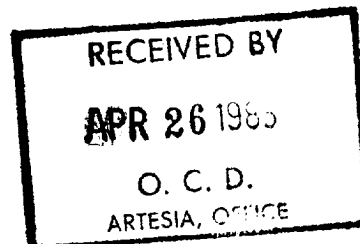




PHILLIPS PETROLEUM COMPANY

ODESSA, TEXAS 79762
4001 PENBROOK

EXPLORATION AND PRODUCTION GROUP
Permian Basin Region
April 24, 1985



Leasehold Production Authorization -
Harris Fed. No. 1 - McClellan Oil Corporation
Unit C, Sec. 21, T-15-S, R-29-E, Eddy County, NM -
Pipeline Proration - Loco Hills/Square Lake

McClellan Oil Corporation
850 United Bank Plaza
Drawer 730,
Roswell, New Mexico 88202

Attn: Mr. Paul Ragsdale
Operations Manager

Gentlemen:

As requested in your captioned letter of April 23, 1985, this is to authorize leasehold production authority for one day on or about May 15, 1985, with a production cap of 50 Mcf/Day. A like amount of production is authorized for each successive month for the duration of subject proration announced by our letter of April 15, 1985. It is understood that this federal lease No. NM-16336 requires monthly production in order to perpetuate the lease contract.

It is requested that Mr. Cleo Brown contact Glenn Donaldson at (505) 677-3154 to correlate the allowed production.

Your cooperation is appreciated.

Very truly yours,

E. E. Clark

EEC:THM:se

cc: New Mexico Oil Conservation Division, Santa Fe, New Mexico
New Mexico Oil Conservation Division, Artesia, New Mexico
BLM/MMS, U.S. Dept. of The Interior, Carlsbad, New Mexico
Mr. Glenn Donaldson