

Mosbacher Energy Company

Texas Commerce Bank Building
712 Main Street, Suite 2200
Houston, Texas 77002-3290

December 6, 1988

713 546-2500

George R. Mullins
Route 1
Rogers, NM 88132

Re: N. M. State Well #1-N
Sec. 16 T4S R33E
Roosevelt Co., NM

Dear Mr. Mullins:

Mosbacher Energy Company has contracted with Merriman Construction to cut and level the pits, remove the anchors and clean up the above location for \$800.00. In a conversation with Mr. Vic Vasecek, you indicated that you wanted to reshape and keep the pit as a stock pond. Mr. Don Kassleman of Merriman Construction has indicated that the work you propose will incur some added expense. We are not willing to incur this added expense. If you want the pit to remain in its present form or in a reshaped form, please indicate same by signing in the space provided below and returning one copy of this letter to me in the enclosed envelope. If the pit is to be reshaped, please arrange with Mr. Kassleman for Merriman to bill you directly. ^{Any Amount Over \$500.00} By signing below you agree to be responsible for backfilling the pit if any any time in the future the state requires same.

Please call me at 713-546-2598 if you should have any questions.

Very truly yours,

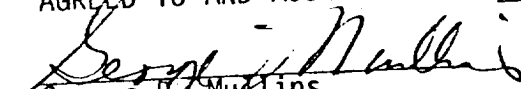


Walter M. Glasgow, Jr.
Vice President, Production

WMG/ft

I, George R. Mullins, want to retain the pit on the above referenced location, and hereby agree to be responsible for any future clean up of same.

AGREED TO AND ACCEPTED this 12 day of December 1988.



George R. Mullins