

**Nearburg Exploration Company**

Exploration and Production  
3300 North "A" Street  
Suite 8100  
Midland, Texas 79705  
915/686-8235  
Fax 915/686-7806

March 24, 1993

Ms. Janet Richardson  
Yates Petroleum Corporation  
105 South 4th Street  
Artesia, New Mexico 88210

Re: McKittrick Hills Federal  
State Exploratory Unit  
Eddy County, New Mexico

Dear Janet:

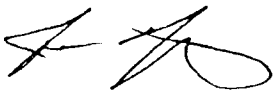
Pursuant to our phone conversations and meeting, enclosed please find the following:

- 1) Unit Plat Outline
- 2) Time Line
- 3) Ownership Schedule

As you know, I have a short fuse on meeting my deadlines to form this unit and I need Yates Petroleum Company's commitment to same at the earliest possible date. Therefore, subject to the approval of the unit by the State Land Office, the BLM, and review of the Operating and Unit Agreements, I hereby ask Yates to confirm in writing their general acceptance of the proposed unit. I ask that such commitment be forwarded to my attention no later than Friday, March 26th, or you could fax your reply on Monday, March 29th.

Should you have any questions or need further information, please do not hesitate to call.

Very truly yours,



Joe Fitzgerald  
Senior Landman

NEW MEXICO  
OIL CONSERVATION DIVISION

EXHIBIT

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CASE NO.

10788

### Time Line to Form Unit

March 28th	Receive commitments from Yates & Santa Fe.
March 29th	Have Bill Carr file hearing notice with OCD.
March 31st	File APD & suspension of lease application with BLM (must be in Carlsbad on this date).
April 1st & 2nd	Hold preliminary approval meetings with SLO & BLM.
April 3rd-21st	Circulate and execute Unit & Operating Agreements.
April 22nd	OCD Hearing.
April 30th	Receive final approval from BLM & SLO.

# Unit Size

20 Section - 12,965.89 Acres

NEC	5,786.42
Yates	3,088.73
Santa Fe	3,411.84
Collins & Ware	80.00
Chi Energy	40.00
Liberty	119.49
Jean Shelby	240.00
Open BLM	80.00
Trinity Pro	40.00
Armstrong Eng.	<u>79.41</u>

12,965.89

# Interest

NEC	44.62%
Yates	23.82%
Santa Fe	26.31%
Collins & Ware	.62
Chi	.31%
Liberty	.92%
Jean Shelby	1.85%
Trinity	.31%
Open BLM	.62%
Armstrong	<u>.62%</u>

~ 100.00%

[illegible]