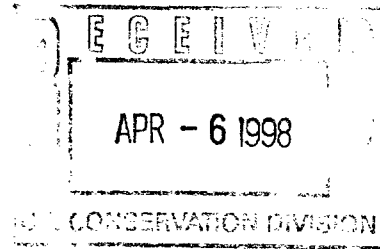


PLAINS PETROLEUM OPERATING COMPANY

a subsidiary of Barrett Resources Corporation



April 3, 1998



Mr. David Catanach
State of New Mexico
Energy Mineral & Natural Resources Dept.
Oil Conservation Division
2040 S. Pacheco St.
Santa Fe, NM 87505-5472

Re: Case No. 11368 (re-opened)
Order No. R-10474

Dear Mr. Catanach:

At the conclusion of yesterday's (4-2-98) hearing of our request to expand the above referenced Order No. R-10474 to now include the NW/4 Section 35, T23S, R37E and the NE/4 Section 34, T23S, R37E, Lea County, New Mexico, you requested a description of the leases in the original area and in the expansion area.

Enclosed is a plat showing leases that we own in the E/2 Section 34 and the W/2 Section 35, T23S, R37E, Lea County, New Mexico. The Eva E. Blinebry Federal Lease (NM LC064118) and the E. C. Hill Federal Lease (NM LC064118) both cover the same identical areas - the Eva E. Blinebry Federal mineral rights only cover from the surface to a depth of 3800', whereas the E. C. Hill Federal Lease has mineral rights from a depth of 3800' to all deeper depths. The Baylus Cade Federal Lease (NM LC034711) covers all depths.

The expansion (NE/4 Section 34 and NW/4 Section 35) is covered by one lease (for the McKee sand depths), that is the E. C. Hill Federal Lease NM LC064118.

Hope the above explanation and enclosed plat answers your questions.

Very truly yours,

PLAINS PETROLEUM OPERATING CO.

James R. Sutherland
District Manager

cc: Mr. Tom Kellahin with attachment

120 acres, more or less, Township 23 South, Range 37 East, NMPM
Section 35: E/2 SW/4 and NW/4 SW/4

Eva E. Blinebry Federal Lease - NM LC 064118

520 acres, more or less, Township 23 South, Range 37 East, NMPM
Section 34: E/2

Section 35: NW/4 and SW/4 SW/4

E. C. Hill Federal Lease - NM LC 064118

520 acres, more or less, Township 23 South, Range 37 East, NMPM
Section 34: E/2

Section 35: NW/4 and SW/4 SW/4

[illegible]

A. BAYLUS CADRE FEDERAL LEASE:

Being 120 acres, more or less, out of that certain Oil and Gas Lease listed below covering the following described lands in Lea County, New Mexico:

Township 23 South, Range 37 East, N.M.P.M.

Section 35: E/2 SW/4 and NW/4 SW/4

<u>Lessor</u>	<u>Lease Date</u>	<u>Recorded Book/Page</u>
United States of America	01/01/40	84/480 Lea Co. Serial No. 034711 U. S. Land Office Las Cruces, New Mexico

B. EVA E. BLINBRY FEDERAL LEASE:

Being 520 acres, more or less, out of that certain Oil and Gas Lease listed below insofar and only insofar as said lease covers those rights and formations from the surface to 3,800 feet subsurface in and beneath the following described lands in Lea County, New Mexico:

Township 23 South, Range 37 East, N.M.P.M.

Section 34: E/2
Section 35: NW/4 and SW/4 SW/4

<u>Lessor</u>	<u>Lease Date</u>	<u>Recorded Book/Page</u>
United States of America	01/01/60	Serial No. 064118 U. S. Land Office, Las Cruces, New Mexico

C. E. C. HILL FEDERAL LEASE:

Being 520 acres, more or less, out of that certain Oil and Gas Lease listed below, insofar and only insofar as said lease covers those rights and formations from 3,800 feet subsurface and below in the and beneath the following described lands, Lea County, New Mexico:

Township 23 South, Range 37 East, N.M.P.M.

Section 34: E/2
Section 35: NW/4 and SW/4 SW/4

<u>Lessor</u>	<u>Lease Date</u>	<u>Recorded Book/Page</u>
United States of America	01/01/60	Serial No. 064118 U. S. Land Office, Las Cruces, New Mexico

EXHIBIT