



April 12, 1995

New Mexico Oil Conservation Division  
District II Office  
324 W. Main Street  
P.O. Drawer DD  
Artesia, NM 88210

Attention Mr. Tim Gum

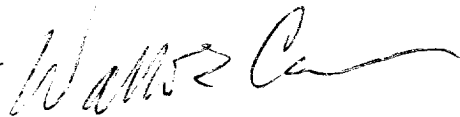
Dear Sirs:

This is to advise that New Mexico Potash Corporation, in a spirit of cooperation, will not oppose the drilling of Pogo Producing Company's proposed State "2" No. 4 well located 1780' FSL & 2310' FEL of Section 2, T-22-S, R-31-E N.M.P.M.

We appreciate POGO's willingness to relocate this hole several hundred feet south from their preferred location to minimize future impact on an area where we believe potash ore exists in mineable quantities. While this hole may waste a very small amount of potash, it's value is probably less than the amount it would cost to fight this issue. Further, we feel this negotiation indicates New Mexico Potash's willingness to cooperate with the oil industry where and when it is practical. Our approval in this instance should in no way be interpreted as a change of our position that economically recoverable potash is being wasted in at least two ore zones penetrated by this and other nearby wells. Nor is this a relinquishment of our right to protest other locations which may in fact further waste potash.

We further expect that appropriate State officials will oversee all portions of this drilling to ensure that each and every safeguard required, e.g. special casing schedules, cementing programs, etc. is completed in accordance with your special regulations relating to oil/gas well drilling in the Potash Enclave.

Very Truly Yours,  
NEW MEXICO POTASH CORPORATION

  
Walter S. Case  
Vice President-Operations

cc: NMOCC, J.E.Nelson, POGO Producing Co.