File

Exploration and Production 3300 North "A" Street Suite 8100-----Building 2, Suite 120 Midland, Texas 79705 915/686-8235 Fax 915/686-7806

May 17, 1994

Yates Petroleum Corporation Yates Drilling Company Myco Industries, Inc. Abo Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 80210

> Re: B&B #2 Well; 2173' FEL and 660' FSL of Section 22, T-19-S, R-25-E, Eddy County, New Mexico

Gentlemen:

Nearburg Exploration Company (NEC) owns an 86.05% leasehold interest in the captioned S/2 Section 22 unit. NEC proposes the drilling of the captioned well at the location set forth above to a depth of 9,500' sufficient to test the Morrow formation. The well will be placed in the Cemetery Federal Field if completed as productive which requires a 320-acre spacing unit.

Pursuant to this proposal, enclosed herewith please find Nearburg Producing Company's Authority for Expenditure estimating the cost of the proposed operation, which to casing point is \$439,700 and to completion is \$705,345. Also enclosed please find a proposed Operating Agreement to be used if you elect to participate for your proportionate working interest.

Should you desire not to participate in the proposed operation, NEC will accept a farmout or lease covering the interest of the Yates companies, with Yates reserving a 23% royalty, inclusive of all burdens.

If you desire to sell your interest rather than participate, lease or farmout, NEC will consider this option at a reasonable acquisition price. Please forward to us your sales offer if this is your preference.

We appreciate your review of our well proposal and invite you to participate with us in the drilling of the B&B #2 well.

Thank you for your cooperation.

Very truly yours,

Bob Shelton Consulting Landman

Enclosures

bob-3\b&b/2.afe

BEFORE THE OIL CONSERVATION DIVISION Case No. <u>11010</u> Exhibit No. Submitted By: Nearburg Exploration Company Hearing Date: June 23, 1994

CERTIFICATION USE THIS AND USE THIS AND USE THE MICH	AND HAWAII ALL NON U.S. LO	CATIONS	PACKAGE TRACKING NUMBER	1330	1330426493			
4087M 9330	956983 Date 5/19/9		Y 13 7	tJ	SENDER'S	S COPY		
From (Your Name) Please Print BOB SHELTON Company NEARBURG PRODUC		•		To (Recipient's N Company YATE		505	Phone Number (Very Importa) 748-147 Department/Floor Ne ION	
BUDDIADON A ST H	LDG 2 State T/	ZIP Required	C 5	1	ross (We Cannol Daliver to P.O. Boxes (SOUTH FOURTI SSIA	State ZIPR	equired 023.0	
PAYMENT 1 000 Sender 2 000 Rectiver's Fed 3 5 Casty Check Accl.Credit Card No.	DELIVERY AND SPECIAL H	ANDLING	Pounds	YOUR DECLARED	Street Address City SERVICE CONDITIONS, AND LIMIT OF	DECLARED VALUE	equired Federal Express Ur	
13 FEDEX BOX 53 FEDEX BOX	2 DELIVER Softenday Consort 31 HOLD AT FEDEX LOCATIO (F) 2 DELIVER	CP W WEEKDAY In Section HD WEEKDAY	Crej Total	(See agei	Use of this alchal constitutes your agree in our current Service Guide, available sender's copy of this alchal for inform vary for Government Overnight Set Service Guide for details. We will not be responsible for any package, whether the result of loss, misfelivery, or misinformation, unless pay an additional charge, and docume claim Lumitions found in the current f apply. Your right to recover from F.	ement to the service conditions fer upon request. See back o stion Service conditions may noted See U.S. Government claim in excess of \$100 per denhage, dehy, non defivery s you declare a higher value hit your actual loss for a limely electral Express for any loss. Josof Sales, immome hitrests	Declared Value Charry Other 1	
14 FEDEX TUBE 54 FEDEX TUBE Economy Two-Day Goven/when Oven/wheth 30 ECONOMY** Goven/wheth * Economy Late Rain of Ventage 46 GOVT One point Rain of Ventage 41 GOVT Freight Service Freight Service 41	Deliver 10:22 a J. Grig	ed 5/20, .m.	/94		profit, minomery's lees, costs, and din direct incidental, consequentiel, or sp \$100 or the declared value specified exceed actual documented loss. The FedEx Letter and FedEx Pale package In the event of untimely delivery, F request and with song infimitations ref paid See Service Guide for further in Sender antiborizes Federal Express to obtainion a delivery storatore any	er forms of damage whether cella is finithed to the greater of I to the telt. Recovery canno maximum Declared Value for s is \$500. Federal Express will at your und all transportation charges formation. o deliver this shipment without o shall indemnish and hold shall indemnish and hold	REVISION DATE 12:92 PART 41 20:59 FXT M 3 FORMAT 4159	
70 OVERNOGHT 80 TWO-DAY				1	harmless Federal Express from an	y claims resulting therefrom	1994, 3334194.4 1998/01/1999	

.

Exploration and Production 3300 North "A" Street Suite 8100 - Building 2, Suite 120 Midland, Texas 79705 915/686-8235 Fax 915/686-7806

May 17, 1994

Kerr-McGee Corporation 123 Robert S. Kerr Avenue Oklahoma City, Oklahoma 73102

Re:

e: B&B #2 Well; 2173' FEL and 660' FSL of Section 22, T-19-S, R-25-E, Eddy County, New Mexico

Gentlemen:

Nearburg Exploration Company (NEC) owns an 86.05% leasehold interest in the captioned S/2 Section 22 unit. NEC proposes the drilling of the captioned well at the location set forth above to a depth of 9,500' sufficient to test the Morrow formation. The well will be placed in the Cemetery Federal Field if completed as productive which requires a 320-acre spacing unit.

Pursuant to this proposal, enclosed herewith please find Nearburg Producing Company's Authority for Expenditure estimating the cost of the proposed operation, which to casing point is \$439,700 and to completion is \$705,345. Also enclosed please find a proposed Operating Agreement to be used if you elect to participate for your proportionate working interest.

Should you desire not to participate in the proposed operation, NEC will accept a farmout or lease covering Kerr-McGee's interest, with Kerr-McGee reserving a 23% royalty, inclusive of all burdens.

If you desire to sell your interest rather than participate, lease or farmout, NEC will consider this option at a reasonable acquisition price. Please forward to us your sales offer if this is your preference.

We appreciate your review of our well proposal and invite you to participate with us in the drilling of the B&B #2 well.

Thank you for your cooperation.

Very truly yours,

Bob Shelton Consulting Landman

Enclosures

bob-3\b&b#2.afe

		e this airbill for shipments within thi e the international air watbilt for sh JESTIONS? CALL 800-238-53		PACKAGE 733075702					
	4087 93	30957020	~	+1	3#2	SENDER	'S COPY	÷	
	BOB HHELTON	ł	915 686-823		To (Recipient's Nat	me) Please Print	40	Recipient's Phone Number (Very Important) 5 270–131.3	
SAVE	Street Address	DUCING COMPA	-	nVFloor No.		E CORPORATIO		Department/Floor No	
Y AND	HIDLAND	T RLDG 2 State T X	ZIP Required	05	RINIOMA		OR State	778 Pequired 73102	
COP			cters will appear on invoice. Pany FedEx Acct No. 4	Bill Credit C	Card (IF HOLD AT FEDEX LOCATION, ▶ Street Address City	Print FEDEX Address State	ZIP Required	
SENDER'S DROP OFF YOUR PACK	Const Accil Credit Card No. SERVICES (Check only offer box) Priority Overnight Standard Over 11 OTHER 9 PACKAGING 16 FEDEX LETTER 13 FEDEX LETTER 14 FEDEX NUES 200000011 Governight 18 FEDEX LETTER 19 FEDEX NUES 10 GOVERNIGHT 13 FEDEX NUES 200 FEDEX NUES 201 FEDEX NUES 201 <td>1 HOLD AT FEDEXLOO WG 2 GE 2 TTEN Saturday S STEN 31 HOLD AT FEDEXLOO 30 DEL Saturday S WE 9 TSATURDAY PICK-UP Main Delivere</td> <td>required)</td> <td>to Reards Only Total</td> <td>roun pecuneo vicité cisa and Total</td> <td>SERVICE CONDITION AND LIMIT OF Use of this eithil constitutes your a in our current Service Guide, are sender is copy of this eithil for inf vary for Government Overnight Service Guide for details We will not be responsible for a package, whether the result of the misdefivery, or misinformation, ur pays an additional charge, and doo claim. Lumantions found in the curr pays an additional charge, and doo claim. Lumantions found in the curr pays an additional charge, and doo claim. Lumantions found in the curr pays an additional charge, whether paid, a former is feest, costs, and direct, incidential, consequented foss. In the event of unitamity delives paid. See Services Federal Expre- oblaring a delivery signature partered and there is formed Expre- oblaring a delivery signature</td> <td>IF LUBBILITY greened to the service include upon request. S contrastion Service cond service. See U.S. G sorvice. See U.S. G international contrast set of the service of the set of the service of the rest of the service of the rest of the service of the method on the service of the method on the service of the rest of the service of t</td> <td>Conditional Raise Charges Raise Charges Raise Charges Raise Charges Declared Volve Cfunge Other 1 Other 2 Part Charges Differ 1 Other 2 Part Charges Differ 1 Other 2 Part Charges Part Charges Differ 1 Other 2 Part Charges Part Charges Differ 1 Other 2 Part Charges Differ 1 Other 2 Part Charges Differ 1 Differ 1 Differ 1 Differ 2 Part Charges Part Charges Differ 1 Differ 1 Differ 1 Differ 2 Part Charges Differ 1 Differ 2 Part Charges Differ 1 Differ 2 Part Charges Differ 1 Differ 2 Part Charges Differ 2 Part Charges Differ 2 Part Charges Differ 2 Differ 3 Differ 3 Dif</td>	1 HOLD AT FEDEXLOO WG 2 GE 2 TTEN Saturday S STEN 31 HOLD AT FEDEXLOO 30 DEL Saturday S WE 9 TSATURDAY PICK-UP Main Delivere	required)	to Reards Only Total	roun pecuneo vicité cisa and Total	SERVICE CONDITION AND LIMIT OF Use of this eithil constitutes your a in our current Service Guide, are sender is copy of this eithil for inf vary for Government Overnight Service Guide for details We will not be responsible for a package, whether the result of the misdefivery, or misinformation, ur pays an additional charge, and doo claim. Lumantions found in the curr pays an additional charge, and doo claim. Lumantions found in the curr pays an additional charge, and doo claim. Lumantions found in the curr pays an additional charge, whether paid, a former is feest, costs, and direct, incidential, consequented foss. In the event of unitamity delives paid. See Services Federal Expre- oblaring a delivery signature partered and there is formed Expre- oblaring a delivery signature	IF LUBBILITY greened to the service include upon request. S contrastion Service cond service. See U.S. G sorvice. See U.S. G international contrast set of the service of the set of the service of the rest of the service of the rest of the service of the method on the service of the method on the service of the rest of the service of t	Conditional Raise Charges Raise Charges Raise Charges Raise Charges Declared Volve Cfunge Other 1 Other 2 Part Charges Differ 1 Other 2 Part Charges Differ 1 Other 2 Part Charges Part Charges Differ 1 Other 2 Part Charges Part Charges Differ 1 Other 2 Part Charges Differ 1 Other 2 Part Charges Differ 1 Differ 1 Differ 1 Differ 2 Part Charges Part Charges Differ 1 Differ 1 Differ 1 Differ 2 Part Charges Differ 1 Differ 2 Part Charges Differ 1 Differ 2 Part Charges Differ 1 Differ 2 Part Charges Differ 2 Part Charges Differ 2 Part Charges Differ 2 Differ 3 Differ 3 Dif	
	70 OVERNINGHT 80 NO-DA FREIGHT 80 FREIGHT Defrey constraint regions 1 Defrey constraint regions to late in some areas	**	1	, Jense Lakraige	st / Staline	harmless Federal Express from Release Signature:	any claims resulting	Therefrom. (*) 1972 931607 X Transit (*) 1972 1974 A	

.

Exploration and Production 3300 North "A" Street Suite 8100----Building 2, Suite 120 Midland, Texas 79705 915/686-8235 Fax 915/686-7806

May 17, 1994

Tierra Oil Company P. O. Box 1354 Roswell, New Mexico 88202

Re: B&B #2 Well; 2173' FEL and 660' FSL of Section 22, T-19-S, R-25-E, Eddy County, New Mexico

Gentlemen:

Nearburg Exploration Company (NEC) owns an 86.05% leasehold interest in the captioned S/2 Section 22 unit. NEC proposes the drilling of the captioned well at the location set forth above to a depth of 9,500' sufficient to test the Morrow formation. The well will be placed in the Cemetery Federal Field if completed as productive which requires a 320-acre spacing unit.

Pursuant to this proposal, enclosed herewith please find Nearburg Producing Company's Authority for Expenditure estimating the cost of the proposed operation, which to casing point is \$439,700 and to completion is \$705,345. Also enclosed please find a proposed Operating Agreement to be used if you elect to participate for your proportionate working interest.

Should you desire not to participate in the proposed operation, NEC will accept a farmout or lease covering Tierra's interest, with Tierra reserving a 23% royalty, inclusive of all burdens.

If you desire to sell your interest rather than participate, lease or farmout, NEC will consider this option at a reasonable acquisition price. Please forward to us your sales offer if this is your preference.

We appreciate your review of our well proposal and invite you to participate with us in the drilling of the B&B #2 well.

Thank you for your cooperation.

Very truly yours,

Bob Shelton Consulting Landman

Enclosures

bob-3\b&b#2.afe

	FEDERAL	USE THE INT	bill for shipments within the c rnational an waybil for ship INS? CALL 800-238-535	MENTS TO PUERTO RICO AN	KA AND HAWAU. ND ALL MON U S LOC	PACKAGE 133U156161						
	1097M	-7330	1956761	6	3+ 13	#2	~					
	STRUER'S FEDERAL EXPRESS		Date	<	Â.	1tt a	SEMDE	R'S COPY	•			
	▶ 1003-396	59-2	5/19	194 0	. 19 TY C	AAJ						
	From (Your Name) Pleas	e Print		Your Phone Number (Very Important)	To (Recipient's N	ame) Please Print		Recipient's Pl	hone Number (Very Important)		
	BOB SHE	LTON		(915) 680	6 8235				505	624-2427		
l e f	Company				enVFloor No.	Company				Department/Floor No.		
Y AND SAVE	NEARBURG	, PRUDUC	ING COMPAN	۲		TRE	RA OIL CO	ADANA				
X	Street Address			··· ·· · · ···			ress (We Cannot Deliver to P.O.					
S	3300 N	A ST B	LOG 2			200	W FIRST S	UTTE 315				
	City		State	ZIP Required		City City	J. A	State	ZIPReq	uired		
≻ ₩	MIDLAND		Тх	1 3 7	05	ROSW	IFT.T.	NM	8	8202		
S COP	PAYMENT 1 Bill Sender	2 Bill Pecipient's Fe	ON (optional) (First 24 characte	thy FedEx Acci No	4 Bill Credit C Exp	. /	if HOLD AT FEDEX LOCATH Street Address City	State	ZIPReq	uired		
H H	SERVICE (Check only of	S A	DELIVERY AND SPECIAL (Check services re			YOUR DECLARED VALUE (See right)	AND LIM	IONS, DECLARED VAL		Federal Express Use		
YOUR	(Onliney by out business managet)	Standard Overnight Imp by and business alternation the Saturday advery() OTHER PACKAGING	Winekday Ser 1 HOLD AT FEDEX LOCAL 2 DELIN	NON WEEKOAY			Use of this airbill constitutes yo in our current Service Guide, sender's copy of this airbill to vary for Government Overn Service Guide for details.	available upon request. S r information. Service conc	ee back of Micros may	Declared Vake Charge		
EN SYG	16 FEDEX LETTER - 56		Saturday Ser				We will not be responsible package, whether the result miscleinvery, or misinformatio pay an additional charge, and	of loss, damage, delay, no n, unless you declare a hid	m-delivery, sher value.	Ollier 1		
ら 正	13 FEDEX BOX 53	FEDEX BOX		(Fill in Section H) ER SATURDAY Tharge) (Not svalable to all locations)	al Total	Tolał	claim Limitations found in the apply. Your right to recover including intrinsic value of the profit, attorney's lees, costs,	current Federal Express Sec from Federal Express loo backage, loss of sales, incor	rvice Guide any loss, ne interest,	Other 2		
DFG	Economy Two-Day Go	FEDEX TUBE		red 5/20	/94	-	direct, incidental, consequent \$100 or the declared value t exceed actual documented k FedEx Letter and FedEx Pakt	ial, or special is limited to the specified to the left. Recov iss. The maximum Declare vackages is \$500.	e greater of ery cannol d Value for	Total Charges REVISION DATE 12/92		
DROP	30 ECONOMY* 46 * Economy Letter Rain not swelden Mathimum charge: 41 Freight Sen	GOVT LETTER GOVT PACKAGE	11:09 P. Cox	a.m.			In the event of unlimety de request and with some limits paid. See Service Guide for I	tons retund all transportation.	on chaiges	PART 413/2004 EXEM (1994		
a dagta generati	(for packages over	TWO-DAY FREIGHT					Sender authorizes Federal E. obtaining a delivery signal harmless Federal Express t	ure and shall indemnify	and hold			
		"Declared Value Limit \$500 "Call by delivery actuable	12 (Extra charge)		s stor at top	1 Statem	Release Signature:			V A P		

 ${}^{}$

Exploration and Production 3300 North "A" Street Suite 3100 -----Building 2, Suite 120 Midland, Texas 79705 915/686-8235 Fax 915/686-7806

May 17, 1994

Mr. James T. Jennings P. O. Box 1180 Roswell, New Mexico 88202

Re:

e: B&B #2 Well; 2173' FEL and 660' FSL of Section 22, T-19-S, R-25-E, Eddy County, New Mexico

Dear Mr. Jennings:

Nearburg Exploration Company (NEC) owns an 86.05% leasehold interest in the captioned S/2 Section 22 unit. NEC proposes the drilling of the captioned well at the location set forth above to a depth of 9,500' sufficient to test the Morrow formation. The well will be placed in the Cemetery Federal Field if completed as productive which requires a 320-acre spacing unit.

Pursuant to this proposal, enclosed herewith please find Nearburg Producing Company's Authority for Expenditure estimating the cost of the proposed operation, which to casing point is \$439,700 and to completion is \$705,345. Also enclosed please find a proposed Operating Agreement to be used if you elect to participate for your proportionate working interest.

Should you desire not to participate in the proposed operation, NEC will accept a farmout or lease covering your interest, with you reserving a 23% royalty, inclusive of all burdens.

If you desire to sell your interest rather than participate, lease or farmout, NEC will consider this option at a reasonable acquisition price. Please forward to us your sales offer if this is your preference.

We appreciate your review of our well proposal and invite you to participate with us in the drilling of the B&B #2 well.

Thank you for your cooperation.

Very truly yours,

Bob Shelton

Consulting Landman

Enclosures

bob-3\b&bf2.afe

70 FREGHT ** Kontened reservation reg 1 Defensive commitment may be laker to some week.	Economy Two-Day I	16 FEDEX LETTER 12 FEDEX PM 13 FEDEX BOX 14 FEDEX TUBE	Priority C	¥	BUINTENT Some Sander	· ·	HIDLAND	200 BC 400	Sire	Com	From (Your Nar	TURBLE LEADER	
nt may "Call for defense wheelds" The call for defense wheeld the source of the sourc	41		GUN Silari d'ard Over inglit annari Other bruces shimoon	SERVICES (Check only one box)	38 Sender 2 38 Pacipient's FedEx Acc	YOUR INTERNAL BILLING REFERENCE INFORMATION (optional) (First 24 characters will appear on invoice)	AND	N 'A' ST	NEARDURG PRODUCING	BOB SHEELION	► 1 0 0 3 - 3 9 6 9 - 2	XPRUSS ACCO	l
12 (Extra charge)	• Del J.	SATURIA: SALURAN 31 HOLD AI FEDEX LOCATION SATURDAY 3 DELIVER SATURDAY 3 DELIVER SATURDAY 9 CHITIBALY BILLINE 9 SATURALY BILLINE	1 HOLD AT FEDE	Check services required	8	TION (optional) (First 24 chara	۲x	PLUG 2 State	CING COMPANY		5/19/		
_	ivered 5/20/94 58 a.m. Mares	Total	DELIVER WEEKDAY	AL HANDLING	3 Bill Stor Party FedEx Accl. No. 4	clers will appear on involce.)	1970	ZIP Required	λ:4	(915) 686-8235 Department/Floor No			COO TOLL THEL
leet oo	794	Total		MEIGHT YOUR DE CLARED	Bhi Credit Card Exp.		s."	City 111	Exact Street	Company	94 Your Phone Number (Very Important) To (Recipient's Name) Please Print	JA B # 2	7
	FIGURE The model and the specialize to the training secret activity of the model match because as 5000. The model of the secret of unitary objects as 5000 million of the secret of unitary objects and the secret of unitary objects and the secret of unitary objects of the secret of	Processing and a second a secon	Use of INS althit constitute In our current Service Gu sender's copy of this althit very for Government Ov Service Guide for details		City	IF HOLD AT FEDEX LOC Street Address	NOSMELL.	111 SOUTH REATUCKY AVENUE Slate	Exact Street Address (We Cannot Deliver to P.O. Boxes or P.O. Zlp Codes.)	JIMES T. JENNINGS	('s Name) Please Print	ł	•
an famoral summer first more se	Story or me decuted value spenine to the en, necovery cannot stored actual occurrend dost. The nationary Decuted Value for Fords Letter and FedE FAL packages is Store and a large store and with some invalues reformation. Interpret and with some invalues information. Second See Sance Oude for lunter information. Second See Sance Oude for lunter information. Second See Sance Card Express to doine this shipment without Sanche submitting a cabiner for a significant second se	Yre win on the reportant of bary plann in precess or study per package, whether result of bary plann in precess or study per package, whether pression and precession of the pre- response of the pre-study of the press Served Gude apply. Your digit to recrear time in prederi Express Served Gude apply. Your digit to recrear time in prederi Express Served Gude apply. Your digit to recrear time in prederi Express Served Gude apply. Your digit to recrear time in prederi Express Served Gude apply. Your digit to recrear time in prederi Express Served Gude apply. Your digit to recrear time in prederi Express Served Gude apply. Served gits access, and onlike times of dampe whether dract, explored, costequential, or special is invited to the greater of dract.	Used i this athrac constitutes your appearement to the service accorditions in our currents. Service outlooks, we also used to use currents. See tasks of service a coopy of the antrolif to information. Service, accorditions may very to a Coopy near the antrolif to information. Service accorditions of your coopy of the antrolif to information. Service according to your coopy of the antrolif to information. Service according to your coopy of the antrolif to information. Service according to your coopy of the antrolif to information according to the your coopy of the antrolif to information according to the according your coopy of the according to the according to the according to the your coopy of the according to the according to the according to the according to the your coopy of the according to the according to the according to the according to the your coopy of the according to the your coopy of the according to the accordin	SERVICE CONDITIONS, DECLARED VALUE	Slate	IF HOLD AT FEDEX LOCATION, Print FEDEX Address Here Street Address	N.	CKY AVENUE State	P.O. Boxes or P.O. Zlp Codes.)			SUMPR'S COPY	
V S R NI Q JANKU V S V S UN	. - 3 3 5	definery, Cuthor 1 definery, Cuthor 1 en utmety ce Gudde Cuthor 2 http://www.effer whether whether indial Character	onditions Back of Back		ZIP Required	Hera	88201	ZIP Required		(505) (622-R4J2 Department/Floor No	Recipient's Phone Number (Very Important)		

----⁻⁻

: ,

,