

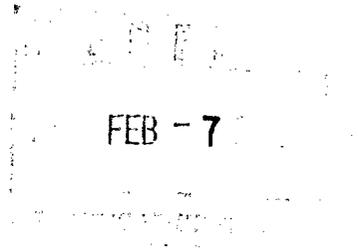
**JOHN E. BERNARD  
OIL AND GAS**

P. O. Box 717  
Albany, Texas 76430  
915-762-3651 Office  
915-762 3611 Fax

February 1, 2002

*Case 12807*

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED



Mr. William F. Carr  
Holland & Hart and Campbell & Carr  
Attorneys At Law  
P. O. Box 2208  
Santa Fe, New Mexico 87504-2208

Re: Application For Compulsory Pooling  
Nearburg Exploration Company, L.L.C.  
S/2 Section 32, Township 18 South, Range 31 East  
Eddy County, New Mexico

Dear Mr. Carr:

I write you on behalf of Mr. William E. Harper, Woodson, Texas. Mr. Harper is an interest owner under 120 acres in the south half of the referenced section.

Harper has been approached by Nearburg Exploration Company, Midland, Texas regarding a term assignment of the 120 acre tract to be committed to a lay down 320 acre proration unit. We understand Exxon Mobil Corporation committed 400 acres to Nearburg by way of Term Conveyance of Operating Rights dated March 9, 1998 with expiration of October 31, 2001. On November 16, 2001 Nearburg Exploration Company offered to acquire a one (1) year Term Assignment from Exxon Mobil Corporation.

By way of letter dated June 26, 2001, Shaw Interests, Inc., Midland, Texas, and on behalf of Nearburg offered Harper \$100.00 per net mineral acre for a three (3) year term with an overriding royalty reservation equal to the difference between existing burdens and 22.5%.

By way of letter dated August 30, 2001, Nearburg proposed the drilling of the Red Cloud "32" State Com #2 in the North Half of Section 32, T18N, R31E, designating the North Half as the 320 acre proration unit. Harper was provided an AFE with the option to either participate or grant a term assignment or farmout of Harper's interest in the North Half of Section 32, on mutually agreeable terms. Harper owns no interest in the North Half of Section 32.

Mr. William F. Carr  
February 1, 2002

By way of letter dated October 12, 2001, Nearburg rescinded its offer to drill the Red Cloud "32" State Com #2, proposing instead to drill the Red Cloud "32" State Com # 1, designating the South Half of Section 32 as the proration unit. Harper was offered the right to participate or grant a term assignment or farmout on mutually agreeable terms.

This letter is to inform you that Harper will grant a term assignment to Nearburg under terms and conditions identical to those previously agreed upon by Exxon or agreed upon prior to drilling of the Red Cloud "32" State Com # 1.

Thank you for your cooperation. Should you have any questions, please do not hesitate to call.

Sincerely,

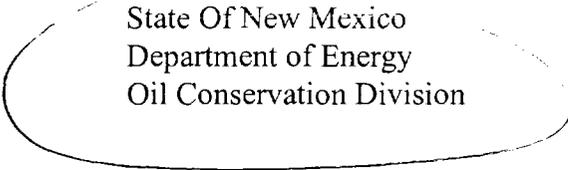


John E. Bernard

JEB/bb

cc: Mr. William E. Harper

Mr. Duke Roush  
Nearburg Exploration Company, LLC



State Of New Mexico  
Department of Energy  
Oil Conservation Division