

MERIDIAN OIL

August 23, 1991

Mr. Floyd Prando, Director
State of New Mexico
Office of Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

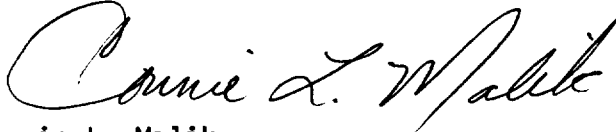
RE: MERIDIAN OIL INC.
OCD COMMINGLE PERMIT PC-780
State Lease Nos. V-1357 and E-10001
Section 16, T-18-S, R-32-E

Dear Mr. Prando:

This is in reply to your letter dated August 19, 1991 (copy attached) concerning the above referenced facility. The Young 16 State well will be continuously metered through a heater treater, not unlike it would be if production were not commingled. Production will be reported separately to our settlement department so that the different royalty rates will remain individual.

I hope that this answers the questions you had. If you need further assistance, please contact me at (915) 686-5681.

Sincerely,



Connie L. Malik
Regulatory Compliance Rep.

CLM/cm

cc: Well Files - (Young 16 St. # 1, Mitchell 16 St. #1, #2, #3)
Lease File - (Mitchell 16 State)
D.D. McBee
Reading File