

NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

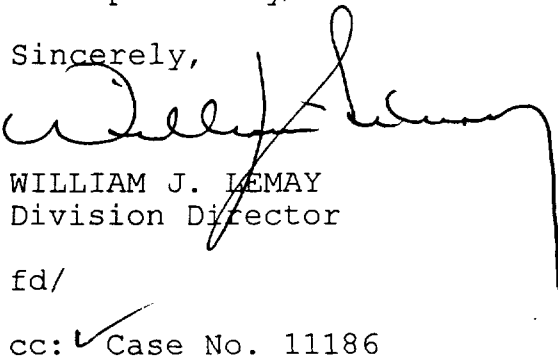
July 24, 1995

Mr. William F. Carr
Campbell, Carr & Berge
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico 87504-2208

Dear Mr. Carr:

Based upon the reasons stated in your letter of July 20, 1995, and in accordance with the provisions of Division Order No. R-10310, Nearburg Exploration Company is hereby granted an additional extension of time until November 1, 1995, in which to begin the well pooled by said order.

Sincerely,



WILLIAM J. LEMAY
Division Director

fd/

cc: ✓ Case No. 11186
OCD - Hobbs

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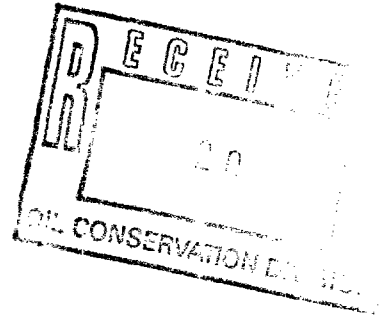
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July 20, 1995

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505



Re: Oil Conservation Division Case No. 111^g26; (Order No. R-10310)
Application of Nearburg Exploration Company for Compulsory Pooling, Lea
County, New Mexico

Dear Mr. LeMay:

On February 6, 1995, the New Mexico Oil Conservation Division entered Order R-10310 granting the application of Nearburg Exploration Company for compulsory pooling in the above-referenced case. By letter dated April 26, 1995 the Division extended the date for the commencement of drilling their proposed Shriner "13" Well No. 1.

Since Nearburg originally proposed this well, they have encountered numerous geological and surface considerations which have delayed their plans to proceed with the well. As you may be aware, Case 11287 which is currently pending before the Division, is an application for Nearburg seeking the formation of an alternative unit for this well and a proposal to directionally drill the well to an unorthodox bottomhole oil well location.

All of this results from a number of geological and surface considerations which confront Nearburg in its efforts to go forward with the development of this property. Nearburg is reviewing the geological information on the Strawn formation in this area and is in negotiations with other owners concerning the development of this property. Nonetheless, Nearburg intends to drill a well on this acreage and may desire to proceed under the original Order entered by the Division in February, 1995.

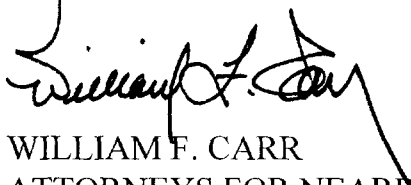
William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
July 20, 1995
Page 2

The result of all of this is that Nearburg cannot commence the well before the August 1, 1995 date set by your letter of April 26, 1995. Nearburg requests that the Division's Order No. R-10310 concerning the commencement of drilling of the Shriner "13" Well No. 1 be extended from August 1, 1995 to November 1, 1995. This extension will permit Nearburg to conclude its review of technical information concerning this location and, hopefully, resolve any outstanding issues with other owners in the area concerning the proper development of this tract. Furthermore, extending the existing Order could avoid an additional and unnecessary hearing should it appear that Nearburg's initial application was correct and that the Shriner well should be drilled as proposed in Case No. 11196.

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Your attention to this request is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr", with a long, sweeping underline that extends to the right.

WILLIAM F. CARR
ATTORNEYS FOR NEARBURG EXPLORATION COMPANY
WFC:mlh

cc: Mr. Bob Shelton