

PACIFIC ENTERPRISES OIL COMPANY (USA)

FAXED

November 1, 1990

SOUTHWEST REGION
200 N. Loraine, #400
P.O. Box 3083
Midland TX 79702-3083
(915) 684-3861
(915) 684-6426 (Fax)

Mr. Joe Thomas
Exxon Company, U.S.A.
Post Office Box 1600
Midland, Texas 79702

RE: Porcupine Prospect #6140

Exxon State Com #16-1
1980' FNL and 1980' FEL
Section 16, T-17-S, R-31-E
Eddy County, New Mexico

Dear Mr. Thomas:

Enclosed please find a copy of the Order from the Oil Conservation Division changing the spacing of the Fren-Penn Pool to 320 acres.

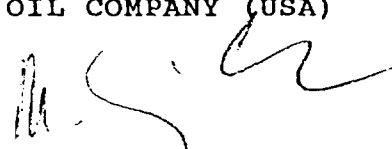
Pacific Enterprises Oil Company (USA) is ready to drill this well and again requests that you either participate with your interest in either the initial well or a one section working interest unit or farmout your interest to Pacific wherein you will deliver a 75% net revenue interest before payout with the option to convert your reserved overriding royalty interest to a 25% working interest. We have already obtained farmouts from other parties for these same terms.

I have enclosed another copy of the Authority For Expenditure for this well. If it meets with your approval, please sign and return one copy. Upon our receipt we will furnish you with a Joint Operating Agreement for your execution. If you wish to farmout, we will be happy to furnish you with a Farmout Agreement.

Pacific will be filing next week an application for Compulsory Pooling for the November 28, 1990 docket. Should you have any questions, please let me know.

Very truly yours,

PACIFIC ENTERPRISES
OIL COMPANY (USA)


M. Craig Clark
Landman

MCC/dsr

bcc: Kellahin, Kellahin & Aubrey
ATTN: Mr. Tom Kellahin

BEFORE EXAMINATION

Rec'd

10/16/90