

Nearburg Exploration Company, L.L.C.

Exploration and Production
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705
915/686-8235
Fax 915/686-7806

September 21, 1998

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

TO: INTEREST OWNERS

RE: Well Proposal – Eagle Creek "11" #1 Well
Surface Location: 2,110' FWL and 1,070' FNL
Section 14
Bottom Hole Location: 1,980' FEL and 660' FSL
Section 11
T-17-S, R-25-E, Eddy County, New Mexico
Eagle Creek Prospect

Gentlemen:

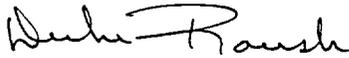
Nearburg Exploration Company, L.L.C. (NEC) recently proposed the captioned Morrow well at a bottom hole location of 2,100' FEL and 1,300' FSL of Section 11, T-17-S, R-25-E. After further geologic review, we have elected to move the bottom hole location to 1,980' FEL and 660' FSL of Section 11. Enclosed herewith, please find a revised AFE and Page 4 to the Joint Operating Agreement previously provided correctly denoting the new location.

Should you wish to participate in the drilling of this well, we ask that you please execute and return one copy of the signature pages to the Joint Operating Agreement and Exhibit "F", along with an executed AFE.

As stated in our letter of September 3, 1998, in the event you do not wish to participate in the drilling of this well, that you grant NEC an acceptable farmout or term assignment of the oil and gas leases to be included in the E/2 proration unit for this well.

If we can be of further assistance, please advise.

Very truly yours,



Duke Roush
Senior Landman

DR/dw
encl.

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 12073 Exhibit No. 6
Submitted By:
Nearburg Exploration Co.
Hearing Date: November 5, 1998

**EAGLE CREEK "11" #1 WELL
DISTRIBUTION LIST**

Yates Petroleum Corporation
105 S. 4th St.
Artesia, NM 88210

ABO Petroleum Corporation
105 S. 4th St.
Artesia, NM 88210

MYCO Industries, Inc.
105 S. 4th St.
Artesia, NM 88210

S. P. Yates
105 S. 4th St.
Artesia, NM 88210

John A. Yates
105 S. 4th St.
Artesia, NM 88210

John A. Yates, Personal Representative of the Estate of Peggy A. Yates
105 S. 4th St.
Artesia, NM 88210

Sharbro Oil Ltd. Co.
P. O. Box 840
Artesia, NM 88210

P 497 370 026

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to	
 Yates Petroleum Corporation, et al 105 South Fourth Street Artesia, New Mexico 88210	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	Eagle Creek "11" #1

PS Form 3800, April 1995

Is your RETURN ADDRESS completed on the reverse side?

SENDER: Eagle Creek #11 Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. Print your name and address on the reverse of this form so that we can return this card to you. Attach this form to the front of the mailpiece, or on the back if space does not permit. Write "Return Receipt Requested" on the mailpiece below the article number. The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.
3. Article Addressed to:	4a. Article Number	
 Yates Petroleum Corporation, et al 105 South Fourth Street Artesia, New Mexico 88210	P 497 370 026	
5. Received By: (Print Name)	4b. Service Type	
Jacquie Hooten	<input type="checkbox"/> Registered <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	<input checked="" type="checkbox"/> Certified <input type="checkbox"/> Insured <input type="checkbox"/> COD
6. Signature: (Addressee or Agent)	7. Date of Delivery	
X Jacquie Hooten	9-22-98	
PS Form 3811, December 1994		102595-97-B-0179 Domestic Return Receipt

P 497 370 027

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	Eagle Creek "11" #1

PS Form 3800, April 1995

Is your RETURN ADDRESS completed on the reverse side?

SENDER: Eagle Creek "11" #1 - Duck Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. Print your name and address on the reverse of this form so that we can return this card to you. Attach this form to the front of the mailpiece, or on the back if space does not permit. Write "Return Receipt Requested" on the mailpiece below the article number. The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.
3. Article Addressed to:	4a. Article Number	
 Sharbro Oil Ltd. Co. P. O. Box 840 Artesia, New Mexico 88211	P 497 370 027	
5. Received By: (Print Name)	4b. Service Type	
Toni Hamilton	<input type="checkbox"/> Registered <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	<input checked="" type="checkbox"/> Certified <input type="checkbox"/> Insured <input type="checkbox"/> COD
6. Signature: (Addressee or Agent)	7. Date of Delivery	
X Toni Hamilton	9-22-98	
PS Form 3811, December 1994		102595-97-B-0179 Domestic Return Receipt

Thank you for using Domestic Return Receipts

ARTICLE V.
OPERATOR

A. Designation and Responsibilities of Operator:

Nearburg Producing Company shall be the Operator of the Contract Area, and shall conduct and direct and have full control of all operations on the Contract Area as permitted and required by, and within the limits of this agreement. It shall conduct all such operations in a good and workmanlike manner, but it shall have no liability as Operator to the other parties for losses sustained or liabilities incurred, except such as may result from gross negligence or willful misconduct.

B. Resignation or Removal of Operator and Selection of Successor:

1. Resignation or Removal of Operator: Operator may resign at any time by giving written notice thereof to Non-Operators. If Operator terminates its legal existence, no longer owns an interest hereunder in the Contract Area, or is no longer capable of serving as Operator, Operator shall be deemed to have resigned without any action by Non-Operators, except the selection of a successor. Operator may be removed if it fails or refuses to carry out its duties hereunder, or becomes insolvent, bankrupt or is placed in receivership, by the affirmative vote of two (2) or more Non-Operators owning a majority interest based on ownership as shown on Exhibit "A" remaining after excluding the voting interest of Operator. Such resignation or removal shall not become effective until 7:00 o'clock A.M. on the first day of the calendar month following the expiration of ninety (90) days after the giving of notice of resignation by Operator or action by the Non-Operators to remove Operator, unless a successor Operator has been selected and assumes the duties of Operator at an earlier date. Operator, after effective date of resignation or removal, shall be bound by the terms hereof as a Non-Operator. A change of a corporate name or structure of Operator or transfer of Operator's interest to any single subsidiary, parent or successor corporation shall not be the basis for removal of Operator.

2. Selection of Successor Operator: Upon the resignation or removal of Operator, a successor Operator shall be selected by the parties. The successor Operator shall be selected from the parties owning an interest in the Contract Area at the time such successor Operator is selected. The successor Operator shall be selected by the affirmative vote of two (2) or more parties owning a majority interest based on ownership as shown on Exhibit "A"; provided, however, if an Operator which has been removed fails to vote or votes only to succeed itself, the successor Operator shall be selected by the affirmative vote of two (2) or more parties owning a majority interest based on ownership as shown on Exhibit "A" remaining after excluding the voting interest of the Operator that was removed.

C. Employees:

The number of employees used by Operator in conducting operations hereunder, their selection, and the hours of labor and the compensation for services performed shall be determined by Operator, and all such employees shall be the employees of Operator.

D. Drilling Contracts:

All wells drilled on the Contract Area shall be drilled on a competitive contract basis at the usual rates prevailing in the area. If it so desires, Operator may employ its own tools and equipment in the drilling of wells, but its charges therefor shall not exceed the prevailing rates in the area and the rate of such charges shall be agreed upon by the parties in writing before drilling operations are commenced, and such work shall be performed by Operator under the same terms and conditions as are customary and usual in the area in contracts of independent contractors who are doing work of a similar nature.

ARTICLE VI.
DRILLING AND DEVELOPMENT

A. Initial Well:

On or before the 1st day of March, 1999, Operator shall be authorized to commence the drilling of a well for oil and gas at the following location:

Surface location: 2110' FWL and 1070' FNL of Section 14,
Bottom hole location: 1,980' FEL and 660' FSL of Section 11,
T-17-S, R-25-E, Eddy County, New Mexico,

and shall thereafter continue the drilling of the well with due diligence to

a total depth of 8,000' or sufficient in Operator's opinion to penetrate and adequately test the Morrow formation,

unless granite or other practically impenetrable substance or condition in the hole, which renders further drilling impractical, is encountered at a lesser depth, or unless all parties agree to complete or abandon the well at a lesser depth.

Operator shall make reasonable tests of all formations encountered during drilling which give indication of containing oil and gas in quantities sufficient to test, unless this agreement shall be limited in its application to a specific formation or formations.



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

CC to TRM
9-21-98

Nearburg Producing Company
Exploration and Production
Dallas, Texas

AUTHORITY FOR EXPENDITURE

LEASE: Eagle Creek 11 WELL NUMBER: 1 PROPOSED TOTAL DEPTH: 8,000'(TVD)
LOCATION: Bottom hole location, 1,980' FEL and 660' FSL Section 11, T17S, R25E, Eddy County, NM
FIELD: Wildcat Morrow PROSPECT: Eagle Creek EXPLORATORY, DEVELOPMENT, WO: E
DESCRIPTION OF WORK: Directionally drill, from a surface location of approximately 2,110' FWL and 1,070' FNL
of Section 14- 17/25, and complete as a flowing Morrow gas producer. Cost estimate does not include fracture stimulation.
DATE PREPARED: 8/24/98 EST. SPUD DATE: October 1998 EST. COMPLETION DATE: Nov 1998
ACCOUNTING WELL NUMBER:
COMMUNICATIONS ACCOUNT NUMBER:

INTANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Drilling Footage Ft @ \$/Ft	1314.101	0	NA		0
Drilling Daywork D/C\$/day 25 2 5200	1314.106	130,000	1818.103	10,400	140,400
Drilling Turnkey	1314.110		1818.110		0
Rig Mobilization and Demobilization	1818.118	25,000	1918.118		25,000
Road & Location Expense	1818.120	5,000	1818.120	3,000	8,000
Damages	1314.122	5,000	1818.123		5,000
Directional Drilling - Tools and Service	1314.130	80,000	1818.130		80,000
Drilling Fluids	1314.135	20,000	1818.135	2,000	22,000
Fuel, Power, and Water	1818.140	12,000	1918.140	1,500	13,500
Supplies - Bits	1314.143	45,000	1818.144	750	45,750
Supplies - Casing Equipment	1314.150	2,000	1818.150	7,000	9,000
Supplies - Liner Equipment	1314.156		1818.156		0
Supplies - Miscellaneous	1314.160	500	1818.160	500	1,000
Cement and Cmt. Services - Surface Csg	1818.165	4,000	NA		4,000
Cement and Cmt. Services - Int. Csg	1818.170	12,000	NA		12,000
Cement and Cmt. Services - Prod. Csg	NA		1818.172	17,000	17,000
Cement and Cmt. Services - Other	1314.176		1818.173		0
Rental - Drilling Tools and Equipment	1314.180	10,000	1918.180	1,000	11,000
Rental - Miscellaneous	1818.185	15,000	1918.185	1,000	16,000
Testing - Drill Stem / Production	1314.185	10,000	1918.185		10,000
Open Hole Logging	1314.200	25,000	NA		25,000
Mudlogging Services	1314.210	8,000	NA		8,000
Special Services	1314.190		1818.190		0
Plug and Abandon	1818.210	10,000	1918.215	(10,000)	0
Pulling and/or Swabbing Unit	NA		1818.212	12,000	12,000
Reverse Equipment	NA		1818.214	3,000	3,000
Wireline Services	1314.205		1818.205	7,500	7,500
Stimulation	NA		1818.221	15,000	15,000
Pump / Vacuum Truck Services	1814.220	1,000	1918.220	2,500	3,500
Transportation	1814.225	1,500	1918.225	2,500	4,000
Tubular Goods - Inspection & Testing	1314.230		1818.230	6,000	6,000
Unclassified	1314.245		1818.245		0
Telephone and Radio Expense	1314.240	500	1818.240	500	1,000
Engineer / Geologist / Landman	1314.250	3,150	1918.250	1,000	4,150
Company Labor - Field Supervision	1314.260	10,000	1918.260	4,500	14,500
Contract Labor / Roustabout	1314.265	10,000	1818.260	8,000	18,000
Legal and Professional Service	1314.270	1,000	1818.270	1,000	2,000
Insurance	1814.275	6,000	1918.275		6,000
Overhead	1314.280	6,000	1918.280	1,000	7,000
SUBTOTAL		457,650		98,650	556,300
Contingencies (10%)		45,765		9,865	55,630
ESTIMATED TOTAL INTANGIBLES		503,415		108,515	611,930

Nearburg Producing Company

Exploration and Production
Dallas, Texas

AUTHORITY FOR EXPENDITURE

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 FIELD: Wildcat Morrow PROSPECT: Eagle Creek EXPLORATORY DEVELOPMENT WO: E
 DESCRIPTION OF WORK: Directionally drill, from a surface location of approximately 2,110' FWL and 1,070' FNL
 include fracture stimulation.
 DATE PREPARED: 8/24/98 EST. SPUD DATE: October 1998 EST. COMPLETION DATE: Nov 1998
 ACCOUNTING WELL NUMBER:
 COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casing	1322.200		NA		0
Surface Csg 400 Ft @ 24.00 \$/Ft	1322.210	9,600	NA		9,600
Intermediate Csg 1,200 Ft @ 14.00 \$/Ft	1322.215	16,800	NA		16,800
Protection Csg Ft @ \$/Ft	1322.220	0	NA		0
Production Csg 8,400 Ft @ 9.00 \$/Ft	NA		1322.225	75,600	75,600
Protection Liner Ft @ \$/Ft	1322.230	0	NA		0
Production Liner Ft @ \$/Ft	NA		1322.235	0	0
Tubing 8,000 Ft @ 3.45 \$/Ft	NA		1322.240	27,600	27,600
Rods Ft @ \$/Ft	NA		1322.245	0	0
Artificial Lift Equipment	NA		1322.250		0
Tank Battery	NA		1322.255	10,000	10,000
Separators/Heater Treater/Gas Units/FWKO	NA		1322.260	15,000	15,000
Well Head Equipment & Christmas Tree	1322.265	2,500	1322.265	12,000	14,500
Subsurface Well Equipment	NA		1322.270	5,000	5,000
Flow Lines	NA		1322.275	4,000	4,000
Saltwater Disposal Pump	NA		1322.280		0
Gas Meter	NA		1322.285	3,000	3,000
Lact Unit	NA		1322.290		0
Vapor Recovery Unit	NA		1322.295		0
Other Well Equipment	NA		1322.300		0
ROW and Damages	NA		1322.305	2,500	2,500
Surface Equipment Installation Costs	NA		1322.310	6,000	6,000
Elect. Installation	NA		1322.315		0
ESTIMATED TOTAL TANGIBLES		28,900		160,700	189,600
ESTIMATED TOTAL WELL COSTS		532,315		269,215	801,530

NPC APPROVAL	DATE
PREPARED BY: <i>F. R. Willis</i>	8/24/98
APPROVED BY: <i>E. Scott Kimbrough</i>	8/24/98
APPROVED BY: <i>[Signature]</i>	9/21/98
APPROVED BY: <i>[Signature]</i>	9/21/98

WI APPROVAL: COMPANY YATES PETROLEUM CORPORATION 7.01325%
 BY _____
 TITLE _____
 DATE _____