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Anadarko
EXPL. & DEVEL.

June 12, 1990

Pacific Enterprises Oil Company (USA)
P. O. Box 3083
Midland, TX 79702-3083


Attn: Mr. Craig Clark
Landman

Re: Your Porcupine Prospect #6140
Exxon State 16 #1
Eddy County, New Mexico
APC #3-47-30-015-0169-00

Gentlemen:

Subject to approval of title and execution of a mutually acceptable Joint Operating Agreement, Anadarko Petroleum Corporation will contribute its oil and gas lease covering the NE/4 NE/4 Section 16 to a 320 acre working interest unit (excluding the producing shallower horizons) and participate in the drilling of your proposed Morrow well. At your earliest convenience, please forward your Operating Agreement, Title Opinion, and a more detailed AFE for the drilling of the Test Well.

Yours very truly,


Michael R. Goode
Division Landman

MRG/jad

cc: Becky Campbell - H.G.O.

