

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

September 13, 2002

Via Fax 405-552-4550 and Frist Class Mail

Devon Energy Production Company, L.P.
20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102
Attn: Mr. Ken Gray

Re: Esperanza "14" State Com. #1 Well
W/2 of Section 14, T21S, R27E
Eddy County, New Mexico

Esperanza "11" State Com. #1 Well
W/2 of Section 11, T21S, R27E
Eddy County, New Mexico

Gentlemen:

As previously discussed, the proposed locations were slightly altered per the requests of the BLM for archeological concerns and to reduce cut and fill operations when Mewbourne builds the well locations. Accordingly, the referenced wells are now staked at the following locations:

Esperanza "14" State Com. #1 Well
685' FSL & 660' FWL of Section 14

Esperanza "11" State Com. #1 Well
1010' FSL & 660' FWL of Section 11

As to the referenced proposed wells, we would appreciate receiving a decision from Devon as to Devon's participation in the proposed wells prior to September 19, 2002, the scheduled hearing date for the compulsory pooling cases for said wells.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

OIL CONSERVATION DIVISION
CASE NUMBER _____
EXHIBIT 4

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

FACSIMILE TRANSMITTAL COVER SHEET

DATE: 9-13-02

PAGE 1 of 2 PAGES

TO: KEN GRAY COMPANY: _____

FACSMILE NO.: _____ PHONE NO.: _____

FROM: PAUL

MESSAGE: _____

Any decisions yet?

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.

ESPERANZA "11" AND "14"

9-10-02

PER MOC'S BRUCE INSALACO'S (EXPL. MGR.) PHONE CONVERSATION WITH DEVON'S GEORGE DAVIS (GEOL. MGR.) DEVON COUNTER OFFERED MOC'S PROPOSAL WHEREIN DEVON WOULD BE AGREEABLE TO FORMING A WORKING INTEREST UNIT. DEVON PROPOSES THAT THEY PARTICIPATE WITH $\frac{1}{2}$ OF THEIR INTEREST AND BE CARRIED TO CASING POINT ON THE BALANCE.

R.

9-10-02

KEN GRAY AND KEVIN HARWI OF DEVON MET WITH US IN OUR OFFICES THIS DATE, THEY HOPE TO HAVE A DECISION AS TO THEIR PARTICIPATION IN THE SUBJECT WELLS BY FRIDAY, SEPT. 13TH

R.

ESPERANZA "11" & "14"
9-6-02

PER KEN GRAY, THEY HOPE TO HAVE AN ANSWER FOR
US BY FRIDAY THE 13TH AS THEY ARE HAVING A MEETING
WITH THEIR MANAGEMENT ON THURS. THE 12TH. THEY'LL
LET US KNOW OF THEIR DECISION.

RA

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

August 22, 2002

Via Fax (405) 552-4550 and First Class Mail

Devon Energy Production Company, L.P.
20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102
Attn: Mr. Ken Gray

Re: Esperanza "14" State Com. #1 Well
W/2 of Section 14, T21S, R27E
Eddy County, New Mexico

Gentlemen:

Reference is made to Mewbourne's previous letter dated August 1, 2002 (see copy attached) regarding the proposed captioned Morrow test well. To date we have not received a decision from Devon as to its participation in the proposed well. For Mewbourne to avoid the necessity for filing an application for compulsory pooling, we would appreciate receiving a written response from Devon at the earliest possible date as to its participation in the referenced well.

According to our title examination of the captioned land, Devon owns 70.616525% of the operating rights in the NW/4 of Section 14 as to all depths and a 56.135668% net revenue interest.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPII/gb

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

Devon Energy Production Co., LP
20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102
Attn: Ken Gray

AUG 08 2002

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

Goodluck Njoku☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

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

3. Service Type

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

4. Restricted Delivery? (Extra Fee)

☐ Yes

2. Article Number

(Transfer from service label)

7000 0520 0020 9191 7722

PS Form 3811, August 2001

Domestic Return Receipt

102595-01-M-2509

Esperanza "14" State Com. #1

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

August 1, 2002

Certified Mail-Return Receipt Requested No. 7722

Devon Energy Production Company, L.P.
20 North Broadway, Suite 1500
Oklahoma City, OK 73102
Attn: Ken Gray

Re: Esperanza "14" State Com. #1 Well
660' FSL & 660' FWL
Section 14, T21S, R27E
Eddy County, New Mexico

Gentlemen:

After Mewbourne's further evaluation of the immediate area and surface considerations, Mewbourne Oil Company (Mewbourne) hereby withdraws its previous well proposal to drill the referenced well at a location 1980' FSL & 660' FWL of the captioned Section 14. However, Mewbourne as Operator is still interested in drilling the referenced well. Accordingly, Mewbourne as Operator, hereby proposes drilling the captioned well at the referenced amended location to a depth sufficient to adequately evaluate the Morrow formation, estimated total depth being 11,900' beneath the surface. The W/2 of the captioned Section 14 will be dedicated to the well.

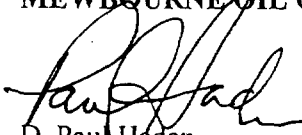
Enclosed for your further handling regarding the above proposed well are two (2) copies of our AFE dated July 30, 2002. In the event your firm elects to join Mewbourne in the proposed well, please have the enclosed AFEs executed and return one (1) to me for further handling. Upon our receipt of the executed AFE, we will forward our Operating Agreement for execution.

In the event your firm elects not to participate in the proposed well, Mewbourne would be interested in acquiring a eighteen (18) month term assignment of your interest on the basis of \$200.00 per net acre wherein Mewbourne would be delivered a 75% net revenue interest lease.

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

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

Follow up call this date
to Ken Gray w/ Devon. He'll
be out of the office from
July 1st and will be back
July 8th. PH.

7/2/02

Follow up call this date w/
Ken G. w/ Devon. Ken says
their geol. (Geo. Davis) recommended
that they join. He'll have a formal
response soon. PH.

7/9/02

Bruce Inalaco w/ Newbourn
had lunch with Ken Gray
and Devon geol. in Okla. City
this date to discuss our well
proposal. Still no answer from
Devon as to their decision to participate.

PH.
7/18/02

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

—
(915) 682-3715
FAX (915) 685-4170

June 11, 2002

Via Fax (405) 552-4550 and First Class Mail

Devon Energy Production Company, L.P.
20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102
Attn: Ken Gray

Re: Esperanza "14" State Com. #1 Well
W/2 of Section 14, T21S, R27E
Eddy County, New Mexico

Dear Ken:

As a courtesy to you, I am advising you that Mewbourne has tentative plans to file a pooling application on or before June 18, 2002 for the July 11th docket date as to the captioned proposed well. Accordingly, we would appreciate receiving a decision from Devon at the earliest possible date as to Devon's participation in the subject well to avoid the necessity for the pooling hearing.

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 6, 2002

Via Fax (405) 552-4550 and First Class Mail

Devon Energy Production Company, L.P.
20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102
Attn: Mr. Ken Gray

Re: Esperanza "14" State Com. #1 Well
W/2 of Section 14, T21S, R27E
Eddy County, New Mexico

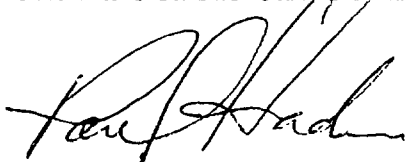
Gentlemen:

Reference is made to Mewbourne's previous letter dated February 21, 2002 (see copy attached) regarding the proposed captioned Morrow test well. To date we have not received a decision from Devon as to its participation in the proposed well. Accordingly we would appreciate receiving a written response from Devon at the earliest possible date as to its participation in the referenced well.

According to our title examination of the captioned land, Devon owns 70.616525% of the operating rights in the NW/4 of Section 14 as to all depths and a 80.187819% net revenue interest on an 8/8ths basis.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

MEETING WITH DEVON
IN OKLA. CITY 4-17-02 :

LARRY CUNNINGHAM (MOC)
BRUCE INSALACO (MOC)

KEN GRAY (DEVON)
GEORGE DAVIS (DEVON)

PER KEN AS PER LARRY —

IN ORDER TO GET OUR WELL
PROPOSAL EVALUATED, KEN
SUGGESTS THAT WE FILE FOR
COMPULSORY POOLING - ONCE
DEVON RECEIVES THE POOLING
APPLICATION, DEVON WILL
EVALUATE OUR PROPOSAL.

RL 4/8/02

Follow up call
this date to Ken
Dray regarding our
well proposal. Left
message. PH.

2:30

4/9/02

Called Ken Gray
(Devon) this date
regarding our proposal.

They're still
evaluating, but
probably wouldn't
join in our well.

PA.

4/2/02

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

March 6, 2002

Via Fax (405) 552-4550 and First Class U.S. Mail

Devon Energy Production Company, L.P.
20 North Broadway, Suite 1500
Oklahoma City, OK 73102
Attn: Ken Gray

Re: Allied State Com. #1 Well
N/2 of Section 14, T21S, R27E
Eddy County, New Mexico

Gentlemen:

Production records available to Mewbourne Oil Company (Mewbourne) indicate the captioned well currently produces approximately 40 MCFGPD from the Atoka formation. Such well is currently operated by Devon Energy Production Company, L.P. (Devon).

Regarding Mewbourne's recently proposed Esperanza "14" State Com. #1 Well which is to be dedicated to the W/2 of the captioned Section 14, should a productive Atoka interval be encountered in the wellbore of said well, Mewbourne could not produce the Atoka in its wellbore as the proration unit for Mewbourne's well and Devon's currently producing well would be conflicting. Furthermore, Mewbourne probably would be unable to force pool the Atoka formation for a W/2 unit. Mewbourne anticipates that force pooling will be necessary in order to drill the proposed Esperanza "14" State Com. #1 Well in a timely manner.

As the referenced Allied State Com. #1 Well produces low volume gas and said well apparently is not in a Devon active area, Mewbourne proposes to purchase such well on the following basis:

- 1) On an 8/8ths basis, Mewbourne offers to purchase such well and applicable leasehold on the basis of \$97,500.00 cash.
- 2) Mewbourne shall be delivered a 80% net revenue interest, subject to proportionate reduction.
- 3) The closing date if accepted by Devon shall be on or before May 1, 2002 wherein such date also will be the effective date.
- 4) Prior to closing, title shall be subject to approval by Mewbourne.

Devon Energy Production Company, L.P.
Allied State Com. #1 Well

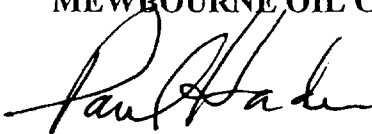
March 6, 2002
Page -2-

The above offer shall be available for Devon's acceptance for a period ending April 6, 2002 at 4:00 P.M.

Should you have any questions regarding the above, please call. As to the above, I would be happy to discuss Mewbourne's proposal in Devon's office at your convenience.

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

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

Devon Energy Production Co., LP
20 N. Broadway, Suite 1500
Oklahoma City, OK 73102
Attention: Ken Gray

FEB 27 2002

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly)

B. Date of Delivery

C. Signature

X☐ Agent☐ AddresseeD. Is delivery address different from item 1? ☒ YesIf YES, enter delivery address below: ☐ No

3. Service Type

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

4. Restricted Delivery? (Extra Fee)

☐ Yes

2. Article Number

(Transfer from service label)

7099 3400 0016 0178 9264

PS Form 3811, March 2001

Domestic Return Receipt

102595-01-M-1424

Espuanza "14" State Com. #1

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

February 21, 2002

Certified Mail-Return Receipt Requested No. 9264

Devon Energy Production Company, L.P.
20 North Broadway, Suite 1500
Oklahoma City, OK 73102
Attn: Ken Gray

Re: Esperanza "14" State Com. #1 Well
1980' FSL & 660' FWL
Section 14, T21S, R27E
Eddy County, New Mexico

Gentlemen:

Mewbourne Oil Company (Mewbourne) as Operator, hereby proposes drilling the captioned well at the referenced location to a depth sufficient to adequately evaluate the Morrow formation, estimated total depth being 11,900' beneath the surface. The W/2 of the captioned Section 14 will be dedicated to the well.

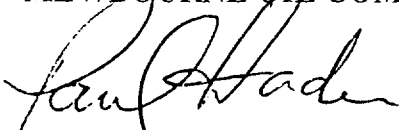
Enclosed for your further handling regarding the above proposed well are two (2) copies of our AFE dated February 11, 2002. In the event your firm elects to join Mewbourne in the proposed well, please have the enclosed AFEs executed and return one (1) to me for further handling. Upon our receipt of the executed AFE, we will forward our Operating Agreement for execution.

In the event your firm elects not to participate in the proposed well, Mewbourne would be interested in acquiring a eighteen (18) month term assignment of your interest on the basis of \$200.00 per net acre wherein Mewbourne would be delivered a 75% net revenue interest lease.

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

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

HEYCO

PETROLEUM PRODUCERS



HARVEY E. YATES COMPANY

P.O. BOX 1933

ONE SUNWEST CENTRE

505 / 623-6601

FAX 505 / 622-4221

ROSWELL, NEW MEXICO 88202-1933

Via Telefax and U.S. Mail

September 6, 2002

Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, Texas 79701

Attention: D. Paul Haden
Senior Landman

Re: Esperanza 14 State Com #1
T-21S, R-27E, N.M.P.M.
660' FSL & 660' FWL
Section 14: W/2
Eddy County, New Mexico
Term Assignment

Ladies and Gentlemen:

Pursuant to my telephone conversation with Paul Haden on September 5, 2002, Harvey E. Yates Company (HEYCO) and Shinnery Investment Company (HEYCO, et al) agree to grant Mewbourne Oil Company (MOC) a Term Assignment covering their interest in the captioned lands based on a bonus consideration of \$200.00 per net acre for an eighteen (18) month primary term, delivering MOC a 75% net revenue interest lease.

HEYCO will prepare and properly execute its form Term Assignment as soon as possible. An executed original will be sent to you for signature and return to HEYCO at that time. If you have any questions concerning this matter, please call me at 505/623-6601.

Very truly yours,

Melissa Randle
Landman

/mvr

Esperanza14MewbourneTermAssign.doc/Land:NonOp#4

SEP 09 2002

Heyco - Talked w/ ^{Melissa} ~~Melissa~~ Candler this date.
They are going to give us a term assignment
in lieu of joining. She's to send me their
form of assignment for approval. Advised
~~Melissa~~ Melissa that the pooling hearing
was 9-19-02. Pff
9/3/02

Yates Energy - Called Shari Hamilton this date.
They are having a meeting today
to decide regarding their participation
in the proposed well. She'll get back
w/m. Pff
9/5/02

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

FACSIMILE TRANSMITTAL COVER SHEET

DATE: 8-28-02

PAGE 1 of 7 PAGES

TO: MELISSA RANDLE COMPANY: HEYCO

FACSIMILE NO.: 505-622-4221 PHONE NO.: _____

FROM: PAUL HADEN

MESSAGE: _____

MELISSA - ATTACHED FYI AND FOR YOUR CONFIRMATION
AS TO HEYCO'S 8.3249070 EXPENSE INTEREST IN THE
MOC ESPERANZA 14" STATE COM #1 WELL ARE PERTINENT
PAGES TAKEN FROM OUR DRILLING OPINION OF TITLE DATED
4-4-02.

PLEASE CALL SHOULD YOU HAVE ANY QUESTIONS. VERNON TELLS
ME ~~THAT~~ THAT HEYCO HAS DECIDED NOT TO JOIN IN THE WELL.
MOC WOULD TAKE A TERM ASSIGNMENT FROM HEYCO IF
THAT'S THE CASE.

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

August 22, 2002

Via Fax (505) 622-4221 and First Class Mail

Harvey E. Yates Company
P.O. Box 1933
Roswell, New Mexico 88202-1933
Attn: Melissa Randle

Re: Esperanza "14" State Com. #1 Well
W/2 of Section 14, T21S, R27E
Eddy County, New Mexico

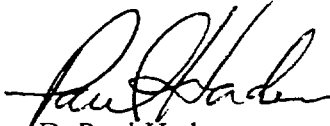
Ladies and Gentlemen:

Reference is made to Mewbourne's previous letter dated August 1, 2002 (see copy attached) regarding the proposed captioned Morrow test well. To date we have not received a decision from Heyco as to its participation in the proposed well. For Mewbourne to avoid the necessity for filing an application for compulsory pooling, we would appreciate receiving a written response from Heyco at the earliest possible date as to its participation in the referenced well.

According to our title examination of the captioned land, Heyco owns 16.649814% of the operating rights in the SW/4 of Section 14 as to depths below the base of the Yates formation.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

Harvey E. Yates Company
P.O. Box 1933
Roswell, New Mexico 88202-1933
Attn: Melissa Randle

AUG 07 2002

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

Amy Owens

- ☐ Agent
☐ Addressee

B. Received by (Printed Name)

Amy Owens

C. Date of Delivery

8-6-02

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

3. Service Type

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

4. Restricted Delivery? (Extra Fee)

☐ Yes

2. Article Number

(Transfer from service label)

7000 0520 0020 9191 7760

PS Form 3811, August 2001

Domestic Return Receipt

102595-01-M-2509

Esperanza "14" State Com. #1

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

August 1, 2002

Certified Mail-Return Receipt Requested No. 7760

Harvey E. Yates Company
P.O. Box 1933
Roswell, New Mexico 88202-1933
Attn: Melissa Randle

Re: Esperanza "14" State Com. #1 Well
660' FSL & 660' FWL
Section 14, T21S, R27E
Eddy County, New Mexico

Dear Melissa:

After Mewbourne's further evaluation of the immediate area and surface considerations, Mewbourne Oil Company (Mewbourne) hereby withdraws its previous well proposal to drill the referenced well at a location 1980' FSL & 660' FWL of the captioned Section 14. However, Mewbourne as Operator is still interested in drilling the referenced well. Accordingly, Mewbourne as Operator, hereby proposes drilling the captioned well at the referenced amended location to a depth sufficient to adequately evaluate the Morrow formation, estimated total depth being 11,900' beneath the surface. The W/2 of the captioned Section 14 will be dedicated to the well.

Enclosed for your further handling regarding the above proposed well are two (2) copies of our AFE dated July 30, 2002. In the event your firm elects to join Mewbourne in the proposed well, please have the enclosed AFEs executed and return one (1) to me for further handling. Upon our receipt of the executed AFE, we will forward our Operating Agreement for execution.

In the event your firm elects not to participate in the proposed well, Mewbourne would be interested in acquiring a eighteen (18) month term assignment of your interest on the basis of \$200.00 per net acre wherein Mewbourne would be delivered a 75% net revenue interest lease.

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 24, 2002

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

Attn: Melissa Randle

Re: Esperanza "15" State Com. #1 Well
and Esperanza "23" State #1 Well
Eddy County, New Mexico

Dear Melissa:

As discussed last Friday, enclosed for Heyco's information are the logs and the drilling/completion reports for the subject wells. Please call should you need anything further.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

Talked to Melissa Randle
this date w/ Heyco regarding our
well proposal. Also checked to
see if they had our well info
in the area so it would help
them make their decision. She's
to check with their geologists and
get back with me.

ft.

6/11/02

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

March 6, 2002

Via Fax (505) 622-4221 and First Class U.S. Mail

Harvey E. Yates Company
P.O. Box 1933
Roswell, New Mexico 88202-1933
Attn: Melissa Randle

Re: Esperanza "14" State Com. #1 Well
W/2 of Section 14, T21S, R27E
Eddy County, New Mexico

Dear Melissa:

Regarding the captioned proposed well, Mewbourne Oil Company (Mewbourne) respectfully declines to furnish Harvey E. Yates Company (Heyco) the well information referenced in Heyco's recent letter dated February 28, 2002 regarding the recently completed Esperanza "15" State Com. #1 Well. Such requested well information is deemed confidential by Mewbourne. Had Heyco participated in such well or farmed out its interest to Mewbourne under reasonable terms in lieu of participation in same, Heyco would have such well information in its files.

Mewbourne would appreciate receiving Heyco's decision as to its participation or not in the captioned proposed well at the earliest possible date.

Sincerely yours,

MEWBOURNE OIL COMPANY

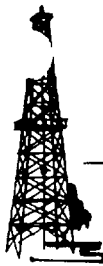


D. Paul Haden
Senior Landman

DPH/gb

HEYCO

PETROLEUM PRODUCERS



HARVEY E. YATES COMPANY

P.O. BOX 1933

ONE SUNWEST CENTRE

505 / 623-6601

FAX 505 / 622-4221

ROSWELL, NEW MEXICO 88202-1933

Via Telefax and U.S. Mail

February 28, 2002

Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, Texas 79701

Attention: D. Paul Haden
Senior Landman

Re: Esperanza 14 State Com #1
T-21S, R-27E, N.M.P.M.
Section 14: W/2
Eddy County, New Mexico

Dear Paul:

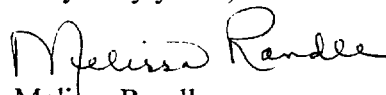
Harvey E. Yates Company (HEYCO) is in receipt of your letter, dated February 21, 2002, regarding your proposed Esperanza 14 State Com #1 well. In order to make an informed decision on this matter, please supply HEYCO with a copy of all well information from the Esperanza 15 State Com #1. In addition to the well information, HEYCO is receptive to a geologic presentation by your company. Our geologist is planning to be in Midland sometime during the week of March 4-8, 2002. Please let me know if we can arrange a time for our geologists to meet.

In the event HEYCO elects to participate in your proposed well, HEYCO must receive a copy of your joint operating agreement to review before signing and returning your AFE and signature pages to the joint operating agreement.

Our records indicate Shinnery Investment Company (Shinnery) is also an interest owner in the W/2 of Section 14. Upon HEYCO's final review of your proposal and joint operating agreement, Shinnery will promptly make its election and respond to you with its decision.

Please call me at 505/623-6601 to discuss this matter further.

Very truly yours,


Melissa Randle
Landman

/mvr

Esperanza14Corres1.doc/Land:NonOp#4

MAR 05 2002

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

Harvey E. Yates Company
P.O. Box 1933
Roswell, N.M. 88202-1933
Attn: Melissa Randle

FEB 26 2002**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly)

Amey Owens

B. Date of Delivery

1-25-02

C. Signature

X Amy Owens☐ Agent☐ Addressee

D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

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

4. Restricted Delivery? (Extra Fee)

☐ Yes

2. Article Number (Copy from service label)

7099 3400 0016 0178 9486

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

Esperanza "14" State Com. # 1

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

February 21, 2002

Certified Mail-Return Receipt Requested No. 9486

Harvey E. Yates Company
P.O. Box 1933
Roswell, New Mexico 88202-1933
Attn: Melissa Randle

Re: Esperanza "14" State Com. #1 Well
1980' FSL & 660' FWL
Section 14, T21S, R27E
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company (Mewbourne) as Operator, hereby proposes drilling the captioned well at the referenced location to a depth sufficient to adequately evaluate the Morrow formation, estimated total depth being 11,900' beneath the surface. The W/2 of the captioned Section 14 will be dedicated to the well.


Enclosed for your further handling regarding the above proposed well are two (2) copies of our AFE dated February 11, 2002. In the event your firm elects to join Mewbourne in the proposed well, please have the enclosed AFEs executed and return one (1) to me for further handling. Upon our receipt of the executed AFE, we will forward our Operating Agreement for execution.

In the event your firm elects not to participate in the proposed well, Mewbourne would be interested in acquiring a eighteen (18) month term assignment of your interest on the basis of \$200.00 per net acre wherein Mewbourne would be delivered a 75% net revenue interest lease.

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 22, 2002

Shinnery Investment Company
906 So. St. Francis Drive, Suite C
Santa Fe, New Mexico 87501
Attn: Mr. James H. Yates

Re: Esperanza "14" State Com. #1 Well
W/2 of Section 14, T21S, R27E
Eddy County, New Mexico

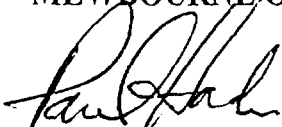
Ladies and Gentlemen:

Reference is made to Mewbourne's previous letter dated August 1, 2002 (see copy attached) regarding the proposed captioned Morrow test well. To date we have not received a decision from Shinnery as to its participation in the proposed well. For Mewbourne to avoid the necessity for filing an application for compulsory pooling, we would appreciate receiving a written response from Shinnery at the earliest possible date as to its participation in the referenced well.

According to our title examination of the captioned land, Shinnery owns 8.333333% of the operating rights in the SW/4 of Section 14 as to depths below the base of the Yates formation.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

Shinnery Investment Company
906 So. St. Francis Dr., Suite C
Santa Fe, New Mexico 87501
Attn: Mr. James H. Yates

AUG 09 2002**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X *D. Martinez* ☐ Agent
☒ Addressee

B. Received by (Printed Name)

C. Date of Delivery

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

3. Service Type

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

4. Restricted Delivery? (Extra Fee)

☐ Yes

2. Article Number

(Transfer from service label)

7000 0520 0020 9191 7777

PS Form 3811, August 2001

Domestic Return Receipt

102595-01-M-2509

Esperanza "14" State Com. #1

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

August 1, 2002

Certified Mail-Return Receipt Requested No. 7777

Shinnery Investment Company
906 So. St. Francis Dr., Suite C
Santa Fe, New Mexico 87501
Attn: Mr. James H. Yates

Re: Esperanza "14" State Com. #1 Well
660' FSL & 660' FWL
Section 14, T21S, R27E
Eddy County, New Mexico

Gentlemen:

After Mewbourne's further evaluation of the immediate area and surface considerations, Mewbourne Oil Company (Mewbourne) hereby withdraws its previous well proposal to drill the referenced well at a location 1980' FSL & 660' FWL of the captioned Section 14. However, Mewbourne as Operator is still interested in drilling the referenced well. Accordingly, Mewbourne as Operator, hereby proposes drilling the captioned well at the referenced amended location to a depth sufficient to adequately evaluate the Morrow formation, estimated total depth being 11,900' beneath the surface. The W/2 of the captioned Section 14 will be dedicated to the well.

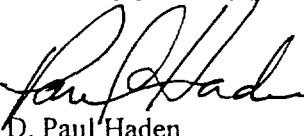
Enclosed for your further handling regarding the above proposed well are two (2) copies of our AFE dated July 30, 2002. In the event your firm elects to join Mewbourne in the proposed well, please have the enclosed AFEs executed and return one (1) to me for further handling. Upon our receipt of the executed AFE, we will forward our Operating Agreement for execution.

In the event your firm elects not to participate in the proposed well, Mewbourne would be interested in acquiring a eighteen (18) month term assignment of your interest on the basis of \$200.00 per net acre wherein Mewbourne would be delivered a 75% net revenue interest lease.

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

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

Shinnery Investment Co.
906 S. St. Francis Drive, Suite C
Santa Fe, N.M. 87501
ATTN: Mr. James H. Yates

APR 15 2002

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly)

B. Date of Delivery

04-12-02

C. Signature

[Signature]

☐ Agent

☐ Addressee

D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery address below:

☐ No

3. Service type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

2. Article Number (Copy from service label)

7099 13400 0016 0178 9745

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

Esperanza 14" State Com. #1

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

April 8, 2002

Certified Mail-Return Receipt Requested No. 9745

Shinnery Investment Company
906 So. St. Francis Drive, Suite C
Santa Fe, New Mexico 87501
Attn: Mr. James H. Yates

Re: Esperanza "14" State Com. #1 Well
1980' FSL & 660' FWL
Section 14, T21S, R27E
Eddy County, New Mexico

Dear Mr. Yates:

Mewbourne Oil Company (Mewbourne) as Operator, hereby proposes drilling the captioned well at the referenced location to a depth sufficient to adequately evaluate the Morrow formation, estimated total depth being 11,900' beneath the surface. The W/2 of the captioned Section 14 will be dedicated to the well.

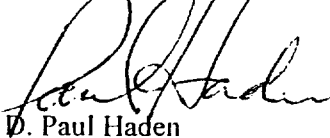
Enclosed for your further handling regarding the above proposed well are two (2) copies of our AFE dated February 11, 2002. In the event your firm elects to join Mewbourne in the proposed well, please have the enclosed AFEs executed and return one (1) to me for further handling. Upon our receipt of the executed AFE, we will forward our Operating Agreement for execution.

In the event your firm elects not to participate in the proposed well, Mewbourne would be interested in acquiring a eighteen (18) month term assignment of your interest on the basis of \$200.00 per net acre wherein Mewbourne would be delivered a 75% net revenue interest lease.

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

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

xc: Harvey E. Yates Company
P.O. Box 1933
Roswell, New Mexico 88202-1933
Attn: Melissa Randle

Esperanza "14"

Yates Energy

9-13-02

Shari Hamilton called this date to advise me that Yates Energy would participate in our proposed well. I told her I would get her an Operating Agreement to her for execution next week.

AA.

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

September 12, 2002

Via Fax 505-623-4947 and First Class Mail

Yates Energy Corporation
P.O. Box 2323
Roswell, New Mexico 88202-2323
Attn: Shari Hamilton

Re: Esperanza "14" State Com. #1 Well
W/2 of Section 14, T21S, R27E
Eddy County, New Mexico

Dear Shari:

As you are aware, an Examiner's hearing in Santa Fe is scheduled for September 19, 2002 regarding a compulsory pooling hearing for the subject proposed well. Accordingly, we would appreciate receiving a response from you as to your participation in such well prior to the hearing date, if possible. According to our title examination, Yates owns a 2.759282% WI in the referenced spacing unit.

Regarding the above proposed well, the well location has been altered slightly due to some archeological concerns and to reduce cut and fill when Mewbourne builds the location as requested by the BLM. The above well is now staked as follows:

Esperanza "14" State Com. #1 Well
685' FSL & 660' FWL of Section 14.

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

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPIH/gb

Heyco - Talked w/ ^{Melissa} ~~Melissa~~ Candler this date.
They are going to give us a term assignment
in lieu of joining. She's to send me their
form of assignment for approval. Advised
~~Melissa~~ Melissa that the pooling hearing
was 9-19-02. Pff
9/3/02

Yates Energy - Called Shari Hamilton this date.
They are having a meeting today
to decide regarding their participation
in the proposed well. She'll get back
w/m. Pff
9/5/02

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

August 22, 2002

Via Fax (505) 623-4947 and First Class Mail

Yates Energy Corporation
P.O. Box 2323
Roswell, New Mexico 88202-2323
Attn: Shari Hamilton

Re: Esperanza "14" State Com. #1 Well
W/2 of Section 14, T21S, R27E
Eddy County, New Mexico

Ladies and Gentlemen:

Reference is made to Mewbourne's previous letter dated August 1, 2002 (see copy attached) regarding the proposed captioned Morrow test well. To date we have not received a decision from Yates as to its participation in the proposed well. For Mewbourne to avoid the necessity for filing an application for compulsory pooling, we would appreciate receiving a written response from Yates at the earliest possible date as to its participation in the referenced well.

According to our title examination of the captioned land, Yates owns 5.518564% of the operating rights in the SW/4 of Section 14 as to depths below the base of the Yates formation.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

Yates Energy Corporation
P.O. Box 2323
Roswell, New Mexico 88202-2323
Attn: Shari Hamilton

AUG 07 2002**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

☒ Agent☐ Addressee

B. Received by (Printed Name)

Teresa A. Richard

C. Date of Delivery

8-6-02

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

3. Service Type

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

4. Restricted Delivery? (Extra Fee)

☐ Yes

2. Article Number

(Transfer from service label)

7000 0520 0020 9191 7753

PS Form 3811, August 2001

Domestic Return Receipt

102595-01-M-2509

Esperanza "14" State Com. #1

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

August 1, 2002

Certified Mail-Return Receipt Requested No. 7753

Yates Energy Corporation
P.O. Box 2323
Roswell New Mexico 88202-2323
Attn: Shari Hamilton

Re: Esperanza "14" State Com. #1 Well
660' FSL & 660' FWL
Section 14, T21S, R27E
Eddy County, New Mexico

Dear Shari:

After Mewbourne's further evaluation of the immediate area and surface considerations, Mewbourne Oil Company (Mewbourne) hereby withdraws its previous well proposal to drill the referenced well at a location 1980' FSL & 660' FWL of the captioned Section 14. However, Mewbourne as Operator is still interested in drilling the referenced well. Accordingly, Mewbourne as Operator, hereby proposes drilling the captioned well at the referenced amended location to a depth sufficient to adequately evaluate the Morrow formation, estimated total depth being 11,900' beneath the surface. The W/2 of the captioned Section 14 will be dedicated to the well.

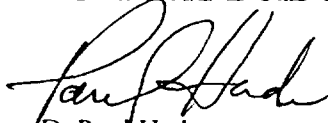
Enclosed for your further handling regarding the above proposed well are two (2) copies of our AFE dated July 30, 2002. In the event your firm elects to join Mewbourne in the proposed well, please have the enclosed AFEs executed and return one (1) to me for further handling. Upon our receipt of the executed AFE, we will forward our Operating Agreement for execution.

In the event your firm elects not to participate in the proposed well, Mewbourne would be interested in acquiring a eighteen (18) month term assignment of your interest on the basis of \$200.00 per net acre wherein Mewbourne would be delivered a 75% net revenue interest lease.

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

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPII/gb

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

Yates Energy Corporaiton
P.O. Box 2323
Roswell, N.M. 88202-2323
Attn: Shari Hamilton

FEB 26 2002

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly)

B. Date of Delivery

C. Signature

X

☐ Agent☐ Addressee

D. Is delivery address different from item 1?

☐ Yes☒ No

If YES, enter delivery address below



3. Service Type

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

4. Restricted Delivery? (Extra Fee)

☐ Yes

2. Article Number (Copy from service label)

7099 13400 0016 0178 9509

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

Espeyara "14" State Com #1

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

February 21, 2002

Certified Mail-Return Receipt Requested No. 9509

Yates Energy Corporation
P.O. Box 2323
Roswell, New Mexico 88202-2323
Attn: Shari Hamilton

Re: Esperanza "14" State Com. #1 Well
1980' FSL & 660' FWL
Section 14, T21S, R27E
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company (Mewbourne) as Operator, hereby proposes drilling the captioned well at the referenced location to a depth sufficient to adequately evaluate the Morrow formation, estimated total depth being 11,900' beneath the surface. The W/2 of the captioned Section 14 will be dedicated to the well.

Enclosed for your further handling regarding the above proposed well are two (2) copies of our AFE dated February 11, 2002. In the event your firm elects to join Mewbourne in the proposed well, please have the enclosed AFEs executed and return one (1) to me for further handling. Upon our receipt of the executed AFE, we will forward our Operating Agreement for execution.

In the event your firm elects not to participate in the proposed well, Mewbourne would be interested in acquiring a eighteen (18) month term assignment of your interest on the basis of \$200.00 per net acre wherein Mewbourne would be delivered a 75% net revenue interest lease.

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: ¹⁷9-~~16~~-02
PAGE 1 of 6 PAGES

TO: HARVEY E. VATES, JR. COMPANY: CIBOLA/JALAPENO
FACSIMILE NO.: 505-242-8501 PHONE NO.: _____
FROM: PAUL HADEN

MESSAGE:

MR. VATES -

PLEASE REVIEW THE ATTACHED PROPOSED
REVISED ASSIGNMENT FOR ACCEPTANCE.
IF ACCEPTABLE, I'LL HAVE THE ASSIGNMENT
PREPARED ACCORDINGLY. YOU WILL NOTE THAT
I DECIDED NOT TO PUT IN A SITUT-IN PROVISION.

PLEASE CALL AFTER YOU'VE REVIEWED THE ATTACHED
ASSIGNMENT.

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.

ESPERANZA "14"

CIBOLA ENERGY AND JALAPENO CORP.

9-16-02

MR. VATES CALLED THIS DATE AND SAID HE'D GRANT US A TERM ASSIGNMENT OF HIS INTEREST IN THE SWLY OF SECTION 14 ON THE SAME TERMS AS HEYCO, USING OUR FORM OF ASSIGNMENT WITH SOME REVISIONS PER HIS REQUEST. I ADVISED HIM WE WOULD STILL NAME HIM IN THE POOLING BUT WOULD DISMISS HIM ONCE THE ASSIGNMENT IS EXECUTED.

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

September 12, 2002

Via Fax 505-242-8501 and First Class Mail

Cibola Energy Corp. and
Jalapeno Corp.
P.O. Box 1668
Albuquerque, NM 87103
Attn: Mr. Harvey E. Yates, Jr.

Re: Esperanza "14" State Com. #1 Well
W/2 of Section 14, T21S, R27E
Eddy County, New Mexico

Dear Mr. Yates:

As you are aware, an Examiner's hearing in Santa Fe is scheduled for September 19, 2002 regarding a compulsory pooling hearing for the subject proposed well. Accordingly, we would appreciate receiving a response from you as to your participation in such well prior to the hearing date, if possible. According to our title examination, Cibola owns a 2.18328% WI and Jalapeno owns a 1.315859% WI in the referenced spacing unit.

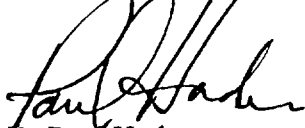
Regarding the above proposed well, the well location has been altered slightly due to some archeological concerns and to reduce cut and fill when Mewbourne builds the location as requested by the BLM. The above well is now staked as follows:

Esperanza "14" State Com. #1 Well
685' FSL & 660' FWL of Section 14.

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

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

MAIL TO:
CIBOLA Energy Corp.
P.O. Box 1668
ALBUQUERQUE, NM. 87103
ATTN: ANN RIGGS

MEWBOURNE OIL COMPANY
500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

FACSIMILE TRANSMITTAL COVER SHEET

DATE: 9-5-02

PAGE 1 of 6 PAGES

TO: ANN RIGGS COMPANY: CIBOLA/JALAPEÑO
FACSIMILE NO.: 505-242-8501 PHONE NO.: _____
FROM: PAUL HADEN
MESSAGE:

ANN - ATTACHED FOR MR. YATES' INFORMATION IS A COPY OF
OUR FORM OF ASSIGNMENT IN THE EVENT CIBOLA AND JALAPEÑO
ELECT NOT TO JOIN IN THE PROPOSED ESPERANZA "14" ST. GM. #1 WELL.

CIBOLA OWNS A 4.366571% EXPENSE INTEREST IN THE SW1/4 OF
SECTION 14, T21S, R27E.

JALAPEÑO OWNS A 2.631718% EXPENSE INTEREST IN THE SW1/4 OF
SECTION 14, T21S, R27E.

ACCORDING TO MY RECORDS, I SENT CLAUDIA STEVENSON (FORMERLY OF YOUR
OFFICE) A COPY OF OUR DRILLING OPINION OF TITLE DATED 4-4-02
COVERING THE W1/2 OF THE SUBJECT SECTION 14. WHICH SETS FORTH
THE ABOVE REFERENCED OWNERSHIP. ***** PLEASE CALL IF YOU HAVE
ANY QUESTIONS.

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.

Cibola & Jalapeno - Talked w/ Ann Riggs this
date, she said Harvey E. Yates, Jr.
has been out of town a lot, however
they will make their decision soon
regarding their participation in the
proposed well. Pff.
9/5/02

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

—
(915) 682-3715
FAX (915) 685-4170

August 22, 2002

Via Fax (505) 242-8501 and First Class Mail

Cibola Energy Corporation and
Jalapeno Corporation
P.O. Box 1668
Albuquerque, NM 87103
Attn: Mr. Harvey E. Yates, Jr.

Re: Esperanza "14" State Com. #1 Well
W/2 of Section 14, T21S, R27E
Eddy County, New Mexico

Ladies and Gentlemen:

Reference is made to Mewbourne's previous letter dated August 1, 2002 (see copy attached) regarding the proposed captioned Morrow test well. To date we have not received a decision from Cibola Energy or Jalapeno Corporation as to its participation in the proposed well. For Mewbourne to avoid the necessity for filing an application for compulsory pooling, we would appreciate receiving a written response from you at the earliest possible date as to its participation in the referenced well.

According to our title examination of the captioned land, Cibola owns 4.366571% of the operating rights in the SW/4 of Section 14 as to depths below the base of the Yates formation and Jalapeno owns a 2.631718% interest in said land and depths.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPIH/gb

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

Cibola Energy Corporation and
Jalapeno Corporation
P.O. Box 1608
Albuquerque, N.M. 87103
Attn: Mr. Harvey E. Yates, Jr.

AUG 12 2002

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *Anne Riggs*

☒ Agent
☐ Addressee

B. Received by (Printed Name)

A. Riggs

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☐ No

3. Service Type

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

4. Restricted Delivery? (Extra Fee)

☐ Yes

2. Article Number

(Transfer from service label)

7000 0520 0020 9191 7746

PS Form 3811, August 2001

Domestic Return Receipt

102595-01-M-25

Esperanza 14" State Com. #1

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

August 1, 2002

Certified Mail-Return Receipt Requested No. 7746

Cibola Energy Corporation and
Jalapeno Corporation
P.O. Box 1608
Albuquerque, New Mexico 87103
Attn: Mr. Harvey E. Yates, Jr.

Re: Esperanza "14" State Com. #1 Well
660' FSL & 660' FWL
Section 14, T21S, R27E
Eddy County, New Mexico

Gentlemen:

After Mewbourne's further evaluation of the immediate area and surface considerations, Mewbourne Oil Company (Mewbourne) hereby withdraws its previous well proposal to drill the referenced well at a location 1980' FSL & 660' FWL of the captioned Section 14. However, Mewbourne as Operator is still interested in drilling the referenced well. Accordingly, Mewbourne as Operator, hereby proposes drilling the captioned well at the referenced amended location to a depth sufficient to adequately evaluate the Morrow formation, estimated total depth being 11,900' beneath the surface. The W/2 of the captioned Section 14 will be dedicated to the well.

Enclosed for your further handling regarding the above proposed well are two (2) copies of our AFE dated July 30, 2002. In the event your firm elects to join Mewbourne in the proposed well, please have the enclosed AFEs executed and return one (1) to me for further handling. Upon our receipt of the executed AFE, we will forward our Operating Agreement for execution.

In the event your firm elects not to participate in the proposed well, Mewbourne would be interested in acquiring a eighteen (18) month term assignment of your interest on the basis of \$200.00 per net acre wherein Mewbourne would be delivered a 75% net revenue interest lease.

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

April 30, 2002

Cibola Energy Corporation
P.O. Box 1668
Albuquerque, New Mexico 87103

Attn: Claudia K. Stevenson

Re: Esperanza "15" State Com. #1 Well
Esperanza "14" State Com. #1 Well
E/2 of Section 15 and
W/2 of Section 14,
T21S, R27E
Eddy County, New Mexico

Dear Claudia:

Pursuant to your request, enclosed for your file is a copy of our Division Order Title Opinion dated April 11, 2002 and a copy of our Drilling Opinion of Title dated April 14, 2002 regarding the captioned wells, respectively.

Does Cibola and Jalapeno want to participate in the Esperanza "14" State Com. #1 Well? Please advise.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

Cibola Energy Corporation
P.O. Box 1668, Albuquerque NM 87103
PHONE: (505) 242-2050 FAX: (505) 242-8501

April 19, 2002

Mewbourne Oil Company
Attn.: Paul Haden
500 West Texas , Suite 1020
Midland, Texas 79701

Certified Mail/Return Receipt Requested

Re.: Esperanza "14" State Com #1 Well
Eddy County, New Mexico

Dear Mr. Haden:

As you will recall, we mailed and faxed you a letter regarding the above-captioned well on March 26, 2002 and have not heard from you, or received any revised documents.

We need to have your revised documents, with the appropriate interest changes, to make our decision to participate in your Esperanza "14" State Com #1 well.

Please respond at your earliest convenience.

Sincerely,

Claudia K. Stevenson
Claudia K. Stevenson
Land Department

APR 25 2002

Cibola Energy Corporation
P.O. Box 1668, Albuquerque NM 87103
PHONE: (505) 242-2050 FAX: (505) 242-8501

March 26, 2002

Mewbourne Oil Company
Attn.: Paul Haden-Senior Landman
500 West Texas, Suite 1020
Midland, Texas 79701

**Sent By Facsimile And By
Certified Mail-Return Receipt Requested**

**Re.: Esperanza "14" State Com. #1 Well
1980' FSL & 660' FWL
Section 14, T-21 South, R-27 East
Eddy County, New Mexico**

Dear Mr. Haden:

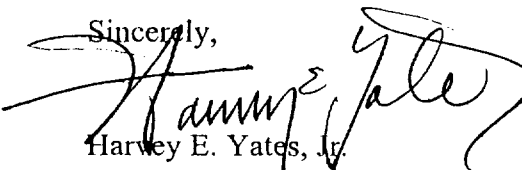
We are in receipt of your above-captioned well proposal.

We earlier told you that Cibola's interest is overstated as to both this and your earlier Esperanza well. Shinnery's interest is understated. In order to make this absolutely clear, we have prepared a correction of assignment of oil and gas leases, which has been sent for recording in Eddy County, New Mexico. A copy of the Correction Of Assignment Of Oil And Gas Leases is enclosed.

Please provide us with your revised documents reflecting this change and also please send to Shinnery the appropriate documents. Their address is:

Shinnery Investment Company
906 S. St. Francis Drive, Suite C
Santa Fe, NM 87501.

Sincerely,


Harvey E. Yates, Jr.
President

Enclosure

cc: Carlyn Jarm, HEYCO
James H. Yates, Shinnery Investment Company

APR 02 2002

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

Cibola Energy Corporation and
Jalapeno Corporation
P.O. Box 1608
Albuquerque, N.M. 87103
Attn: Mr. Harvey E. Yates, Jr.

MAR 04 2002

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

Anne Riggs

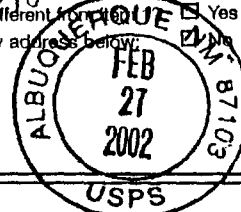
C. Signature

X Anne Riggs

☒ Agent

☐ Addressee

D. Is delivery address different from the address on the label?
If YES, enter delivery address below:



3. Service Type

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

4. Restricted Delivery? (Extra Fee) ☐ Yes ☒ No

2. Article Number (Copy from service label)

7099 3400 0016 0178 9493

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

Esperanza "H" State Com. #1

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

February 21, 2002

Certified Mail-Return Receipt Requested No. 9493

Cibola Energy Corporation and
Jalapeno Corporation
P.O. Box 1608
Albuquerque, New Mexico 87103
Attn: Mr. Harvey E. Yates, Jr.

Re: Esperanza "14" State Com. #1 Well
1980' FSL & 660' FWL
Section 14, T21S, R27E
Eddy County, New Mexico

Gentlemen:

Mewbourne Oil Company (Mewbourne) as Operator, hereby proposes drilling the captioned well at the referenced location to a depth sufficient to adequately evaluate the Morrow formation, estimated total depth being 11,900' beneath the surface. The W/2 of the captioned Section 14 will be dedicated to the well.

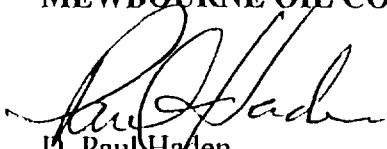
Enclosed for your further handling regarding the above proposed well are two (2) copies of our AFE dated February 11, 2002. In the event your firm elects to join Mewbourne in the proposed well, please have the enclosed AFEs executed and return one (1) to me for further handling. Upon our receipt of the executed AFE, we will forward our Operating Agreement for execution.

In the event your firm elects not to participate in the proposed well, Mewbourne would be interested in acquiring a eighteen (18) month term assignment of your interest on the basis of \$200.00 per net acre wherein Mewbourne would be delivered a 75% net revenue interest lease.

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

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman