



**POGO PRODUCING COMPANY**

**HAND DELIVERED**

March 23, 1995

New Mexico Potash Corporation  
P. O. Box 610  
Hobbs, New Mexico 88240  
Attention: Mr. Walter Case

Re: S. Cabin Lake Prospect NM-560  
Eddy County, New Mexico  
State "2" No. 4 Well  
1980' FSL & 2310' FEL of Section 2,  
T-22-S, R-31-E, N.M.P.M.  
State Lease LH-1523  
Pogo Lease NM-4365

Gentlemen:

Reference is made to our letter dated March 15, 1995 regarding Pogo's desire to drill the captioned well at the above location to test the Delaware formation, with a proposed total depth of 8,500 feet subsurface, and to recent telephone conversations between Mr. Case and the undersigned regarding same.

As discussed, in connection with your request to move the subject well's location south, and Pogo's agreement (pursuant to your request) to move the State "2" #2 Well 330' north of the original desired location (330' FSL & 2310' FEL of said Section 2), Pogo hereby agrees to delay its filing with the New Mexico Oil Conservation Division the subject well's Notice of Intention to Drill and Well Location and Acreage Dedication Plat at the above location, until Pogo reviews the results of the additional drilling activity in said Section 2, which should occur in the immediate future.

After analyzing the results of such additional drilling activity, Pogo will then be in a more knowledgeable position to decide if it desires to move such well's location.

Very truly yours,

POGO PRODUCING COMPANY

  
Terry Gant  
Senior Landman

TG:lf/c:NMPotash

cc: New Mexico Oil Conservation Division  
District II Office  
324 West Main Street  
P. O. Drawer DD  
Artesia, New Mexico 88210  
Attention: Mr. Tim Gum