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July 19, 1995

Mr. James Bruce Hinkle, Cox, Eaton, Coffield & Hensley, P.L.L.C., LTD., Co. Post Office Box 2068 Santa Fe, New Mexico 87504-2068

Re: Mesa Kirtland 11-1 Well 1190' FNL and 1850' FWL Section 11-T29N-R15W San Juan, New Mexico Cha Cha - Gallup Oil Pool

Dear Mr. Bruce:

This is to acknowledge receipt of your letter of July 7.

I am unaware of any records which indicate that Phillips owns a mineral interest in SE/4 NW/4 of Section 11. I checked San Juan County records on June 12. According to the records, all minerals were reserved by a predecessor in title to Phillips Petroleum Company (see warranty deed dated May 27, 1951 at Book 223, Page 114). In light of this prior mineral reservation, any notice to Phillips Petroleum Company as an unleased mineral owner in these lands is not correct.

If you are aware of any information which indicates that Phillips owns a mineral interest in these lands, please advise me.

Very truly yours,

PHILLIPS PETROLEUM COMPANY

Patrick H. Noah Senior Land Specialist San Juan Basin

(505) 599-3410

cc: Oil Conservation Division 2040 South Pacheo Street Santa Fe, New Mexico 87501 Attn: Michael E. Stoyner