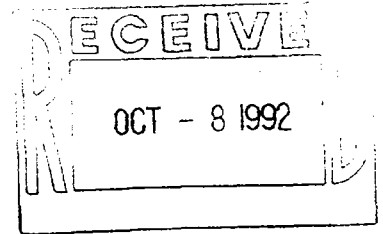


MERIDIAN OIL

October 6, 1992

Gene Shumate
Siete Oil & Gas Corporation
P. O. Box 2523
Roswell, New Mexico 88202



Re: Proposed Siete Oil & Gas Corporation-Parkway Delaware Unit
SW/4 SE/4 of Section 26;
All of Section 35, save and except the SW/4 SW/4;
W/2 W/2, SE/4 NW/4 and NE/4 SW/4 of Section 36
All in T-19-S, R-29-E,
NW/4 NE/4 Section 2
T-20-S, R-29-E
Eddy County, New Mexico
110483-00, 108682-00

Gentlemen:

Over the past two years extensive work has been performed in anticipation of unitizing the Delaware formation under the captioned acreage for the purpose of waterflooding. Siete Oil & Gas Corporation has now proposed to Southland Royalty Company, as well as the other working interest owners in the captioned acreage, the formation of the Parkway Delaware Unit. Southland has completed its review of the proposed unit and the documents associated with its formation, development and operation. Meridian strongly supports the formation of this unit. The unit configuration and tract participation which are detailed in the UNIT AGREEMENT AND UNIT OPERATING AGREEMENT are acceptable to Southland. The appropriate Southland Royalty Company representative is prepared to execute these documents subject to minor changes proposed by Southland, and subject to our review and approval of any amendments proposed by the other potential working interest owners in the unit.

I look forward to hearing from you concerning the successful formation of this unit. If you have any questions or comments concerning this matter, please contact the undersigned.

Very truly yours,

MERIDIAN OIL INC.

A handwritten signature in dark ink, appearing to read "Don W. Davis". The signature is fluid and cursive, with a large, stylized "D" and "A".

Don W. Davis
Area Landman

DWD/lg

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
SIETE OIL & GAS CORP. EXHIBIT NO. 5
CASE NO. 10618 and 10619

cc: Dennis Sledge
Terry Huchton
Mo Gaddis



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

September 14, 2002

Nance Petroleum Corporation
550 N 31st Street, Suite 500
Billings, Montana 59101

Attn: Mr. Thackeray

**RE: Injection Pressure Increase
Parkway Delaware Unit Well No. 601
(API No. 30-015-26433)
Eddy County, New Mexico**

Dear Mr. Thackeray:

Reference is made to your request received in our office on September 3, 2002, to increase the surface injection pressure on the above referenced well. This request is based on a step rate test conducted on the well. We have reviewed the test results and feel an increase in injection pressure on this well is justified at this time.

You are therefore authorized to increase the surface injection pressure on the following well:

<i>Well Location</i>	<i>Maximum Surface Injection Pressure</i>
Parkway Delaware Unit Well No. 601	1225 PSIG
Located in Lot 2 of Section 2, Township 20 South, Range 29 East, Eddy County, New Mexico.	

The Division Director may rescind this injection pressure increase if it becomes apparent that the injected water is not being confined to the injection zone or is endangering any fresh water aquifers.

Sincerely,

Lori Wrotenbery
Director

LW/wvj
cc: Oil Conservation Division - Artesia
Files: R-9822; PSI-X-2002
Case 10619



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor
Joanna Prukop
Cabinet Secretary

August 27, 2003

Lori Wrotenbery
Director
Oil Conservation Division

Nance Petroleum Corporation
P.O. Box 7168
Billings, Montana 59103

Attn: Mr. Mike Mungas

**RE: Injection Pressure Increase,
Parkway Delaware Unit Waterflood Project
Eddy County, New Mexico**

Dear Mr. Mungas:

Reference is made to your request dated July 29, 2003, to increase the surface injection pressure on thirteen injection wells within the Parkway Delaware Unit Waterflood Project, Parkway-Delaware Pool, Eddy County, New Mexico. This request is based on step rate tests conducted in May and July, 2003. The results of the test have been reviewed by my staff and we feel an increase in injection pressure on these wells is justified at this time.


You are therefore authorized to increase the surface injection pressure on the following wells:

WELL NAME & NUMBER	MAXIMUM SURFACE INJECTION PRESSURE
Parkway Delaware Unit No. 302, Unit E, Section 35, T-19S, R-29E API No. 30-015-26006	1225 psi
Parkway Delaware Unit No. 505, Unit L, Section 35, T-19S, R-29E API No. 30-015-26029	1225 psi
Parkway Delaware Unit No. 204, Unit D, Section 35, T-19S, R-29E API No. 30-015-26143	1225 psi
Parkway Delaware Unit No. 601, Lot 2, Section 2, T-20S, R-29E API No. 30-015-26433	1225 psi
Parkway Delaware Unit No. 303, Unit F, Section 35, T-19S, R-29E API No. 30-015-27445	1225 psi
Parkway Delaware Unit No. 506, Unit J, Section 35, T-19S, R-29E API No. 30-015-27464	1225 psi

WELL NAME & NUMBER	MAXIMUM SURFACE INJECTION PRESSURE
Parkway Delaware Unit No. 304, Unit G, Section 35, T-19S, R-29E API No. 30-015-29503	1225 psi
Parkway Delaware Unit No. 507, Unit G, Section 35, T-19S, R-29E API No. 30-015-29504	1225 psi
Parkway Delaware Unit No. 205, Unit H, Section 35, T-19S, R-29E API No. 30-015-30026	1225 psi
Parkway Delaware Unit No. 703, Unit I, Section 35, T-19S, R-29E API No. 30-015-30027	1225 psi
Parkway Delaware Unit No. 704, Unit I, Section 35, T-19S, R-29E API No. 30-015-30028	1225 psi
Parkway Delaware Unit No. 508, Unit J, Section 35, T-19S, R-29E API No. 30-015-30029	1225 psi
Parkway Delaware Unit No. 509, Unit P, Section 35, T-19S, R-29E API No. 30-015-30030	1225 psi

The Division Director may rescind this injection pressure increase if it becomes apparent that the injected fluid is not being confined to the injection zone or is endangering any fresh water aquifers.

Sincerely,



Lori Wrotenberg
Director

LW/DRC

cc: Oil Conservation Division - Artesia
Files: IPI-205, PMX-186, PMX-196; WFX-685,
✓ Case File-10619
PSI-X-2003



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell District Office

P.O. Box 1397

Roswell, New Mexico 88202-1397



IN REPLY
REFER TO:

Parkway Delaware Unit, NMNM88491X
3180 (065)

DEC 02 1992

Siete Oil & Gas Corporation
Attention: Mr. Robert Lee
P. O. Box 2523
Roswell, New Mexico 88202

Gentlemen:

Your application of April 3, 1992, filed with the BLM requests the designation of the Parkway Delaware Unit area, embracing 920.00 acres, more or less, Eddy County, New Mexico, as logically subject to secondary operations under the unitization provisions of the Mineral Leasing Act as amended.

Pursuant to unit plan regulations 43 CFR 3180, the land requested as outlined on your plat marked Siete Oil & Gas Corporation, Parkway Delaware Unit, Eddy County, New Mexico, is hereby designated as a logical unit area for the purpose of conducting secondary recovery operations and has been assigned No. NMNM88491X. Waterflooding will be limited to the following interval: That interval underlying the Unit Area, commonly known as the Parkway Delaware Pool, including fifty (50) feet above and below the upper and lower limits, respectively, of said pool, which is indicated in the electric log of the Osage Federal No. 1, 1980' S and 1980' E, sec. 35, T. 19 S., R. 20 E., Eddy County, New Mexico. This designation is valid for a period of one year from the date of this letter.

Your basis for allocation of unitized substances and your proposed form of unit agreement are acceptable. You will be notified if corrections need to be made to Exhibits A or B.

If conditions are such that further modification of said standard form is deemed necessary, three copies of the proposed modifications with appropriate justification must be submitted to this office for preliminary approval.

In the absence of any type of land requiring special provisions or any objections not now apparent, a duly executed agreement identical with said form, modified as outlined above, will be approved if submitted in approvable status within a reasonable period of time. However, notice is hereby given that the right is reserved to deny approval of any executed agreement submitted which in our opinion, does not have the full commitment of sufficient lands to afford effective control of operations in the unit area.

When the executed agreement is transmitted to the BLM for approval, include the latest status of all acreage. In preparation of Exhibits "A" and "B", follow closely the format of the sample exhibits attached to the reprint of the aforementioned form.

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
SIETE OIL & GAS CORP. EXHIBIT NO. 3
CASE NO. 10618 and 10619

FAOSIMILE TRANSMISSION

Confidential:

TO: Mr. Robert Lee

FROM: Mr. Robert Lee

PAYED: 0.00

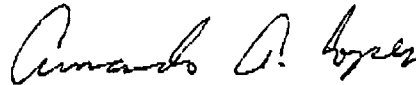
REMARKS:

10/1/92

2

Inasmuch as this unit agreement involves State land, we are sending a copy of the letter to the Commissioner of Public Lands. Please contact the State of New Mexico before soliciting joinders regardless of prior contacts or clearances from the state.

Sincerely,



Armando A. Lopez
Assistant District Manager,
Minerals



JUN 1932
COMMISSIONER

State of New Mexico
OFFICE OF THE
Commissioner of Public Lands
Santa Fe

P.O. BOX 1148
SANTA FE NEW MEXICO 87504-1148

August 20, 1992

Siete Oil and Gas Corporation
P. O. Box 2523
Roswell, New Mexico 88202

Attn: Mr. Robert Lee

Re: Proposed Parkway Delaware Unit
Eddy County, New Mexico

Dear Mr. Lee:

This office has reviewed the additional data submitted with your letter of August 13, 1992 and the unexecuted copy of unit agreement for the proposed Parkway Delaware Unit, Eddy County, New Mexico. This agreement meets the general requirements of the Commissioner of Public Lands and has this date granted you preliminary approval as to form and content.

Preliminary approval shall not be construed to mean final approval of this agreement in any way and will not extend any short term leases until final approval and an effective date are given.

When submitting your agreement for final approval, please submit the following:

1. Final approval will be conditional upon our understanding that no fresh water will be used in this operation. (water containing 10,000 milligrams per liter or less of total dissolved solids).
2. Initial Plan of Operation.
3. Re-Designation of well names and numbers.
4. Application for final approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
5. All ratifications from Lessees of Record and Working Interest Owners. All signatures should be acknowledged before a Notary. One set must contain original signatures.

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
SIETE OIL & GAS CORP. EXHIBIT NO. 4
CASE NO. 10618 and 10619

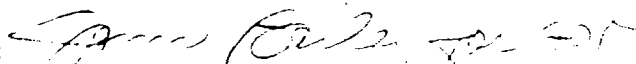
Slete Oil and Gas Corporation
Parkway Delaware Unit
August 20, 1992
Page 2

6. Certificate of Determination by the Bureau of Land Management.
7. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.
8. Two copies of the Unit Operating Agreement.
9. Two copies of the Unit Agreement including Exhibits "A", "B", and "C". The Exhibits as submitted in your preliminary draft will be acceptable.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: 
FLOYD O. PRANDO, Director
Oil/Gas and Minerals Division
(505) 827-5744
JB/FOP/pm
encls.

cc: Reader File
OCD-Santa Fe
BLM-Roswell Attn: Mr. Armando Lopez



BRUCE KING
GOVERNOR

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

January 7, 1993

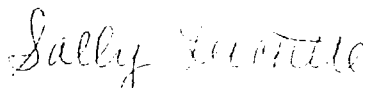
PADILLA & SYNDER
Attorneys at Law
P. O. Box 2523
Santa Fe, New Mexico 87504

RE: CASE NO. 10619
ORDER NO. R-9822

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,


Sally E. Leichtle
Administrative Secretary

cc: BLM Carlsbad Office
Rick Brown