

Nearburg Exploration Company, L.L.C.

Exploration and Production
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APR 16 1999

April 13, 1999

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Mr. Michael Stogner
Oil Conservation Division
2040 Pacheco Street
Santa Fe, New Mexico 87505

RE: Case Nos. 12163, 12164 and 12165
SE/4 Section 3, T-20-S, R-33-E
Lea County, New Mexico
Viper Prospect

Dear Mr. Stogner:

Nearburg Exploration Company, L.L.C. (NEC) owns an undivided 39.375% working interest in the formations from the surface to the base of Morrow formation in the captioned acreage. NEC's ownership is by virtue of a Farmout Agreement from Samson Resources Company, of which Shackelford Oil Company is aware. Evidence of such actual knowledge is evidenced by Shackelford's AFE furnished NEC for the drilling of a Delaware well in the SE/4 SE/4 of Section 3, Unit P. The Unit P location compulsory pooling case was recently heard before the Commission in Case #12103.

Through the OCD's publication of its April 15, 1999 Examiner Hearing Docket, NEC was made aware of the captioned cases wherein Shackelford Oil Company has filed three compulsory poolings covering Units O, I and J. Following this notification through publication, we have contacted Mr. Shackelford and advised him, and hereby advise the Oil Conservation Division, that NEC has not received an AFE or well proposal from Mr. Shackelford for Cases #12163, 12164 or 12165, nor has NEC had an opportunity to review the area geologically to our satisfaction. It is our mutual understanding with Mr. Shackelford that NEC will not be made a party to the compulsory pooling nor any order which may result from same.

Please allow this letter to serve as notification to the OCD of the above and that NEC should not be a party to these pooling cases. We appreciate your cooperation in this regard. If you have any questions, please feel free to contact the undersigned at the telephone number set forth above.

Very truly yours,

Robert G. Shelton
Attorney-in-Fact

cc: Mr. Don Shackelford
Shackelford Oil Company
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