

**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

Case No. 12791

March 19, 2002

Kaiser-Francis Oil Company  
6733 S. Yale  
Tulsa, OK 74136  
ATTN: Wayne Fields

FAX (918) 491-4694

RE: Wapiti "31" Federal Com. #1 Well  
E/2 Section 31, T-18-S, R-34-E  
Lea County, New Mexico  
Elk 01 Prospect

Dear Mr. Fields:

Reference is made to my letter of February 12, 2002 concerning the drilling of the above captioned well. As of this date, we have not had an election from Kaiser of whether or not it desires to participate in the drilling of said well.

Therefore, pursuant to the terms of Order #R-11724, Kaiser-Francis will be deemed to have gone non-consent on the drilling of the Wapiti well and its interest will be subject to the 200% risk penalty.

If you have any questions or comments, please do not hesitate to contact me at (915) 686-8235.

Sincerely,



M. Craig Clark  
Land Consultant

MCC/dw

cc: Mr. David Brooks  
State of New Mexico  
Oil Conservation Division  
1220 S. Saint Francis Dr.  
Santa Fe, NM 87505