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William F. Carr

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September 3, 2003

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Yates Drilling Company
ABO Petroleum Corp.
Myco Industries, Inc.
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Chesapeake Exploration Limited Partnership
Post Office Box 18496
Oklahoma City, Oklahoma 73154-0496

Permian Resources, Inc.
Post Office Box 590
Midland, Texas 79702-0590

Jeanne Fields Shelby
5535 Yale Blvd, Suite 200
Dallas, Texas 75206-5015

Bureau of Land Management
Carlsbad Field Office
620 E. Greene Street
Carlsbad, New Mexico 88221-1778

Re: Application of Nearburg Exploration Company, L.L.C. for
Administrative Approval of Salt Water Disposal
Eddy County, New Mexico
M-H Prospect

Ladies and Gentlemen:

This letter is to advise you that Nearburg Exploration Company, L.L.C. has filed the enclosed application with the New Mexico Oil Conservation Division seeking authorization to dispose of produced water in its McKittrick "14" Federal Well No. 1 located 2390 feet from the North line and 830 feet from the East line of Section 14, Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico. Nearburg Exploration Company, L.L.C. proposes to inject into the Devonian formation through an injection interval from 11,500 feet to 12,300 feet. The initial

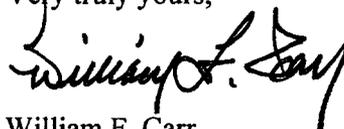
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injection will be by vacuum and a maximum surface injection pressure of 2300 pounds is proposed by Nearburg Exploration Company, L.L.P. The average daily injection rate will be 10,000 barrels of water and the maximum daily injection rate will be 20,000 barrels of water.

If you have questions concerning this application, you may contact Clyde Findlay at 432-686-8235, ext. 207 or at Nearburg Exploration Company, L.L.C., 3300 North "A" Street, Building 2, Suite 120, Midland, Texas 79705.

Objections to this application or requests for hearing must be filed with the Oil Conservation Division, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505 within 15 days of the date of this letter.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is written in a cursive style with a large, stylized initial "W".

William F. Carr
Attorney for Nearburg Exploration
Company, L.L.C.

Enclosure

LEGAL NOTICE

Nearburg Producing Company, 3300 North "A" Street, Building 2, Suite 120, Midland, Texas, 79705, has filed an Application with the New Mexico Oil Conservation Division seeking authorization to re-enter and inject produced water into the McKittrick Federal No. 1 located 2390 feet from the North line and 830 feet from the East line of Section 14, Township 22 South and Range 24 East, NMPM, Eddy County, New Mexico. The source of the disposed water will be from wells in the area that produce from the Cisco Canyon formation. The water will be injected into the Devonian formation at a disposal depth of approximately 11,500 feet to 12,300 feet, at a maximum surface injection pressure of 2300 pounds per square inch, and at a maximum injection rate of 30,000 barrels of water per day. Any interested party with questions or comments may contact Clyde P. Findley at Nearburg Producing Company at the above address, or call 432-686-8235, extension 207. Objections to this Application or Requests for Hearing must be filed with the Oil Conservation Division, 1220 South Saint Francis Drive, Santa Fe, New Mexico, 87505 within fifteen (15) days of the date of the publication of this notice.