

MERIDIAN OIL

April 21, 1988

Mr. Frank Chavez
State of New Mexico
Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

Dear Mr. Chavez:

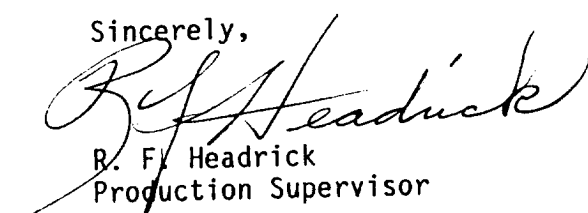
I am requesting that the following well be approved for surface commingle of liquids. Both formations will be tanked in one tank on location. The interest is the same in both formations. This well is a Southland Royalty well.

Below are the explanations to justify the need for surface commingling of liquids produced from this well.

Jicarilla 101 #7 (Basin Dakota-Blanco Mesaverde) (P) Section 12, T26N, R4W

Jicarilla 101 #7 (Dakota) produced 236 days in 1987 and averaged 48 MCF/day. Jicarilla 101 #7 (Mesaverde) produced 114 days in 1987 and averaged 41 MCF/day. Total oil production for both zones for the year of 1987 was 205 bbls. Our records already have this split out as 20% Dakota oil and 80% Mesaverde oil from previous tests. (Reference PC Order #695 dated 1/25/85) As you can see from the 1987 production records it would not be cost effective to produce condensate into two separate tanks.

Sincerely,


R. F. Headrick
Production Supervisor

RFH/ldk
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OIL CON. DIV.
DIST. 3