

— BILL L. LEE —

WEST STAR ROUTE, BOX 465
LOVINGTON, NEW MEXICO 88260

August 14, 1989

PENROC OIL CORPORATION
P. O. BOX 5970
HOBBS, NEW MEXICO 88241

ATTN: M. Y. (MERCH) MERCHANT

RE: STATEMENT OF NO OBJECTION

Dear Mr. Merchant:

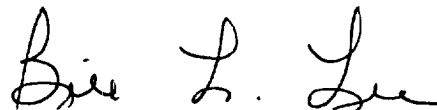
This letter is to advise you that Lee Cattle Company has no objection for Penroc Oil Corporation to install salt disposal facilities at it Lea State "403" No.5 well.

Please note that the Lea "403" lease is located on State Land under lease to R.D.Lee and Bill Lee aka Lee Cattle Company.

If anyone has any questions, please do not hesitate to contact me.

Sincerely,

LEE CATTLE COMPANY

A handwritten signature in cursive script that reads "Bill L. Lee". The signature is written in dark ink and is positioned below the typed name "LEE CATTLE COMPANY".