

dpcc

October 2, 1990

YATES PETROLEUM CORPORATION

AMARANTH "AMG" FEDERAL COM #2  
Surface: 1310' FNL & 2266' FEL  
Bottomhole: 1980' FSL & 660' FEL  
Section 12 T20S-R30E  
Eddy County, New Mexico

EXHIBIT E  
POTASH WAIVER LETTER

Eddy Potash Incorporated  
P.O. Box 31  
Carlsbad, New Mexico 88220

Attention: Mr. Marvin Watts

Re: Waiver of Objection  
Section 1: SW/4 SE/4,  
Section 12: NW/4 NE/4  
T-20-S, R-30-E, N.M.P.M.  
Eddy County, New Mexico

Dear Marvin:

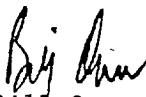
As we discussed last week in your office, David Petroleum Corp. desires to further evaluate acreage in the referenced township. Because this acreage is near some potash mines where your company owns potash leases, the B.L.M. feels it would be advisable to obtain a waiver of objection as to our surface location.

New Mexico Oil Conservation Commission order No. R-111-P provides that a deep well shall be drilled no closer than one-half ( $\frac{1}{2}$ ) mile from the LMR. The enclosed plat indicates a surface area, highlighted in red, which we believe satisfies this restriction. It would be our intent to directionally drill from areas within this circle to bottomhole locations approved by the N.M.O.C.D.

Our exploration plans include purchasing additional seismic data which is available in this area as well as possibly shooting new seismic of our own. If our seismic work proves encouraging we will pursue the available leasehold interests with hopes of drilling an exploratory well.

David Petroleum Corp. and its assigns, request that you waive objection, for a period of five (5) years, to the surface occupancy at this location. If you are agreeable to waiving objection to this location, please so indicate by signing, dating and returning one (1) copy of this letter to David Petroleum Corp. in the enclosed self-addressed and stamped envelope. Please give me a call if you have any questions.

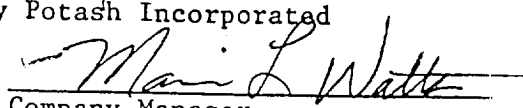
Sincerely,

  
Bill Owen

Agreed and Accepted this 4 day of October, 1990.


Eddy Potash Incorporated

By:

  
Company Manager

**DAVID PETROLEUM CORP.**  
EDWARD K. DAVID, PRESIDENT  
Certified Petroleum Geologist  
Off. 505/622-8850  
Res. 505/622-5267  
116 West First  
Roswell, New Mexico 88201

THE LOUISIANA LAND AND  
EXPLORATION COMPANY

  
S. Keith Frank