

South Plains Financial, Inc.

2520032905385

December 29, 1998

Top Hat Plan Exemption
Pension & Welfare Benefits Administration
Room N-5644
U. S. Department of Labor
200 Constitution Avenue, N.W.
Washington, D.C. 20210

Re: **Alternative Method of Compliance with Reporting and Disclosure Requirements
Per Section 2520.104-23 of the Department of Labor Regulations**

Gentlemen:

This statement is being filed in accordance with the requirements of the captioned regulations and also in lieu of filing Internal Revenue Service Form 5500:

I. EMPLOYER NAME, ADDRESS AND TAXPAYER IDENTIFICATION NUMBER:

South Plains Financial, Inc.
5211 Brownfield Highway
P. O. Box 5060
Lubbock, Texas 79408
Taxpayer Identification Number: 75-2453320

II. STATEMENT AS TO PLAN:

South Plains Financial, Inc. maintains, at the above address, the South Plains Financial, Inc. Stock Appreciation Rights Plan ("Plan") primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees. The Plan has nine (9) participants.

III. ERISA COMPLIANCE:

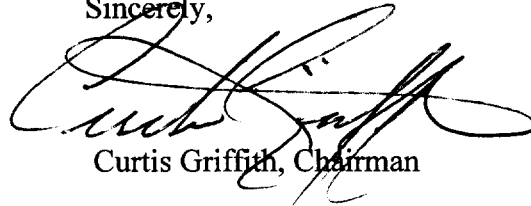
The Employer is making this filing solely as a protective measure in the event its Plan would be determined to be an employee benefit plan as defined in section 3(3) of ERISA.

This form and this filing are not, and shall not be construed as, an admission by the Employer that the Plan is an employee benefit plan subject to ERISA for all purposes.

IV. COPY OF PLAN:

A copy of the plan will be provided to the Department of Labor upon request.

Sincerely,

A handwritten signature in black ink, appearing to read "Curtis Griffith", written in a cursive style.

Curtis Griffith, Chairman