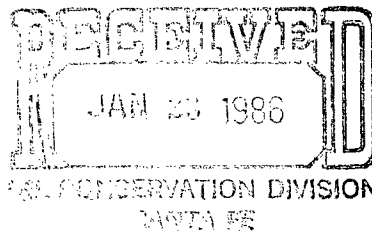


EXXON COMPANY, U.S.A.

POST OFFICE BOX 1600 • MIDLAND, TEXAS 79702-1600



PRODUCTION DEPARTMENT
SOUTHWEST/ROCKY MOUNTAIN DIVISION

January 20, 1986

*Downhole Commingling of
N.M. "V" State #11
Lea County, New Mexico*

*Southland Royalty Company
21 Desta Dr.
Midland, TX 79705*

Gentlemen:

Aztec Energy Corporation has informed us that Southland Royalty Company now holds what were their leases offsetting our N. M. "V" State Lease in Lea County, New Mexico. By copy of our previously submitted applications, we are informing you as an offset operator of our proposal to downhole commingle production in the captioned well.

Yours truly,

James D. Howell

JDH:djc

Certified Mail

c: w/o Attachment
Mr. David Catanach
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501

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