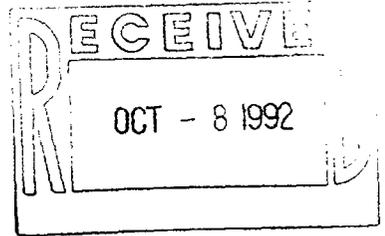


**MERIDIAN OIL**

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.

Don W. Davis  
Area Landman

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

5

DWD/lg

cc: Dennis Sledge  
Terry Huchton  
Mo Gaddis