



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201-1287

IN REPLY REFER TO:

NM-85322
3105.2 (06300)

November 10, 1999

Nearburg Producing, Inc.
Attention: Mr. Bob Sheldon
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705

Gentlemen:

Communitization Agreement (CA) NM-85322 was approved August 21, 1991, effective as of August 15, 1991. This agreement communitized Lots 1, 2, and E $\frac{1}{2}$ NW $\frac{1}{4}$ (NW $\frac{1}{4}$) sec. 6, T. 20 S., R. 25 E., NMPM, Eddy County, New Mexico involving 40.00 acres of land in Federal lease NM-0553777 and 121.20 acres of land in Fee Lease comprising a 161.20 acre well spacing unit as to crude oil and associated gas producible from the Cisco Canyon formation.

The term of the agreement is for two years and so long thereafter as communitized substances are or can be produced from the communitized area in paying quantities.

Our records show that the well in the above-described communitized spacing unit, your No. 2-Covert Com located on Fee Lease in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ sec. 6 last produced from the communitized formation during July 1997. Our certified letter (Z 263 870 193) of June 16, 1999, giving you 60 days in which to commence testing, reworking or drilling operations was received by your office on June 17, 1999. Since no operations to restore production or no production tests showing that the well is capable of production in paying quantities were commenced within the 60 days allowed, CA NM-85322 is considered terminated June 17, 1999. Lease NM-0553777 committed to the CA will be extended by actual production from CA's SW-310 and NM-94445.

Accordingly, in the absence of a well capable of producing communitized substances in paying quantities, CA NM-85322 is considered to have expired by its own terms as of June 17, 1999, the day the 60-day letter was received.

Please contact David Glass at (505) 627-0275 or at the letterhead address if any additional information is required.

Sincerely,

/S/ Larry D. Bray

Larry D. Bray
Assistant Field Office Manager,
Lands and Minerals

cc/
✓MOCD-Artesia

