

EI**BAHLBURG EXPLORATION INC.**

Post Office Box 866937 • Plano • Texas • 75086-6937 • (214) 867-2575 • Fax (214) 867-6745

May 5, 1995

Mr. C. Robert Crawford
BTA Oil Producers
104 S. Pecos
Midland, TX 79701

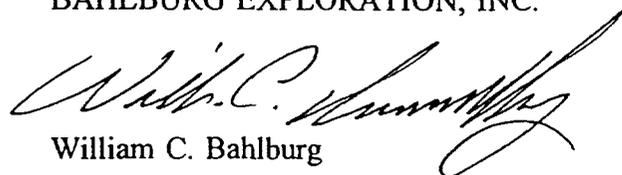
RE: WAIVER
Unorthodox Well Locations
W/2 Sec. 25 and E/2 Sec. 26
T-13-S, R-37-E, N.M.P.M.
Lea County, New Mexico

Dear Bob:

Bahlburg Exploration, Inc. plans to seek approval from the New Mexico Oil Conservation Division for one or more unorthodox well locations in the King Field Devonian and Wolfcamp pools. As we have discussed, our recent 3-D seismic survey over the referenced acreage has identified a structure which lies directly under the section line between sections 25 and 26, T13S, R37E. We intend to drill one or more well locations which would most likely be closer than the minimum 330 ft. distance from the section line. This seems to be the only prudent approach to testing and developing the identified structure. As an offset leasehold owner to any such unorthodox well location we respectfully request your agreement to waive your right to object or protest to the application(s) of Bahlburg Exploration, Inc. (or designated successor operator) seeking approval of such unorthodox wellbore locations for any wells drilled on the referenced lands.

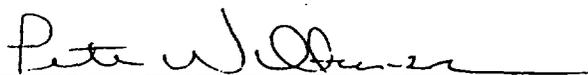
If you agree to waive your right to object and protest to our application seeking approval for an unorthodox well location(s) for any wells drilled on the referenced lands, please so indicate your acceptance and approval by executing this letter in the space provided below and returning one (1) copy to the undersigned at your earliest convenience.

Very truly yours,
BAHLBURG EXPLORATION, INC.


William C. Bahlburg

This Waiver ACCEPTED and AGREED TO this 22nd day of May, 1994.

BTA OIL PRODUCERS

By: 

Title: EXPLOITATION MGR.