

Nearburg Producing Company
Exploration and Production

3300 North "A" Street
Building 2, Suite 120
Midland, TX 79705-5421
432-686-8235
FAX 432-686-7806

November 23, 2011

To: Working Interest Owners
(See Addressee List Attached)

Re: Dagger Draw Morrow/South Boyd Prospect
Eddy County, New Mexico
Well Proposal
Irami 34 Fed Com #1H
S/2SW/4 & SW/4SE/4 of Section 34
T-19-S, R-25-E, N.M.P.M.

Dear Working Interest Owner:

Nearburg Producing Company (Nearburg) proposes to drill a horizontal well at a surface location (SL) of 330' FSL & 10' FWL of Section 34, T-19-S, R-25-E, Eddy County, New Mexico, to a bottom hole location (EOL) of 330' FSL & 1,650' FEL of the captioned Section 34. The proposed well will be drilled to a true vertical depth (TVD) of approximately 2,697 feet subsurface to evaluate the Yeso formation for oil production. The proposed well will have a measured depth (MD) of approximately 6,201 feet. A non-standard spacing and proration unit comprised of the S/2SW/4 & SW/4SE/4 of the captioned Section 34 will be dedicated to the well.

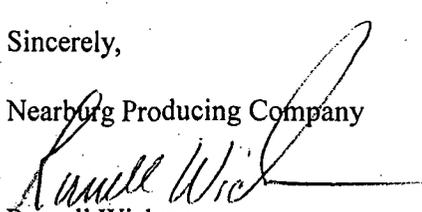
As a leasehold owner in and to the Yeso formation underlying a portion of the proposed spacing unit, being the SE/4SW/4 of Section 34, you have the right to participate in the drilling of the proposed well. Accordingly, I have attached an AFE for your review for the drilling of such well. In addition, Nearburg proposes that those who wish to participate in such well enter into a mutually acceptable operating agreement naming Nearburg Producing Company as Operator covering the spacing unit for such well, with ownership based on the acreage and interests contributed by each party.

Should you choose not to participate in the drilling of the captioned well, Nearburg would be interested in acquiring your interest in the subject lands through a term assignment or other similar arrangement.

Your earliest response to this proposal would be appreciated. Should you have any questions regarding the above, please feel free to call me at (432) 818-2913.

Sincerely,

Nearburg Producing Company


Russell Wickman
Senior Landman

NMOCD CASE NO. 14836
JUNE 7, 2012
NEARBURG EX. 4

Working Interest Owners List
Irami 34 Federal Com № 1H Well
330' FSL & 10' FWL (SHL)
330' FSL & 1,650' FEL (EOL)
Section 34, T-19-S, R-25-E, N.M.P.M.
Eddy County, New Mexico

Alliance Income Fund
P. O. Box 670249
Dallas, Texas 75367-0249

Fred M. Allison, III
c/o George A. Karahal
12001 N. Central Expressway, Suite 500
Dallas, Texas 75243-3794

B & L Oil Company, Inc.
Attn: Zane Reynolds, President
4323 Trailwood Drive
Sugarland, Texas 77479-5149

Challenger Crude, Ltd.
3300 North "A" Street
Building 8, Suite 110
Midland, Texas 79705

J. P. Morgan Chase Bank
Account of Gary L. Richards
Attn: Terri Bellow
712 Main
Houston, Texas 77002-8074

Gary L. Richards
4106 Waynesboro Court
Fort Collins, Colorado 80525

Loin Energy Corporation
P. O. Box 309
La Grange, Texas 78945

Pete and Kaye Gifford Trust
c/o Kaye Manley Gifford
9106 Esplanade
Dallas, Texas 75220

Lamar B. Roemer
35 N. Wynden Drive
Houston, Texas 77056

Stringer Family Interests, L.P.
P. O. Box 3037
San Angelo, Texas 76902

Elizabeth Ellen Stringer
P. O. Box 3037
San Angelo, Texas 76902