

Nearburg Producing Company

Exploration and Production
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August 30, 2005

NM Oil Conservation Division
1301 W. Grand Ave
Artesia, NM 88210

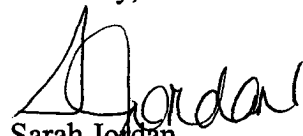
Ref: Red Lake 32 State #1
1750 FNL and 1650 FEL
Sec 32, 17S, 27E
Eddy County, New Mexico

Sirs:

This is a new drill to the Yeso formation. We do not anticipate encountering H2S and fill no contingency plan is needed. Nearburg will have proper equipment on location in case H2S is encountered.

If you have any questions or need further information, please call me at the letterhead number.

Sincerely,


Sarah Jordan
Production Analyst

/sj