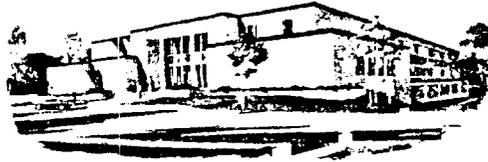


State of New Mexico



W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

October 6, 1988

Phillips Petroleum Company
Attn: Mr. Larry M. Sanders
4001 Penbrook
Odessa, Texas 79762

Re: Surface Commingling
Lease No. B-2229-1 and B-2148-3
Leamex and Philmex Leases
Vacuum Gb/Sa & Maljamar Gb/Sa
Pools, Lea County, New Mexico

Gentlemen:

Reference is made to your application dated September 27, 1988, wherein you have requested our approval to surface commingle production from the Philmex (lease No. B-2229-1) and the Leamex (Lease No. B-2148-3) leases.

It is our understanding that you will surface commingle the production from your Leamex Well Nos. 47 and 48 located in Section 25, Township 17 South, Range 33 East, State Lease No. B-2148-3, with the production from the previously approved wells being the Philmex Well Nos. 18 19, 20, 21, 23, 24, 25, 28, 30 31 and the Leamex Well No.s 43 and 44.

The Commissioner of Public Lands has this date approved your request. Any deviation from your proposed request will be reason to rescind our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

If we may be of further help please do not hesitate to call on us.

Very truly yours,

W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

WRH/FOP/pm
encls.

cc: OCD
B-2229-1 & B-2148-3