

# PACIFIC ENTERPRISES OIL COMPANY (USA)

December 12, 1990

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

Chevron U.S.A. Inc.  
Post Office Box 1150  
Midland, Texas 79702

Attention: Mr. James E. Baca

RE: Jeep Prospect #6250

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Laredo State Com 21-1  
Section 21, T-19-S, R-28-E  
Eddy County, New Mexico

Gentlemen:

Reference is made to your letter of November 19, 1990 and my telephone conversation with Mr. James E. Baca concerning Chevron's offer to farmout its interest in the South Half only of Section 21. After reviewing your letter, Pacific Enterprises Oil Company (USA) would be agreeable to said proposal subject to the following revisions:

1. Page 1, Paragraph 3, Farmout Premises and Interest Earned, Line 9, change "65%" to "75%".
2. Page 1, Paragraph 4, Initial Test Well, Line 3, change "FWL" to "FEL".
3. Page 2, First complete paragraph, Interest Retained by Chevron in Initial Test Well Proration Unit, Line 5, change "35%" to "25%".
4. Page 2, Paragraph 2, Subsequent Test Wells, Line 4, change "35%" to "25%". Line 5, change "65%" to "75%".

As we further discussed, Pacific would be willing to offer a 30% back-in on the initial test well provided however Chevron agrees to farmout its interest in an additional contract area covering the North Half of Section 21. We anticipate moving the rig from the South Half to the North Half and therefore will be proposing the well in the near future.

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Please advise whether either of the above proposals would be agreeable to Chevron. Should you have any questions or problems, please do not hesitate to contact me.

Very truly yours,

PACIFIC ENTERPRISES  
OIL COMPANY (USA)

A handwritten signature in dark ink, appearing to read 'M. S. Clark', with a stylized flourish at the end.

M. Craig Clark  
Landman

MCC/dsr