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Via Fax

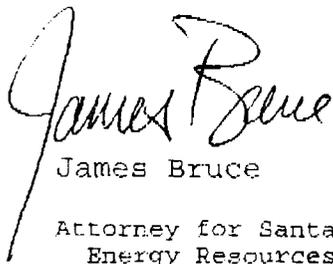
Michael E. Stogner  
New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Re: Case 11787; Application of Santa Fe Energy Resources,  
Inc. for compulsory pooling and an unorthodox gas well  
location, Lea County, New Mexico

Dear Mr. Stogner:

Regarding the above case, enclosed is a copy of Order No. R-10360,  
which approved the Abe Unit Agreement.

Very truly yours,

  
James Bruce  
Attorney for Santa Fe  
Energy Resources, Inc.

R. W. Byram & Co. - June, 1995

SECTION V

New Mexico Page 553

(EAST CORBIN DELAWARE UNIT - Cont'd.)

(6) This order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico and the Director of the appropriate agency of the United States Department of the Interior; this order shall terminate ipso facto upon the termination of said unit agreement; and the last unit operator shall notify the Division immediately in writing of such termination.

(7) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

Exhibit "A"

CASE NO. 11207  
DIVISION ORDER NO. R-10317  
MERIDIAN OIL, INC.

EAST CORBIN DELAWARE UNIT AREA

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM LEA COUNTY,  
NEW MEXICO

- Section 15: S/2 SW/4
- Section 16: SW/4, NE/4 SE/4, and S/2 SE/4
- Section 21: NE/4, N/2 NW/4, and SE/4 NW/4
- Section 22: N/2 NW/4 and SW/4 NW/4.

Comprising a total of 760 acres, more or less, 400 acres which are Federal (52.63%) and the remaining 360 acres (47.37%) which are State.

ABE UNIT  
Lea County, New Mexico

Order No. R-10360, Approving the Abe Unit Agreement, Lea County, New Mexico, May 3, 1995.

Application of Santa Fe Energy Resources, Inc. for a Unit Agreement, Lea County, New Mexico.

Case No. 11260  
Order No. R-10360

ORDER OF THE DIVISION

BY THE DIVISION: This cause came on for hearing at 8:15 a.m. on April 20, 1995, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 3rd day of May, 1995, the Division Director, having considered the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Santa Fe Energy Resources, Inc., seeks approval of the Abe Unit Agreement and Area for all oil and gas in any and all formations underlying 3,200.00 acres, more or less, of State (3,160 acres) and fee (40 acres) lands in Lea County, New Mexico, as further described in Exhibit "A" attached hereto and made a part hereof.

(3) No interested party appeared and objected to the proposed unit.

(4) All plans of development and operation, and creations, expansions or contractions of participating areas, or expansions or contractions of the unit area should be submitted to the Director of the Division for approval.

(5) Approval of the proposed unit agreement should promote the prevention of waste and protection of correlative rights within the unit area.

IT IS THEREFORE ORDERED THAT:

(1) The Abe Unit Agreement, executed by Santa Fe Energy Resources, Inc., is hereby approved for all oil and gas in any and all formations underlying 3,200.00 acres, more or less, of State (3,160 acres) and fee (40 acres) lands in Lea County, New Mexico, as further described in Exhibit "A" attached hereto and made a part hereof.

(2) The plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided however, notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty or obligation which is now, or may hereafter be, vested in the Division to supervise and control operations for the unit and production of oil and gas therefrom.

(3) The unit operator shall file with the Division an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; in the event of subsequent joinder by any other party expansion or contraction of the unit area, the unit operator shall file with the Division, within 30 days thereafter, counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) All plans of development and operation, all unit participating areas and expansions or contractions of the unit area, shall be submitted to the Director of the Oil Conservation Division for approval.

(5) This order shall become effective upon the approval of said unit agreement by the appropriate agency of the United States Department of Interior and the Commissioner of Public Lands for the State of New Mexico; this order shall terminate ipso facto upon the termination of said unit agreement; and the last unit operator shall notify the Division immediately in writing of such termination.

(6) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

EXHIBIT "A"  
CASE NO. 11260  
ORDER NO. R-10360  
ABE UNIT AGREEMENT  
LEA COUNTY, NEW MEXICO

TOWNSHIP 21 SOUTH, RANGE 33 EAST, NMPM  
Sections 21 and 22: All  
Sections 27 through 29: All