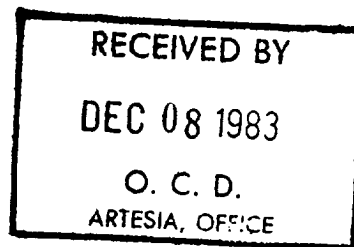


EXXON COMPANY, U.S.A.
POST OFFICE BOX 1600 • MIDLAND, TEXAS 79702

PRODUCTION DEPARTMENT
MIDCONTINENT DIVISION
THOMAS J. TIBBITTS
REGULATORY AFFAIRS MANAGER

December 5, 1983



Mr. Walter Gerrels, Mayor
City of Carlsbad
Municipal Building
Carlsbad, New Mexico 88220

Dear Mr. Gerrels:

Attached for your use is a map showing lease ownership and other available information of oil and gas operations in the Carlsbad area. The yellow acreage is Exxon operated. We recently received drilling permits from the BLM for Mary Federal #2 and Squaw Federal #2 in Section 24 and Section 13, T23S, R25E, respectively.

The water produced from our New Mexico DI State lease, located in Section 19, T23S, R26E, is normally hauled by Broom Corp. of Roswell to their Grace Disposal System located south of Carlsbad. When the Grace Disposal System is at capacity, the water is hauled to the Loco Hills Salt Water Disposal System near Loco Hills.

If you have any questions on our operations, please give me a call.

TJT:jb

xc: Mr. Les Clements
Mr. Joe D. Ramey
Mr. James L. Wright