

Rusty W. - Drayfus  
Said they would probably  
participate under the Order.  
They were not interested in  
forming their interest out  
to us. He advised they  
would not protest our hearing.

P.H.

1-19-93

MEMORANDUM FOR THE RECORD	
MEMORANDUM FOR THE RECORD	
MEMORANDUM	5B
DATE	10635

Keith Brewer w/ Devon  
Advised him we were  
offering the same deal  
to Devon as we did  
with Marathon. He's to  
get back with me.

PH  
1-18-93

Rusty Waters w/ Dreyfus  
Advised him if they  
would be agreeable  
to farming out all their  
interest in Sec. 15, we  
would let them out of the  
pecking in the W/2 Sec. 15. He's  
to get back with me.

1-18-93 PH.

Called Rusty Waters/  
Dreyfus this date +  
He's out of the office  
until Monday, left  
message for him to  
call me.

PH.

1-15-93

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

January 13, 1993

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

Attn: Mr. Keith Brewer

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

Dear Keith:

This letter is to confirm Mewbourne's agreement to accept a farmout of Devon's operating rights in the SE/4NE/4 of the captioned Section 15 below the base of the San Andres formation as to the herein described basic terms. Among other mutually acceptable farmout provisions, such a farmout agreement would deliver Mewbourne a 75% net revenue interest lease before payout of the initial well and a 73% net revenue interest lease after payout of the initial well. Such accelerated overriding royalty interest at payout shall be on a well by well basis, should additional wells be drilled by Mewbourne which includes Devon's acreage in the spacing units of such wells.

In the event Devon desires not to farmout its interest as proposed above, Mewbourne again requests Devon to join in drilling the proposed Morrow well to the extent of Devon's interest in the spacing unit. Enclosed for Devon's consideration in this connection is a copy of Mewbourne's AFE which I am resubmitting to you for Devon's execution. Should Devon elect to join, please advise and I will forward you a copy of Mewbourne's Operating Agreement for the captioned land for Devon's consideration and execution.

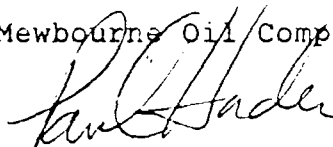
As I also advised you today, Mewbourne's Case 10635 (the compulsory pooling and request for approval of an unorthodox location hearing) is scheduled to be heard January 21, 1993. In the event Devon has

Devon Energy Corporation  
January 13, 1993  
Page 2

an objection to our case being heard on such date, please advise me of same prior to the hearing date.

Sincerely,

Mewbourne Oil Company

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

D. Paul Haden, CPL  
Landman

PH/klc  
Enclosure

# MEWBOURNE OIL COMPANY

500 W, TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

January 13, 1993

Marathon Oil Company  
P. O. Box 552  
Midland, Texas 79702-0552

Attn: Mr. Wayne L. Ransbottom

Re: Diamond "A" Prospect  
E/2 of Section 27-17S-28E  
Turkey Track Prospect  
E/2 of Section 15-18S-28E  
Eddy County, New Mexico

Gentlemen,

We hereby acknowledge receipt of your letter of January 12, 1993 covering the captioned lands.

As discussed, Mewbourne Oil Company is generally agreeable to the terms as outlined in your proposal except for the following:

- 1) Paragraph B. Page 1, Through our discussion, we understand the intent of this paragraph, but we believe the language needs to be clarified.
- 2) Paragraph D. Page 2, Considering the risk associated with the drilling of our Turkey Track "15" State #2 we do not believe this well can support a back-in option and for that reason have not given a back-in on this well. We would, however, in an effort to cooperate with Marathon and to expedite the drilling of our well, be agreeable to granting Marathon the accelerated override at payout as outlined in Paragraph D, Page 2, of your proposal.

Should these terms be unacceptable to Marathon, we would again invite your participation to the full extent of your interest in our Turkey Track "15" State #2 well and will provide a copy of our Joint Operating Agreement upon request.

Marathon Oil Company  
January 13, 1993  
Page 2

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

Sincerely,

Mewbourne Oil Company

  
Steve Cobb  
District Landman

SC/klc



KEITH BREWER - W/DEVON

CALLLED HIM, NOT THERE, LEFT  
MESSAGE FOR HIM TO CALL  
ME.

P.H.

1-13-93

LATER - HE CALLED BACK,  
I WAS ON THE PHONE. I CALLED  
HIM BACK, ADVISED HIM WE  
WERE NOT AGREEABLE TO  
A 1/4 BIAPD. IN LIEU OF THE  
BACKIN - I OFFERED AN  
ACCELERATED ORIAPD. THEY  
DELIVER US 75% NRI BPD AND  
73% NRIAPD (THEY INCREASE ~~THEIR~~ THEIR  
ORI ANOTHER 2% AT PAYOUT). I TOLD  
HIM THIS WAS THE TYPE DEAL

I WOULD OFFER KEN  
GRAY AS TO DEVON'S  
ACREAGE IN SEC. 35,  
T17S, R27E.

I ALSO ADVISED HIM THIS IS  
THE SAME DEAL WE  
OFFERED MARATHON THIS  
DATE.

P.H.

1-13-93



**Marathon  
Oil Company**

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

January 12, 1992

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

Attention: Mr. Ken Waits

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  
E/2 Section 27, T-17-S, R-28-E,  
E/2 Section 15, T-18-S, R-28-E,  
Eddy County, New Mexico

Gentlemen:

Marathon Oil Company (Marathon) is in receipt of Mewbourne Oil Company's (Mewbourne) letter dated January 6, 1993, in which Marathon was offered different options of participation relative to the proposed wells in Section 15, T-18-S, R-28-E (Turkey Track "15" State #2) and Section 27, T-17-S, R-28-E (Diamond A "27" State #1), Eddy County, New Mexico. After reviewing the proposed options, Marathon is prepared to farmout its interest under the following general terms:

- A. On or before May 20, 1993, Mewbourne will commence, or cause to be commenced, each of the wells named above.
- B. Upon successful completion of a well capable of commercial production, Marathon will assign all of its leasehold interest in each of the proration units assigned to the wellbore by the Oil Conservation Division, and contributing hydrocarbon production. The assignment will include the top of each producing horizon to 100' below the base of each producing horizon as defined and mutually agreed upon by both parties. Mewbourne will have the right to earn additional proration units attributable to the wellbore at such times as a producing formation becomes commercial or contributes to the commercial status of the wellbore.

January 12, 1993

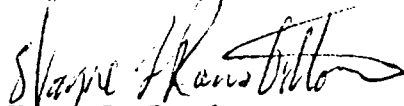
Page 2

- C. Marathon will deliver 75% net revenue interest (NRI), when possible, on each lease contributed to the proration unit thereby reserving an overriding royalty interest (ORRI) equal to the difference between 25% and existing burdens on each lease assigned. It is understood that certain referenced leases carry a sliding scale royalty interest in addition to an existing ORRI.
- D. At payout of each well, Marathon will have the option to increase its retained ORRI to the difference between 27% and existing burdens, or elect to convert its previously retained ORRI to a proportionate 33-1/3% working interest.
- E. The farmout will be restricted to a single proration unit for each producing formation and will not grant the earning of additional acreage outside of the assigned proration unit.
- F. Mewbourne will provide Marathon with all well information which will be supplied to the New Mexico Oil Conservation Division relative to the Turkey Track "15" State #1 well which is currently being drilled in the W/2 of Section 15, T-18-S, R-28-E, Eddy County, New Mexico, within thirty (30) days from the date said well reaches total depth.

Please indicate Mewbourne's acceptance of Marathon's proposal by executing one (1) copy of this letter in the space provided below before returning same to this office on or before January 12, 1993, by 4:30 p.m. If there should happen to be any questions regarding this matter, please contact the undersigned at 687-8472.

Very truly yours,

MARATHON OIL COMPANY



Wayne L. Ransbottom  
Region Land Supervisor

WLR/RPW:mmc'

AGREED TO AND ACCEPTED this \_\_\_\_\_ day  
of \_\_\_\_\_, 1993.

MEWBOURNE OIL COMPANY

\_\_\_\_\_  
By:  
Its: