

Redrock Operating Ltd., Co.  
P.O. Box 140505  
Dallas, Texas 75214

May 17, 1999

John Hillman  
Roca Resources Company, Inc.  
P.O. Box 1981  
Midland, TX 79702-1981

Dear John,

I received copies of the title opinions prepared for sections 10 and 34. The following are our responses to those cited requirements, and suggestions for curing the defects:

*Section 10*

*Follow-up* Requirement A - ROCA Resources should contact the appropriate agency to determine the lease validity (ie. MMS). Redrock's past correspondence indicates that it is valid.

*Follow-up* Requirement B - It is unclear as to what ROCA wants for evidence of lands to be assigned. The assignment states the lease number being assigned. The MMS can confirm the lands covered by the lease. Attached is a copy of the lease description.

? Requirement C - Redrock proposes that the overriding royalty retained be reduced unless Redrock obtains a correctional assignment of the override.

o/c Requirement D - Llano or any of the other entities is unwilling to sign an agreement of this nature. ROCA will have to satisfy themselves as to potential communication with the storage field. There have been no claims made by Llano, and the records indicate that the well is not in communication.

o/c Requirement E - This requirement is one of an advisory nature and is not necessary. ROCA should be able to determine the succession of Apache based on the certificates provided and attached hereto.

? *Follow-up* Requirement F - Our response is the same as in requirement C above.

*Follow-up* Requirement G - This requirement is not applicable to the rights being assigned. It is only applicable to gas being stored in the storage field. We never intended to assign gas from the storage field. *Given Section 7 & gas storage gas only*

BEFORE THE OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
Case No. 12622 Exhibit No. 13  
Submitted by:  
NEARBURG EXPLORATION COMPANY, L.L.C.  
Special Commission Hearing: September 10,  
2002

May 18, 99 15:24 No.001 P.03

VRUGHN BLDG.

Section 34

Follow-up

Requirement A - The State of New Mexico can confirm that the lease is held by the Storage agreement.

Follow-up

Requirement B - We do not have a copy of a farmout agreement and to our knowledge there is no farmout agreement in effect.

OK

Requirement C - We did not intend to convey any interests in the storage interval. Therefore this is an advisory item only.

OK

Requirement D - Llano or any of the other entities is unwilling to sign an agreement of this nature. ROCA will have to satisfy themselves as to potential communication in the storage interval. Well records indicate that the well has not produced from the storage interval. Further, the State will testify as to whether the terms of the storage agreement are in compliance.

Follow-up  
as per  
w/plate  
5/2/99

Requirement E - This requirement is subject to ROCA's evaluation of intended operations.

Requirement F - According to completion records the well has never been produced or completed in the storage interval. This matter needs to be reviewed by ROCA to their satisfaction. *Stephen L Cochran Chairman*

OK

Requirement G - This requirement is one of an advisory nature and is not necessary. ROCA should be able to determine the succession of Apache based on the certificates provided and attached.

OK

Requirement H - The only agreement that Redrock is aware of pertains to the storage agreement as noted in requirement C.

Call me once you have had a chance to review.

Very Truly Yours,

*Mark L. Stanger*

Mark L. Stanger