

JAMES A. DAVIDSON
Oil & Gas Properties
P.O. Box 494
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DEC 26 2001

December 19, 2001

Holland & Hart LLP and
Campbell & Carr
P.O. Box 2208
Santa Fe, NM 87504-2208

Case 12790

Attention: Mr. William F. Carr

RE: Application of Nearburg Exploration Company
regarding its Mesquite "17" Fed. #1
W/2 Sec. 17, T-20- , R-34-E, Lea County, NM

Gentlemen:

I am in receipt of your application made for Nearburg Exploration Company dated December 21, 2001 for Compulsory Pooling and my name is also on the notification list in Exhibit A.

I am enclosing copy of my letter of September 17, 2001 wherein I returned a signed AFE for the drilling of this well. I might add that the proration unit proposed at that time was the N/2 Sec. 17. I later received a letter from Nearburg dated December 13, 2001 changing the proration unit to the W/2 Sec. 17. I did not reply to that letter because it did not ask for a reply so that I am in the position of agreeing to participate in this well subject to approval of the Joint Operating Agreement. We have also noted that the proration unit proposal pertaining to the application is still talking about the N/2 of Sec. 17.

This is your notice to remove my name from the list of parties whom Nearburg is proposing to compulsory pool and I request a letter stating that you have formally notified the NMOCD of the deletion of my name.

To continue to show me as being a Force Poolee could possibly damage my reputation as an independent operator and I will hold you and Nearburg responsible.

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Please let me hear from you within 5 days from date of this letter. Best wishes for the holiday season.

Very truly yours,

James A. Davidson

JAD:ler

cc: Mr. Duke Roush
Nearburg Exploration Company
3300 N. A Street, Building 2, Suite 120
Midland, TX 79705

✓ 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

JAMES A. DAVIDSON
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September 17, 2001

Nearburg Exploration Company
3300 North A, Building 2, Suite 120
Midland, TX 79705

Attention: Mr. Duke Roush

RE: Proposed Mesquite "17" Fed. #1
Lea County, New Mexico

Dear Duke:

With regard to our various correspondence, please find enclosed signed AFE for the above well.

I would like to request that I not be required to prepay any bills but simply pay as billed. Please ask Charles Nearburg if this is not satisfactory.

Please furnish me a daily drilling report by fax to 682-6504, one copy of all NMOCD forms filed and one final print of all the logs and other geologic data.

Thanks and please let me know if you need anything further from me.

Very truly yours,

James A. Davidson

JAD:ler