

*Nearburg Exploration Company, L.L.C.*

*Exploration and Production  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79705  
915/686-8235  
Fax 915/686-7806*

February 11, 1997

Murphy Petroleum Corporation  
200 West First Street, Suite 700  
Roswell, New Mexico 88201

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Attention: Mr. Mark Murphy

Re: Tomahawk 28 Fed Com #1 Well  
1980' FSL and 660' FEL of Section 28,  
T-20-S, R-33-E, Lea County, New Mexico  
Tomahawk Prospect

Gentlemen:

Nearburg Exploration Company, L.L.C. (Nearburg) has recently updated its title reports covering the acreage located within the captioned E/2 proration unit and found that numerous working interest owners within the SW/4 SE/4 have assigned their interest to Murphy Petroleum Corporation (Murphy). As you were noticed by our January 7, 1997 well proposal made to the above address to Strata Production Company, a predecessor in title to Murphy, Nearburg proposed the drilling of the Tomahawk 28 Fed Com #1, to be located 1980' FSL and 660' FEL of Section 28, T-20-S, R-33-E, Lea County, New Mexico. This well will be drilled to 14,300' or to a depth sufficient to adequately test the Morrow formation. We have enclosed an AFE setting forth our estimated costs and expenses to be incurred in the drilling and completion of this well, along with our proposed form of Joint Operating Agreement for your review and execution. The AFE and Operating Agreement previously furnished reflected the earlier interest and now reflects Murphy as the owner of an 11.5234375% working interest.

Our understanding, pursuant to our telephone conversation of February 7th, is that Murphy does not wish to participate in the drilling of this well and has been in contact with Penwell Energy, Inc. (Penwell) in an attempt to sell its interest. We have spoken with Penwell and they have indicated there is a problem with the excessive royalty burden which has been placed on this particular leasehold; we hope that both parties will be able to resolve this issue. Please keep Nearburg informed as to Murphy's progress in negotiations with Penwell, as Nearburg is currently planning to have a compulsory pooling hearing before the New Mexico Oil Conservation Division on March 6, 1997.

If Nearburg can be of any further assistance, please advise.

Yours very truly,



Duke Roush  
Consulting Landman

DR:kg

BEFORE THE  
OIL CONSERVATION DIVISION  
Case No. 11722 Exhibit No. 8  
Submitted By:  
**Nearburg Exploration Co.**  
Hearing Date: March 20, 1997

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  
*Megh Petroleum Corporation  
 200 West First St.  
 Suite 700  
 Roswell, Nm 88201  
 Tomahawk '28"*

4a. Article Number  
*2 740 465 682*

4b. Service Type  
 Registered  Insured  
 Certified  COD  
 Express Mail  Return Receipt for Merchandise

7. Date of Delivery  
*2-12-97*

5. Signature (Addressee)

6. Signature (Agent)  
*[Signature]*

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991 U.S. GPO: 1993-352-714 **DOMESTIC RETURN RECEIPT**

Is your RETURN ADDRESS completed on the reverse side? Thank you for using Return Receipt Service.

PS Form 3800, March 1993

**7 740 465 682**

**Receipt for Certified Mail**  
 No Insurance Coverage Provided  
 Do not use for International Mail  
 (See Reverse)

Sent to	<i>Megh Petroleum Corp</i>
Street and No.	<i>200 West First St.</i>
P. O., State and ZIP Code	<i>Suite 700 Roswell, Nm 88201</i>
Postage	\$
Certified Fee	\$
Special Delivery Fee	\$
Restricted Delivery Fee	\$
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	<i>///</i>

**Nearburg Producing Company**

Exploration and Production

Dallas, Texas

**AUTHORITY FOR EXPENDITURE**

LEASE: Tomahawk 28 Federal Com      WELL NUMBER: 1      PROPOSED TOTAL DEPTH: 14,300'  
 LOCATION: 1980' FSL and 660' FEL of Section 28, T-20-S, R-33-E, Lea County, New Mexico  
 FIELD:      EXPLORATORY, DEVELOPMENT: E  
 DESCRIPTION OF WORK: Drill, test, run casing and complete as a Morrow gas well.

DATE PREPARED: 12/20/96      EST. SPUD DATE: 4/15/97      EST. COMPLETION DATE: 5/30/97  
 ACCOUNTING WELL NUMBER:  
 COMMUNICATIONS ACCOUNT NUMBER:

<b>INTANGIBLE COSTS:</b>	<b>CODE</b>	<b>TO CSG PT</b>	<b>CODE</b>	<b>COMPLETION</b>	<b>TOTAL WELL</b>
Drilling Footage 14,400 Ft @ 21.50 \$/Ft	1514.101	309,600	NA		309,600
Drilling Daywork D/C\$/day 2 2 4400	1514.105	8,800	1515.105	8,800	17,600
Drilling Turnkey	1514.110		1515.110		0
Rig Mobilization and Demobilization	1514.115		1515.115		0
Road & Location Expense	1514.120	15,000	1515.123		15,000
Damages	1514.125	5,000	1515.125		5,000
Directional Drilling - Tools and Service	1514.130		1515.130		0
Drilling Fluids	1514.135	40,000	1515.132	3,000	43,000
Fuel, Power, and Water	1514.140	15,000	1515.140	3,000	18,000
Supplies - Bits	1514.145		1515.145	1,000	1,000
Supplies - Casing Equipment	1514.150	3,000	1515.150	8,000	11,000
Supplies - Liner Equipment	1514.155		1515.155		0
Supplies - Miscellaneous	1514.160	500	1515.160		500
Cement and Cmt. Services - Surface Csg	1514.165	5,000	NA		5,000
Cement and Cmt. Services - Int. Csg	1514.170	15,000	NA		15,000
Cement and Cmt. Services - Prod. Csg	NA		1515.172	30,000	30,000
Cement and Cmt. Services - Other	1514.175		1515.175		0
Rental - Drilling Tools and Equipment	1514.180	15,000	1515.180		15,000
Rental - Miscellaneous	1514.185	1,000	1515.185	5,000	6,000
Testing - Drill Stem / Production	1514.195	7,000	1515.195		7,000
Open Hole Logging	1514.200	48,000	NA		48,000
Mudlogging Services	1514.210	20,000	NA		20,000
Special Services	1514.190		1515.190		0
Plug and Abandon	1514.215	15,000	1515.215	(15,000)	0
Pulling and/or Swabbing Unit	NA		1515.217	12,000	12,000
Reverse Equipment	NA		1515.219	3,000	3,000
Wireline Services	1514.205		1515.205	10,000	10,000
Stimulation	NA		1515.221	106,000	106,000
Pump / Vacuum Truck Services	1514.220		1515.220	2,500	2,500
Transportation	1514.225	500	1515.225	2,000	2,500
Tubular Goods - Inspection & Testing	1514.230		1515.230		0
Unclassified	1514.245		1515.245		0
Telephone and Radio Expense	1514.240	1,000	1515.240	750	1,750
Engineer / Geologist / Landman	1514.250	5,000	1515.250		5,000
Company Labor - Field Supervision	1514.255	10,000	1515.255	5,000	15,000
Contract Labor / Roustabout	1514.265		1515.265		0
Legal and Professional Service	1514.270	2,500	1515.270		2,500
Insurance	1514.275	32,000	1515.275		32,000
Overhead	1514.280	12,500	1515.280		12,500
<b>SUBTOTAL</b>		<b>586,400</b>		<b>185,050</b>	<b>771,450</b>
Contingencies (5%)		29,320		9,253	38,573
<b>ESTIMATED TOTAL INTANGIBLES</b>		<b>615,720</b>		<b>194,303</b>	<b>810,023</b>

