

# MERIDIAN OIL

March 17, 1992

Dear Joint Working Interest Owners:

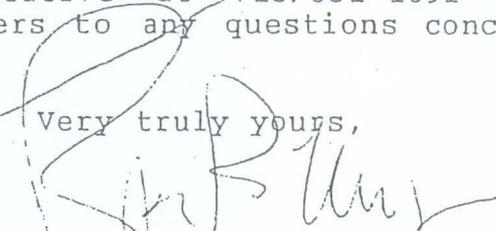
Our records reflect that you are a joint working interest owner in a well or wells operated by one of the following Meridian Oil production affiliates, Meridian Oil Inc., Meridian Oil Production Inc., Southland Royalty Company or El Paso Production Company, collectively referred to herein as "Meridian Oil." Under the terms of various Joint Operating Agreements, Meridian Oil, as operator, has the right to sell the gas of those parties failing to dispose of their share of gas. The purpose of this letter is to notify you that effective May 1, 1992, Meridian Oil will no longer exercise this right.

Meridian Oil encourages you to immediately begin to investigate the marketing opportunities available to you and to have your arrangements in place prior to May 1, 1992. As previously communicated in our letter dated August 12, 1991, Meridian Oil sells its undedicated gas at the wellhead to its marketing affiliate, Meridian Oil Trading Inc. Under separate cover, you can anticipate receiving an offer from Meridian Oil Trading Inc. to purchase your gas pursuant to the terms of a gas contract.

Beginning May 1, 1992, Meridian Oil, as operator, will not sell gas attributable to your interest under the terms of any Joint Operating Agreements. If you choose not to sell your gas, the respective Joint Operating Agreements and the appropriate balancing agreements in place will control your right to production volumes and revenues. If no such agreements exist, applicable state laws will be applied.

If you desire to sell your gas to a purchaser other than Meridian Oil Trading Inc., which you are free to do, you will be required to comply with the scheduling procedures of Meridian Oil, any gatherer or transporting pipeline. You may call a Meridian Oil representative at 713/831-1691 during normal business hours for answers to any questions concerning scheduling procedures.

Very truly yours,

  
Randolph P. Mundt  
Senior Vice President

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