



Mid America - Permian Basin
P. O. Box 2197, WL3-5050
Houston, TX 77252-2197

May 18, 2004

Nearburg Exploration Company, L. L. C.
3300 North "A" Street
Building 2, Suite 120
Midland, TX 79705
Attn: Mr. Bob Shelton

Re: Term Assignment and Agreement
N/2 Section 14-21S-34E
Lea County, New Mexico

Dear Bob:

Please find enclosed a Term Assignment and Agreement, extra signature page, and two copies of a Memorandum of Term Assignment and Agreement. Please execute all and return the extra signature page and one copy of the Memorandum to my attention.

As per our conversation, you have agreed that Nearburg will file with the New Mexico Oil Conservation Division an application to allow two operators in the Morrow formation in the N/2 Section 14-21S-34E where ConocoPhillips currently operates the Corner Pocket "14" State Com #1 well located 660' FNL & 660' FEL Section 14-21S-R34E. This letter may serve as notice to the OCD that ConocoPhillips does not have any objection to Nearburg operating a second Morrow well located in the NW/4 Section 14-21S-34E.

Furthermore, ConocoPhillips waives its previous objection to the proposed term assignment from Southwestern Energy Production Company to Nearburg covering the N/2 Section 14-21S-34E.

Sincerely yours,
CONOCOPHILLIPS COMPANY

Linda H. Hicks
Senior Landman
LHH/s

OIL CONSERVATION DIVISION

CASE NUMBER

EXHIBIT NUMBER 5

