

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

Estate of Martin Yates III
Estate of Lillie M. Yates
207 South 4th Street
Artesia, New Mexico 88210

Re: Fairchild East 18 #1 Well;
660' FNL and 660' FWL of
Section 18, T-19-S, R-26-E,
Eddy County, new Mexico

Gentlemen:

Nearburg Exploration Company (NEC) owns a 59.9238% leasehold interest in the captioned N/2 Section 18 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 \$418,410 and to completion is \$683,345. Also enclosed please find a proposed Operating Agreement to be used if you elect to participate for your proportionate working interest.

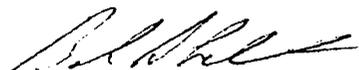
Should you desire not to participate in the proposed operation, NEC will accept a farmout or lease covering the Estates' interests, with the Estates reserving a 1/4 royalty, inclusive of all burdens.

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 Fairchild East 18 #1 well.

Thank you for your cooperation.

Very truly yours,



Bob Shelton
Consulting Landman

bob-3\faireast.afa



USE THIS AIRBILL FOR SHIPMENTS WITHIN THE CONTINENTAL U.S.A., ALASKA AND HAWAII.
USE THE INTERNATIONAL AIR WAYBILL FOR SHIPMENTS TO PUERTO RICO AND ALL NON U.S. LOCATIONS.
QUESTIONS? CALL 800-238-5355 TOLL FREE.

AIRBILL
PACKAGE
TRACKING NUMBER

9330957042

6087M

9330957042

East Fairchild 18th

SENDER'S COPY

SENDER'S FEDERAL EXPRESS ACCOUNT NUMBER

5/19/94

1003-3969-2

OFF SHIPPER (P) Please Print

915

Your Phone Number (Very Important) 688-8235

To (Recipient's Name) Please Print

ESTATE OF MARTIN YATES III 505

Recipient's Phone Number (Very Important) 748-1471

Company

NEARBURG PRODUCING COMPANY

Department/Floor No.

ESTATE OF LILLIE M YATES

Department/Floor No.

Street Address

3300 N 'A' ST BLDG 2

Exact Street Address (We Cannot Deliver to P.O. Boxes or P.O. Zip Codes.)

207 SOUTH FOURTH STREET

City

MIDLAND

State

TX

ZIP Required

79705

City

ARLESIA

State

NM

ZIP Required

88210

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

IF HOLD AT FEDEX LOCATION, Print FEDEX Address Here

PAYMENT

1 Bill Sender 2 Bill Recipient's FedEx Acct. No. 3 Bill 3rd Party FedEx Acct. No. 4 Bill Credit Card

5 Cash/Check

Acct./Credit Card No.

Exp. Date

City

State

ZIP Required

SERVICES (Check only one box)

Priority Overnight (Delivery by next business morning)

11 OTHER PACKAGING

16 FEDEX LETTER

12 FEDEX PAK*

13 FEDEX BOX

14 FEDEX TUBE

Economy Two-Day (Delivery by second business day)

30 ECONOMY*

70 OVERNIGHT FREIGHT**

Standard Overnight (Delivery by next business afternoon by Sunday delivery)

51 OTHER PACKAGING

56 FEDEX LETTER*

52 FEDEX PAK*

53 FEDEX BOX

54 FEDEX TUBE

Government Overnight (Restricted for authorized users only)

46 GOVT LETTER

41 GOVT PACKAGE

Freight Service (for packages over 150 lbs.)

80 TWO-DAY FREIGHT**

*Delivery commitment may be later in some areas.

**Declared Value Limit \$500. Call for delivery schedule.

DELIVERY AND SPECIAL HANDLING (Check services required)

1 HOLD AT FEDEX LOCATION WEEKDAY (If # in Section 4)

2 DELIVER WEEKDAY

Saturday Service

31 HOLD AT FEDEX LOCATION SATURDAY (If # in Section 4)

3 DELIVER SATURDAY (If no charge that applies)

Total Total Total

Delivered 5/20/94

10:22 a.m.

J. Griggs

12 HOLIDAY DELIVERY (if offered) (Extra charge)

PACKAGES

WEIGHT in Pounds Only

YOUR DECLARED VALUE (See right)

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.

Federal Express Use

Base Charges

Declared Value Charge

Other 1

Other 2

Total Charges

REVISION DATE 12/92

FORM 1158

158

USA

SENDER'S COPY
DROP OFF YOUR PACKAGE AND SAVE

Nearburg Exploration Company

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

May 17, 1994

Ms. Buena Barker
1013 North Canal, Apt. #3
Carlsbad, New Mexico 88220

Re: Fairchild East 18 #1 Well;
660' FNL and 660' FWL of
Section 18, T-19-S, R-26-E,
Eddy County, new Mexico

Dear Ms. Barker:

Nearburg Exploration Company (NEC) owns a 59.9238% leasehold interest in the captioned N/2 Section 18 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.

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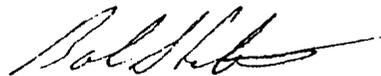
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We appreciate your review of our well proposal and invite you to participate with us in the drilling of the Fairchild East 18 #1 well.

Thank you for your cooperation.

Very truly yours,



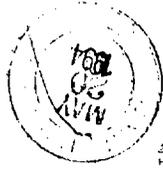
Bob Shelton
Consulting Landman

NEARBURG PRODUCING CO.
3300 N. 5A STREET
BUILDING 2, SUITE 120
MIDLAND, TX 79705

RECEIVED
JUN 6 1994



first class



MS LUCY ROBINSON
GENERAL DELIVERY
CARLSEAD NM 88220

- ATTEMPTED UNKNOWN UNCLAIM
- NO RECEIPTABLE DECEASED
- INSUFF ADDRESS REFUSED
- NO SUCH NUMBER/ST VACANT
- FORWARDING ORDER EXPIRED

236

U.S. POSTAGE

511677

NEARBURG PRODUCING CO
3300 N. "A" STREET
BUILDING 2 SUITE 120
MIDLAND, TX 79705

RECEIVED
JUN 6 1994



first class

MR ERNEST KOEN
GENERAL DELIVERY
CARLSBAD NM 88220

- () ATTEMPTED - UNKNOWN
- () NO RECEIPT () UNCLAIMED
- () NO RECEIPT () DECEASED
- () INSUFF. ADDRESS () REFUSED
- () NO SUCH NUMBER/ST () VACANT
- () FORWARDING ORDER EXPIRED

MAY 23 1994

TEXAS
MAY 24 1994
316/77
U.S. POSTAGE
236



USE THIS AIRBILL FOR SHIPMENTS WITHIN THE CONTINENTAL U.S., ALASKA AND HAWAII.
USE THE INTERNATIONAL AIR WAYBILL FOR SHIPMENTS TO PUERTO RICO AND ALL NON U.S. LOCATIONS.
QUESTIONS? CALL 800-238-5355 TOLL FREE.

PACKAGE TRACKING NUMBER

4330457040

4067M

9330957090

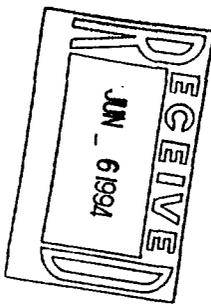
Fairchild East #1

SENDER'S COPY

SENDER'S FEDERAL EXPRESS ACCOUNT NUMBER 1003-3769-2		Date 5/26/94
From (Your Name) Please Print BOB SHELTON Company NEARBURG PRODUCING COMPANY Street Address 3300 N 'A' ST BLDG 2 City MIDLAND State TX ZIP Required 79705		To (Recipient's Name) Please Print MS BEUNA BARKER Company 1015 NORTH CANAL APT #3 City CARLSBAD NM State NM ZIP Required 86220
Your Phone Number (Very Important) (915) 686-8235 Department/Floor No.		Recipient's Phone Number (Very Important) (505) 885-4068 Department/Floor No.
YOUR INTERNAL BILLING REFERENCE INFORMATION (optional) (First 24 characters will appear on invoice.)		
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		IF HOLD AT FEDEX LOCATION, Print FEDEX Address Here Street Address City State ZIP Required
5 <input type="checkbox"/> Cash Check <input type="checkbox"/> Add./Credit Card No. Exp. Date		

SENDER'S COPY
DROP OFF YOUR PACKAGE AND SAVE

4 SERVICES (Check only one box) Priority Overnight (Delivery by next business morning) <input type="checkbox"/> OTHER PACKAGING <input type="checkbox"/> FEDEX LETTER* <input type="checkbox"/> FEDEX PAK* <input type="checkbox"/> FEDEX BOX <input type="checkbox"/> FEDEX TUBE Economy Two-Day (Delivery by second business day if) <input type="checkbox"/> ECONOMY* Government Overnight (Restricted for authorized users only) <input type="checkbox"/> GOVT LETTER <input type="checkbox"/> GOVT PACKAGE Freight Service (for packages over 150 lbs) <input type="checkbox"/> OVERNIGHT FREIGHT** <input type="checkbox"/> TWO-DAY FREIGHT**		5 DELIVERY AND SPECIAL HANDLING (Check services required) 1 <input type="checkbox"/> HOLD AT FEDEX LOCATION WEEKDAY (Fill in Section H) 2 <input type="checkbox"/> DELIVER WEEKDAY Saturday Service 31 <input type="checkbox"/> HOLD AT FEDEX LOCATION SATURDAY (Fill in Section H) 3 <input type="checkbox"/> DELIVER SATURDAY (Extra charge) (Not available) 9 4 6 12 <input type="checkbox"/> HOLIDAY DELIVERY (if offered) (Extra charge)		6 PACKAGES WEIGHT in Pounds Only YOUR DECLARED VALUE (See right) Total Total Total Delivered 5/27/94 10:32 a.m. B. Barker Release Signature:		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.		Federal Express Use Base Charges Declared Value Charge Other 1 Other 2 Total Charges REVISION DATE 12/92 PART # 11201 EXEM 194 FORMAT #158 158	
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NEARBURG PRODUCING CO.
3300 N. "A" STREET
BUILDING 2, SUITE 120
MIDLAND, TX 79705

Nearburg Exploration Company

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

May 17, 1994

Mr. Ernest Koen
General Delivery
Carlsbad, New Mexico 88220

Re: Fairchild East 18 #1 Well;
660' FNL and 660' FWL of
Section 18, T-19-S, R-26-E,
Eddy County, New Mexico

Dear Ms. Koen:

Nearburg Exploration Company (NEC) owns a 59.9238% leasehold interest in the captioned N/2 Section 18 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 \$418,410 and to completion is \$683,345. Also enclosed please find a proposed Operating Agreement to be used if you elect to participate for your proportionate working interest.

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We appreciate your review of our well proposal and invite you to participate with us in the drilling of the Fairchild East 18 #1 well.

Thank you for your cooperation.

Very truly yours,

Bob Shelton
Consulting Landman

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

Ms. Lucy A. Robinson
General Delivery
Carlsbad, New Mexico 88220

Re: Fairchild East 18 #1 Well;
660' FNL and 660' FWL of
Section 18, T-19-S, R-26-E,
Eddy County, new Mexico

Dear Ms. Robinson:

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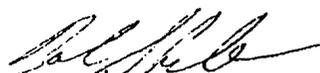
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Thank you for your cooperation.

Very truly yours,



Bob Shelton
Consulting Landman

P 989 362 788



Receipt for Certified Mail

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

Company

Sent to <i>Richard &</i>	
Street and No. <i>Michael Moore</i>	
P.O., State and ZIP Code <i>Fairchild E.</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

20

May 17, 1994

ore

Re: Fairchild East 18 #1 Well;
660' FNL and 660' FWL of
Section 18, T-19-S, R-26-E,
Eddy County, new Mexico

PS Form 3800, June 1991

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- 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.

3. Article Addressed to:
Richard & Michael Moore
310 West Wall, Suite 404
Midland, TX 79701

5. Signature (Addressee)
Cindy Bennett

6. Signature (Agent)

I also wish to receive the following services (for an extra fee):

1. Addressee's Address

2. Restricted Delivery
Consult postmaster for fee.

4a. Article Number
P 989 362 788

4b. Service Type
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

7. Date of Delivery
5/20

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

Thank you for using Return Receipt Service

rest in the captioned N/2 Section on set forth above to a depth of in the Cemetery Federal Field if

roducing Company's Authority for casing point is \$418,410 and to ting Agreement to be used if you

will accept a farmout or lease ill burdens.

ut, NEC will consider this option fer if this is your preference.

ipate with us in the drilling of the

PS Form 3811, December 1991 *U.S. GPO: 1993-352-714 DOMESTIC RETURN RECEIPT

Very truly yours,

Bob Shelton
Bob Shelton
Consulting Landman

Nearburg Exploration Company

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

May 17, 1994

Mr. Richard Lyons Moore
Mr. Michael Harrison Moore
310 West Wall, Suite 404
Midland, Texas 79701

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Thank you for your cooperation.

Very truly yours,



Bob Shelton
Consulting Landman

receipt. If
-B-0054

Nearburg Exploration Company

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

May 17, 1994

Mr. Richard Lyons Moore
Mr. Michael Harrison Moore
310 West Wall, Suite 404
Midland, Texas 79701

Re: Fairchild East 18 #1 Well;
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Section 18, T-19-S, R-26-E,
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Consulting Landman

