

Fasken Tower II, Suite 220  
550 West Texas St.  
P. O. Box 3098  
Midland, TX 79702  
(915) 687-0008

Fax: (915) 687-0000

*Fuel Products, Inc.*

# Fax

To: Mark Wheeler

From: Tom Beall

Fax: 686-7806

Pages: 3

(Incl. Cover)

Phone: 686-8235

Date: 7-7-00

Re: Illinois Camp

CC:

☐ Urgent    ☒ For Review    ☐ Please Comment    ☐ Please Reply    ☐ Please Recycle

• Comments:

Mark:

Please review and if it is consistent with your understanding of our agreement, have it executed and return to me at your earliest convenience. It will be evidence that we have worked out agreement with all parties save Phillips, and will be necessary at the hearing.

Thank you.



BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Case No. 12446      Exhibit No. 5  
Submitted by: Fuel Products, Inc.  
Hearing Date: July 12, 2000

# COPY

**FUEL PRODUCTS, INC.**  
*FASKEN CENTER TOWER II*  
*550 WEST TEXAS, SUITE 220*  
*P. O. BOX 3098*  
*MIDLAND, TX 79702*  
*(915) 687-0008*

July 7, 2000

Mark Wheeler  
Nearburg Producing Company  
3300 North "A" Street, Bldg. 2, Suite 120  
Midland, TX 79705

Re: E/2 Section 18-18S-28E  
Eddy County, New Mexico

Dear Mark:

Pursuant to our conversations, Nearburg Producing Company has agreed to support V-F Petroleum, Inc. as operator for the drilling of a Morrow test well at a location 990' FSL & 990' FEL of Section 18-18S-28E to be drilled on an E/2 proration unit. Nearburg represents it has obtained its interest from Arco, Marathon and Louis Dreyfus, comprising approximately 10.25% of the E/2 proration unit.

Fuel Products, Inc. has designated V-F Petroleum Inc. as operator under Fuel's application with the New Mexico Oil Conservation Division Case Number 12431. Nearburg has also filed an application regarding the referenced acreage as Division Case Number 12427. Fuel agrees to hear its Case Number 12431 on Thursday, July 13th with the understanding that Nearburg agrees to dismiss its Case Number 12427 on July 13 and support Fuel's application. Fuel shall diligently pursue spudding of the Morrow test well at the location above described subject to an Order issued by the Commission pertaining to Fuel's case and the requisite time passing to challenge that Order.

Phillips Petroleum Company is the only party that has not agreed to the drilling of an E/2 Morrow well. Fuel is making every effort to obtain Phillips' interest or their participation. Fuel shall keep Nearburg advised as to Fuel's progress in obtaining Phillips' interest and the contracting of a rig to drill the well. Nearburg shall have access to the rig floor at all times, along with all geological information associated with the drilling, testing, completing, equipping and producing of the well. Nearburg and Fuel shall endeavor to sign a mutually acceptable joint operating agreement with two weeks from the date of this letter.

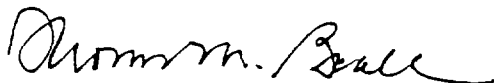
Mr. Mark Wheeler

July 7, 2000

Page 2

If you have any questions or comments, please call me.

Yours truly,

A handwritten signature in black ink, appearing to read "Thomas M. Beall". The signature is fluid and cursive, with the first name "Thomas" and last name "Beall" clearly distinguishable.

Thomas M. Beall

President

cc: Mark K. Nearburg  
Ameristate Exploration, LLC

AGREED TO AND ACCEPTED THIS \_\_\_\_\_ DAY OF JULY, 2000.

NEARBURG PRODUCING COMPANY

By: \_\_\_\_\_

Title: \_\_\_\_\_

Post-It® Fax Note 7671		Date	# of pages
To	TOM BEALL	From	MARK W.
Co./Dept.		Co.	
Phone #	687-0000	Phone #	686-8253
Fax #		Fax #	

**FUEL PRODUCTS, INC.**  
FASKEN CENTER TOWER II  
550 WEST TEXAS, SUITE 120  
P. O. BOX 1098  
MIDLAND, TX 79701  
(915) 487-0006

July 7, 2000

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Midland, TX 79705

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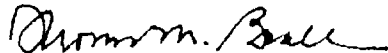
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**COPY**

Mr. Mark Wheeler  
July 7, 2000  
Page 2

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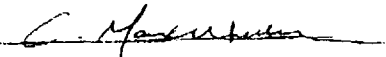


Thomas M. Beall  
President

cc: Mark K. Nearburg  
Ameristate Exploration, LLC

AGREED TO AND ACCEPTED THIS 10<sup>th</sup> DAY OF JULY, 2000.

NEARBURG PRODUCING COMPANY

By:   
Title: SENIOR LANDMAN

\* NEARBURG ALSO AGREES TO PAY  
1/2 OF THE COST OF POOLING  
PHILLIPS PETRAHEUM'S INTEREST FOR  
1/2 OF PHILLIPS' POOLED INTEREST  
OR 1/2 OF THE COST OF A  
STANDARD INDUSTRY TRAPE FOR  
1/2 OF THE ACQUIRED PHILLIPS'  
INTERESTS.