

Re: Turkey track 15 Jr. #2

Per Keith Brewer w/
Dvor. ~~He~~ He advised

their final deal is
75% NET w/ 1/4 BIAPD.

They are not interested
in a 74% NET deal.

Each deal stands on its
own.

P.H.
12-7-92

BEFORE EXAMINER STOGNER
OIL CONSERVATION DIVISION
<i>Newhouse</i> EXHIBIT NO. <u>5</u>
Q.C. NO. <u>10635</u>

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020

MIDLAND, TEXAS 79701

915 / 682-3715

December 1, 1992

Louis Dreyfus Natural Gas Corp.
Quail Springs Corporate Park
14000 Quail Springs Parkway, Suite 600
Oklahoma City, Oklahoma 73134
Attn: Rusty Waters

Re: Turkey Track "15" State #2
T18S, R28E
Section 15: SE/4, N/2NE/4 and
SE/4NE/4
Eddy County, New Mexico

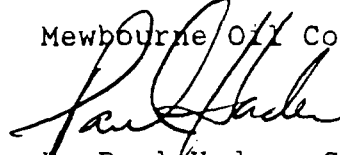
Gentlemen:

Reference is made to Mewbourne's letter of October 30, 1992 wherein Mewbourne requested a farmout of Dreyfus's interest in the captioned land, among other lands. Regarding same, Dreyfus elected not to farmout any of its interest in the lands described in Exhibit "A" of Mewbourne's letter described above as advised by Dreyfus's letter dated November 9, 1992.

Regarding the above, Mewbourne Oil Company respectfully requests Louis Dreyfus Natural Gas Corp. to reconsider its decision to farmout to Mewbourne as to the basic terms set forth in the above described Mewbourne letter dated October 7, 1992 insofar as Mewbourne farmout request effects the captioned land only. Please advise me of this request at your earliest convenience.

Sincerely,

Mewbourne Oil Company



D. Paul Haden, CPL
Landman

PH/klc

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

915 / 682-3715

December 1, 1992

Marathon Oil Company
P. O. Box 552
Midland, Texas 79701
Attn: Randal P. Wilson, CPL
Landman

Re: Turkey Track "15" State #2
T18S, R28E
Section 15: SE/4, N/2NE/4 and
SE/4NE/4
Eddy County, New Mexico

Gentlemen:

Reference is made to Mewbourne's letter of October 7, 1992 wherein Mewbourne requested a farmout of Marathon's interest in the captioned land, among other lands. Regarding same, Marathon elected not to farmout any of its interest in the lands described in Exhibit "A" of Mewbourne's letter described above as advised by Marathon's letter dated November 5, 1992.

Regarding the above, Mewbourne Oil Company respectfully requests Marathon Oil Company to reconsider its decision to farmout to Mewbourne as to the basic terms set forth in the above described Mewbourne letter dated October 7, 1992 insofar as Mewbourne's farmout request effects the captioned land only. Please advise me of this request at your earliest convenience.

Sincerely,

Mewbourne Oil Company



D. Paul Haden, CPL
Landman

PH/klc

Louis Dreyfus Natural Gas Corp.

Louis Dreyfus Natural Gas Corp.
1400 West Street, Suite 1020
Midland, Texas 79701
(806) 733-1111

November 9, 1992

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

ATTN: D. Paul Haden, CPL

RE: Diamond "A" Ranch
North Turkey Track
Various Lands in T17S-R28E
and T18S-R28E
Eddy County, New Mexico

Gentlemen:

Please be advised that Louis Dreyfus Natural Gas Corp. does not wish to
Farmout its interest in the above referenced tracts at this time.

Sincerely,

LOUIS DREYFUS NATURAL GAS CORP.



Rusty Waters
Landman

RW/eeo

RECEIVED
NOV 12 1992

Keith Brewer w/ Devon -

Says they are considering
joining the well with
us.

P.H.

11-11-92



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

November 5, 1992

RECEIVED

NOV - 6 1992

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

Attention: Mr. D. Paul Haden

Re: Our Lease NM-901 - State of New Mexico Lease B-8196
NM-4043 - State of New Mexico Lease #647
NM-4045 - State of New Mexico Lease E-1286-2
NM-4046 - State of New Mexico Lease E-1288
NM-4064 - State of New Mexico Lease B-2071
NM-4068 - State of New Mexico Lease E-7116
W/2 Section 26, N/2 NE/4 Section 27,
N/2 SE/4, W/2 NE/4 Section 34,
T-17-S, R-28-E, N.M.P.M.,
N/2 NE/4, SE/4 NE/4, N/2 SE/4 S/2 SE/4
Section 15, E/2 E/2, SW/4 SE/4,
S/2 SW/4 SE/4 NW/4, SW/4 NW/4
Section 22, T-18-S, R-28-E, N.M.P.M.,
Eddy County, New Mexico

Gentlemen:

Marathon Oil Company is in receipt of your letter dated October 8, 1992, in which you request a farmout of Marathon's interest in the referenced acreage and the decision has been made to not farmout any interest at this time. If you should have any questions regarding this matter, please call the undersigned at 687-8476.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'Randal P. Wilson'.

Randal P. Wilson, CPL
Landman

RPW:mmc'

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020

MIDLAND, TEXAS 79701

915 / 682-3715

October 30, 1992

Louis Dreyfus Natural Gas Corp.
Quail Springs Corporate Park
14000 Quail Springs Parkway, Suite 600
Oklahoma City, Oklahoma 73134
Attn: Rusty Waters

Re: Diamond "A" Ranch and North
Turkey Track Prospects
Multi-Tract Farmout Proposal
Various lands in T17S-R28E and
T18S-R28E
Eddy County, New Mexico

Gentlemen:

Mewbourne Oil Company (Mewbourne) is interested in entering into a multi-tract farmout agreement with Louis Dreyfus Natural Gas Corp. (Dreyfus) covering certain lands in Eddy County, New Mexico. For our mutual benefit and convenience, Mewbourne respectfully requests Dreyfus to grant Mewbourne one (1) Farmout Agreement covering the "Farmout Tracts" described in Exhibit "A" attached hereto. Mewbourne hereby proposes the following general terms and conditions as to each Farmout Tract:

- 1) Upon execution of a mutually acceptable Farmout Agreement, Mewbourne, as Operator shall have the option, but not the obligation to commence on or before April 1, 1993 an Initial Test Well in a proration unit containing Tract 1 and Tract 2 at locations of Mewbourne's choice and thereafter drill each Initial Test Well to a depth sufficient to adequately test the Morrow formation.
- 2) Within 180 days from the completion of the Initial Test Wells under Tracts 1 and 2, Mewbourne shall have the option but not the obligation to commence the drilling of additional wells for the purpose of establishing oil and/or gas production as to any depth or formation under the lands described in Exhibit "A".
- 3) Mewbourne shall not allow more than 180 days to elapse between the completion of one well and the actual commencement of drilling operations of the next well until Dreyfus's acreage is fully developed under Tracts 1 and 2.

Louis Dreyfus Natural Gas Corp.
October 30, 1992
Page 2

- 4) In the event any well drilled under the terms of this agreement results in oil and/or gas production in paying quantities in the lands and depths described in Exhibit "A", Mewbourne shall earn 100% of such operating rights in the proration unit to 100' below the total depth drilled for each well.
- 5) In addition to the shallow and deep rights retained by Dreyfus and acreage outside of each earned proration unit, Dreyfus shall retain an overriding royalty interest equal to the difference between 25% of all oil and/or gas produced and the total of all royalty interests and other existing burdens to the extent Mewbourne will be assigned a 75% net revenue interest lease, subject to proportionate reduction.
- 5) Upon Dreyfus's agreement to the above, Dreyfus agrees to furnish at no cost whatsoever to Mewbourne, all title information it has in its files pertaining to the lands and depths described in Exhibit "A" attached hereto including but not limited to, title opinions, copies of all leases, rental receipts, farmout or letter agreements; operating agreements and any gas contracts currently in effect as to the land covered hereby.

Should the above general terms and conditions meet with your approval, please so signify in the space provided and return one copy of this letter to the undersigned. Upon receipt of same, we will continue our negotiations for a mutually acceptable formal Farmout Agreement.

Sincerely,

Mewbourne Oil Company



D. Paul Haden, CPL
Landman

Agreed to and Accepted this _____ day of
_____, 1992.
Dreyfus Natural Gas Corp.

By: _____
Name typed: _____
Title: _____

EXHIBIT "A"

Attached to and made a part of that certain Farmout Agreement dated _____, 1992 between Dreyfus Natural Gas Corporation and Mewbourne Oil Company

(All lands are situated in Eddy County, New Mexico)

FARMOUT TRACT:

Tract 1: From the base of the Abo formation to the base of the Morrow formation.

Section 34, T17S, R28E:

A) N/2SE/4

Lease: State of New Mexico Lease 647

B) W/2NE/4

Lease: State of New Mexico Lease E-7116

Section 27, T17S, R28E:

A) N/2NE/4

Lease: State of New Mexico Lease B-2071

Section 26, T17S, R28E:

A) W/2, Save and Except the Atoka formation in the SW/4

Lease: State of New Mexico Lease 647

Tract 2: From the base of the San Andres formation to the base of the Morrow formation:

Section 15, T18S, R28E:

A) SE/4 and N/2NE/4

Lease: State of New Mexico Lease 647

B) SE/4NE/4

Lease: State of New Mexico Lease E-1286

Section 22, T18S, R28E:

A) E/2E/2, SW/4SE/4 and S/2SW/4

Lease: State of New Mexico 647

B) SW/4NW/4

Lease: State of New Mexico B-8196

C) SE/4NW/4

Lease: State of New Mexico Lease E-1288

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

915 / 682-3715

October 30, 1992

Devon Energy Corporation
1500 Mid-America Tower
20 N. Broadway
Oklahoma City, Oklahoma 73102-8260

Attn: Keith Brewer

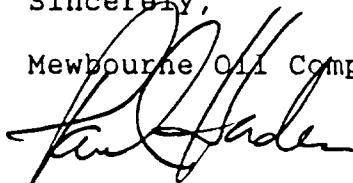
Re: Turkey Track "15" State #2
E/2 Section 15, T18S, R28E
Eddy County, New Mexico

Keith:

Regarding the captioned well, enclosed for Devon's consideration are two (2) copies of Mewbourne's AFE. In the event Devon is interested in joining, please have one (1) copy of the AFE executed on behalf of Devon and return to me for further handling. Upon receipt of same, I'll forward you a JOA for execution.

Sincerely,

Mewbourne Oil Company



D. Paul Haden, CPL
Landman

PH/klc
Enclosure

MEWBOURNE OIL COMPANY

FAX TRANSMITTAL COVER SHEET

DATE: 10-30-92

TO: KEITH BREWER FAX - 405-236-4258

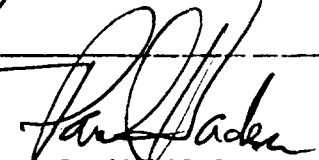
COMPANY: DEVON ENERGY

FROM: PAUL HADEN

COMPANY: Mewbourne Oil Company - Midland

PAGES TO FOLLOW: 1

REMARKS: KEITH - ATTACHED FOR DEVON'S CONSIDERATION
IS A COPY OF OUR REVISED AFE FOR OUR TURKEY
TRACK "15" ST. #2 WELL. OUR PREVIOUS AFE DATED
4-21-92 WAS FOR \$453,283 TO CP AND
\$814,588 FOR A COMPLETED WELL.
PLEASE CALL SHOULD YOU NEED ANYTHING FURTHER.

Thanks 

If you have problems receiving this fax, please call (915) 682-3715.

Thanks!

phone message

FOR Rm DATE 10-29 7:20

TO Ruth Brown

OF Dawn

PHONE 415-235-3611

AREA CODE ext-365

MESSAGE Ri

Turkey Track

SIGNED

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

915 / 682-3715

October 13, 1992

Devon Energy Corporation
1500 Mid-America Tower
20 N. Broadway
Oklahoma City, Oklahoma 73102-8260
Attn: Mr. Ken Gray

Re: Turkey Track "15" State #2
T18S, R28E
Section 15: SE/4NE/4 below the
base of the San Andres formation
Eddy County, New Mexico

Gentlemen:

The County and State records indicate Devon owns the operating rights in the captioned land. Accordingly, Mewbourne Oil Company is interested in acquiring said rights from Devon on the following proposed terms:

- 1) Mewbourne, as operator, will commence within 180 days from the execution date of your farmout agreement an initial test well at a location of Mewbourne's choice in the SE/4 of the captioned Section 15 and drill same to a depth sufficient to test the Morrow formation, estimated total depth being 10,900'. The E/2 of the above described Section 15 will be dedicated to the well.
- 2) In the event the initial test well is completed as a dry hole or if it is completed as a producer but such well's proration unit does not include all of your acreage; Mewbourne would have the option to commence a 180 day continuous development schedule with the intent of earning all of your acreage under the captioned land.
- 3) If any well drilled under the terms of this agreement results in production including your acreage and operating rights, Mewbourne will earn an assignment of your operating rights in the proration unit allocated to the well from the base of the San Andres formation to 100 feet below the total depth drilled in each well.
- 4) You would retain your interest (if any) from the surface to the base of the San Andres formation and below 100 feet below the total depth drilled in each of Mewbourne's well(s), an overriding royalty interest equal to the difference between

Devon Energy Corporation
October 13, 1992
Page 2

25% of all oil and gas produced and the total of all royalty interests, overriding royalty interests and other burdens on production which the premises may be subject, to the extent Mewbourne will be assigned a 75% net revenue interest lease in each proration unit earned by Mewbourne.

- 5) Upon acceptance of the farmout proposal, you agree to furnish Mewbourne with whatever title information you have in your files in connection with this property such as copies of the original base lease, title opinions, gas contracts currently in effect, etc.

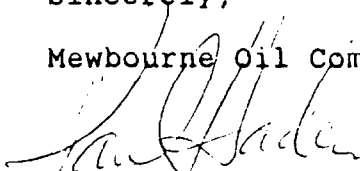
In the event Devon elects not to farmout its interest as proposed above, Mewbourne offers Devon the following two (2) options for consideration:

- 1) Subject to approval of title, sell Mewbourne a one (1) year term assignment of all of Devon's right, title and interest in the captioned land for \$150.00 per net mineral acre subject to a 180 day continuous development provision at the end of the primary term.
- 2) Join Mewbourne in drilling the captioned well as to Devon's interest in the spacing unit. Enclosed for Devon's consideration in this regard is a copy of Mewbourne's AFE.

As time is of the essence in drilling the above well to take advantage of the anticipated higher gas prices, your earliest response to the above will be greatly appreciated. Please call.

Sincerely,

Mewbourne Oil Company



D. Paul Haden, CPL
Landman

PH/klc
Enclosure

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020

MIDLAND, TEXAS 79701

915 / 682-3715

October 7, 1992

Marathon Oil Company
P. O. Box 552
Midland, Texas 79701

Attn: Randal P. Wilson, CPL
Landman

Re: Diamond "A" Ranch and North
Turkey Tract Prospects
Multi-Tract Farmout Proposal
Various lands in T17S-R28E and
T18S-R28E
Eddy County, New Mexico

Gentlemen:

As discussed, Mewbourne Oil Company (Mewbourne) is interested in entering into a multi-tract farmout agreement with Marathon Oil Company (Marathon) covering certain lands in Eddy County, New Mexico. For our mutual benefit and convenience, Mewbourne respectfully requests that Marathon farmout its interest to Mewbourne under those "Farmout Tracts" described in Exhibit "A" attached hereto. Each Farmout Tract shall be governed by a separate farmout agreement subject to the following general terms and conditions:

- 1) Upon execution of a mutually acceptable Farmout Agreement, Mewbourne, as Operator shall have the option, but not the obligation to commence on or before April 1, 1993 an Initial Test Well in a proration unit containing Tract 1 and Tract 2 at locations of Mewbourne's choice and thereafter drill each Initial Test Well to a depth sufficient to adequately test the Morrow formation.
- 2) Within 180 days from the completion of the Initial Test Wells under Tracts 1 and 2, Mewbourne shall have the option but not the obligation to commence the drilling of additional wells for the purpose of establishing oil and/or gas production as to any depth or formation under the lands described in Exhibit "A".
- 3) Mewbourne shall not allow more than 180 days to elapse between the completion of one well and the actual commencement of

Marathon Oil Company
October 7, 1992
Page 2

drilling operations of the next well until Marathon's acreage fully developed under Tracts 1 and 2.

- 4) In the event any well drilled under the terms of this agreement results in oil and/or gas production in paying quantities in the lands and depths described in Exhibit "A", Mewbourne shall earn 100% of such operating rights in the proration unit to 100' below the total depth drilled for each well.
- 5) In addition to the shallow and deep rights retained by Marathon and acreage outside of each earned proration unit, Marathon shall retain an overriding royalty interest equal to the difference between 25% of all oil and/or gas produced and the total of all royalty interests and other existing burdens to the extent Mewbourne will be assigned a 75% net revenue interest lease, subject to proportionate reduction.
- 6) Upon Marathon's agreement to the above, Marathon agrees to furnish at no cost whatsoever to Mewbourne, all title information it has in its files pertaining to the lands and depths described in Exhibit "A" attached hereto including but not limited to, title opinions, copies of all leases, rental receipts, farmout or letter agreements and any gas contracts currently in effect as to the land covered hereby.

Should the above general terms and conditions meet with your approval, please so signify in the space provided and return one copy of this letter to the undersigned. Upon receipt of same, we will continue our negotiations for a mutually acceptable formal Farmout Agreement.

Sincerely,

Mewbourne Oil Company

Paul Haden (CPL)

D. Paul Haden, CPL
Landman

Agreed to and Accepted this _____ day of _____, 1992.

Marathon Oil Company

By: _____
Name typed: _____
Title: _____

EXHIBIT "A"

Attached to and made a part of that certain Farmout Agreement dated _____, 1992 between Marathon Oil Company and Mewbourne Oil Company

(All lands are situated in Eddy County, New Mexico)

FARMOUT TRACT:

Tract 1: From the base of the Abo formation to the base of the Morrow formation.

Section 34, T17S, R28E:

A) N/2SE/4

Lease: State of New Mexico Lease 647

B) W/2NE/4

Lease: State of New Mexico Lease E-7116

Section 27, T17S, R28E:

A) N/2NE/4

Lease: State of New Mexico Lease B-2071

Section 26, T17S, R28E:

A) W/2, Save and Except the Atoka formation in the SW/4

Lease: State of New Mexico Lease 647

Tract 2: From the base of the San Andres formation to the base of the Morrow formation:

Section 15, T18S, R28E:

A) SE/4 and N/2NE/4

Lease: State of New Mexico Lease 647

B) SE/4NE/4

Lease: State of New Mexico Lease E-1286

Section 22, T18S, R28E:

A) E/2E/2, SW/4SE/4 and S/2SW/4

Lease: State of New Mexico 647

B) SW/4NW/4

Lease: State of New Mexico B-8196

C) SE/4NW/4

Lease: State of New Mexico Lease E-1288

MEWBOURNE OIL COMPANY

500 W, TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170
May 20, 1992

DEKALB Energy Company
1625 Broadway
Denver, Colorado 80202

Attention: Mr. John S. Geyer
District Landman

RE: Offer to Purchase

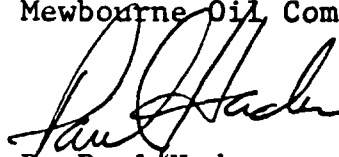
John:

In reference to our phone conversation yesterday evening, we are disappointed DEKALB declined to sell their interest to Mewbourne as to acreage listed in Exhibit "A" of my letter dated April 28, 1992.

In the event DEKALB is interested in entertaining offers at a later date in regard to selling their interest, Mewbourne would consider purchasing DEKALB's operating rights in Eddy County, New Mexico. If DEKALB is interested in such offers, please forward a listing of the properties and the percentage interest owned by DEKALB in the properties to me for evaluation.

Sincerely,

Mewbourne Oil Company



D. Paul Haden
Landman

DPH/nb
CC: Gary L. Winter
Ken Waits

MEWBOURNE OIL COMPANY

500 W, TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715

FAX (915) 685-4170

April 28, 1992

DEKALB Energy Company
1625 Broadway
Denver, Colorado 80202

Attention: Mr. John S. Geyer
District Landman

RE: Offer to Purchase

Gentlemen:

Mewbourne Oil Company hereby offers to purchase DEKALB Energy Company's operating rights in the lands and leases described in the attached Exhibit "A" on the basis of \$200.00 per net mineral acre.

The above offer is subject to immediate acceptance and approval of title. This offer can be withdrawn without notice as to all or portions of the lands described in Exhibit "A" attached hereto.

Please respond at your early convenience.

Sincerely,

Mewbourne Oil Company



D. Paul Haden
Landman

DPH/nb
enclosure
CC: Gary L. Winter
Ken Waits

EXHIBIT "A"

Attached to and made a part of that certain letter dated April 28, 1992 from Mewbourne Oil Company to DEKALB Energy Company.

Tract 1: Below the base of the Abo formation:

<u>Section 6, T18S, R28E:</u>	<u>Interest</u>	<u>Net Acres</u>
A) S/2NE/4, NE/4NE/4 and NE/4SE/4 LEASE: State Lease 647 Dated: November 14, 1922	23/144	25.56

Tract 2: From below 500' from the top of the San Andres formation:

<u>Section 15, T18S, R28E:</u>		
A) N/2NE/4, NE/4NW/4 & SE/4 LEASE: State Lease 647-368 Dated: November 14, 1922	23/144	44.72
B) NW/4SW/4 LEASE: State Lease E-1286-2 Dated: April 10, 1947	23/144	6.39

<u>Section 22, T18S, R28E:</u>		
A) E/2NE/4, E/2SE/4, SW/4SE/4 and S/2SW/4 LEASE: State Lease 647-368 Dated: November 14, 1922	23/144	44.72
B) SE/4NW/4 LEASE: State Lease E-1288-2 Dated: April 10, 1947	23/144	6.39

Tract 3: From below 500' from the top of the San Andres formation:

<u>Section 17, T18S, R28E:</u>		
A) S/2NE/4 LEASE: State Lease 647-368 Dated: November 14, 1922	23/144	12.78
B) SW/4SW/4 LEASE: State Lease E-1821-17 Dated: April 10, 1948	23/144	6.39

<u>Section 18, T18S, R28E:</u>		
A) NW/4NE/4 LEASE: State Lease 647-368 Dated: November 14, 1922	23/144	6.39



November 25, 1991

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

Attention: Mr. Paul Haden

RE: Artesia Area
Townships 17, 18, 19 South
Ranges 27, 28 East
Eddy County, New Mexico

Gentlemen:

Reference is made to your letter dated November 20, 1991, in which you offered to acquire DEKALB's interest in the captioned area.

DEKALB does not wish to dispose of its leasehold at this time. If you wish to propose a multi-well drilling program, DEKALB would be happy to discuss said plans.

The next time you are in Denver, please give me a call and I'll buy the coffee.

Yours very truly,

DEKALB Energy Company

A handwritten signature in cursive script, appearing to read "John S. Geyer".

John S. Geyer
District Landman

JSG/id

DEKALB Energy Company
1625 Broadway
Denver, Colorado 80202
(303) 592-4600
FAX (303) 592-5901

MEWBOURNE OIL COMPANY

500 W, TEXAS, SUITE 1020

MIDLAND, TEXAS 79701

(915) 682-3715

FAX (915) 685-4170

November 20, 1991

Dekalb Energy Company
1625 Broadway
Denver, Colorado 80202

Attention: Mr. John S. Geyer
District Landman

RE: T17S, R28E
Section 26: N/2;
Section 34: N/2SE/4;
Section 35: NE/4, E/2NW/4;

T18S, R28E
Section 15: N/2NE/4, NE/4NW/4
and SE/4;
Section 22: E/2NE/4, SE/4NW/4;
Section 17: S/2NE/4 and
SW/4SW/4;
Section 18: NE/4NE/4;

T19S, R27E
Section 26: NE/4;
All of the above lands being in
Eddy County, New Mexico

Gentlemen:

Reference is made to my previous letter of September 10, 1991 regarding portions of the captioned lands. Mewbourne's previous purchase offer is hereby amended to include the captioned land. As offered previously, Mewbourne proposes purchasing DEKALB's interest on the basis of \$250.00 per net acre.

Regarding the above, Mewbourne would appreciate the opportunity to meet with you in your office to discuss the above. Accordingly, I will be in contact with you in the near future.

Sincerely,

Mewbourne Oil Company



D. Paul Haden
Landman



September 20, 1991

Melbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701

Attention: Mr. Paul Haden

RE: Offer to Purchase
Artesia Area
T17&18S, R28E
T19S-R27E
Eddy County, New Mexico

Gentlemen:

Thank you for your letter dated September 10, 1991, offering to purchase our interest in the subject area. DEKALB is currently reviewing its plans for the area in 1992 and does not wish to dispose of the property at this time.

Yours very truly,

DEKALB Energy Company

A handwritten signature in cursive script that reads "John S. Geyer".

John S. Geyer
District Landman

JSG/id

DEKALB Energy Company
1625 Broadway
Denver, Colorado 80202
(303) 592-4600
FAX (303) 592-5901

MEWBOURNE OIL COMPANY

500 W, TEXAS, SUITE 1020

MIDLAND, TEXAS 79701

(915) 682-3715

FAX (915) 685-4170

September 10, 1991

CERTIFIED MAIL

Dekalb Energy Company
1625 Broadway
Denver, Colorado 80202

Attention: K. G. Ranum
Land Department

RE: T17S, R28E
Section 26: All
Section 34: N/2SE/4
Section 35: NE/4, E/2NW/4,
N/2S/2;
T18S, R28E
Section 15: N/2NE/4, NE/4NW/4,
and SE/4,
Section 22: E/2SE/4, SW/4SE/4,
E/2NE/4, SE/4NW/4
and S/2SW/4;
T19S, R27E
Section 26: NE/4
Eddy County, New Mexico

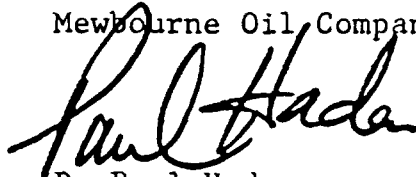
Gentlemen:

Federal and county records indicate you own 23/144 of the operating rights under the captioned 1,880 gross acres. In this connection, Mewbourne Oil Company hereby offers Dekalb Energy Company \$250.00 per net mineral acre for all of Dekalb's right, title and interest in the operating rights under the captioned land.

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

Sincerely,

Mewbourne Oil Company



D. Paul Haden
Landman