



FERTILIZER, INC.

AN EQUAL OPPORTUNITY EMPLOYER

P.O. Box 71 • Corralito, New Mexico 87020
Tel. phone: 505/687-8871

October 9, 1992

Mr. Patrick H. Tower
Enron Oil and Gas Company
P. O. Box 2267
Midland, Texas 79702

RE: Poker Lake Wells

Dear Mr. Tower:

On August 25, 1992, IMC Fertilizer, Inc. notified you by letter that it objected to three of seven wells Enron was proposing in Section 32, T23S, R31E, in what you called Poker Lake 32. The three wells objected to were State Wells Nos. 4, 5, and 7.

We objected to these three wells because they are within 1/2 mile of our LMR. Under Order R-111-P, as you know, wells with bottom hole locations deeper than 5,000 feet are to be located no closer than 1/2 mile to an LMR. We understand these wells are being proposed to the Delaware formation, which is greater than 5,000 feet.

Nevertheless, in an effort to be cooperative, we are withdrawing our objections to these three proposed wells. We are doing this solely because we agreed, in the Industry Agreement which served as the basis for Order R-111-P, to a spacing requirement of 1/4 mile (or 110% of the depth of the ore, whichever is greater) for wells drilled no deeper than to the base of the Delaware Formation. The three wells in issue are more than 1/4 mile from our LMR and meet the 110% of the depth of ore requirement.

Our willingness to withdraw objection to these wells should not be viewed as an exception to R-111-P. Instead, we are simply giving effect to what was agreed to by our two industries, notwithstanding the language used by the Oil Conservation Commission in Order R-111-P.

If you have any further questions regarding this matter, please call me.

Sincerely,

Dan Morehouse
Mine Manager

DM:tmh

cc: Tony Herrell