

Nearburg Producing Company

Exploration and Production
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March 6, 2007

30-015-35452

NM Oil Conservation Division
1301 W. Grand Ave
Artesia, NM 88210

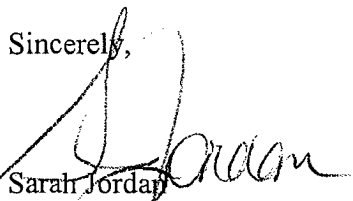
Ref: Halo 2 State #1
990 FSL and 660 FEL
Sec 2, 19S, 27E
Eddy County, New Mexico

Sirs:

This is a new drill to the Queen-Grayburg/ Sand Andres formation. We do not anticipate encountering H2S and fill no contingency plan is needed. Nearburg will have proper equipment on location in case H2S is encountered.

If you have any questions or need further information, please call me at the letterhead number.

Sincerely,



Sarah Jordan
Production Analyst

/sj