

JAN-20-98 17:14 From: SANTA FE ENERGY RESOURCES

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T-480 P.02/20 Job-137

**PHILLIPS PETROLEUM COMPANY**4001 PEMBERG
OCESSA, TEXAS 79782EXPLORATION AND PRODUCTION
Permian Profit Center

January 16, 1998

RECEIVED

JAN 16 1998

LAND DEPT.
MIDLAND TX

RE: State "R" Well #1
N/2 Sec 1, T-21-S, R-34-E
Lea County, NM

Gregory Wilhelm
Land Manager
Santa Fe Resources, Inc.
550 W. Texas, Suite 1330
Midland, Texas 79701

Dear Mr. Wilhelm:

As discussed, Phillips has contracted the services of Mr. Tom Kellahin. On 1-15-98, Mr. Kellahin filed a "Motion To Dismiss" (copy attached) NMOCD Case 11887 with the O.C.D. Unfortunately, the O.C.D.'s attorney is out and will not be available for comment until Tuesday of next week. Therefore, we are requesting that Santa Fe file for a continuance in order to provide the O.C.D. ample time to evaluate both parties' positions. }

Thanks again for your patience and understanding. Your prompt attention to this matter is greatly appreciated. Should you have any questions or comments, please contact me directly at (915) 368-1216.

Very truly yours,

PHILLIPS PETROLEUM COMPANY


Randy Lewicki
Land Specialist

cc: Jim Engstrom