

P.H.
8-5-99

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

August 4, 1999

Certified Mail-Return Receipt Requested Z236347180

Six Bits, Inc.
P.O. Box 1277
Andrews, Texas 79714

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Gentlemen:

Regarding the captioned proposed well, we have not heard from your group since our meeting on June 21, 1999 as to Mewbourne's well proposal letter dated May 26, 1999. This is in regard to the captioned well which was proposed to be drilled at a location 1750' FSL & 660' FWL of the subject Section 28 wherein such well was proposed to be drilled to a depth sufficient to fully evaluate the Morrow formation, estimated total depth being 11,900'. To avoid the necessity of force pooling your interest for the timely drilling of the referenced well, please advise us of your decision regarding your participation in such well.

For your information, we plan to file an application for compulsory pooling with the NMOCD in Santa Fe, New Mexico within two (2) weeks for our pooling case to be heard at an Examiner's hearing on September 16, 1999. As such is the case, we would like to receive a decision from the Six Bits group prior to the hearing.

Regarding the captioned proposed well, enclosed for your file is a copy of Administrative Order NSL-4329 approving the above referenced drilling location.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

cc: Centerpoint Resources, Inc.
P.O. Box 1821
Midland, Texas 79702
Attention: Mr. Flynt Chancellor

Snow Oil & Gas, Inc.
P.O. Box 1277
Andrews, Texas 79714
Attention: Mr. Dan Snow

FLUID TRANSPORTS
LET US HAUL YOUR
HAZARDOUS WASTE



CENTERPOINT RESOURCES, INC.
P.O. Box 1821
Midland, Texas 79702

Freddy Allison

BILLY SMARTT
OFFICE 800-523-5843
FAX 915-573-3963
P.O. BOX 99
SNYDER, TEXAS 79550



ROLLOFF RENTAL
VACUUM, TRANSPORTS,
FLATS, DRY BOXES
END DUMPS, AND
ROLLOFF TRAILER

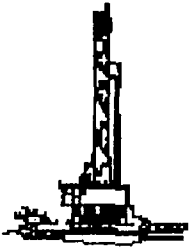
203 W. WALL, SUITE 508
MIDLAND, TEXAS 79701

(915) 684-9060
Fax (915) 684-7231

Re: Esperanza '28" Fee Com# / Well.

Met w/ Dan Snow, Billy Smartt and Freddy Allison this date regarding our well proposal. They are primarily interested in the shallow rights. I advised them that we would do the same trade that we did w/ Cxy on take a 180 day F/O wherein MCK would be delivered a 75% NRI @ no cash as to rights below base of Bone Spring except for our wellbore - we would have to have all rights in our wellbore. ~~Because of the risk~~ ~~and~~ We would be paying up their acreage, plus we would HBP their leases if \$ our well is productive. I also advised them that some of their leases had expired and/or had not been properly amended to extend their primary terms. They were to check on same and will get back w/ us about our proposal.

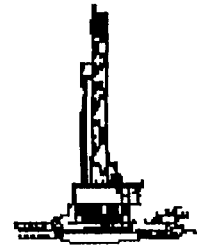
FF
10/21/99



SNOW OIL & GAS, INC.

P. O. Box 1277, Andrews, Texas 79714

Phone: (915)524-2371 Fax: (915)524-4993



JUN 21 1999

June 16, 1999

Mewbourne Oil Company
500 West Texas
Suite 1020
Midland TX 79701
Attn: D. Paul Haden
Senior Land Man

Via Fax
(915) 685-4170

RE: ESPERANZA "28" FEE COM. NO. 1 WELL W/2 SEC. 28, T21S, R27E, EDDY CO.
NEW MEXICO

Dear Mr. Haden

Six-Bits has asked me to handle correspondence between Mewbourne and Six-Bits concerning the referenced property. We are in receipt of your certified mail Z236347147 dated May 26 apparently received by Six-Bits on June 1, 1999. We are desirous of working a trade with you and at this particular moment are not fully decided as to our participation level in the referenced property. I understand that you have been in communication with Flynt Chancellor of Centerpoint Resources concerning this property and we suggest a meeting between Six-Bits, Centerpoint, Mewbourne, and Snow as soon as possible. We could meet in either Midland or Andrews, your preference, at your convenience. If you have any questions, please do not hesitate to call.

Sincerely

Dan W. Snow
Snow Oil & Gas
Vice President

Mewbourne Oil Company

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

May 26, 1999

Certified Mail- Return Receipt Requested Z236347147

Six Bits, Inc.
P.O. Box 826
Andrews, Texas 79714

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company (Mewbourne) hereby proposes the drilling of a well to a depth sufficient to adequately test the Morrow formation, anticipated total depth being 11,900'. Furthermore, Mewbourne shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The W/2 of the captioned Section 28 will be dedicated as the proration unit for the well.

The referenced well will be located approximately 1750' FSL & 660' FWL of Section 28, T21S, R27E, Eddy County, New Mexico. Our AFE dated 5-12-99 is enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

Upon receipt of the executed AFE or by prior request, we will forward our Joint Operating Agreement for your review and execution.

In the event you do not wish to participate, Mewbourne respectfully requests that you farmout your interest to Mewbourne under the following proposed terms:

- 1) Farmout all of your interest in the W/2 of the captioned Section 28 for a period of 180 days to Mewbourne under the following general terms:
 - (a) If any well drilled under the terms of our farmout agreement results in oil and/or gas production on a proration unit that includes your acreage, Mewbourne will earn an assignment of 100% of your rights and interest, free of any liens or encumbrances, in the proration unit assigned to each well to a depth of 100' below the total depth drilled for each well.

Esperanza "28" Fee Com. No. 1 Well

May 26, 1999

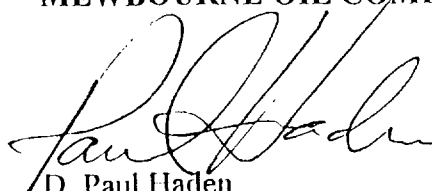
Page -2-

- (b) Six Bits will retain an overriding royalty interest equal to the difference, if any, between 20% of all oil and gas produced and the total of all royalty interests, overriding royalty interests and other burdens or lawful claims upon production to which the Six Bits leases may be currently subject, so that Mewbourne will be assigned a 80% net revenue interest in the Six Bits leases. Such overriding royalty interest retained by Six Bits shall be subject to proportionate reduction.
- (c) Upon acceptance of our farmout proposal Six Bits agrees to furnish at no cost to Mewbourne, title information such as copies of the leases covering the captioned lands, title opinions currently in your possession, title curative, letter agreements and any contracts currently in effect, etc.

Should you have any questions regarding the above, please do not hesitate to call.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gh

Esperanza "28" Fee Com No. 1 Well

SENDER: <ul style="list-style-type: none">Complete items 1 and/or 2 for additional services.Complete items 3, 4a, and 4b.Print your name and address on the reverse of this form so that we can return this card to you.Attach this form to the front of the mailpiece, or on the back if space does not permit.Write "Return Receipt Requested" on the mailpiece below the article number.The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): <ul style="list-style-type: none"><input type="checkbox"/> Addressee's Address<input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: Six Bits, Inc. P.O. Box 826 Andrews, Texas 79714		4a. Article Number <i>2236 347 147</i>	
		4b. Service Type <ul style="list-style-type: none"><input type="checkbox"/> Registered<input type="checkbox"/> Express Mail<input type="checkbox"/> Return Receipt for Merchandise<input checked="" type="checkbox"/> Certified<input type="checkbox"/> Insured<input type="checkbox"/> COD	
5. Received By: (Print Name) <i>Green</i>		7. Date of Delivery <i>6-1-99</i>	
6. Signature: (Addressee or Agent) <i>X</i>		8. Addressee's Address (Only if requested and fee is paid)	

Is your RETURN ADDRESS completed on the reverse side? **X**

PS Form 3811, December 1994 102595-97-B 0179 Domestic Return Receipt

Thank you for using Return Receipt Service.

her phone conversation, this
date w/ Flynt Chancellor -

He would have Alameda
Cawley and Jason Cawley
lease amendments filed
of record.

He believes the 9-22-72
JOA is not in effect - will
try to get Rudy Wærsted
to agree to this.

Their group would give us
a Farmout. - Their assignment
expires 9-1-99.

PK.
4-16-99

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

March 31, 1999

Centerpoint Resources, Inc.
P.O. Box 1821
Midland, Texas 79702

Attn: Mr. Flynt Chancellor

Re: Esperanza "28" Com. No. 1 Well
1750' FSL & 660' FWL of
Section 28, T21S, R27E
Eddy County, New Mexico

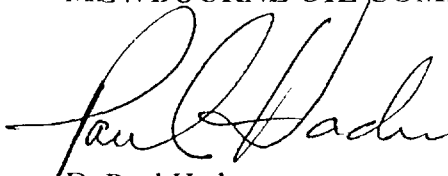
Dear Flynt:

To date we have not received a written response from your firm nor one from Six Bits, Inc. regarding my previous letter dated March 2, 1999 regarding your leasehold position in the W/2 of the subject Section 28. As I discussed with you previously, Mewbourne, as Operator plans to drill a Morrow test well at the captioned location with such well being dedicated to the W/2 for allowable purposes.

Regarding the above, we would appreciate receiving a written response from Centerpoint, Six Bits and the other firms and/or individuals which you are speaking for at the earliest possible date. Please call should you have any questions.

Sincerely yours,

MEWBOURNE OIL COMPANY



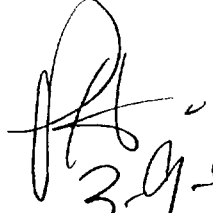
D. Paul Haden
Senior Landman

DPH/gb

Follow up call w/
Flynt Chancellor
this date regarding
our proposal. They're
discussing w/ their
partners.

P.H.

3-16-99

FOLLOW UP CALL TO
FLYNT CHANCELLOR THIS
DATE REGARDING OUR
PROPOSAL .
LEFT MESSAGE.  3-9-99

Paul ☐ **ENT**
Date 3-3-99 Time 1:15 **AM**
WHILE YOU WERE OUT
From Flynt Chancellow
of _____
Phone 684-9060
Area Code Number Ext.
Fax _____
Area Code Number

Telephoned	<input checked="" type="checkbox"/>	Please call	<input checked="" type="checkbox"/>
Came to see you	<input type="checkbox"/>	Wants to see you	<input type="checkbox"/>
Returned your call	<input type="checkbox"/>	Will call again	<input type="checkbox"/>

Message _____
They're interested in
drilling Delaware well.
Signed _____

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

March 2, 1999

684-9060 Centerpoint Resources, Inc.
P.O. Box 1821
Midland, Texas 79702

Attn: Mr. Flynt Chancellor

Re: MOC's Esperanza Prospect
W/2 of Section 28,
T21S, R27E
Eddy County, New Mexico

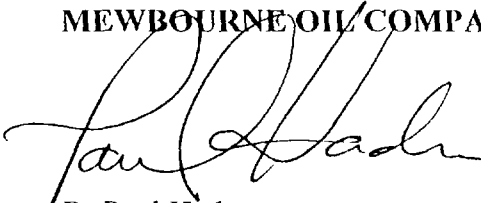
Dear Flynt:

Eddy County Records indicate that you own a leasehold interest in the SW/4NW/4, the N/2SW/4 and the SE/4SW/4 of the captioned Section 28. Mewbourne Oil Company desires to drill a Morrow test well at a location of its choice in the W/2 of the subject Section 28, as Operator. In this connection, Mewbourne hereby offers you \$175.00 per net mineral acre for an eighteen (18) month term assignment of your leasehold under the captioned land wherein Mewbourne would be assigned a eighty percent (80%) net revenue interest. As to your leasehold, we assume you also represent Six Bits, Inc.

The above offer is subject to immediate acceptance and Mewbourne's approval of title. Please respond at your early convenience.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPII/gb

Texas Independent

RE: TEX. IND.

Follow up call this date
regarding the status of
the execution of the
JOA. They are working
on it per Toni Sharrets.

PH
9-14-99

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

August 27, 1999

Texas Independent Exploration, Inc.
1600 Smith, Suite 3800
Houston, Texas 77002

Attn: Robert F. Blucher

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Ladies and Gentlemen:

Enclosed for your further handling is our proposed Operating Agreement dated August 26, 1999 for the captioned land and well in duplicate originals. At your earliest convenience, please execute both originals and return one (1) to me at the above address together with the executed AFE which I have also enclosed another copy of same for your convenience.

For your information, we have continued the compulsory pooling hearing until September 16, 1999. So that we can dismiss you or your firm from the proceedings as to such hearing, we would appreciate receiving the requested executed Operating Agreement and AFE prior to such hearing date.

Should you have any questions regarding the above, please call.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

August 20, 1999

Texas Independent Exploration, Inc.
1600 Smith, Suite 3800
Houston, Texas 77002

Attn: Toni Sharrets

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

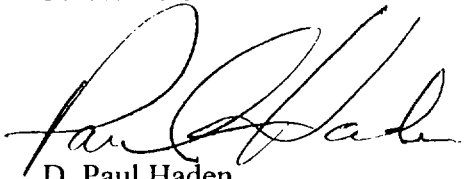
Dear Toni:

In reference to the captioned proposed well, our title examination indicates your firm owns a .00390% unit interest in the captioned 320 acre tract of land. As of this date, we have not received a written response as to your firm's participation in the subject well. Regarding same, we would appreciate receiving a decision from you prior to August 27th, the Friday before the September 2, 1999 compulsory pooling hearing date.

Should you have any questions regarding the above, please call.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

FACSIMILE TRANSMITTAL COVER SHEET

Date: 8-19-99

Time: _____

Page 1 of 2 Pages

TO: TONI SHARRETS : TEX. IND. EXPL., INC.

FACSIMILE NO.: (713) 759-0234 PHONE NO.: _____

FROM: PAUL HADEN

TYPE OF DOCUMENT: OWNERSHIP LIST

ORIGINAL TO FOLLOW IN MAIL (Y/N): (N)

MESSAGE: TONI: AS PROMISED, ATTACHED FYI IS THE CURRENT OWNERSHIP IN THE SPACING UNIT FOR MOC'S PROPOSED ESPERANZA "28" FEE COM. #1 WELL; W/2 SECTION 28, T21S, R27E. PLEASE CALL SHOULD YOU HAVE ANY QUESTIONS.

IF YOU DO NOT RECEIVE ALL PAGES CLEARLY, PLEASE CALL US AS SOON AS POSSIBLE.

CONFIDENTIALITY NOTE: The information contained in this facsimile message is confidential and is intended only for the use of the individual or entity named above. Dissemination of this facsimile to anyone else is strictly prohibited. If you have received this facsimile in error, please notify us by telephone immediately.

W. 2 SECTION 28, T2/S, R27
Ownership List - Esperanza Prospect

Mewbourne Oil Company (MOC)	31.62105%
Central Resources, Inc.	9.65159%
RKC, Inc.	1.70322%
Redfern Enterprises, Inc.	4.09023%
Devon Energy Corporation (Nevada)	4.21298%
Texona Petroleum Corporation	.13101%
Texas Independent Exploration, Inc.	.00390%
Rick Zimmerman d/b/a Island Resources	.69790%
Robert St. John	.03673%
David DeMarco d/b/a Black and Gold Resources	.00056%
Lowell Todd Armstrong	.00334%
First Union National Bank, Trustee of First Texas Investment Statutory Trust	.87345%
J. M. Huber Corp.	2.34375%
J. C. Davis, Jr.	1.17187%
James L. Pierce (MOC)	1.17187%
J. Hiram Moore, Betty Jane Moore and Michael Harrison Moore, Trustees UTI dated July 1, 1971	1.85405%
Six Bits, Inc.	18.750%
Carlsbad School Employees Credit Union (MOC)	.29375%
Enedina O. Elizondo SIX BITS, INC.	.29688%
Tony Rodriguez and wife, Eduvina Rodriguez, as joint tenants (MOC)	.62500%
Rascual O. Elizondo, a widower (MOC)	1.62623%
Mike Martinez or Erlinda Martinez, Trustee of the Martinez Family Trust dated 5/3/94	.09063%
Alameda Cawley Caldwell, as her separate property SIX BITS, INC.	11.71875%
Suzanne Cawley Caldwell, as her separate property " " "	3.51563%
Jason Cawley, as his separate property " " "	3.51563%

Toni Sharrets w/
Texas Ind. called and
said that she was
preparing an assignment
into them as to the
DeMarco interest under
the terms of a prior
agreement. I advised
her that we had a pooling
date set up for 9-2-99 but would
continue to 9-16-99. PH. 8-11-99

7/3-751-0419 Sharretts
Toni ~~Sharretts~~ w/
Texas Independent
called this date inquiring
about their interest. She
calculated their total
group interest as being
between 1-2%. They
plan to join & will give
response by 8-25-99.

P.H.
8-6-99

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

July 26, 1999

Texas Independent Exploration, Inc.
1600 Smith, Suite 3800
Houston, Texas 77002

Attn: Mr. Robert F. Blucher

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Dear Bob:

Regarding the captioned proposed well, enclosed for your file is a copy of Pages 15, 16, 34, 35, 36, 37 and Pages A-1 and A-2 of Exhibit "A" which were apparently omitted from the copy of our Original Drilling Title Opinion dated July 20, 1999 which I previously sent to you under separate cover.

Should you have any questions regarding our well proposal, please call.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

Texas Independent

Exploration, Inc.

1600 Smith, Suite 3800
Houston, Texas 77002
Phone: (713) 751-0419
Fax: (713) 759-0234

July 23, 1999

VIA FACSIMILE
(915) 685-4170

Mr. Paul Haden, Landman
Mewbourne Oil Company
500 W. Texas
Suite 1020
Midland, Texas 79701

RE: **ESPERANZA "28" FEE COM. #1 WELL**
W/2, Section 28, T21S, R27E
Eddy County, New Mexico
TIE File No. NM-080

Dear Paul:

Reference is made to your memo dated July 22, 1999, requesting the addresses of Island Resources, Robert St. John, David DeMarco and Lowell Todd Armstrong pursuant to the captioned well proposal.

As you know, by Term Assignment dated December 4, 1998, and Letter Agreement dated November 19, 1998, Texas Independent Exploration, Inc. ("TIE") assigned to Mewbourne Oil Company ("Mewbourne") all its right, title and interest in Section 18, T21S, R27E, Eddy County, New Mexico, being a 9.375% WI, subject to the reservation of a net 7.50% ORRI BPO with 50% of said ORRI convertible APO, on a well-by-well basis, to a proportionately reduced 12.50% WI. As I discussed with Lonnie Whitfield during his due diligence effort, several former TIE employees comprise the referenced 9.375% WI; however, assignments were never made. By letter dated January 30, 1999 (copy attached), Todd Armstrong and Robert St. John were advised of our trade and subsequently credited for their share of the bonus consideration paid by Mewbourne. Island Resources is Rick Zimmerman D/B/A Island Resources. Mr. Zimmerman is the President of TIE; therefore, the address of Island and TIE are the same. David DeMarco is a former employee of TIE who conveyed his interest back to TIE.

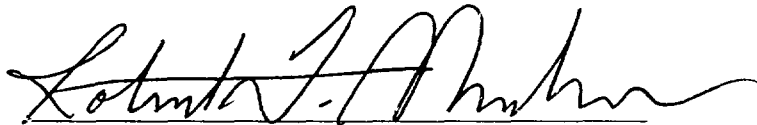
Neither Todd Armstrong or Robert St. John should be forwarded Mewbourne's well proposals. They will receive their proportionate share of the ORRI and back-in WI through TIE.

JUL 26 1999

It has been brought to TIE's attention that Matador Petroleum Corporation recently made a deal with Phillips regarding the S/2 of said Section 18 and that the drill-site of this well will be located on the Phillips tract. TIE is well acquainted with Matador and knows them to be a reputable operator. Accordingly, TIE has no objection to Matador's operating the subject test well.

I hope the above clarifies your concerns. If you have any further questions or comments, please feel free to contact me.

Yours truly,
TEXAS INDEPENDENT EXPLORATION, INC.

A handwritten signature in black ink, appearing to read "Robert F. Blucher", written over a horizontal line.

Robert F. Blucher, CPL
Land Manager

Texas Independent

Exploration, Inc.

1600 Smith, Suite 3800
Houston, Texas 77002
Phone: (713) 751-0419
Fax: (713) 759-0234

January 30, 1999

Robert St. John
One Alabama Court, Ste. No. 4
Houston, TX 77027

VIA FACSIMILE
(713) 629-6269

Todd Armstrong
850 Azalea
Houston, Texas 77018

VIA FEDERAL EXPRESS

RE: SALE OF CARLSBAD STATE COM
Section 16, T22S, R27W, Eddy County, New Mexico
NM-080

Gentlemen:

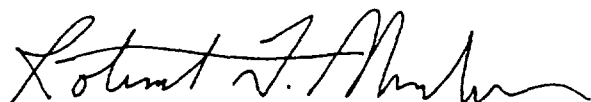
Sabre Operating Company has recently contacted us and advised that Gilmer & Associates has offered \$155,000.00 for the purchase of all right, title and interest in the captioned lands. Sabre has offered to include TIE's interest under their Purchase and Sale Agreement with Gilmer. TIE has accepted Sabre's offer. The TIE Group's interest is limited to a 9.375% contractual working interest in the W/2 of Section 16, T22S, R27W, by virtue of that certain Operating Agreement dated January 2, 1980, covering all of said Section 16. Assignments have not been prepared for the subject property; therefore, Sabre's records indicate that TIE owns the entire 9.375% working interest. Your proportionate share of this consideration is as follows:

Robert St. John	0.452343% @ \$155,000.00 = <u>\$701.13</u>
Todd Armstrong	0.28125% @ \$155,000.00 = <u>\$435.94</u>

In the event TIE has not heard otherwise from you on or before 5:00 p.m. on Wednesday, February 3, 1999, we will include your interest in the subject sale and credit your JIB account for the above amounts upon receipt of the referenced consideration.

In the event you have any questions or comments, please feel free to contact me.

Yours truly,
TEXAS INDEPENDENT EXPLORATION, INC.



Robert F. Blucher
Land Manager

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

July 23, 1999

Texas Independent Exploration, Inc.
1600 Smith, Suite 3800
Houston, Texas 77002

Attn: Mr. Robert F. Blucher

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Dear Bob:

Regarding the captioned well and land, enclosed for your file and information is a copy of our Original Drilling Title Opinion dated July 20, 1999. We hope that the title information contained therein as to TIE's interest may help to expedite your decision as to your participation in the subject well.

Should you have any questions regarding the above, please call.

Sincerely yours,

MEWBOURNE OIL COMPANY

A handwritten signature in black ink, appearing to read "D. Paul Haden", written in a cursive style.

D. Paul Haden
Senior Landman

DPH/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

—
(915) 682-3715
FAX (915) 685-4170

July 22, 1999

Certified Mail- Return Receipt Requested Z236347190

Texas Independent Exploration, Inc.
1600 Smith, Suite 3800
Houston, Texas 77002
Attention: Mr. Robert F. Blucher

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company (Mewbourne) hereby proposes the drilling of a well to a depth sufficient to adequately test the Morrow formation, anticipated total depth being 11,900 '. Furthermore, Mewbourne shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The W/2 of the captioned Section 28 will be dedicated as the proration unit for the well.

The referenced well will be located approximately 1750' FSL & 660' FWL of Section 28, T21S, R27E, Eddy County, New Mexico. Our AFE dated 5-12-99 is enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

Upon receipt of the executed AFE or by prior request, we will forward our Joint Operating Agreement for your review and execution.

In the event you do not wish to participate, Mewbourne respectfully requests that you farmout your interest to Mewbourne under the following proposed terms:

- 1) Farmout all of your interest in the W/2 of the captioned Section 28 for a period of 180 days to Mewbourne under the following general terms:
 - (a) If any well drilled under the terms of our farmout agreement results in oil and/or gas production on a proration unit that includes your acreage, Mewbourne will earn an assignment of 100% of your rights and interest, free of any liens or encumbrances, in the proration unit assigned to each well to a depth of 100' below the total depth drilled for each well.

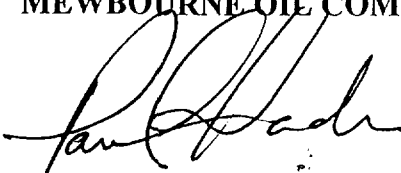
Esperanza "28" Fee Com. No. 1 Well
July 22, 1999
Page -2-

- (b) You shall retain an overriding royalty interest equal to the difference, if any, between 25% of all oil and gas produced and the total of all royalty interests, overriding royalty interests and other burdens or lawful claims upon production to which your leases may be currently subject, so that Mewbourne will be assigned a 75% net revenue interest as to your leases. Such overriding royalty interest retained by you shall be subject to proportionate reduction.
- (c) Upon acceptance of our farmout proposal you agree to furnish at no cost to Mewbourne, title information such as copies of the leases covering the captioned lands, title opinions currently in your possession, title curative, letter agreements and any contracts currently in effect, etc.

Should you have any questions regarding the above, please do not hesitate to call.

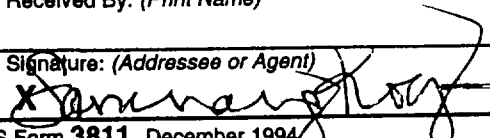
Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

Esperanza "28" Fee Com #1	
SENDER: ■ Complete items 1 and/or 2 for additional services. ■ Complete items 3, 4a, and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.	
I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: Texas Independent Exploration 1600 Smith, Suite 3800 Houston, Texas 77002 Attn: Mr. Robert F. Blucher	4a. Article Number Z 236 347 190
	4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD
	7. Date of Delivery 7-26-99
5. Received By: (Print Name)	8. Addressee's Address (Only if requested and fee is paid)
6. Signature: (Addressee or Agent) 	
PS Form 3811, December 1994 102595-97-B-0179 Domestic Return Receipt	

Thank you for using Return Receipt Service.

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

—
(915) 682-3715
FAX (915) 685-4170

Est. Lydia Elizondo

September 7, 1999

Antonio Vargas
2920 Wheeling
El Paso, Texas 79930

Re: Oil and Gas Lease
A 20 acre tract of land in the
NW/4SW/4 of Section 28,
T21S, R27E
Eddy County, New Mexico

Dear Mr. Vargas:

Enclosed for your further handling is an Oil and Gas Lease covering your .6506 net mineral acres in a 20 acre tract of land more particularly described in the attached lease. Also enclosed is our bank draft for \$65.06 which represents payment in full for the lease bonus consideration of \$100.00 per net mineral acre for a three (3) year paid-up lease wherein such lease provides for a 3/16th royalty interest, subject to proportionate reduction.

Regarding the above, you apparently inherited a 1/8th interest in 5.205 net mineral acres owned by the Estates of Pascual O. Elizondo, Jr. and Lydia V. Elizondo in the tract of land described in the attached Oil and Gas Lease. Under the Descent and Distribution laws of the State of New Mexico, 1/4 of Pascual's interest went to his surviving spouse and 3/4 went to his surviving children. Upon your mother's death, her interest went to you and your sister in equal shares.

In reference to the above, should you choose to join us in drilling the proposed Esperanza "28" Fee Com. No. 1 Well, you will be required to pay \$1,506.98 up front as to your estimated well cost. This option is available for your acceptance in lieu of leasing your interest to us as previously offered and in lieu of being force pooled at the Compulsory Pooling Hearing to take place in Santa Fe, New Mexico September 16th. However, I am assuming that you are electing to lease your mineral interest to us in lieu of joining in the well or in lieu of being force pooled.

If you are agreeable to leasing your mineral interest to us as offered, please execute the enclosed lease in the following procedure:

Antonio Vargas
September 7, 1999
Page -2-

- 1) In the presence of a Notary Public (your bank will have one), sign your name exactly as typed at the bottom of the lease and insert your Social Security number in the space provided.
- 2) Have the Notary complete the acknowledgment portion of the lease on the second page.
- 3) Endorse the bank draft and have the collection department of your bank send the signed lease and bank draft to our bank in Tyler, Texas for collection and payment.
- 4) Keep the copy of the lease and bank draft for your files.

Should you have any questions at all regarding the above, please call me collect at the above phone number. Your cooperation is greatly appreciated.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

cc: Irma Dailey
P.O. Box 312
Groves, Texas 77619

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

—
(915) 682-3715
FAX (915) 685-4170

September 7, 1999

Irma Dailey
P.O. Box 312
Groves, Texas 77619

Re: Northwest Quarter of the Southwest Quarter (NW/4SW/4)
of Section 28, T21S, R27E
Eddy County, New Mexico

Dear Ms. Dailey:

Thank you for the information you sent me regarding the Estates of Pascual Elizondo, Jr., Olivia Elizondo and your mother's Estate. According to the laws of Descent and Distribution for the State of New Mexico, Olivia Elizondo's interest went directly to Pascual Elizondo, Jr. as he was the surviving spouse. Upon his death, 1/4 of his interest went to Lydia Elizondo and the remaining 3/4 interest went to Pascual Elizondo, Jr.'s surviving children (see attachment) as to the chain of title). Upon Lydia Elizondo's death, her 1/4 interest went to you and your brother in equal shares, a 1/8 th interest each. As Pascual Elizondo, Jr. owned 5.205 net mineral acres in the tract of land previously described in my letter to you dated July 9th (see copy attached), you and your brother each own .6506 net acres. Accordingly, your interest in our proposed well is calculated as follows in the event you wish to participate:

$$.6506 \text{ net acres} / 320 \text{ (acres in the well spacing unit)} = .0020312 \text{ or } .20312\%$$

Your estimated cost to participate in our well is therefore calculated as follows:

$$.0020312 \times \$768,500 \text{ (estimated well cost)} = \$1,560.98$$

As I assume that you are not interested in risking \$1,560.98, I am enclosing a Oil and Gas Lease for your execution and our bank draft for \$65.06 which represents a \$100.00 per net acre bonus consideration payable to you as to the lease terms previously offered to you (\$100.00 per acre for a three (3) year oil and gas lease providing a 3/16th royalty interest). If this is agreeable to you and you do not wish to join in the well or be force pooled in the Compulsory Pooling Hearing scheduled to be heard in Santa Fe, New Mexico on September 16th, please execute the lease in the following procedure:

Irma Dailey
September 7, 1999
Page -2-

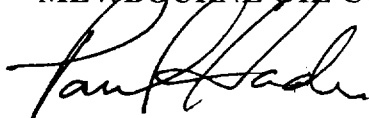
- 1) Sign your name exactly as typed in the space provided on the bottom of the lease in the presence of a Notary Public and have the Notary complete the acknowledgment on the second page of the lease. Please also insert your Social Security number in the space provided.
- 2) Endorse the bank draft and have the collection department of your bank forward the signed lease with the bank draft to our bank in Tyler, Texas for collection and payment.
- 3) Keep the copy of the lease and bank draft for your records.

Under separate cover, I sent your brother a lease and bank draft for his signature assuming that he too is interested in leasing to us in lieu of joining in the well or being force pooled.

Should you have any questions regarding the above, please do not hesitate to call me collect at our phone number. Your cooperation in connection with the above is greatly appreciated.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

cc: Antonio Vargas
2920 Wheeling
El Paso, Texas 79930

August 25, 1999

Dear Mr. Paul Haden

I am sorry for my delay in getting to you the requested document but because of our abrupt move to Groves last year I am only now beginning to sort out & file appropriately our paperwork.

I was not able to find my mother's marriage certificate. They were married July 27, 28, 29, 1995. I will continue to look for this document

Thanks,
Sincerely,
Jenna Bailey

Enclosed is an extra copy of Olivia's Death Certificate I found. This is not the one you sent. Hopefully I'll find marriage certif & I'll fax it to you.

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

July 9, 1999

(915) 682-3715
FAX (915) 685-4170

Irma Dailey
P.O. Box 312
Groves, Texas 77619

Re: Estate of Lydia Vargas Elizondo, Deceased
and Estate of Pascual Ogas Elizondo, Jr., Deceased

Dear Ms. Dailey:

As discussed, you may own a small mineral interest in the following described tract of land:

" A twenty (20) acre tract of land in the NW/4SW/4 of Section 28, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico, described as beginning at the Southwest corner of said NW/4SW/4, thence North 1022.50 feet, thence East 852 feet, thence South 1022.50 feet, thence West 852 feet to the point of beginning."

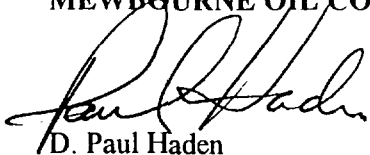
As of this date we have not confirmed your ownership in the above described tract of land as we do not have all the facts regarding the Estates of Pascual Ogas Elizondo, Jr. and Lydia Vargas Elizondo. It is my understanding that Pascual was married twice, once to Olivia Ortega Elizondo and once to Lydia Vargas (Elizondo). I am assuming that Olivia was his first wife who apparently died without leaving a Will (see attached Proof of Death and Heirship affidavit). After Olivia's death, Pascual married Lydia Vargas. Per our communications with Pascual O. Elizondo, III, Pascual O. Elizondo, Jr. passed away sometime this year as well as Lydia Vargas Elizondo. As Pascual Elizondo, Jr. and Lydia V. Elizondo each died without leaving a Last Will and Testament, inheritance of the mineral ownership by their respective heirs in the above described tract of land will be determined by the Descent and Distribution Laws of the State of New Mexico.

Regarding the above, I would appreciate it if you would write a short note to me detailing any facts you may know of regarding the dates of the deaths of Pascual O. Elizondo, Jr. and Lydia V. Elizondo so that we can secure a copy of their Death Certificates in order for us to prepare an Affidavit and Proof of Death and Heirship to substantiate your possible mineral ownership. We also need to know the names of all of the Decedents' children.

Enclosed for your convenience regarding the above request is a postage paid envelope. Should you have any questions regarding the above, please call me collect, however, I will be out of the office from July 13th - July 20th.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

cc: Antonio Vargas
2920 Wheeling
El Paso, Texas 79930

DPH/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

June 8, 1999

Certified Mail- Return Receipt Requested Z236347175

Tony Vargas
3730 Mobile Avenue
El Paso, Texas 79930

Hm. # 915-562-1046
2920 Wheeling
79930

Per Lanna Dinkley
his sister
PH-
7-1-99

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company (Mewbourne) hereby proposes the drilling of a well to a depth sufficient to adequately test the Morrow formation, anticipated total depth being 11,900'. Furthermore, Mewbourne shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The W/2 of the captioned Section 28 will be dedicated as the proration unit for the well.

The referenced well will be located approximately 1750' FSL & 660' FWL of Section 28, T21S, R27E, Eddy County, New Mexico. Our AFE dated 5-12-99 is enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

Upon receipt of the executed AFE or by prior request, we will forward our Joint Operating Agreement for your review and execution.

In the event you do not wish to participate, Mewbourne respectfully requests that you lease your interest to Mewbourne under the following proposed terms:

- 1) Lease all of your mineral interest in the W/2 of the captioned Section 28 to Mewbourne under the following general terms:
 - (a) A three (3) year paid-up Oil and Gas Lease.

Esperanza "28" Fee Com. No. 1 Well

June 8, 1999

Page -2-

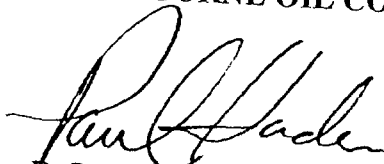
(b) A lease bonus consideration of \$100.00 per net mineral acre.

(c) A three-sixteenths (3/16) royalty interest on oil and gas.

Should you have any questions regarding the above, please do not hesitate to call.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

Esperanza "28" Fee Com. No. 1 Well	
SENDER: ■ Complete items 1 and/or 2 for additional services. ■ Complete items 3, 4a, and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.	
I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: Tony Vargas 3730 Mobile Avenue El Paso, Texas 79930	4a. Article Number Z 236 347 175. 4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD
5. Received By: (Print Name) ANTONIO AVARGAS	7. Date of Delivery 6/14/99
6. Signature: (Addressee or Agent) X Antonio AVargas	8. Addressee's Address (Only if requested and fee is paid)

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020

MIDLAND, TEXAS 79701

(915) 682-3715

FAX (915) 685-4170

June 8, 1999

Certified Mail- Return Receipt Requested Z236347174

~~844~~
Irma Dailey
~~3730 Mobile Avenue~~
El Paso, Texas 79930

P.O. Box 312

GROWER, TX. 77619

Per Irma
this date.
P.H.
7-1-99

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

(409) 960-6844

Ladies and Gentlemen:

Mewbourne Oil Company (Mewbourne) hereby proposes the drilling of a well to a depth sufficient to adequately test the Morrow formation, anticipated total depth being 11,900'. Furthermore, Mewbourne shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The W/2 of the captioned Section 28 will be dedicated as the proration unit for the well.

The referenced well will be located approximately 1750' FSL & 660' FWL of Section 28, T21S, R27E, Eddy County, New Mexico. Our AFE dated 5-12-99 is enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

Upon receipt of the executed AFE or by prior request, we will forward our Joint Operating Agreement for your review and execution.

In the event you do not wish to participate, Mewbourne respectfully requests that you lease your interest to Mewbourne under the following proposed terms:

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 - (a) A three (3) year paid-up Oil and Gas Lease.

Esperanza "28" Fee Com. No. 1 Well

June 8, 1999

Page -2-

(b) A lease bonus consideration of \$100.00 per net mineral acre.

(c) A three-sixteenths (3/16) royalty interest on oil and gas.

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Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

Esperanza "28" Fee Com. No. 1 Well

SENDER: ■ Complete Items 1 and/or 2 for additional services. ■ Complete Items 3, 4a, and 5. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: Irma Dailey 3730 Mobile Avenue El Paso, Texas 79930		4a. Article Number Z 236 347 174	
		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
		7. Date of Delivery 6/14/99	
5. Received By: (Print Name) Antonio A. Vargas		8. Addressee's Address (Only if requested and fee is paid)	
6. Signature: (Addressee or Agent) X Antonio A. Vargas			

PS Form 3811, December 1994 102595-97-B-0179 Domestic Return Receipt

Is your RETURN ADDRESS completed on the reverse side?

Thank you for using Return Receipt Service.

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

August 27, 1999

Rick Zimmerman d/b/a Island Resources
1600 Smith, Suite 3800
Houston, Texas 77002

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Ladies and Gentlemen:


Enclosed for your further handling is our proposed Operating Agreement dated August 26, 1999 for the captioned land and well in duplicate originals. At your earliest convenience, please execute both originals and return one (1) to me at the above address together with the executed AFE which I have also enclosed another copy of same for your convenience.

For your information, we have continued the compulsory pooling hearing until September 16, 1999. So that we can dismiss you or your firm from the proceedings as to such hearing, we would appreciate receiving the requested executed Operating Agreement and AFE prior to such hearing date.

Should you have any questions regarding the above, please call.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

August 20, 1999

Rick Zimmerman d/b/a Island Resources
1600 Smith, Suite 3800
Houston, Texas 77002

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Dear Mr. Zimmerman:

In reference to the captioned proposed well, our title examination indicates you own a .69790% unit interest in the captioned 320 acre tract of land. As of this date, we have not received a written response as to your participation in the subject well. Regarding same, we would appreciate receiving a decision from you prior to August 27th, the Friday before the September 2, 1999 compulsory pooling hearing date.

Should you have any questions regarding the above, please call.

Sincerely yours,

MEWBOURNE OIL COMPANY

A handwritten signature in black ink, appearing to read "D. Paul Haden", written in a cursive style.

D. Paul Haden
Senior Landman

DPH/gb

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

July 22, 1999

Certified Mail- Return Receipt Requested Z236347191

Rick Zimmerman d/b/a Island Resources
1600 Smith, Suite 3800
Houston, Texas 77002
Attention: Mr. Robert F. Blucher

Re: Esperanza "28" Fee Com. No. 1 Well
W/2 of Section 28, T21S, R27E
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company (Mewbourne) hereby proposes the drilling of a well to a depth sufficient to adequately test the Morrow formation, anticipated total depth being 11,900 '. Furthermore, Mewbourne shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The W/2 of the captioned Section 28 will be dedicated as the proration unit for the well.

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Upon receipt of the executed AFE or by prior request, we will forward our Joint Operating Agreement for your review and execution.

In the event you do not wish to participate, Mewbourne respectfully requests that you farmout your interest to Mewbourne under the following proposed terms:

- 1) Farmout all of your interest in the W/2 of the captioned Section 28 for a period of 180 days to Mewbourne under the following general terms:
 - (a) If any well drilled under the terms of our farmout agreement results in oil and/or gas production on a proration unit that includes your acreage, Mewbourne will earn an assignment of 100% of your rights and interest, free of any liens or encumbrances, in the proration unit assigned to each well to a depth of 100' below the total depth drilled for each well.

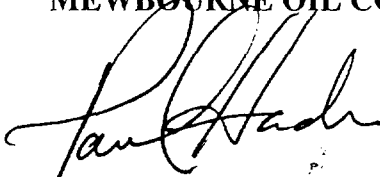
Esperanza "28" Fee Com. No. 1 Well
July 22, 1999
Page -2-

- (b) You shall retain an overriding royalty interest equal to the difference, if any, between 25% of all oil and gas produced and the total of all royalty interests, overriding royalty interests and other burdens or lawful claims upon production to which your leases may be currently subject, so that Mewbourne will be assigned a 75% net revenue interest as to your leases. Such overriding royalty interest retained by you shall be subject to proportionate reduction.
- (c) Upon acceptance of our farmout proposal you agree to furnish at no cost to Mewbourne, title information such as copies of the leases covering the captioned lands, title opinions currently in your possession, title curative, letter agreements and any contracts currently in effect, etc.

Should you have any questions regarding the above, please do not hesitate to call.

Sincerely yours,

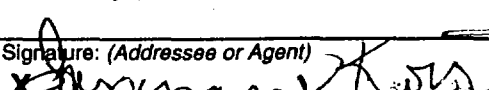
MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

Esperanza "28" Fee Com. #1

SENDER: <ul style="list-style-type: none">Complete items 1 and/or 2 for additional services.Complete items 3, 4a, and 4b.Print your name and address on the reverse of this form so that we can return this card to you.Attach this form to the front of the mailpiece, or on the back if space does not permit.Write "Return Receipt Requested" on the mailpiece below the article number.The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): <ul style="list-style-type: none">1. <input type="checkbox"/> Addressee's Address2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: Rick Zimmerman d/b/a/ Island Resources 1600 Smith, Suite 3800 Houston, Texas 77002 Attn: Mr. Robert F. Blucher		4a. Article Number Z 236 347 191	
5. Received By: (Print Name)		4b. Service Type <ul style="list-style-type: none"><input type="checkbox"/> Registered<input type="checkbox"/> Express Mail<input type="checkbox"/> Return Receipt for Merchandise<input checked="" type="checkbox"/> Certified<input type="checkbox"/> Insured<input type="checkbox"/> COD	
6. Signature: (Addressee or Agent) 		7. Date of Delivery 7-26-99	
8. Addressee's Address (Only if requested and fee is paid)			

Is your RETURN ADDRESS completed on the reverse side?

PS Form 3811, December 1994 102595-97-8-0179 Domestic Return Receipt

Thank you for using Return Receipt Service.