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ARTESIA, OFFICE

CHEVRON U.S.A. INC.  
Pacheco Federal Lease

Application For An Unorthodox  
Surface Location Of  
760' FSL and 1580' FWL  
Section 31, T19S, R28E  
and  
Directional Drilling Approval  
To A Standard Bottom-Hole Location  
760' FSL and 1980' FWL  
Section 31, T19S, R28E  
Eddy County, New Mexico

WAIVER TO OBJECTION

We, the undersigned, as an offset operator, waive any objection to Chevron U.S.A. Inc.'s application for NMOCD approval of an Unorthodox Surface Location and Directional Drilling to a Standard Bottom-Hole Location for a well in the Fade-Away Ridge Delaware Field. The Unorthodox Surface Location will be 760 feet FSL and 1580 feet FWL, Section 31, T-19-S, R-28-E, NMPM, Eddy County, New Mexico. The Projected Standard Bottom-Hole Location is 760 feet FSL and 1980 feet FWL of Section 31. The oil proration unit to be assigned to this well will comprise the SE/4 SW/4 of Section 31, T-19-S, R-28-E, NMPM, Eddy County, New Mexico.

Company: PENROC OIL CORPORATION  
Representative: M. Y. (Merch) Merchant  
Signature: [Handwritten Signature]  
Title: PRESIDENT  
Date: 11/14/90