

WAYNE NEWKUMET
P. O. Box 11330
Midland, Texas 79702

November 14, 2001

Ms. Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RE: Oil Conservation Division Case No. 12622. Application of
Nearburg Exploration Company, L.L.C. for two non-standard
gas spacing and proration units, Lea County, New Mexico

Dear Ms. Wrotenbery:

I am the owner of a 0.9% overriding royalty interest in State of New Mexico Oil and Gas Lease No. V-5683, which covers the N/2 of Section 34, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico. I helped generate this geological prospect and retained this override when I sold the prospect to Great Western Drilling Company who sold a portion of the interest to Nearburg Exploration Company, L.L.C. In 2000, Nearburg drilled the Grama Ridge "34" State Well No. 1 on this lease and dedicated to the well the N/2 of Section 34. I understood that the Oil Conservation Division approved a N/2 unit for this well. It appears to be a good Morrow well and I received royalty payments from Nearburg until the well was shut-in in July of this year.

Since my business revolves around generating oil and gas prospects and the drilling of well(s) thereon, the order shutting in this well will cut off my business income earned. This works an undue hardship on innocent owners.

I understand from discussions with Nearburg that if the Division now requires them to form a 320-acre unit for the well, which includes acreage from the SE/4 of Section 34, my interest will be cut in half. This seems unfair to me since the SE/4 of this section is not productive in the Morrow and will not contribute reserves to the well. Why should owners in the SE/4 share in our reserves after the fact, when in good faith and with the apparent OCD blessings, we leased the N/2 Section 34 and caused an expensive well to be drilled thereon?

Nearburg has advised me that they are requesting the well be returned to production while we wait for a decision from the Division. I want to join in this request for I am concerned about drainage from the offsetting BTA well while the well is shut-in. I also hate to miss the opportunity to sell the gas from this well while prices are good.

Along with Nearburg, Great Western and others, I also have interests in this well. I request that you let the well produce so I can receive my overriding royalty share of production from the well while the underlying issues between Nearburg, the OCD and others are resolved. From my understanding of these issues, it seems right that the NE/4 or N/2 be dedicated to this well.

Sincerely,



Wayne Newkumet

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