

RICHARD P. REEVE
OIL & GAS PROPERTIES
P. O. BOX 9938
MIDLAND, TEXAS 79708

KLM
mailed
2/2/93
NK

TO: Tom Olle
Meridian Oil, ("Meridian")
Midland, Texas

16 December 1992

RE: Notification of Meridian's intent to drill a non-standard proration unit. Location of drill site being the NE/4 NE/4 Section 7, Township 26 South, Range 37 East, Lea County, New Mexico. Unit designation: E/2 E/2 or 160 acres of the same section.

Richard P. Reeve et al as owners and the Bruce A. Wilbanks Company as operator, collectively herein referred to as "we" or "us", of tracts offsetting the subject well and its proration unit, agree to waive rights to protest the staking the well on this non-standard unit with the following conditions:

1. Meridian Oil agrees to accept and waive any protest to any non-standard or new spacing rules which we may propose for gas wells on our lands, same lands being confined to Tract "A" below, provided, however, that such rules call for gas well spacings equal to or greater than 80 acres on Tract A and that any revision to said spacing rules for any of the tracts shall call for newly drilled gas wells to be a minimum of 660' from lease lines. We agree without protest to the same terms for Meridian to propose for gas wells drilled on Tract B. Both parties agree that this agreement is limited to the base of the Yates/7 Rivers formations or 3500', whichever is the greater depth.

TRACT A: W/2 E/2 of Section 7, Township 26 South, Range 37 East
TRACT B: E/2 E/2 of Section 7, Township 26 South, Range 37 East

2. This agreement shall be binding on our and Meridian's heirs, successors, assigns, or personal representatives. If the above is Meridian's understanding of this agreement, then please so indicate by executing in the appropriate space, and this shall become a binding contract.

Very truly yours,

BRUCE A. WILBANKS COMPANY



Richard P. Reeve



By: Bruce A. Wilbanks, President

ACCEPTED AND AGREED THIS 25th DAY OF January 3 ~~DECEMBER~~, 1992

MERIDIAN OIL

BY: Dennis Hledge
ITS: Regional Land Mgr.

BEFORE EXAMINER STOGNER
Oil Conservation Division
<u>Meridian</u> Exhibit No. <u>5</u>
Case No. <u>10659</u>