Administrative Order DHC-2924 Phillips Petroleum Company July 10, 2001 Page 2

| Wildcat-Atoka Gas Pool | Oil-100% | Gas-67% |
|----------------------------|----------|---------|
| West Osudo-Morrow Gas Pool | Oil-0% | Gas-33% |

Subsequent to 2001, the gas production from each pool shall be allocated in accordance with the following schedule. In addition, the oil production from each pool shall be allocated at a constant rate of 100% to the Strawn and 0% to the Morrow formation.

| Year | Atoka Gas Allocation (%) | Morrow Gas Allocation (%) |
|-------------------|-----------------------------|------------------------------|
| 2002 | 76 | 24 |
| 2003 | 79 | 21 |
| 2004 | 81 | 19 |
| 2005 | 82 | 18 |
| 2006 | 83 | 17 |
| 2007 | 84 | 16 |
| 2008 | 84 | 16 |
| 2009 | 90 | 10 |
| 2010 & Subsequent | 100 | 0 |

REMARKS: The operator shall notify the Hobbs District Office of the Division upon implementation of commingling operations.

Pursuant to Rule 303.C.(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 10th day of July, 2001.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

authornory by De

LORI WROTENBERY Director