

PACIFIC ENTERPRISES OIL COMPANY (USA)

July 26, 1990

SOUTHWEST REGION
200 N. Loraine, #400
P.O. Box 3083
Midland TX 79702-3083
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Mr. Mike Goode
Anadarko Petroleum Corporation
Post Office Box 2497
Midland, Texas 79702

RE: Porcupine Prospect #6140

Exxon State Com #16-1
E/2 Section 16, T-17-S, R-31-E
Eddy County, New Mexico

Dear Mr. Goode:

The following is a brief update on the status of the above captioned well:

Pacific Enterprises Oil Company (USA) dismissed Case 9970 due to the fact that the current field rules indicate that spacing for the Morrow formation should be 160 acres instead of 320.


After discussion with our attorney and the hearing examiners, Pacific has decided to file a new application limiting the Fren-Penn Pool to its current geographic boundaries and requesting any new well drilled be based on current statewide rules. At the same time, we will be filing again for compulsory pooling proceedings.

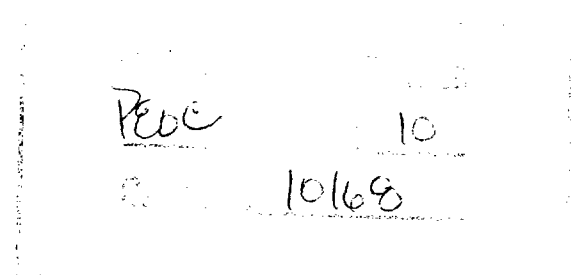
In addition, Pacific has moved the proposed location to 1980' FNL and 1980' FEL of Section 16, T-17-S, R-31-E so that we can attempt a shallower completion if necessary. If you have any objections to this new location, please let me know. Also, we will be naming you in the Pooling proceedings since we have not received an executed Authority For Expenditure and Joint Operating Agreement.

Should you have any questions or problems, please do not hesitate to contact me.

Very truly yours,

**PACIFIC ENTERPRISES
OIL COMPANY (USA)**


M. Craig Clark
Landman


MCC/dsr