June 18, 1996

Certified Mail-Return Receipt Requested

BEFORE EXAMINER CATANACH OIL CONSERVATION DIVISION

Henry P. Isham, Jr. Deceased First National Bank Of Chicago Agent For V.M. Isham & R.T. Isham Trustee Of Henry P. Isham Estate 1400 One Dallas Center Dallas, TX 75201

RE:

MERIDIAN OIL INC.

OFFER TO PURCHASE NON-PRODUCING INTEREST

FEDERAL LEASE SF 078389

T31N-R10W, NMPM

Section 3: Lots 10 thru 13, SW/4

Section 4: SE/4

Section 9: Lots 3 thru 12, N/2 NE/4 Section 10: Lots 1 thru 7, NW/4 NW/4

San Juan County, New Mexico

Gentlemen:

According to our records you own a 0.80595% interest in the operating rights in the referenced Federal Lease. Your interest in operating rights is located below any producing formations and is separate from the interest you own in the producing shallow formations. Meridian Oil Inc. is operator of the wells and owner of the operating rights in this lease in the producing formations.

In an effort to consolidate the lease record, Meridian would like to purchase your non-producing interest in this lease for \$100.00.

If you are interested in selling your non-producing operating rights to Meridian, please sign below and return this letter in the enclosed self-addressed stamped envelope. As soon as Meridian receives your signed letter, you will be sent the assignment forms. Once these are executed and accepted by Meridian, you will be sent a check in the amount of \$100.00.

If you have any questions, please give me a call COLLECT at (970) 259-5242 in Durango, Colorado.

Walter S. Parks Contract Lease Analyst

AGREED TO AND ACCEPTED THIS	DAY OF	, 1996
AGREED TO AND ACCEPTED THIS.	DAT OI	