

Case No. 11196 Exhibit No. 1
 Submitted by: Nearburg Exploration Company
 Hearing Date: January 19, 1995

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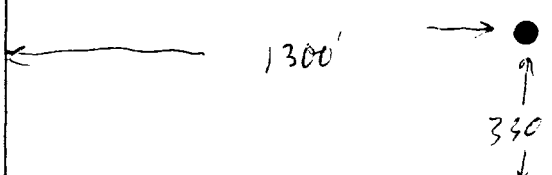
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NMOCD CASE #11196

EXHIBIT # 2

Byers 12 #1 Well

1300' FWL and 330' FNL
of Section 12, T-17-S, R-37-E
Eddy County, New Mexico

| S/2 SW/4 SECTION 12 | |
|---|---------------------|
| Nearburg Exploration Company | 59.99000000% |
| McMillan Production Company, Inc. | 20.00770000% |
| David Petroleum Corporation | 17.00130000% |
| Carolyn Loveless Schlicher | 1.75100000% |
| Dan Bruhl | .75000000% |
| Michael McMillan | .50000000% |
| | <hr/> 100.00000000% |
|  | |
| N/2 NW/4 SECTION 13 | |
| Bonneville Fuels Corporation | 19.34976210% |
| A. H. 1980 Program, Inc. | 16.32488515% |
| American West Oil and Gas Corp. | 10.41910265% |
| David Petroleum Corporation | 5.76171875% |
| Nadine Prideaux Loveless | 1.78613280% |
| Carolyn Loveless Schlicher | 2.12223310% |
| Lucinda Loveless | .89306640% |
| McMillan Production Company, Inc. | 4.80143235% |
| Nearburg Exploration Company | 38.54166670% |
| | <hr/> 100.00000000% |

BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Case No. 11196 Exhibit No. 2

Submitted by: Nearburg Exploration Company

Hearing Date: January 19, 1995

BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico

LAW OF
OI
WOERNDLE, PATTERSC
ASSOCIATED,
1004 N. Big Spr
Midland, Te

Case No. 11196 Exhibit No. 3

Submitted by: Nearburg Exploration Company

Hearing Date: January 19, 1995

Rudolph A. Woerndle, P. C.*

*Licensed in Texas, New Mexico and Colorado

*Board Certified Oil, Gas & Mineral Law

Texas Board of Legal Specialization

*New Mexico Board of Legal Specialization

Recognized Specialist - Oil & Gas Law

January 3, 1995

Ph: (915) 682-8321

Fax: (915) 682-3159

DRILLING OPINION - covering the NW/4 of Section 13, T-17-S, R-37-E,
NMPM, LEA COUNTY, NEW MEXICO, containing 160 acres, more or less.

Nearburg Exploration Company
3300 N. "A" Street, Bldg. 2,
Suite 120
Midland, Texas 79705

Att: Mr. Robert G. Shelton

Gentlemen:

I have examined the following:

MATERIALS EXAMINED

1. Original Drilling Opinion by Stubbeman, McRae, Sealy, Laughlin & Browder, Inc. dated March 12, 1982 based upon materials covering title to March 1, 1982 at 8:00 a.m.
2. First Supplemental Drilling Opinion by same examiners dated June 1, 1982 based upon curative materials.
3. Opinion of Title by Atwood, Malone, Mann & Turner dated August 27, 1985 based upon materials covering title from inception to August 5, 1985 at 7:00 a.m.
4. Supplemental Title Opinion by same examiners dated October 3, 1985 based upon curative materials.
5. Supplemental Abstract of Title No. 37807 by Security Title-Lea County Abstract Company covering title to the mineral estate only from August 5, 1985 at 7:00 a.m. to December 9, 1994 at 7:00 a.m. (329 pages).

Based upon examination of the foregoing and subject to the below comments and requirements, I am of the opinion that title is vested as follows:

FEE TITLE

I. W/2 NW/4 Only:

Surface:

Not covered by this opinion.

Minerals:

Under
Lease
No.

- | | | |
|---|--------------------------|------|
| 1 | Barbara J. Junker* ----- | 1/16 |
| 1 | Billie S. DeVoss* ----- | 1/16 |
| 2 | Martha Nickson* ----- | 1/24 |

| | | |
|----|--|-------|
| 3 | John Nickson Beers* ----- | 1/24 |
| 4 | Joseph Richard Nickson, whose wife is Mary L. Nickson ----- | 1/24 |
| 5 | United New Mexico Bank at Roswell, N.A., Trustee of the Allie M. Lee Trust ----- | 3/16 |
| 6 | Mary Louise Waldron Mooring* ----- | 4/96 |
| 7 | Katheryne Mae Waldron Wilson* ----- | 4/96 |
| 8 | A. B. Waldron, Jr.* ----- | 4/96 |
| 9 | Janice A. Vice, a single woman ----- | 1/96 |
| 10 | Linda E. Ledbetter, whose husband is Harry L. Ledbetter ----- | 1/96 |
| 11 | Mary F. Whitman, whose husband is R. William Whitman ----- | 1/96 |
| 12 | Ross L. Elliott, Jr., whose wife is Maurelda Elliott ----- | 1/96 |
| 13 | Alice K. Trammell* ----- | 1/48 |
| 14 | Martha E. Hanna* ----- | 1/48 |
| 15 | Ann Alycin Hayes* ----- | 1/48 |
| 23 | Diane S. Lacey* ----- | 1/144 |
| 24 | Carol Len Pitts* ----- | 1/144 |
| 25 | Robert Thomas Sweatman* ----- | 1/144 |
| 26 | Ashland Oil & Refining Company ----- | 1/4 |
| 27 | Shriner's Hospital for Crippled Children ----- | 1/16 |

Oil and Gas Leasehold Estate:

| | <u>Calculation</u> | <u>Working Interest</u> | <u>Net Revenue Interest</u> |
|------|--|-----------------------------|-------------------------------------|
| 1-15 | Bonneville Fuels Corporation 65% x 48.437475% x 1/4 x 13/16 plus 31.48435875% x 30/96 x 13/16 plus 31.48435875% x 10/96 x 4/5 | 20.9895725% | .17013032 |
| 1-15 | A. H. 1980 Program, Inc. 26.562525% x 54/96 x 13/16 plus 26.562525% x 10/96 x 4/5 | 17.7083500% | .14353448 |
| 1-15 | American West Oil and Gas Corporation 35% x 48.437475% x 1/4 x 13/16 plus 16.95311625% x 30/96 x 13/16 plus 16.95311625% x 10/96 x 4/5 | 11.3020775 | .09160865 |
| 1-15 | David Petroleum Corp. 9.375% x 54/96 x 13/16 plus 9.375% x 10/96 x 4/5 | 6.2500000% | .05065918 |

Nearburg Exploration Company
January 3, 1995
Page 3

| | | | | |
|--------|--------------------------------------|---|--------------------|------------------|
| 1-15 | Nadine Prideaux Loveless* | 2.90625% x 54/96 x 13/16 plus 2.90625% x 10/96 x 4/5 | 1.9375000% | .01570434 |
| 1-15 | Carolyn Loveless Schlicher* | 3.453125% x 54/96 x 13/16 plus 3.453125% x 10/96 x 4/5 | 2.3020833% | .01865946 |
| 1-15 | Lucinda Loveless* | 1.453125% x 54/96 x 13/16 plus 1.453125% x 10/96 x 4/5 | 0.9687500% | .00785217 |
| 1-15 | McMillan Production Company, Inc. | 7.812500% x 54/96 x 13/16 plus 7.812500% x 10/96 x 4/5 | 5.2083333% | .04221598 |
| 23-27 | Nearburg Exploration Company | 39/144 x 3/4 plus 1/16 x 13/16 | <u>33.3333334%</u> | <u>.25390625</u> |
| Total: | | | 100.0000000% | .79427083 |

II. E/2 NW/4 ONLY:

Surface:

Not covered by this opinion.

Minerals:

Under
Lease
No.:

| | | |
|----|--|------|
| 1 | Barbara J. Junker* ----- | 1/16 |
| 1 | Billie S. DeVoss* ----- | 1/16 |
| 2 | Martha Nickson* ----- | 1/24 |
| 3 | John Nickson Beers* ----- | 1/24 |
| 4 | Joseph Richard Nickson, whose wife is Mary L. Nickson ----- | 1/24 |
| 5 | United New Mexico Bank at Roswell, N.A., Trustee of the Allie M. Lee Trust ----- | 3/16 |
| 6 | Mary Louise Waldron Mooring* ----- | 4/96 |
| 7 | Katheryne Mae Waldron Wilson* ----- | 4/96 |
| 8 | A. B. Waldron, Jr.* ----- | 4/96 |
| 16 | Janice A. Vice, a single woman ----- | 1/96 |
| 17 | Linda E. Ledbetter, whose husband is Harry L. Ledbetter ----- | 1/96 |
| 18 | Mary F. Whitman, whose husband is R. William Whitman ----- | 1/96 |
| 19 | Ross L. Elliott, Jr., whose wife is Maurelda Elliott ----- | 1/96 |

| | | |
|----|---|-------|
| 20 | Alice K. Trammell* ----- | 1/48 |
| 21 | Martha E. Hanna* ----- | 1/48 |
| 22 | Ann Alycin Hayes* ----- | 1/48 |
| 23 | Diane S. Lacey* ----- | 1/144 |
| 24 | Carol Len Pitts* ----- | 1/144 |
| 25 | Robert Thomas Sweatman* ----- | 1/144 |
| 26 | Ashland Oil & Refining Company ----- | 1/4 |
| 27 | Shriner's Hospital for Crippled Children ----- | 1/16 |

Oil and Gas Leasehold Estate:

| | <u>Calculation</u> | <u>Working Interest</u> | <u>Net Revenue Interest</u> |
|-------|---|-----------------------------|-------------------------------------|
| 1-8 | Bonneville Fuels Corporation 65% x 48.437475% x 1/4 x 13/16 plus 31.48435875% x 30/96 x 13/16 | 17.7099517% | .14389335 |
| 1-8 | A. H. 1980 Program, Inc. 26.562525% x 54/96 x 13/16 | 14.9414203% | .12139904 |
| 1-8 | American West Oil and Gas Corporation 35% x 48.437475% x 1/4 x 13/16 plus 16.95311625% x 30/96 x 13/16 | 9.5361278% | .07748104 |
| 1-8 | David Petroleum Corp. 9.375% x 54/96 x 13/16 | 5.2734375% | .04284668 |
| 1-8 | Nadine Prideaux Loveless* 2.90625% x 54/96 x 13/16 | 1.6347656% | .01328247 |
| 1-8 | Carolyn Loveless Schlicher* 3.453125% x 54/96 x 13/16 | 1.9423829% | .01578186 |
| 1-8 | Lucinda Loveless* 1.453125% x 54/96 x 13/16 | 0.8173828% | .00664124 |
| 1-8 | McMillan Production Company, Inc. 7.812500% x 54/96 x 13/16 | 4.3945314% | .03570557 |
| 16-27 | Nearburg Exploration Company 10/96 x 4/5 plus 39/144 x 3/4 plus 1/16 x 13/16 | <u>43.7500000%</u> | <u>.33723958</u> |
| | Total: | 100.0000000% | .79427083 |

* Denotes separate property.

PATENT

The NW/4 of said Section 13 was patented to John Thurmond on May 12, 1915, Patent No. 472565, recorded in Volume 1, page 267; which contains no mineral reservations by the United States.

ENCUMBRANCES

The following were excepted from the abstract presently examined:

1. Deed of Trust, Mortgage, Assignment, Security Agreement and Financing Statement from Bonneville Fuels Corporation to the Chase Manhattan Bank dated July 28, 1989, filed August 7, 1989, recorded in Book 537, page 571, Mortgage Records.
2. Partial Release of Lien from Chase Manhattan Bank to Bonneville Fuels Corporation dated May 30, 1990, filed July 16, 1990, recorded in Book 550, page 514, Mortgage Records, pertaining only to those interests conveyed from Bonneville Fuels Corporation to American West Oil and Gas Corporation under Assignment recorded in Book 452, page 401, OGL Records.
3. Supplemental Deed of Trust, Mortgage, Assignment, Security Agreement and Financing Statement from Bonneville Fuels Corporation to the Chase Manhattan Bank dated August 30, 1991, filed September 9, 1991, and recorded in Book 567, page 94, Mortgage Records.
4. Assignment of Deed of Trust, Mortgage, Assignment, Security Agreement and Financing Statement from Chase Manhattan Bank to First InterState Bank of Denver dated June 24, 1994, filed July 25, 1994, recorded in Book 615, page 749, Mortgage Records.
5. Amended and Restated Deed of Trust, Assignment of Proceeds, Security Agreement and Financing Statement from Bonneville Fuels Corporation to First InterState Bank of Denver dated May 31, 1994 filed July 25, 1994, recorded in Book 615, page 752, Mortgage Records.
6. Financing Statement from Bonneville Fuels Corporation to First InterState Bank of Denver filed September 9, 1994, recorded in Book 617, page 703, Mortgage Records.
7. Financing Statement from Bonneville Fuels Corporation to First InterState Bank of Denver filed September 9, 1994, recorded in Book 617, page 698, Mortgage Records.

RIGHTS-OF-WAY

None reflected by the materials examined.

TAXES

No information submitted.

REQUIREMENTS

1.

Leases 1 through 4 cover the NE/4 of Section 14 and E/2 of Section 23 in this township and range in addition to the captioned NW/4 of Section 13. I have assumed that each of these leases has been held in full force and effect to date.

The interests of the working interest owners under Leases 1 through 4 are subject in part to the following instruments:

- (a) Assignment and Agreement from Charles C. Loveless, Jr., et ux to David Petroleum Corp., et al. dated October 28, 1981, recorded in Book 344, page 680, which required the drilling of a well in the SE/4 SE/4 of Section 14, T-17-S, R-37-E, and included an operating agreement affixed thereto;
- (b) Inexco-AH 1980 Exploration & Development Program Agreement dated March 1, 1980.

These instruments have not been furnished for my examination.

DRILLING REQUIREMENTS:

A. Furnish evidence or satisfy yourselves that Leases 1 through 4 have been held in full force and effect to date by continuous commercial production and/or continuous operations.

B. Furnish evidence or satisfy yourselves as to the viability of the above referenced agreements and their effect on your proposed operations. If you desire my comments regarding these agreements, please furnish same for my examination.

2.

The mineral interests credited to the parties commencing with Janice A. Vice and ending with Ann Alycin Hayes are subject, in part to Mineral Deed and Royalty Transfer from Minerva L. Waldron, a widow to R. L. Elliott, Trustee dated November 7, 1969, recorded in Book 318, page 71. The prior examiner notes that no trust agreement under which R. L. Elliott was Trustee is reflected; therefore, the authority of R. L. Elliott, Trustee to convey such interest is not verified.

DRILLING REQUIREMENT: Evidence should be furnished concerning the Trust Agreement under which R. L. Elliott, Trustee acquired these interests.

3.

No New Mexico probate proceedings are reflected for the Estates of A. B. Waldron or Minerva Waldron. This affects the interests credited to Mary Louise Waldron Mooring, Katheryne Mae Waldron Wilson, A. B. Waldron, Jr. and the interests of the parties commencing with Janice A. Vice and ending with Robert Thomas Sweatman as well as the leasehold interests acquired under Leases 6 through 25, aggregating an undivided 1/4 mineral interest. Because of the amount of time which has passed since the death of A. B. Waldron, it appears unlikely that there will ever be any unknown heirs of A. B. Waldron or other claimants who might assert adverse interests in the captioned lands; therefore, you may wish to waive the following requirement as to the Estate of A. B. Waldron as a business decision.

DRILLING REQUIREMENT: If you desire strictly marketable title for Leases 6 through 25, New Mexico probate proceedings should be conducted on both of the Estates of A. B. Waldron and Minerva Waldron, or title should be quieted in their heirs and successors in interest.

4.

The abstracts presently examined reflect that Emory Shannon was the owner of a life estate affecting the interests credited

herein to Diane S. Lacey, Carol Len Pitts and Robert Thomas Sweatman. I have assumed that Emory Shannon is deceased.

DRILLING REQUIREMENT: Furnish evidence in this regard.

5.

Jo Ann Hayes was the previous owner of an undivided 1/48 mineral interest as her separate property. Leases 15 and 22 were acquired from Ross Elliott, under power-of-attorney from Jo Ann Hayes dated August 8, 1985, recorded in Book 465, page 199, Miscellaneous Records. I have no evidence as to whether Jo Ann Hayes was competent on the date(s) of execution of said Leases 15 and 22.

Further, the abstracts presently examined reflect that Jo Ann Hayes is deceased and was survived by John S. Hayes, her husband, Ann Alycin Hayes, a daughter, and John Elliott Hayes, a son. The abstracts further reflect that (a) John S. Hayes conveyed all interest to Ann Alycin Hayes and John Elliott Hayes; (b) that John Elliott Hayes died February 28, 1994, a single man with no children; and (c) that no probate was had on the Estate of John Elliott Hayes.

DRILLING REQUIREMENT: Furnish evidence confirming the viability of the power-of-attorney from Jo Ann Hayes to Ross Elliott on the dates of execution of Leases 15 and 22.

PRODUCTION REQUIREMENT: In the event of production, a determination of heirship on the Estates of Jo Ann Hayes and John Elliott Hayes should be obtained in the State of New Mexico prior to disbursing production to Ann Alycin Hayes.

6.

You have not furnished evidence that any agreement has been executed between the various leasehold owners and Nearburg Exploration Company pertaining to your proposed operations.

DRILLING REQUIREMENT: Prior to commencing operations, you should either (a) obtain execution of an operating agreement with all of said owners, and/or obtain their execution of a farmout or other earning agreement; or (b) obtain a compulsory pooling order from the New Mexico Oil Conservation Division pertaining to such interest. If you enter into an "earning" arrangement with Bonnevillie Fuels Corporation, you should obtain a subordination of all encumbrances affecting said party's interest (as reflected above under the heading "Encumbrances") to your agreement.

7.

Lease No. 27 was acquired by Harvest Hill Properties from Shriner's Hospital for Crippled Children and covers an undivided 1/16 interest. By Assignment dated April 8, 1993, S. Patrick, as "owner" of Harvest Hill Properties assigned all interest in said lease to Texas Properties, reserving an overriding royalty of 6.25% of 8/8. No other evidence is reflected that S. Patrick is the sole owner of Harvest Hill Properties.

By Assignment dated March 9, 1994, E. E. Busby, as "Vice President" of Texas Properties assigned all interest in said Lease 27 to Nearburg Exploration Company. The acknowledgment to said

Assignment reflects E. E. Busby as "owner" of Texas Properties. If Texas Properties is a corporation, such should be reflected on the Assignment from Harvest Hill Properties dated April 8, 1983, and the Assignment into Nearburg Exploration Company dated March 9, 1994. In such event, the acknowledgment should reflect that E. E. Busby executed same as Vice President of said corporation. If Texas Properties is a sole proprietorship, a correction assignment from Texas Properties to Nearburg Exploration Company reflecting execution by E. E. Busby as sole proprietor or "owner" should be obtained and filed for record in Lea County, New Mexico. In such event, an assumed name certificate or other evidence of his sole ownership should be furnished.

On March 9, 1994, E. E. Busby, as "Vice President" of Harvest Hill Properties executed a Quitclaim Deed to Nearburg Exploration Company covering the previously reserved overriding royalty interest. The acknowledgment to this Quitclaim Deed reflects E. E. Busby as "owner" of Harvest Hill Properties. If E. E. Busby is one of the owners of Harvest Hill Properties together with S. Patrick, a partnership agreement or other evidence of their ownership should be reflected. In such event, the Assignment from Harvest Hill Properties to Texas Properties discussed above and the Quitclaim Deed in favor of Nearburg Exploration Company should reflect execution and acknowledgment by a general partner of said entity.

DRILLING REQUIREMENT: Evidence as to the character of the entities known as "Harvest Hill Properties" and "Texas Properties" should be furnished together with evidence of the authority of S. Patrick and E. E. Busby to execute on behalf of said entities. I reserve the right to make further requirement regarding the above referenced documents after such evidence has been furnished.

8.

The abstracts examined reveal the existence of several old oil and gas leases whose primary terms have expired, but which have apparently not been perpetuated by production and which have not been released of record, being the following:

- A. From Shriner's Hospital for Crippled Children to Inexco Oil Company dated August 31, 1985, recorded in Book 391, page 497, OGL Records, covering the NW/4 of this Section 13 only, for a primary term of 18 months.
- B. From Alice K. Brewer to Inexco Oil Company dated April 1, 1987, recorded in Book 412, page 749, OGL Records, covering the E/2 NW/4 of Section 13 only, for a primary term of three (3) years.
- C. From Martha E. Hanna to Inexco Oil Company dated April 1, 1987, recorded in Book 412, page 752, OGL Records, covering the E/2 NW/4 of Section 13 only, for a primary term of three (3) years.
- D. From Ross L. Elliott, Individually and as Attorney-in-Fact for Maxine Elliott Shannon and Jo Ann Hayes to Inexco Oil Company dated April 1, 1987, recorded in Book 412, page 755, OGL Records, covering the E/2 NW/4 of Section 13 only, for a primary term of three (3) years.
- E. From Maxine Elliott Shannon to Bonneville Fuels Corporation dated October 6, 1989, recorded in Book 444, page 697, OGL Records, covering the W/2 NW/4 of this Section 13 only, for a primary term of three (3) years.

- F. From United New Mexico Trust Company, Trustee of the Allie M. Lee Trust to Bonneville Fuels Corporation dated September 29, 1989, recorded in Book 444, page 708, OGL Records, covering the NW/4 of this Section 13 only, for a primary term of three (3) years.
- G. From Ross L. Elliott, Jr., et ux. to Bonneville Fuels Corporation dated January 31, 1990, recorded in Book 450, page 126, OGL Records, covering the E/2 NW/4 of this Section 13 only, for a primary term of three (3) years.

DRILLING REQUIREMENT: Obtain a release of each of these leases from Bonneville Fuels Corporation and its assigns, or furnish evidence or otherwise satisfy yourselves that each of these leases has expired due to non-development and non-production.

9.

Lease 26 was acquired from Ashland Exploration, Inc. I reflect the record owner of this interest as Ashland Oil & Refining Company.

DRILLING REQUIREMENT: Furnish evidence that Ashland Exploration, Inc. has succeeded in title to Ashland Oil & Refining Company, or obtain a ratification of Lease 26 from Ashland Oil & Refining Company.

10.

No information pertaining to ad valorem taxes has been furnished. In the State of New Mexico, the mineral estate is not separately assessed from the surface. Therefore, if the mineral and surface estates have been completely severed no tax information is required. Otherwise, you should obtain evidence that ad valorem taxes have been paid for 1993 and all prior years.

DRILLING REQUIREMENT: Satisfy yourselves in this regard.

11.

No information has been furnished regarding the ownership or possession of the surface.

DRILLING REQUIREMENT: Unless the surface and minerals have been completely severed, you should obtain an affidavit of possession and obtain a tenant's consent agreement from any party in possession other than the record surface owner. You are also advised to settle surface damages prior to commencing operations.

12.

No evidence regarding the existence or location of any rights-of-way is reflected.

DRILLING REQUIREMENT: Prior to commencing operations satisfy yourselves as to the existence and location of any rights-of-way, and avoid interference with same in conducting your operations.

13.

An undivided 48.437475% interest in Leases 1 through 4 (covering in the aggregate an undivided 1/4 mineral interest) was previously owned by Inexco Oil Company. By Assignment, Bill of

Sale and Conveyance dated July 28, 1989, recorded in Book 441, page 422, O&G Records, Inexco Oil Company, et al. assigned all interest in Leases 1 through 4 to Bonneville Fuels Corporation. This Assignment was executed on behalf of Inexco Oil Company and on behalf of various Inexco Oil and Gas funds; however, Inexco Oil Company does not appear individually as grantor in the body of the instrument.

PRODUCTION REQUIREMENT: In the event of production, no disbursement should be made to Bonneville Fuels Corporation or American West Oil and Gas Corporation until the Assignment recorded in Book 441, page 422 has been corrected to reflect Inexco Oil Company, individually, as a grantor, or until Inexco Oil Company has otherwise transferred its interests in Leases 1 through 4 to Bonneville Fuels Corporation and American West Oil and Gas Corporation.

COMMENTS

1.

I note the numerous special provisions pertaining to the captioned leases (particularly those pertaining to surface operations and continuous development) with which you should become thoroughly familiar. You should conduct your operations in accordance with all of the terms and provisions of these leases and the rules and regulations of the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico.

2.

This opinion is based in part upon the opinions of other attorneys, the accuracy of which you must be willing to accept.

3.

I note that certain Casinghead Gas Contract between Inexco Oil Company, as Seller, and Phillips 66 Natural Gas Company, as Buyer, dated February 1, 1986, which includes the captioned lands as to the Strawn Formation. In the event of production, you should ascertain the viability of this Agreement.

4.

The abstracts examined reflect an Assignment, Conveyance and Bill of Sale from Pacific Enterprises Oil Company (USA) to Hunt Oil Company dated April 1, 1992, recorded in Book 486, page 1, O&G Records. My examination does not reveal what interest, if any, is claimed by Pacific Enterprises Oil Company (USA) in the captioned tract. You should investigate this matter and satisfy yourselves that neither assignor or assignee in said document claim any interest in minerals or leasehold in the captioned lands.

5.

I do not cover herein questions of boundary, area, excesses, conflicts with adjacent tracts or surveys, unrecorded production purchase contracts, unpaid bills for labor or materials which may

Nearburg Exploration Company
January 3, 1995
Page 11

ripen into mechanic's or materialman's liens, rights of persons, if any, in possession, nor any other matters not covered by the materials examined.

Very truly yours,


Rudolph A. Woerndle, P. C.

RAW/ejj
434op.nea

EXHIBIT "A"

OIL AND GAS LEASES

No. 1:

| | |
|----------------------|--|
| Date: | June 24, 1985. |
| Recorded: | Book 387, page 494. |
| Lessor: | Marie Jane DeVoss. |
| Lessee: | Donald E. Blackmar. |
| Primary Term: | Five (5) years from October 4, 1985. |
| Covers: | Purports to cover a full interest in this land and the NE/4 of Section 14 and E/2 of Section 23, T-17-S, R-37-E; actually covers an undivided 1/8 interest in this tract and an unknown interest in the remainder of said lands. |
| Royalty: | 3/16 on oil and gas. |
| Delay Rentals: | None; same is a paid-up lease. |
| Shut-In Gas Royalty: | \$640.00. |
| Depository Bank: | Security Pacific National Bank, Whittier, California. |

No. 2:

| | |
|----------------------|--|
| Date: | January 19, 1981. |
| Recorded: | Book 334, page 44. |
| Lessor: | Martha Nickson. |
| Lessee: | Donald E. Blackmar. |
| Primary Term: | Extended to Six (6) years by Lease Extension Agreement dated September 8, 1983, recorded in Book 364, page 733. |
| Covers: | Purports to cover a full interest in the same lands described in Lease No. 1; actually covers an undivided 1/24 interest in the captioned land and an unknown interest in the remainder of said lands. |
| Royalty: | 3/16 on oil and gas. |
| Delay Rentals: | None; same is a paid-up lease. |
| Shut-In Gas Royalty: | \$640.00. |
| Depository Bank: | City National Bank of Colorado City, Texas. |

No. 3:

| | |
|----------------------|--|
| Date: | January 19, 1981. |
| Recorded: | Book 334, page 46. |
| Lessor: | John Nickson Beers and wife, Marcelyn Beers. |
| Lessee: | Donald E. Blackmar. |
| Primary Term: | Extended to Six (6) years by Lease Extension Agreement dated September 8, 1983, recorded in Book 364, page 895. |
| Covers: | Purports to cover a full interest in the same lands described in Lease No. 1; actually covers an undivided 1/24 interest in the captioned land and an unknown interest in the remainder of said lands. |
| Royalty: | 3/16 on oil and gas. |
| Delay Rentals: | None; same is a paid-up lease. |
| Shut-In Gas Royalty: | \$640.00. |

Depository Bank:

Security Pacific Bank
(Wilshire-Westmoreland Bank),
Los Angeles, California.

No. 4:

| | |
|----------------------|--|
| Date: | January 19, 1981. |
| Recorded: | Book 334, page 48. |
| Lessor: | Joseph Richard Nickson and wife, Mary L. Nickson. |
| Lessee: | Donald E. Blackmar. |
| Primary Term: | Extended to Six (6) years by Lease Extension Agreement dated September 8, 1983, recorded in Book 364, page 910. |
| Covers: | Purports to cover a full interest in the same lands described in Lease No. 1; actually covers an undivided 1/24 interest in the captioned land and an unknown interest in the remainder of said lands. |
| Royalty: | 3/16 on oil and gas. |
| Delay Rentals: | None; same is a paid-up lease. |
| Shut-In Gas Royalty: | \$640.00. |
| Depository Bank: | City Bank, Port Authority Building, New York, New York. |

No. 5:

| | |
|----------------------|--|
| Date: | September 8, 1992. |
| Recorded: | Book 481, page 12. |
| Lessor: | United New Mexico Trust Company as Trustee of the Allie M. Lee Trust. |
| Lessee: | Bonneville Fuels Corporation. |
| Primary Term: | Three (3) years from September 29, 1992. |
| Covers: | NW/4 of this Section 13 only. |
| Interest Covered: | Undivided 3/16 interest. |
| Royalty: | 3/16 on oil and gas. |
| Delay Rentals: | None; same is a paid-up lease. |
| Shut-In Gas Royalty: | \$160.00. |
| Depository Bank: | United New Mexico Bank at Roswell, New Mexico. |
| Pooling: | Not to exceed the standard proration unit fixed by the New Mexico Oil Conservation Commission or other lawful authority plus a tolerance of 10%. |
| Form: | Producer's 88 (Producers's Revised 1965) (New Mexico) Form 342. |

No. 6:

| | |
|----------------------|--|
| Date: | August 22, 1992. |
| Recorded: | Book 480, page 275, OGL Records. |
| Lessor: | Mary Louise Waldron Mooring, dealing in her separate property. |
| Lessee: | Bonneville Fuels Corporation. |
| Primary Term: | Three (3) years from September 29, 1992. |
| Covers: | NW/4 of this Section 13 only. |
| Interest Covered: | Undivided 4/96 interest. |
| Royalty: | 3/16 on oil and gas. |
| Delay Rentals: | None; same is a paid-up lease. |
| Shut-In Gas Royalty: | \$160.00. |

Depository Bank: Southwest Bank at Fort Worth, Texas.
Pooling: Same as Lease No. 5.
Form: Same as Lease No. 5.

No. 7:

Date: August 22, 1992.
Recorded: Book 480, page 287, OGL Records.
Lessor: Katheryne Mae Waldron Wilson, dealing in her separate property.
Lessee: Bonneville Fuels Corporation.
Primary Term: Three (3) years from September 28, 1992.
Covers: NW/4 of this Section 13 only.
Interest Covered: Undivided 4/96 interest.
Royalty: 3/16 on oil and gas.
Delay Rentals: None; same is a paid-up lease.
Shut-In Gas Royalty: \$160.00.
Depository Bank: First InterState-Memorial in Houston, Texas.
Pooling: Same as Lease No. 5.
Form: Same as Lease No. 5.

No. 8:

Date: August 22, 1992.
Recorded: Book 480, page 271, OGL Records.
Lessor: A. B. Waldron, Jr., dealing in his separate estate.
Lessee: Bonneville Fuels Corporation.
Primary Term: Three (3) years from September 28, 1992.
Covers: NW/4 of this Section 13 only.
Interest Covered: Undivided 4/96 interest.
Royalty: 3/16 on oil and gas.
Delay Rentals: None; same is a paid-up lease.
Shut-In Gas Royalty: \$160.00.
Depository Bank: Bank of Commerce at Fort Worth, Texas.
Pooling: Same as Lease No. 5.
Form: Same as Lease No. 5.

No. 9:

Date: August 16, 1992.
Recorded: Book 480, page 283, OGL Records.
Lessor: Janice A. Vice, a single woman.
Lessee: Bonneville Fuels Corporation.
Primary Term: Three (3) years from October 6, 1992.
Covers: W/2 NW/4 of this Section 13 only.
Interest Covered: Undivided 1/96 interest.
Royalty: 1/5 on oil and gas.
Delay Rentals: None; same is a paid-up lease.
Shut-In Gas Royalty: \$80.00.
Depository Bank: Denton Area Teachers Credit Union.
Pooling: Same as Lease No. 5.
Form: Same as Lease No. 5.
Special Provisions: Paragraph 13. Notwithstanding any of the foregoing provisions herein contained to the contrary, and particularly Para-

graph 4 related to the payment of annual rentals, it is specifically understood and agreed that all rentals due hereunder have been paid to the Lessor at the date of execution and delivery of this lease and that this lease shall continue in full force and effect for its entire term as stated in Paragraph 2 hereof without the payment of any such rental. The Statements in Paragraph 5 relating to the annual rental and depository bank are inserted herein solely for the payment of royalty under Paragraph 3 hereof.

Paragraph 14. Regardless of any provisions to the contrary, it is understood and agreed that any unit formed under the provisions of Paragraph 5 hereof shall not exceed the standard proration unit fixed by law or by the New Mexico Oil Conservation Commission or by other lawful authority for the pool or area in which said land is situated plus a tolerance of 10%. It is further agreed that any unit so pooled or formed shall include at least 1/2 of Lessor's acreage so that the owners of the minerals under the above described acreage will have a participation of at least 1/2.

Paragraph 15. It is further agreed and understood that a producing well at the end of the primary term shall hold only that amount of acreage allocated to one proration unit.

No. 10:

| | |
|----------------------|---|
| Date: | August 16, 1992. |
| Recorded: | Book 480, page 281, OGL Records. |
| Lessor: | Linda E. Ledbetter and husband, Harry L. Ledbetter. |
| Lessee: | Bonneville Fuels Corporation. |
| Primary Term: | Three (3) years from October 6, 1992. |
| Covers: | W/2 NW/4 of Section 13 only. |
| Interest Covered: | Undivided 1/96 interest. |
| Royalty: | 1/5 on oil and gas. |
| Delay Rentals: | None; same is a paid-up lease. |
| Shut-In Gas Royalty: | \$80.00. |
| Depository Bank: | Equitable Bank at Fort Worth, Texas. |
| Pooling: | Same as Lease No. 5. |
| Form: | Same as Lease No. 5. |
| Special Provisions: | Same as Lease 9. |

No. 11:

Date: August 16, 1992.
Recorded: Book 480, page 285, OGL Records.
Lessor: Mary F. Whitman and husband, R. William Whitman.
Lessee: Bonneville Fuels Corporation.
Primary Term: Three (3) years from October 6, 1992.
Covers: W/2 NW/4 of Section 13 only.
Interest Covered: Undivided 1/96 interest.
Royalty: 1/5 on oil and gas.
Delay Rentals: None; same is a paid-up lease.
Shut-In Gas Royalty: \$80.00.
Depository Bank: NationsBank at Fort Worth, Texas.
Pooling: Same as Lease No. 5.
Form: Same as Lease No. 5.
Special Provisions: Same as Lease 9.

No. 12:

Date: August 16, 1992.
Recorded: Book 480, page 611, OGL Records.
Lessor: Ross L. Elliott, Jr. and wife, Maurelda Elliott.
Lessee: Bonneville Fuels Corporation.
Primary Term: Three (3) years from October 6, 1992.
Covers: W/2 NW/4 of Section 13 only.
Interest Covered: Undivided 1/96 interest.
Royalty: 1/5 on oil and gas.
Delay Rentals: None; same is a paid-up lease.
Shut-In Gas Royalty: \$80.00.
Depository Bank: Public Employees Credit Unit at Austin, Texas.
Pooling: Same as Lease No. 5.
Form: Same as Lease No. 5.
Special Provisions: Same as Lease 9.

No. 13:

Date: August 22, 1992.
Recorded: Book 480, page 277, OGL Records.
Lessor: Alice K. Trammell, dealing in her separate estate.
Lessee: Bonneville Fuels Corporation.
Primary Term: Three (3) years from October 6, 1992.
Covers: W/2 NW/4 of Section 13 only.
Interest Covered: Undivided 1/48 interest.
Royalty: 1/5 on oil and gas.
Delay Rentals: None; same is a paid-up lease.
Shut-In Gas Royalty: \$80.00.
Depository Bank: Citizen's National Bank at Breckenridge, Texas.
Pooling: Same as Lease No. 5.
Form: Same as Lease No. 5.
Special Provisions: Same as Lease 9.

No. 14:

Date: August 24, 1992.
Recorded: Book 480, page 279, OGL Records.
Lessor: Martha E. Hanna, dealing in her separate estate.

| | |
|----------------------|---|
| Lessee: | Bonneville Fuels Corporation. |
| Primary Term: | Three (3) years from October 6, 1992. |
| Covers: | W/2 NW/4 of Section 13 only. |
| Interest Covered: | Undivided 1/48 interest. |
| Royalty: | 1/5 on oil and gas. |
| Delay Rentals: | None; same is a paid-up lease. |
| Shut-In Gas Royalty: | \$80.00. |
| Depository Bank: | Citizen's National Bank at Breckenridge, Texas. |
| Pooling: | Same as Lease No. 5. |
| Form: | Same as Lease No. 5. |
| Special Provisions: | Same as Lease 9. |

No. 15:

| | |
|----------------------|---|
| Date: | August 16, 1992. |
| Recorded: | Book 480, page 273, OGL Records. |
| Lessor: | Joe Ann Hayes, dealing in her separate estate, by her attorney-in-fact Ross L. Elliott. |
| Lessee: | Bonneville Fuels Corporation. |
| Primary Term: | Three (3) years from October 6, 1992. |
| Covers: | W/2 NW/4 of Section 13 only. |
| Interest Covered: | Undivided 1/48 interest. |
| Royalty: | 1/5 on oil and gas. |
| Delay Rentals: | None; same is a paid-up lease. |
| Shut-In Gas Royalty: | \$80.00. |
| Depository Bank: | First National Bank at Breckenridge, Texas. |
| Pooling: | Same as Lease No. 5. |
| Form: | Same as Lease No. 5. |
| Special Provisions: | Same as Lease 9. |

No. 16:

| | |
|----------------------|---|
| Date: | February 8, 1993. |
| Recorded: | Book 486, page 281, OGL Records. |
| Lessor: | Janice A. Vice, a single woman. |
| Lessee: | Nearburg Exploration Company. |
| Primary Term: | Three (3) years from April 2, 1993. |
| Covers: | E/2 NW/4 of Section 13 only. |
| Interest Covered: | Undivided 1/96 interest. |
| Royalty: | 1/5 on oil and gas. |
| Delay Rentals: | None; same is a paid-up lease. |
| Shut-In Gas Royalty: | \$1.00 per net acre. |
| Pooling: | Units not to exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department in the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated plus a tolerance of 10%. |
| Form: | Producer's 88 - Producer's Revised 1981, New Mexico Form 342, paid-up (Nearburg) |
| Special Provisions: | <u>Paragraph 12.</u> Payment of shut-in gas well royalties will not be permitted to maintain this lease in force for any period longer than two consecutive years without the written consent of Lessor. |

Paragraph 13. Regardless of any provisions to the contrary, it is understood and agreed that any unit formed under provisions of Paragraph 5 above shall not exceed the standard proration unit fixed by law by the New Mexico Oil Conservation Commission or by other lawful authority for the pool or area in which said land is situated plus a tolerance of 10%. It is further agreed that any unit so pooled or formed shall include at least 1/2 of Lessor's acreage so that the owners of the minerals under the above described acreage will have a participation of at least 1/2.

No. 17:

| | |
|----------------------|---|
| Date: | February 8, 1993, |
| Recorded: | Book 486, page 529, OGL Records. |
| Lessors: | Linda E. Ledbetter and husband, Harry L. Ledbetter. |
| Lessee: | Nearburg Exploration Company. |
| Primary Term: | Three (3) years from April 2, 1993. |
| Covers: | E/2 NW/4 of Section 13 only. |
| Interest: | Undivided 1/96 interest. |
| Royalty: | 1/5 on oil and gas. |
| Delay Rentals: | None, same is a paid-up lease. |
| Shut-In Gas Royalty: | \$1.00 per net mineral acre. |
| Pooling: | Same as Lease 16. |
| Form: | Same as Lease 16. |
| Special Provisions: | Same as Lease 16. |

No. 18:

| | |
|----------------------|--|
| Date: | February 8, 1993, |
| Recorded: | Book 486, page 278, OGL Records. |
| Lessors: | Mary F. Whitman and husband, R. William Whitman. |
| Lessee: | Nearburg Exploration Company. |
| Primary Term: | Three (3) years from April 2, 1993. |
| Covers: | E/2 NW/4 of Section 13 only. |
| Interest: | Undivided 1/96 interest. |
| Royalty: | 1/5 on oil and gas. |
| Delay Rentals: | None, same is a paid-up lease. |
| Shut-In Gas Royalty: | \$1.00 per net mineral acre. |
| Pooling: | Same as Lease 16. |
| Form: | Same as Lease 16. |
| Special Provisions: | Same as Lease 16. |

No. 19:

| | |
|---------------|--|
| Date: | February 8, 1993, |
| Recorded: | Book 486, page 532, OGL Records. |
| Lessors: | Ross L. Elliott, Jr. and wife, Maurelda Elliott. |
| Lessee: | Nearburg Exploration Company. |
| Primary Term: | Three (3) years from April 2, 1993. |
| Covers: | E/2 NW/4 of Section 13 only. |
| Interest: | Undivided 1/96 interest. |

| | |
|----------------------|--------------------------------|
| Royalty: | 1/5 on oil and gas. |
| Delay Rentals: | None, same is a paid-up lease. |
| Shut-In Gas Royalty: | \$1.00 per net mineral acre. |
| Pooling: | Same as Lease 16. |
| Form: | Same as Lease 16. |
| Special Provisions: | Same as Lease 16. |

No. 20:

| | |
|----------------------|---|
| Date: | February 5, 1993, |
| Recorded: | Book 486, page 290, OGL Re- cords. |
| Lessors: | Alice K. Trammell, dealing in her separate property. |
| Lessee: | Nearburg Exploration Company. |
| Primary Term: | Three (3) years from April 2, 1993. |
| Covers: | E/2 NW/4 of Section 13 only. |
| Interest: | Undivided 1/48 interest. |
| Royalty: | 1/5 on oil and gas. |
| Delay Rentals: | None, same is a paid-up lease. |
| Shut-In Gas Royalty: | \$1.00 per net mineral acre. |
| Pooling: | Same as Lease 16. |
| Form: | Same as Lease 16. |
| Special Provisions: | Same as Lease 16. |

No. 21:

| | |
|----------------------|---|
| Date: | February 5, 1993, |
| Recorded: | Book 486, page 287, OGL Re- cords. |
| Lessors: | Martha E. Hanna, dealing in her separate property. |
| Lessee: | Nearburg Exploration Company. |
| Primary Term: | Three (3) years from April 2, 1993. |
| Covers: | E/2 NW/4 of Section 13 only. |
| Interest: | Undivided 1/48 interest. |
| Royalty: | 1/5 on oil and gas. |
| Delay Rentals: | None, same is a paid-up lease. |
| Shut-In Gas Royalty: | \$1.00 per net mineral acre. |
| Pooling: | Same as Lease 16. |
| Form: | Same as Lease 16. |
| Special Provisions: | Same as Lease 16. |

No. 22:

| | |
|----------------------|---|
| Date: | February 5, 1993. |
| Recorded: | Book 486, page 284, OGL Re- cords. |
| Lessors: | Jo Ann Hayes, dealing in her separate property, by Ross L. Elliott, her attorney-in-fact. |
| Lessee: | Nearburg Exploration Company. |
| Primary Term: | Three (3) years from April 2, 1993. |
| Covers: | E/2 NW/4 of Section 13 only. |
| Interest: | Undivided 1/48 interest. |
| Royalty: | 1/5 on oil and gas. |
| Delay Rentals: | None, same is a paid-up lease. |
| Shut-In Gas Royalty: | \$1.00 per net mineral acre. |
| Pooling: | Same as Lease 16. |
| Form: | Same as Lease 16. |
| Special Provisions: | Same as Lease 16. |

No. 23:

| | |
|-----------|---------------------------------------|
| Date: | April 15, 1993. |
| Recorded: | Book 488, page 624, OGL Re- cords. |

Lessor: Diane Lacey, dealing in her separate property.
Lessee: Nearburg Exploration Company.
Primary Term: Three (3) years.
Covers: NW/4 of Section 13 only.
Interest: Undivided 1/144 interest.
Royalty: 1/4 on oil and gas.
Delay Rentals: None, same is a paid-up lease.
Shut-In Gas Royalty: \$1.00 per net acre.
Pooling: Same as Lease 16.
Form: Same as Lease 16.
Special Provisions: Paragraph 12. Notwithstanding anything contained herein to the contrary, Lessor's royalty is to be free and clear of all exploring, producing, developing, processing, marketing, transportation costs as well as all claims, charges, expenses, taxes, overriding royalties and other royalties provided, however, that Lessor's royalties shall bear its proportionate part of all ad valorem, severance, gross production, gathering and other similar taxes levied on or measured by production from the leased premises.
Paragraph 13. Notwithstanding anything contained herein to the contrary, Lessee agrees that in the event its heirs, successors or assigns, fail to pay any royalties called for in this lease within 60 days after the execution of division orders by Lessor, then said unpaid royalties will bear interest at the highest rate of interest permitted by law until paid. Lessee will not unreasonably delay the preparation and circulation for signature of said division orders.
Paragraph 14. Notwithstanding anything contained herein to the contrary, this lease covers only oil and gas including all other gaseous and other liquid hydrocarbons that may be produced incidental to and as a part of or mixed with oil, gas and other liquid or gaseous hydrocarbons but this lease does not cover any other minerals or substances of any other type which shall be produced on the leased premises separate and apart from or independently of oil, gas or other liquid and gaseous hydrocarbons.
Paragraph 15. Notwithstanding anything contained herein to the contrary, payment of shut-in gas well royalties will not be permitted to maintain this lease in force for any period longer than one year without the written consent of Lessor.

Paragraph 16. Notwithstanding anything contained herein to the contrary, it is understood and agreed that three years from the date hereof this lease shall terminate as to all lands covered hereby not included in or otherwise allocated to a "well unit" as hereinafter defined, and as to all depths lying more than 100 feet below the base of the deepest producing formation on a well unit, unless Lessee is drilling upon said lands across the expiration of the primary term as provided for in the body of the lease, and does not allow more than 120 days to elapse between the completion or abandonment of one well on such land and the commencement of another well thereon until the leased premises have been "fully developed" as hereinafter defined. Operations for the drilling of the first such development well must be commenced (a) within 120 days after the expiration of the primary term if production is established under this lease prior to the expiration of the primary term, or (b) within 120 days of completion of the well which is being drilled, tested or completed across the expiration of the primary term. Should Lessee fail to timely commence a well in accordance with aforesaid 120 days continuous drilling or development prior to the point in time the leased premises have been fully developed then this lease shall terminate as to all lands not included in or otherwise allocated to a well unit. For the purposes hereof, the term "well unit" shall mean the proration or spacing unit created for a well capable of producing oil and/or gas or other hydrocarbons in paying quantities in accordance with the applicable rules and regulations of the New Mexico Oil Conservation Commission or other governmental authority having jurisdiction and the term "fully developed" shall mean the point in time when the entirety of the leased premises has been included in the well unit or units as defined. The date of completion of a well shall be the date the well reaches total depth. At the end of the continuous drilling program, if any, this lease will automatically terminate as

to all lands covered hereby which have not been so fully developed, and as to lands so fully developed shall terminate as to all depths lying more than 100 feet below the base of the deepest producing formation. If after three years from the date hereof the minimum number of acres required by the New Mexico Oil Conservation Commission for the purpose of securing a full production allowable is reduced for the field in which the well unit is completed, all of Lessee's right, title and interest under this lease will terminate as to that acreage outside of the well unit(s) unless Lessee commences a continuous development program as noted above with the first such well due to spud within 120 days from the date the New Mexico Oil Conservation Commission establishes the size of the new proration units for the field where the well units are located.

Paragraph 17. Notwithstanding anything contained herein to the contrary, it is understood and agreed that any unit formed under the provisions of Paragraph 5 above shall include all of Lessor's acreage.

Paragraph 18. Lessee, its successors and assigns are required to file in the county records of Lea County, New Mexico a release of oil and gas lease for any and all such lands that terminate pursuant to the terms of this lease.

Paragraph 19. Lessor does expressly reserve all rights of ingress, egress, use, occupancy and all other surface rights necessary or convenient to exercise and enjoy all oil, gas and mineral rights reserved by Lessor.

No. 24:

| | |
|----------------------|---|
| Date: | April 15, 1993. |
| Recorded: | Corrected Oil and Gas Lease is recorded in Book 508, page 419, OGL Records. |
| Lessor: | Carol Pitts, dealing in her sole and separate property. |
| Lessee: | Nearburg Exploration Company. |
| Primary Term: | Three (3) years. |
| Covers: | NW/4 of Section 13 only. |
| Interest: | Undivided 1/144 interest. |
| Royalty: | 1/4 on oil and gas. |
| Delay Rentals: | None; same is a paid-up lease. |
| Shut-In Gas Royalty: | \$1.00 per net acre. |
| Pooling: | Same as Lease 23. |
| Form: | Same as Lease 23. |

Special Provisions:

Same as Lease 23.

No. 25:

| | |
|----------------------|---|
| Date: | April 15, 1993. |
| Recorded: | Corrected Oil and Gas Lease is recorded in Book 489, page 195, OGL Records. |
| Lessor: | Robert Thomas Sweatman, dealing in his sole and separate property. |
| Lessee: | Nearburg Exploration Company. |
| Primary Term: | Three (3) years. |
| Covers: | NW/4 of Section 13 only. |
| Interest: | Undivided 1/144 interest. |
| Royalty: | 1/4 on oil and gas. |
| Delay Rentals: | None; same is a paid-up lease. |
| Shut-In Gas Royalty: | \$1.00 per net acre. |
| Pooling: | Same as Lease 23. |
| Form: | Same as Lease 23. |
| Special Provisions: | Same as Lease 23. |

No. 26:

| | |
|---------------|--|
| Date: | May 12, 1994. |
| Recorded: | A Memorandum is recorded in Book 500, page 739, OGL Records. |
| Lessor: | Ashland Exploration, Inc. |
| Lessee: | Nearburg Exploration Company. |
| Primary Term: | Twelve Months. |
| Covers: | NW/4 of Section 13 only. |
| Interest: | Undivided 1/4 interest. |

No. 27:

| | |
|----------------------|---|
| Date: | April 10, 1993. |
| Recorded: | Book 488, page 817, OGL Records. |
| Lessor: | Shriner's Hospital for Crippled Children. |
| Lessee: | Harvest Hill Properties. |
| Primary Term: | Three (3) years. |
| Covers: | NW/4 of Section 13 only. |
| Interest: | Undivided 1/16 interest. |
| Royalty: | 3/16 on oil and gas. |
| Delay Rentals: | None; same is a paid-up lease. |
| Shut-In Gas Royalty: | No amount specified. |
| Pooling: | Units not to contain more than 80 surface acres plus 10% tolerance; provided, however, a unit may be established or an existing unit may be enlarged to contain not more than 640 acres plus 10% acreage tolerance if unitized only as to gas or only as to gas and liquid hydrocarbons (condensate) which are not a liquid in the subsurface reservoir. If larger units are required under any governmental rule or order for the drilling or operation of a well at a regular location or for obtaining maximum allowable from any well to be drilled, drilling or already drilled, any such unit may be established or enlarged to conform |

Form:

Special Provisions:

to the size required by such governmental order or rule.

This lease is on the Lessor's own typewritten form, which is of the "commencement" type.

Paragraph 3 pertaining to the calculation and payment of royalty.

Paragraph 4.(b). Continuous development: After the expiration of the primary term, this lease shall remain in force and effect as to all of the lands covered thereby so long and only so long as Lessee shall conduct continuous drilling operations on the leased premises as hereinafter provided. Continuous drilling operations shall mean that not more than 120 days (or such greater period as may be permitted by application of accumulative credits as hereinafter provided) shall expire between the completion as a producer or the abandonment as a dry hole of a preceding well drilled and the commencement of operations for the drilling of the next succeeding well....

Paragraph 4(c). Retained acreage after breach of continuous drilling obligation.

Paragraph 7. Pertaining to operations and use of surface.

Paragraph 14. Indemnification with respect to environmental laws and other matters.

432exh.nea

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

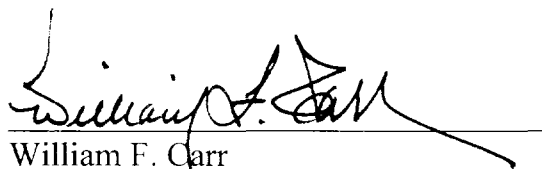
IN THE MATTER OF THE APPLICATION
OF NEARBURG EXPLORATION COMPANY FOR
AN UNORTHODOX OIL WELL LOCATION,
LEA COUNTY, NEW MEXICO.

CASE NO. 11196

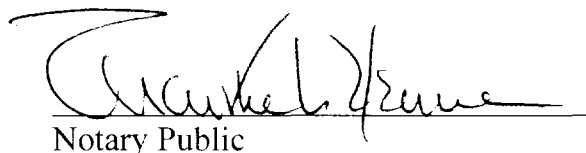
AFFIDAVIT

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

William F. Carr, authorized representative of Nearburg Exploration Company, the Applicant herein, being first duly sworn, upon oath, states that in accordance with the notice provisions of Rule 1207 of the New Mexico Oil Conservation Division the Applicant has attempted to find the correct addresses of all interested persons entitled to receive notice of this application and that notice has been given at the addresses shown on Exhibit "A" attached hereto as provided in Rule 1207.


William F. Carr

SUBSCRIBED AND SWORN to before me this 19th day of January, 1995.


Notary Public

My Commission Expires:

August 19, 1995

E. L. 1196

EXHIBIT A

Mr. Jeff Niemeyer
Amerada Hess 1980 Program
1201 Louisiana, Suite 700
Houston, TX 77002

Mr. Greg Twombly
American West Oil and Gas Corp.
1776 Lincoln Street, Suite 1016
Denver, CO 80203

David Petroleum Corporation
116 West First
Roswell, New Mexico 88201

Mr. David Steiman
Bonneville Fuels Corporation
1660 Lincoln Street, Suite 1800
Denver, CO 80264

Ms Nadine Prideaux Loveless
Post Office Box 566
Roswell, New Mexico 88201

Ms Carolyn Loveless Schlicher
Post Office Box 606
Roswell, New Mexico 88202

Ms Lucinda L. Hershenhorn
Post Office Box 176
Hondo, New Mexico 88336

Mr. Colin R. McMillan
118 West First
Roswell, New Mexico 88201

**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Case No. 11196 Exhibit No. 4

Submitted by: Nearburg Exploration Company

Hearing Date: January 19, 1995

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN

MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
NANCY A. RATH

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

December 29, 1994

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Jeff Niemeyer
Amerada Hess 1980 Program
1201 Louisiana, Suite 700
Houston, TX 77002

Re: Application of Nearburg Exploration Company for an Unorthodox Well
Location, Lea County, New Mexico

Dear Mr. Niemeyer:

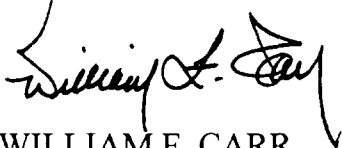
This letter is to advise you that Nearburg Exploration Company has filed the enclosed application with the New Mexico Oil Conservation Division seeking approval of an unorthodox well location in the Strawn formation, South Humble City-Strawn Pool. This well is to be drilled at an unorthodox location 300 feet from the South line and 1300 feet from the West line of Section 12, Township 17 South, Range 37 East, N.M.P.M., Lea County, New Mexico. The S/2 SW/4 of Section 12 will be dedicated to this well.

This application has been set for hearing before a Division Examiner on January 19, 1995. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Mr. Jeff Niemeyer
Amerada Hess 1980 Program
December 29, 1994
Page 2

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr", with a stylized flourish at the end.

WILLIAM F. CARR
ATTORNEY FOR NEARBURG EXPLORATION COMPANY
WFC:mlh
Enc.

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
 Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested.
 1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:
 Mr. Jeff Niemeyer
 Amerada Hess 1980 Program
 1201 Louisiana, Suite 700
 Houston, TX 77002

4. Article Number
 P 111 333 250

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Address
 X

6. Signature - Agent
 X *David Bradford*

7. Date of Delivery
 1-3-95

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT



P 111 333 250

**Receipt for
Certified Mail**

No Insurance Coverage Provided

Mr. Jeff Niemeyer
 Amerada Hess 1980 Program
 1201 Louisiana, Suite 700
 Houston, TX 77002

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DEC 29 1994

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN

MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
NANCY A. RATH

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

December 29, 1994

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Greg Twombly
American West Oil and Gas Corp.
1776 Lincoln Street, Suite 1016
Denver, CO 80203

Re: Application of Nearburg Exploration Company for an Unorthodox Well
Location, Lea County, New Mexico

Dear Mr. Twombly:

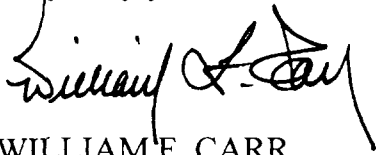
This letter is to advise you that Nearburg Exploration Company has filed the enclosed application with the New Mexico Oil Conservation Division seeking approval of an unorthodox well location in the Strawn formation, South Humble City-Strawn Pool. This well is to be drilled at an unorthodox location 300 feet from the South line and 1300 feet from the West line of Section 12, Township 17 South, Range 37 East, N.M.P.M., Lea County, New Mexico. The S/2 SW/4 of Section 12 will be dedicated to this well.

This application has been set for hearing before a Division Examiner on January 19, 1995. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Mr. Greg Twombly
American West Oil and Gas Corp.
December 29, 1994
Page 2

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Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr", written over a horizontal line.

WILLIAM F. CARR
ATTORNEY FOR NEARBURG EXPLORATION COMPANY
WFC:mlh
Enc.

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge)
2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:
Mr. Greg Twombly
American West Oil and Gas Corp.
1776 Lincoln Street, Suite 1016
Denver, CO 80203

4. Article Number
P 111 333 251

Type of Service:
☐ Registered
☒ Certified
☐ Express Mail
☐ Insured
☐ COD
☐ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature Address
Greg Twombly

6. Signature - Agent
X

7. Date of Delivery

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

P 111 333 251



**Receipt for
Certified Mail**

No Insurance Coverage Provided

Mr. Greg Twombly
American West Oil and Gas Corp.
1776 Lincoln Street, Suite 1016
Denver, CO 80203

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1661 June '008C PS Form 3811

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN

MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
NANCY A. RATH

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

December 29, 1994

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

David Petroleum Corporation
116 West First
Roswell, New Mexico 88201

Re: Application of Nearburg Exploration Company for an Unorthodox Well
Location, Lea County, New Mexico

Gentlemen:

This letter is to advise you that Nearburg Exploration Company has filed the enclosed application with the New Mexico Oil Conservation Division seeking approval of an unorthodox well location in the Strawn formation, South Humble City-Strawn Pool. This well is to be drilled at an unorthodox location 300 feet from the South line and 1300 feet from the West line of Section 12, Township 17 South, Range 37 East, N.M.P.M., Lea County, New Mexico. The S/2 SW/4 of Section 12 will be dedicated to this well.

This application has been set for hearing before a Division Examiner on January 19, 1995. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

David Petroleum Corporation
December 29, 1994
Page 2

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,

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

WILLIAM F. CARR
ATTORNEY FOR NEARBURG EXPLORATION COMPANY
WFC:mlh
Enc.

No Insurance Coverage Provided

David Petroleum Corporation
116 West First
Roswell, New Mexico 88201

| | |
|-------------|----|
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| DEC 29 1994 | |

PS Form 3800, June 1991

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| <p>● SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.</p> <p>Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.</p> <p>1. <input type="checkbox"/> Show to whom delivered, date, and addressee's address. 2. <input type="checkbox"/> Restricted Delivery <i>(Extra charge)</i></p> | |
| <p>3. Article Addressed to:</p> <p>David Petroleum Corporation 116 West First Roswell, New Mexico 88201</p> | <p>4. Article Number P 111 333 252</p> <p>Type of Service:</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Insured</p> <p><input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD</p> <p><input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise</p> <p>Always obtain signature of addressee or agent and DATE DELIVERED.</p> |
| <p>5. Signature — Addressee X <i>David Petroleum</i></p> | <p>8. Addressee's Address (ONLY if requested and fee paid)</p> |
| <p>6. Signature — Agent X</p> | |
| <p>7. Date of Delivery</p> | |
| <p>PS Form 3811, Mar. 1968 * U.S.G.P.O. 1968-212-865 DOMESTIC RETURN RECEIPT</p> | |

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN

MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
NANCY A. RATH

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

December 29, 1994

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. David Steiman
Bonneville Fuels Corporation
1660 Lincoln Street, Suite 1800
Denver, CO 80264

Re: Application of Nearburg Exploration Company for an Unorthodox Well
Location, Lea County, New Mexico

Dear Mr. Steiman:

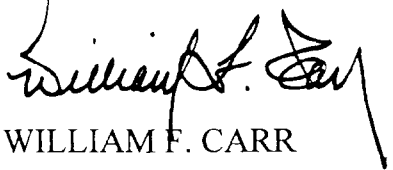
This letter is to advise you that Nearburg Exploration Company has filed the enclosed application with the New Mexico Oil Conservation Division seeking approval of an unorthodox well location in the Strawn formation, South Humble City-Strawn Pool. This well is to be drilled at an unorthodox location 300 feet from the South line and 1300 feet from the West line of Section 12, Township 17 South, Range 37 East. N.M.P.M., Lea County, New Mexico. The S/2 SW/4 of Section 12 will be dedicated to this well.

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Mr. David Steiman
Bonneville Fuels Corporation
December 29, 1994
Page 2

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Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is stylized with a large, sweeping initial "W" and a long, trailing flourish at the end.

WILLIAM F. CARR
ATTORNEY FOR NEARBURG EXPLORATION COMPANY
WFC:mlh
Enc.

Ref. No. 3800, June 1951

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN

MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
NANCY A. RATH

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

December 29, 1994

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ms Nadine Prideaux Loveless
Post Office Box 566
Roswell, New Mexico 88201

Re: Application of Nearburg Exploration Company for an Unorthodox Well
Location, Lea County, New Mexico

Dear Ms Loveless:

This letter is to advise you that Nearburg Exploration Company has filed the enclosed application with the New Mexico Oil Conservation Division seeking approval of an unorthodox well location in the Strawn formation, South Humble City-Strawn Pool. This well is to be drilled at an unorthodox location 300 feet from the South line and 1300 feet from the West line of Section 12, Township 17 South, Range 37 East, N.M.P.M., Lea County, New Mexico. The S/2 SW/4 of Section 12 will be dedicated to this well.

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Ms Nadine Prideaux Loveless

December 29, 1994

Page 2

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Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr", written in a cursive style.

WILLIAM F. CARR

ATTORNEY FOR NEARBURG EXPLORATION COMPANY

WFC:mlh

Enc.

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:

Ms Nadine Prideaux Loveless
Post Office Box 566
Roswell, New Mexico 88201

4. Article Number
P 111 333 254

Type of Service:
☐ Registered
☒ Certified
☐ Insured
☐ COD
☐ Return Receipt for Merchandise
☐ Express Mail

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Address
X

6. Signature - Agent
X *Nadine Loveless*

7. Date of Delivery
12.30.94

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT



Ms Nadine Prideaux Loveless
Post Office Box 566
Roswell, New Mexico 88201

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DEC 29 1994

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN

MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
NANCY A. RATH

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

December 29, 1994

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ms Carolyn Loveless Schlicher
Post Office Box 606
Roswell, New Mexico 88202

Re: Application of Nearburg Exploration Company for an Unorthodox Well
Location, Lea County, New Mexico

Dear Ms Loveless Schlicher:

This letter is to advise you that Nearburg Exploration Company has filed the enclosed application with the New Mexico Oil Conservation Division seeking approval of an unorthodox well location in the Strawn formation, South Humble City-Strawn Pool. This well is to be drilled at an unorthodox location 300 feet from the South line and 1300 feet from the West line of Section 12, Township 17 South, Range 37 East, N.M.P.M., Lea County, New Mexico. The S/2 SW/4 of Section 12 will be dedicated to this well.

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Ms Carolyn Loveless Schlicher
December 29, 1994
Page 2

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Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is fluid and cursive, with a large initial "W" and a stylized "C".

WILLIAM F. CARR
ATTORNEY FOR NEARBURG EXPLORATION COMPANY
WFC:mlh
Enc.

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN

MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
NANCY A. RATH

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
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POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

December 29, 1994

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ms Lucinda L. Hershenhorn
Post Office Box 176
Hondo, New Mexico 88336

Re: Application of Nearburg Exploration Company for an Unorthodox Well
Location, Lea County, New Mexico

Dear Ms Hershenhorn:

This letter is to advise you that Nearburg Exploration Company has filed the enclosed application with the New Mexico Oil Conservation Division seeking approval of an unorthodox well location in the Strawn formation, South Humble City-Strawn Pool. This well is to be drilled at an unorthodox location 300 feet from the South line and 1300 feet from the West line of Section 12, Township 17 South, Range 37 East, N.M.P.M., Lea County, New Mexico. The S/2 SW/4 of Section 12 will be dedicated to this well.

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Ms Lucinda L. Hershenhorn
December 29, 1994
Page 2

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Very truly yours,

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WILLIAM F. CARR
ATTORNEY FOR NEARBURG EXPLORATION COMPANY
WFC:mlh
Enc.

No Insurance Coverage Provided

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PS Form 3800, June 1991

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|--|--|---|--|
| <p>3. Article Addressed to:</p> <p>Ms Lucinda L. Hershenhorn Post Office Box 176 Hondra, New Mexico 88336</p> | | <p>4. Article Number P 111 333 257</p> | |
| <p>5. Signature - Address <i>Lucinda Hershenhorn</i></p> | | <p>Type of Service:</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Insured</p> <p><input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD</p> <p><input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise</p> | |
| <p>6. Signature - Agent <i>X</i></p> | | <p>8. Addressee's Address (ONLY if requested and fee paid)</p> | |
| <p>7. Date of Delivery 8-05-95</p> | | <p>1. Article Addressed to:</p> | |

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN

MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
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JACK M. CAMPBELL
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JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

December 29, 1994

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Colin R. McMillan
118 West First
Roswell, New Mexico 88201

Re: Application of Nearburg Exploration Company for an Unorthodox Well
Location, Lea County, New Mexico

Dear Mr. McMillan:

This letter is to advise you that Nearburg Exploration Company has filed the enclosed application with the New Mexico Oil Conservation Division seeking approval of an unorthodox well location in the Strawn formation, South Humble City-Strawn Pool. This well is to be drilled at an unorthodox location 300 feet from the South line and 1300 feet from the West line of Section 12, Township 17 South, Range 37 East, N.M.P.M., Lea County, New Mexico. The S/2 SW/4 of Section 12 will be dedicated to this well.

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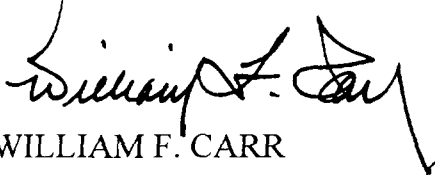
Mr. Colin R. McMillan

December 29, 1994

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Very truly yours,

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WILLIAM F. CARR

ATTORNEY FOR NEARBURG EXPLORATION COMPANY

WFC:mlh

Enc.

LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE

LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE
