

MEWBOURNE OIL COMPANY

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April 23, 2020
Mr. Tom M. Ragsdale
400 N Sam Houston Pkwy E, Suite 601
Houston, TX 77060
Attn: Karen Stanford

Re: Ibex 15/10 B1PA Fed Com #2H
Ibex 15/10 B3PA Fed Com #1H
Order No. R-20924-A
Sections 10/15, T23S, R34E
Lea County, New Mexico

Tom,

Good afternoon.

This letter is in response to your letter Dated April 15, 2020 addressing the Tom M. Ragsdale Interest in the Mewbourne Oil Company Ibex 10/15 B1AP Fed Com #2H, the Ibex 10/15 B1AP Fed Com #2HY, and Ibex 15/10 B1PA Fed Com #2H and Ibex 15/10 B3PA Fed Com #1H.

As noted in the attached copy of the Pooling Order R-20924-A, the Order supersedes and replaces Order No. R-20924. Order No. R-20924-A addresses the Spacing Unit for the Bone Spring Formation within the E/2E/2 section 10 and E/2E/2 Section 15, Township 23 South, Range 34 East, Lea County, New Mexico and the proposed horizontal Bone Spring Formation wells (Ibex 10/15 B1AP Fed Com #2H, the Ibex 10/15 B1AP Fed Com #2HY, and Ibex 15/10 B1PA Fed Com #2H and Ibex 15/10 B3PA Fed Com #1H) all subject to the Order. The Ibex 10/15 B1AP Fed Com #2H and the substitute Ibex 10/15 B1AP Fed Com #2HY were drilled in accordance with 19.15.13.8(4) NMAC. In addition, Order R-20924-A incorporated 19.15.13.8(1) NMAC and included all wells as having the same election given the fact they have the same target interval, same ownership and same dedicated spacing unit. It was necessary to flip the SHL and BHL locations due to drilling hazards in the shallow vertical portion of the wells with the SHL located in the NE4NE4 of Section 10-23S-34E, Lea County, New Mexico. Therefore, as stated in Article 27 in the Pooling Order R-20924-A, dated February 19, 2020 the only election available to Pooled Working Interest is to elect and render payment of the estimated well cost as to all three attempts to drill the 1st Bone Spring well along with the 3rd Bone Spring test or if an owner of a Pooled Working Interest fails to pay its share of the estimated cost the owner shall be considered to be a "Non-Consenting Pooled Working Interest".

Further note as defined in Article 27 within the Order dated February 19, 2020 that no later than thirty (30) days after submitting the Estimated Well Costs that the Pooled Working Interest shall elect to pay its share of the Estimated Wells Costs. Attached is the notice from the United State Postal Service reflecting

NMOCD Case No. 21324
Applicant's Exh. 8 - Karen Stanford Direct Testimony
September 11, 2020

that you received a copy of the Order via Mitch Robb's communication on March 10th and that Karen Stanford's response to Mitch Robb, questioning the AFE was dated March 11, 2020. The letter you sent with only two signed AFE's was dated April 15th. The thirty (30) days defined in the Order lapsed prior to your response.

However, in an effort to work with you Mewbourne Oil Company will give the opportunity to you to join if you sign and return the attached AFE for Ibex 15/10 B1PA Fed Com #2H and pay your share of the total Estimated Well Cost as communicated in Mitch Robb's letter dated March 5th, 2020 as to your 4.890142% of \$12,491,500 (being \$610,852.09) for the Ibex 15/10 B1PA Fed Com #2H (inclusive of the first two attempts to drill this test) and 4.890142% of \$9,529,300 (being \$465,996.30) for the Ibex 15/10 B3PA Fed Com #1H. The grand total is \$1,076,848.39. As stated in the order, the Pooled Working Interest shall render payment to the Operator no later than thirty (30) days after the expiration of the election period. Falling over a weekend, Mewbourne Oil Company is extending this date until **4:30 pm, Monday May 11, 2020**. The full payment must be render to Mewbourne Oil Company before this time and date or your interest will be deemed as "Non-Consenting Pooled Working Interest". There is no further flexibility in this matter.

Regards,

Bruce Insalaco
Vice President of Exploration
Mewbourne Oil Company