

TAHOE ENERGY, INC.



PHONE (915) 697-4173 • 3909 W. INDUSTRIAL AVE. • MIDLAND, TEXAS 79703

March 28, 1990

Mobil Exploration & Producing U.S. Inc.
P. O. Box 633
Midland, Texas 79702

Attention: Mr. Mark Haralson
Land Department

Re: Jalmat Gas
E/2, E/2 Section 3, T-25-S, R-37-E
Lea County, New Mexico

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
<u>TAHOE</u>	<u>EXHIBIT NO. 3</u>
<u>CASE NO. 10181</u>	

Dear Mr. Haralson:

This letter is a follow up to our letter of November 15, 1989 requesting the E/2, E/2 of Section 3, T-25-S, R-37-E be added to the existing Farmout Agreement C-4765 in Lea County, New Mexico. This additional 160 +/- acres will be subject to the following:

- 1.) That upon completion of all terms and conditions of the existing Farmout Agreement C-4765, Lea County, New Mexico, assuming Tahoe Energy has performed and satisfied all the terms and conditions of said Farmout Agreement, the (160+/-) acres in the E/2, E/2 of Section 3, T-25-S, R-37-E be added to the existing Farmout Agreement C-4765.
- 2.) That all terms in the existing Farmout Agreement C-4765 would apply the same as if the E/2, E/2 Section 3, T-25-S, R-37-E, Lea County, New Mexico had been included with the original acreage.

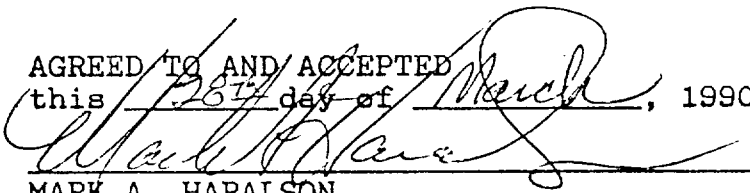
Assuming this request can be acted upon immediately, the E/2, E/2 of Section 3 will be included with the remaining undeveloped acreage in our current action seeking a court ordered schedule for surface damages to be paid to the surface owner, Ms. Rebecca Jo Doom.

Very truly yours,

K. A. Freeman
President

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AGREED TO AND ACCEPTED
this 28th day of March, 1990.


MARK A. HARALSON