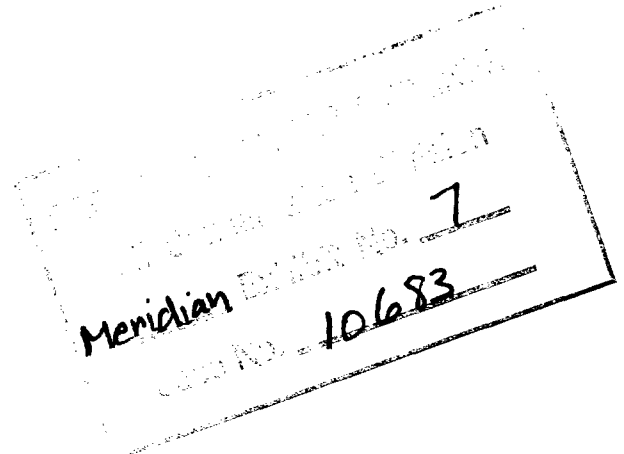# MERIDIAN OIL

January 18, 1993

Mr. Michael Stogner, Engineer
State of New Mexico
Energy, Mineral and Natural Resources Dept.
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico

Re: 120 Acre Non-Standard Proration Unit
        Gregory B #2
        T26S, R37E,
        NE/4 NE/4 & S/2 NE/4 Section 15
        Yates-Seven Rivers Gas Pool
        Lea County, New Mexico

Dear Mr. Stogner:

Reference is made to your letter of December 10, 1992 addressed to Ms. Maria Perez of Meridian Oil's Regulatory Group concerning administrative application for a 120 acre non-standard gas spacing and proration unit for the proposed Gregory B #2. Please be advised that El Paso Production Company (Meridian Oil) owns 100% of the gas operating rights from the surface to 4000 feet beneath the surface. Mr. Hartman challenged Meridian's rights in his letter addressed to me dated January 7, 1993. This ownership is more completely set out in my letter addressed to Doyle Hartman, a copy of which is enclosed for your perusal. Mr. Hartman also stated that he would not be in agreement to farm-out his interest in the NW/4 NE/4 of Section 15 to Meridian, nor would he contribute his 40 acre tract to the drilling of the Gregory B #2 which would allow for a 160 acre proration unit if pooled with Meridian's 120 acres.

Therefore, Meridian Oil respectfully requests administrative approval of a non-standard gas proration unit encompassing 120 acres, being the NE/4 NE/4 & S/2 NE/4 Section 15, T26S, R37E, Lea County, New Mexico. Per letter of December 18, 1992, Patrick R. Worrell, Engineer for Doyle Hartman waived any objection to Meridian's application for a 120 acre non-standard gas proration unit.

If further information is needed, you may contact me directly at (915) 688-6928, or Mr. Tom O'Donnell, Reservoir Engineer at (915) 688-6829. Thank you for your assistance concerning this matter.

Very truly yours,

MERIDIAN OIL INC.

Leslyn M. Swierc, CPL
Petroleum Landman

LMS/lg

cc: Tom O'Donnell
        Dennis Sledge