

Nearburg Exploration Company, L.L.C.

Exploration and Production
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705
915/686-8235
Fax 915/686-7806

January 8, 2002

Doyle Hartman
P. O. Box 10426
Midland, Texas 79702-0426

RE: Mesquite 17 Federal #1 Well
W/2 of Section 17, T-20-S, R-34-E
Lea County, New Mexico
Mesquite Prospect

Case 12790

02 JAN 14 PM 1:35
NEW MEXICO

Gentlemen:

In an effort to satisfy your requirements before making a decision with regard to your .02% working interest in the captioned well, Nearburg Exploration Company, L.L.C. (NEC) has postponed our scheduled January 10, 2002 compulsory pooling hearing to February 14, 2002. We have now filed an Application for Permit to Drill or Deepen (APD) dated December 28, 2001 which should answer any question you may have regarding the procedures Nearburg intends to use with the drilling of the proposed well. In addition to the APD, as stated in previous letters, we agree to schedule a meeting to discuss the AFE on a line by line basis, if you so desire.

NEC is agreeable to furnishing you its geological information to be presented at the compulsory pooling hearing, prior to the February 14th date for your review. As you are aware, even after the date a pooling order is issued, you will receive an AFE and have an additional election period.

Please schedule a meeting, elect to participate, agree to enter into a mutually agreeable farmout or term assignment or make arrangements to argue your position at the newly scheduled hearing at the OCD. We feel we have done all that we can do to assist you in making your choices and further correspondence is unnecessary.

If we can be of further assistance, please advise.

Very truly yours,



Duke Roush
Senior Landman

DR/dw
encl.

cc: Lori Wrotenberry, Director
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

Michael E. Stogner, Chief Hearing Officer
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505