

File

Nearburg Exploration Company

Exploration and Production
3300 North "A" Street
~~Suite 8100~~ Building 2, Suite 120
Midland, Texas 79705
915/686-8235
Fax 915/686-7806

May 17, 1994

Yates Petroleum Corporation
Yates Drilling Company
Mycos Industries, Inc.
Abo Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 80210

Re: **B&B #2 Well; 2173' FEL and 660'
FSL of Section 22, T-19-S, R-25-E,
Eddy County, New Mexico**

Gentlemen:

Nearburg Exploration Company (NEC) owns an 86.05% leasehold interest in the captioned S/2 Section 22 unit. NEC proposes the drilling of the captioned well at the location set forth above to a depth of 9,500' sufficient to test the Morrow formation. The well will be placed in the Cemetery Federal Field if completed as productive which requires a 320-acre spacing unit.

Pursuant to this proposal, enclosed herewith please find Nearburg Producing Company's Authority for Expenditure estimating the cost of the proposed operation, which to casing point is \$439,700 and to completion is \$705,345. Also enclosed please find a proposed Operating Agreement to be used if you elect to participate for your proportionate working interest.

Should you desire not to participate in the proposed operation, NEC will accept a farmout or lease covering the interest of the Yates companies, with Yates reserving a 23% royalty, inclusive of all burdens.

If you desire to sell your interest rather than participate, lease or farmout, NEC will consider this option at a reasonable acquisition price. Please forward to us your sales offer if this is your preference.

We appreciate your review of our well proposal and invite you to participate with us in the drilling of the B&B #2 well.

Thank you for your cooperation.

Very truly yours,



Bob Shelton
Consulting Landman

Enclosures

bob-3\b&b#2.afe

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 11010 Exhibit No. 3
Submitted By:
Nearburg Exploration Company
Hearing Date: June 23, 1994

Nearburg Exploration Company

Exploration and Production
3300 North "A" Street
~~Suite 8100~~—Building 2, Suite 120
Midland, Texas 79705
915/686-8235
Fax 915/686-7806

May 17, 1994

Kerr-McGee Corporation
123 Robert S. Kerr Avenue
Oklahoma City, Oklahoma 73102

Re: B&B #2 Well; 2173' FEL and 660'
FSL of Section 22, T-19-S, R-25-E,
Eddy County, New Mexico

Gentlemen:

Nearburg Exploration Company (NEC) owns an 86.05% leasehold interest in the captioned S/2 Section 22 unit. NEC proposes the drilling of the captioned well at the location set forth above to a depth of 9,500' sufficient to test the Morrow formation. The well will be placed in the Cemetery Federal Field if completed as productive which requires a 320-acre spacing unit.

Pursuant to this proposal, enclosed herewith please find Nearburg Producing Company's Authority for Expenditure estimating the cost of the proposed operation, which to casing point is \$439,700 and to completion is \$705,345. Also enclosed please find a proposed Operating Agreement to be used if you elect to participate for your proportionate working interest.

Should you desire not to participate in the proposed operation, NEC will accept a farmout or lease covering Kerr-McGee's interest, with Kerr-McGee reserving a 23% royalty, inclusive of all burdens.

If you desire to sell your interest rather than participate, lease or farmout, NEC will consider this option at a reasonable acquisition price. Please forward to us your sales offer if this is your preference.

We appreciate your review of our well proposal and invite you to participate with us in the drilling of the B&B #2 well.

Thank you for your cooperation.

Very truly yours,



Bob Shelton
Consulting Landman

Enclosures

bob-3\b&b#2.afe



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B+B#2

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SENDER'S FEDERAL EXPRESS ACCOUNT NUMBER 1003-3469-2		Date 5/19/94		
From (Your Name) Please Print BOB SHELTON		Your Phone Number (Very Important) 915 686-8235	To (Recipient's Name) Please Print 405 270-1313	
Company NEARBURG PRODUCING COMPANY		Department/Floor No.	Company KERR-MOGGE CORPORATION	Department/Floor No.
Street Address 3300 N 9th ST BLDG 2		Exact Street Address (We Cannot Deliver to P.O. Boxes or P.O. Zip Codes.) 123 ROBERT B KERR AVE		
City MIDLAND	State TX	ZIP Required 79705	City OKLAHOMA CITY	State OK
YOUR INTERNAL BILLING REFERENCE INFORMATION (optional) (First 24 characters will appear on invoice.)		IF HOLD AT FEDEX LOCATION, Print FEDEX Address Here Street Address City State ZIP Required		
PAYMENT: <input type="checkbox"/> Bill Sender, <input type="checkbox"/> Bill Recipient's FedEx Acct. No., <input type="checkbox"/> Bill 3rd Party FedEx Acct. No., <input type="checkbox"/> Bill Credit Card		City State ZIP Required		
3 <input type="checkbox"/> Cash Check, <input type="checkbox"/> Acct./Credit Card No., <input type="checkbox"/> Exp. Date				
4 SERVICES (Check only one box)		5 DELIVERY AND SPECIAL HANDLING (Check services required)		6 PACKAGES
Priority Overnight (Delivery by next business morning) 11 <input type="checkbox"/> OTHER PACKAGING 16 <input type="checkbox"/> FEDEX LETTER SM 12 <input type="checkbox"/> FEDEX PAK SM 13 <input type="checkbox"/> FEDEX BOX 14 <input type="checkbox"/> FEDEX TUBE	Standard Overnight (Delivery by next business afternoon by Saturday delivery) 51 <input type="checkbox"/> OTHER PACKAGING 56 <input type="checkbox"/> FEDEX LETTER SM 52 <input type="checkbox"/> FEDEX PAK SM 53 <input type="checkbox"/> FEDEX BOX 54 <input type="checkbox"/> FEDEX TUBE	Weekday Service 1 <input type="checkbox"/> HOLD AT FEDEX LOCATION WEEKDAY (If # in Section 14) 2 <input type="checkbox"/> DELIVER WEEKDAY Saturday Service 31 <input type="checkbox"/> HOLD AT FEDEX LOCATION SATURDAY (If # in Section 14) 3 <input type="checkbox"/> DELIVER SATURDAY (Extra charge! Not available to all locations) 4 <input type="checkbox"/> SATURDAY PICK-UP	WEIGHT in Pounds Only Total	YOUR DECLARED VALUE (See page 1) Total
Economy Two-Day (Delivery by second business day) 30 <input type="checkbox"/> ECONOMY SM	Governmental Overn (Restricted for authorized users) 46 <input type="checkbox"/> GOVT LETTER 41 <input type="checkbox"/> GOVT PACKAGE	Delivered 5/20/94 10:00 a.m. T. Conley		
70 <input type="checkbox"/> OVERNIGHT FREIGHT SM (Confirmed reservation required)		80 <input type="checkbox"/> TWO-DAY FREIGHT SM (Confirmed reservation required)		
Delivery commitment may be later in some areas. *Declared Value Limit \$500. **Call for delivery schedule.		(Extra charge)		
		7 Release Signature:		

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DROP OFF YOUR PACKAGE AND SAVE

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Use of this airbill constitutes your agreement to the service conditions in our current Service Guide, available upon request. See back of sender's copy of this airbill for information. Service conditions may vary for Government Overnight Service. See U.S. Government Service Guide for details.

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In the event of untimely delivery, Federal Express will at your request and with some limitations refund all transportation charges paid. See Service Guide for further information.

Sender authorizes Federal Express to deliver this shipment without obtaining a delivery signature and shall indemnify and hold harmless Federal Express from any claims resulting therefrom.

REVISION DATE 12/92
PART 9337334 EXEM 2/94
FORMAT 8158
158
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USA

Nearburg Exploration Company

Exploration and Production
3300 North "A" Street
~~Suite 8100~~ Building 2, Suite 120
Midland, Texas 79705
915/686-8235
Fax 915/686-7806

May 17, 1994

Tierra Oil Company
P. O. Box 1354
Roswell, New Mexico 88202

Re: B&B #2 Well; 2173' FEL and 660'
FSL of Section 22, T-19-S, R-25-E,
Eddy County, New Mexico

Gentlemen:

Nearburg Exploration Company (NEC) owns an 86.05% leasehold interest in the captioned S/2 Section 22 unit. NEC proposes the drilling of the captioned well at the location set forth above to a depth of 9,500' sufficient to test the Morrow formation. The well will be placed in the Cemetery Federal Field if completed as productive which requires a 320-acre spacing unit.

Pursuant to this proposal, enclosed herewith please find Nearburg Producing Company's Authority for Expenditure estimating the cost of the proposed operation, which to casing point is \$439,700 and to completion is \$705,345. Also enclosed please find a proposed Operating Agreement to be used if you elect to participate for your proportionate working interest.

Should you desire not to participate in the proposed operation, NEC will accept a farmout or lease covering Tierra's interest, with Tierra reserving a 23% royalty, inclusive of all burdens.

If you desire to sell your interest rather than participate, lease or farmout, NEC will consider this option at a reasonable acquisition price. Please forward to us your sales offer if this is your preference.

We appreciate your review of our well proposal and invite you to participate with us in the drilling of the B&B #2 well.

Thank you for your cooperation.

Very truly yours,



Bob Shelton
Consulting Landman

Enclosures

bob-3\b&b#2.afe



USE THIS AIRBILL FOR SHIPMENTS WITHIN THE CONTINENTAL U.S.A., ALASKA AND HAWAII.
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 QUESTIONS? CALL 800-238-5355 TOLL FREE.

INITIALS
 PACKAGE
 TRACKING NUMBER

7330956761

1097M

7330956761

B+B #2
 S. Boyd #2

SENDER'S COPY

SENDER'S FEDERAL EXPRESS ACCOUNT NUMBER 1003-3969-2		Date 5/19/94
From (Your Name) Please Print BOB SHELTON		Your Phone Number (Very Important) (915) 686-8232
Company NEARBURG, PRODUCING COMPANY		To (Recipient's Name) Please Print TIERRA OIL COMPANY
Street Address 3300 N 'A' ST BLDG 2		Recipient's Phone Number (Very Important) (505) 624-2427
City MIDLAND TX	State TX	Department/Floor No. 7 7 7 0 5
ZIP Required 7 9 7 0 5	City ROSWELL NM	State NM
		ZIP Required 88202

SENDER'S COPY
 DROP OFF YOUR PACKAGE AND SAVE

YOUR INTERNAL BILLING REFERENCE INFORMATION (optional) (First 24 characters will appear on invoice.)

IF HOLD AT FEDEX LOCATION, Print FEDEX Address Here

PAYMENT 1 <input checked="" type="checkbox"/> Bill Sender	2 <input type="checkbox"/> Bill Recipient's FedEx Acct. No.	3 <input type="checkbox"/> Bill 3rd Party FedEx Acct. No.	4 <input type="checkbox"/> Bill Credit Card
5 <input type="checkbox"/> Cash/Check	6 <input type="checkbox"/> Credit Card No.	Exp. Date	

SERVICES (Check only one box)		DELIVERY AND SPECIAL HANDLING (Check services required)		PACKAGES	WEIGHT in Pounds (Only)	YOUR DECLARED VALUE (See right)
Priority Overnight (delivery by next business morning) 11 <input type="checkbox"/> OTHER PACKAGING 16 <input type="checkbox"/> FEDEX LETTER* 12 <input type="checkbox"/> FEDEX PAK* 13 <input type="checkbox"/> FEDEX BOX 14 <input type="checkbox"/> FEDEX TUBE Economy Two-Day (delivery by second business day) 30 <input type="checkbox"/> ECONOMY* *Economy Letter Rate not available. One pound Economy rate. Freight Service (for packages over 150 lbs.) 70 <input type="checkbox"/> OVERNIGHT FREIGHT** (Continental reservation required) 1 Delivery commitment may be later in some areas. 80 <input type="checkbox"/> TWO-DAY FREIGHT** **Declared Value Limit \$500. Call for delivery schedule.	Standard Overnight (delivery by next business morning for Saturday delivery) 51 <input type="checkbox"/> OTHER PACKAGING 56 <input type="checkbox"/> FEDEX LETTER* 52 <input checked="" type="checkbox"/> FEDEX PAK* 53 <input type="checkbox"/> FEDEX BOX 54 <input type="checkbox"/> FEDEX TUBE Government Overnight (restricted for authorized users only) 46 <input type="checkbox"/> GOVT LETTER 41 <input type="checkbox"/> GOVT PACKAGE	Weekly Service 1 <input type="checkbox"/> HOLD AT FEDEX LOCATION WEEKDAY (IF # in Section H) 2 <input type="checkbox"/> DELIVER WEEKDAY Saturday Service 31 <input type="checkbox"/> HOLD AT FEDEX LOCATION SATURDAY (IF # in Section H) 3 <input type="checkbox"/> DELIVER SATURDAY (Extra charge) (Not available to all locations) 12 <input type="checkbox"/> DELIVER DELIVER (Extra charge)	Total Total Total			
SERVICE CONDITIONS, DECLARED VALUE AND LIMIT OF LIABILITY Use of this airbill constitutes your agreement to the service conditions in our current Service Guide, available upon request. See back of sender's copy of this airbill for information. Service conditions may vary for Government Overnight Service. See U.S. Government Service Guide for details. We will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, and document your actual loss for a timely claim. Limitations found in the current Federal Express Service Guide apply. Your right to recover from Federal Express for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the declared value specified to the left. Recovery cannot exceed actual documented loss. The maximum Declared Value for FedEx Letter and FedEx Pak packages is \$500. In the event of untimely delivery, Federal Express will at your request and with some limitations refund all transportation charges paid. See Service Guide for further information. Sender authorizes Federal Express to deliver this shipment without obtaining a delivery signature and shall indemnify and hold harmless Federal Express from any claims resulting therefrom.						

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 P. Cox

Federal Express Use

Base Charges

Declared Value Charge

Other 1

Other 2

Total Charges

REVISION DATE 12/92
 PART 412/94 FROM 3/94
 FORMAT #150

158

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Release Signature:

Nearburg Exploration Company

Exploration and Production
3300 North "A" Street
~~Suite 8100~~ Building 2, Suite 120
Midland, Texas 79705
915/686-8235
Fax 915/686-7806

May 17, 1994

Mr. James T. Jennings
P. O. Box 1180
Roswell, New Mexico 88202

Re: B&B #2 Well; 2173' FEL and 660'
FSL of Section 22, T-19-S, R-25-E,
Eddy County, New Mexico

Dear Mr. Jennings:

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Bob Shelton
Consulting Landman

Enclosures

