PHILLIPS 66

PHILLIPS PETROLEUM COMPANY

BARTLESVILLE, OKLAHOMA 74004

EXPLORATION AND PRODUCTION DEPARTMENT

Alexander G. Kaspar   October 4, 1965
Suite 801 First Natl. Bank Bldg.
Midland, Texas   In Reply Refer To: TL
                                        File: 97 Hobbs - HOUSTON #1
Dear Sir: E/2 SE/4 Sec.9-18S-38E, Lea County,
                                              New Mexico - Sta. #15976

The Casinghead Gas Contract covering the captioned property provides for the Buyer
to disburse royalties, overriding royalties, bonus payments and production payments
for the account and on behalf of the Seller as the Seller shall from time to time
direct.

A connection has been made to this lease, therefore, Phillips Petroleum Company,
as Buyer, is obligated to make settlement for the gas as provided in the contract.
Please have the oil purchaser furnish this office a statement setting out the
division of ownership under which the purchaser is currently making payment for
the oil. The statement should contain the following information:

   1. Owners' names and addresses.

   2. Amount of interest, type of interest; i.e.; working interest,
       royalty interest, overriding royalty interest or production
       payment.

   3. Any interest being held in suspense or paid under bond should
       be so designated.

   4. Interests being paid to a bank, trust, etc., should identify
       the party or person for whom the bank, trust, etc., is being
       paid.

It is essential that the oil purchaser furnish the division of ownership listing
direct to us, inasmuch as the transmittal letter serves as a confirmation that
the ownership is current and complete. An extra copy of this letter is enclosed
in the event you desire to transmit a copy to the oil purchaser.

You should submit to us a photostatic copy of the oil and gas lease or leases
and amendments thereto under which you operate the property. To enable us to
prepare Direction Sheets for execution and expedite release of gas proceeds
presently held in suspense, your earliest attention to the above is requested.

                              Very truly yours,

                              ROY D. WILBER, MANAGER
                              LEASE RECORDS

                              By

                                 S. E. Redman

TL:my
Enclosure