Cerrect address as 5/31/38

D.O. Box 644/9

LUTHER W. MCNEELY

P. O. BOX 3578

Midland, Texas 79702

July 4

October 1,1987

Oil Consorm

Oil Conservation Division P. O. Box 1980 Hobbs, New Mexico 88240

Re: Lea State "KN" Lease Lea County, New Mexico

Gentlemen:

Effective October 1, 1987 at 7:00 a.m., Luther McNeely purchased Chevron's interest in the Lea State "KN" Lease and succeeds Chevron as the Operator.

Enclosed in quintuplicate are Form C-104 which have been executed by me indicating the change in ownership.

I would appreciate your dispersing these forms to the appropriate parties after they have been approved. If anything further is necessary, please do not hesitate to contact me.

Sincerely,

Luther W. McNeely

BEM/bjw Enclosures

cc: Chevron USA Inc. Luther W. McNeely