

RECEIVED

Nearburg Producing Company

NOV 29 '90

Exploration and Production
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O. C. D.
ARTESIAL OFFICE

November 7, 1990

TO ALL INTEREST OWNERS AND THE PURCHASER OF THE COMMINGLED PRODUCTION
RE: DAGGER DRAW 31 FEDERAL (NM84701) AND FOSTER 31 FEDERAL (NM25488)
LEASE COMMINGLING
FOSTER 31 FEDERAL #2 OFF LEASE STORAGE

Gentlemen:

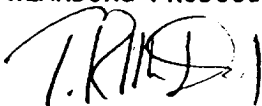
By this letter, Nearburg Producing Company formally requests approval for off lease storage and measurement for the Foster 31 Federal #2 and also approval for a common storage facility to serve the Dagger Draw 31 Federal Lease (NM84701) and Foster 31 Federal Lease (NM25488). These requests are being made to consolidate our operations in this area in order to achieve more efficient operating practices and facilitate salt water disposal operations, thus increasing the economic producing life of the federal leases.

Nearburg Producing Company received approval for these requests from the BLM on November 2, 1990. The NMOCD requires all parties owning an interest in the leases and the purchaser of the commingled production be notified of Nearburg's requests prior to consideration by the NMOCD.

Please indicate your approval below and return at your earliest convenience.

Yours very truly,

NEARBURG PRODUCING COMPANY



T. R. MacDonald
Engineering Manager

PLEASE EXECUTE
AND RETURN

TRM/ms

APPROVAL: COMPANY _____
BY _____
TITLE _____
DATE _____