

re: Exxon applications for Downhole Commingling.

David,

As I was coming to Santa Fe, I brought this waiver from Southland. Per our discussions last week, Southland now holds Aztec's interest in the leases offsetting Exxon's "V" State Lease. Please call if I can answer any questions; I regret that I missed you.

W A I V E R

Bill Duncan
Exxon (915) 686-4105

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501

Attention: Mr. David Catanach

Gentlemen:

This is to advise that the undersigned has been given due notice that Exxon Corporation has applied to downhole commingle the following zones in these wells, all located in Section 10, T-21-S, R-37E, Lea County, New Mexico:

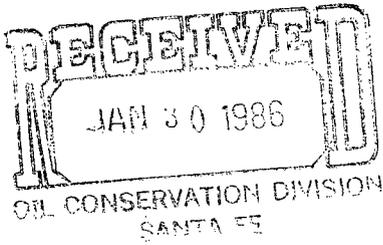
| <u>Well</u> | <u>Proposed Commingled Zones</u> |
|---|----------------------------------|
| New Mexico "V" State #1 660' FSL & FWL of Section | Blinebry, Drinkard |
| New Mexico "V" State #3 660' FSL, 1980' FEL of Section | Blinebry, Drinkard |
| New Mexico "V" State #6 1980' FSL & FEL of Section | Blinebry, Drinkard |
| New Mexico "V" State #8 2100' FSL, 760' FEL of Section | Blinebry, Drinkard |
| New Mexico "V" State #11 2080' FSL & FWL of Section | Blinebry, Drinkard, Tubb |

We hereby waive any objections to the granting of the above applications.

Executed this 28th day of January, 1986.

Company Southland Property Co.

By: [Signature]



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P. O. Box 2088
Santa Fe, NM 87501

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Company Southland Royalty Co.
By: [Signature]