MERIDIAN O

November 7, 1994

Mr. David Catanach Oil Conservation Division 2040 S. Pacheco Street Santa Fe, New Mexico 87505

RE: Application for Off-Lease Storage Brushy Federal Lease (NM 13997) Pecos Federal Lease (NM 58034) Eddy County, New Mexico

Mr. Catanach:

Meridian Oil Inc. respectfully requests approval to combine production from the above referenced leases into a common tank battery located on the Pecos Federal Lease in the SE/SE of Sec. 27, T26S, R29E, Eddy County, New Mexico. Federal Lease number: NM 58034.

BRUSHY FEDERAL LEASE

Brushy Federal #1

330' FNL & 1700' FWL

PECOS FEDERAL LEASE

Pecos Federal # 1 - P & A 5/2/84 Pecos Federal # 1Y Pecos Federal # 2 Pecos Federal # 3 Pecos Federal # 4 660' FSL & 660' FEL 690' FSL & 660' FEL 1980' FNL & 2030' FEL 1980' FEL & 760' FSL 860' FSL & 2180' FWL

Due to future drilling on both leases, we are asking for lease commingling in the Brushy Draw Delaware Field, Eddy County, New Mexico.

Proposed production is as follows:

WELL NAME	<u>BOPD</u> OIL	<u>, GRAVITY</u>	MCFPD	FORMATION
Brushy Federal # 1	9	36.3	14	Delaware
Pecos Federal # 1Y	16	36.9	25	Delaware
Pecos Federal # 2	11	36.9	30	Delaware
Pecos Federal # 3	12	36.9	22	Delaware
Pecos Federal # 4	12	36.9	35	Delaware

A map is enclosed showing the leases(s) and location of all wells that will contribute production to the proposed commingling/common storage facility.

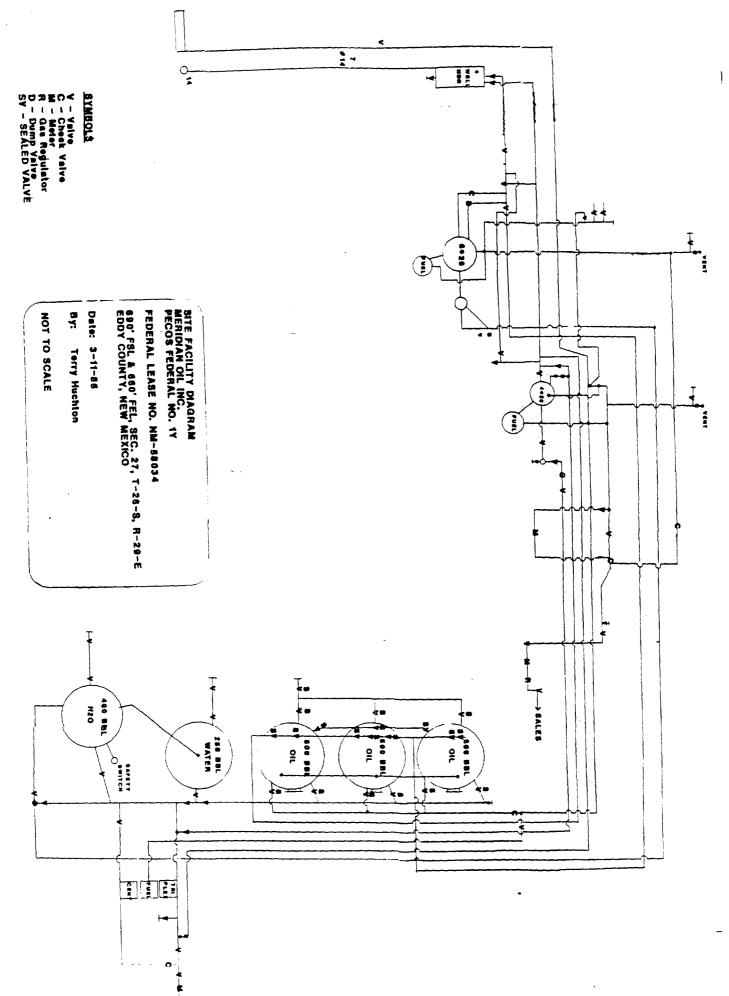
The storage and measuring facility is located in the SE/SE of Sec. 27, T26S, R29E, Eddy County, New Mexico. Both the oil and gas production from the Brushy Federal No. 1 will be metered at the heater treater prior to commingling with the Pecos Federal Lease. Please find attached a schematic diagram which clearly identified all equipment that will be utilized.

Meridian owns 100% of both leases. This application is in the interest of conservation and in no way will reduce the quality of the hydrocarbon nor will result in improper measurement of production. The proposed commingling is necessary for continued operation of the above leases.

Please find attached a copy of the application submitted to the Bureau of Land Management.

Sincerely.

Donna J. Williams Regulatory Assistant



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2. Name of Operator MERIDIAN OIL II	NC.		9. API Well No.
	Midland, TX 797 ec., T., R., M., or Survey Descrip , R29E		10. Field and Pool, or exploratory Area BRUSHY DRAW DELAWARE 11. County or Parish, State EDDY NM
12. CHECK APP	PROPRIATE BOX(s) T	O INDICATE NATURE OF NOTICE, REPO	RT, OR OTHER DATA
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Notice of In Subsequent Final Aband		Abandonment Recompletion Plugging Back Casing Repair Altering Casing Other <u>COMMINGLING REOU</u>	Change of Plans New Construction Non-Routine Fracturing Water Shut-Off Conversion to Injection Dispose Water (Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)
give subsurface locatio MERIDIAN OIL INC FEDERAL LEASE (N WE ARE REQUESTIN	ns and measured and true vertical d . RESPECTFULLY RE M 13997) WITH THE G APPROVAL FOR SU	inent details, and give pertinent dates, including estimated date of lepths for all markers and zones pertinent to this work.)* QUEST APPROVAL TO COMMINGLE THE PECOS FEDERAL LEASE (NM 58034) RFACE COMMINGLING, OFF LEASE STO RUSHY DRAW DELAWARE FIELD.	PRODUCTION FROM THE BRUSHY
14. I hereby certify that the fore Signed (This space for Federal or Sta Approved by Conditions of approval, if an	ate office use)		
Title 18 U.S.C. Section 1001, n or representations as to any matt		wingly and willfully to make to any department or agency of the	United States any false, fictitious or fraudulent statements
		* See Instruction on Reverse Side	

APPLICATION FOR OFF LEASE STORAGE, SURFACE COMMINGLING, AND MEASUREMENT APPROVAL FOR THE PECOS FEDERAL LEASE (NM 58034) AND THE BRUSHY FEDERAL LEASE (NM 13997) IN THE BRUSHY DRAW DELAWARE FIELD.

TO: BUREAU OF LAND MANAGEMENT P.O. BOX 1778 CARLSBAD, NEW MEXICO 88221-1778

MERIDIAN OIL INC. IS REQUESTING APPROVAL FOR SURFACE COMMINGLING, OFF LEASE STORAGE, AND MEASUREMENT OF HYDROCARBON PRODUCTION FROM THE BRUSHY FEDERAL LEASE (NM 58034) AND THE PECOS FEDERAL LEASE (NM 13997) IN THE BRUSHY DRAW DELAWARE FIELD.

WELL NO:	SEC.	TWP_	RNG	FORMATION	LEASE NO.	STATUS
BRUSHY FEDERAL # 1	1 35	26S	29E	DELAWARE	NM 13997	PROD.
PECOS FEDERAL # 1Y	27	26S	29E	DELAWARE	NM 58034	PROD.
PECOS FEDERAL # 1	27	26S	29E	DELAWARE	NM 58034	P & A (1984)
PECOS FEDERAL # 2	27	26S	29E	DELAWARE	NM 58034	PROD.
PECOS FEDERAL # 3	27	26S	29 E	DELAWARE	NM 58034	PROD.
PECOS FEDERAL # 4	27	26S	29E	DELAWARE	NM 58034	PROD.

PRODUCTION FROM THE WELLS INVOLVED IS AS FOLLOWS:

WELL NAME AND NO.	BOPD	GRAVITY	MCF/PD
BRUSHY FEDERAL # 1	9	36.3	14
PECOS FEDERAL # 1Y	16	36.9	25
PECOS FEDERAL #2	11	36.9	30
PECOS FEDERAL # 3	12	36.9	22
PECOS FEDERAL # 4	12	36.9	35

THIS REQUEST IS FOR LEASE COMMINGLING DUE TO POSSIBLE FUTURE DRILLING PLANS.

A MAP IS ENCLOSED SHOWING LOCATION OF ALL WELLS THAT WILL CONTRIBUTE PRODUCTION TO THE PROPOSED COMMINGLING/COMMON STORAGE FACILITY. ALL UNITIZED/COMMUNITIZED AREAS, PRODUCING ZONES/POOLS ARE ALSO CLEARLY ILLUSTRATED.

A SCHEMATIC DIAGRAM IS ALSO ATTACHED WHICH CLEARLY IDENTIFIES ALL EQUIPMENT THAT WILL BE UTILIZED.

THE STORAGE AND MEASURING FACILITY IS LOCATED IN THE SE/SE OF SEC. 27, T26S, R29E, EDDY COUNTY, NEW MEXICO. FEDERAL LEASE NM 58034. THE BLM WILL BE NOTIFIED IF THERE IS ANY FUTURE CHANGE IN THE FACILITY LOCATION.

DETAILS OF THE PROPOSED METHOD FOR ALLOCATING PRODUCTION TO CONTRIBUTING SOURCES IS AS FOLLOWS:

THE BRUSHY FEDERAL NO. 1 WILL BE SEPARATELY MEASURED BOTH OIL AND GAS FROM THE PECOS FEDERAL LEASE. THIS WILL BE DONE VIA METER AT THE HEATER TREATER.

MERIDIAN IS 100% WORKING INTEREST OWNER FOR THIS LEASE.

THE PROPOSED COMMINGLING OF PRODUCTION IS IN THE INTEREST OF CONSERVATION AND WILL NOT RESULT IN REDUCED ROYALTY OR IMPROPER MEASUREMENT OF PRODUCTION.

THE PROPOSED COMMINGLING IS NECESSARY FOR CONTINUED OPERATION OF THE ABOVE REFERENCED FEDERAL LEASE.

WE UNDERSTAND THAT THE REQUESTED APPROVAL WILL NOT CONSTITUTE THE GRANTING OF ANY RIGHT OF WAY OR CONSTRUCTION RIGHTS NOT GRANTED BY THE LEASE INSTRUMENT. AND, WE WILL SUBMIT WITHIN 30 DAYS AN APPLICATION FOR RIGHT OF WAY APPROVAL TO THE BLM'S REALTY SECTION IN YOUR OFFICE IF WE HAVE NOT ALREADY DONE SO.

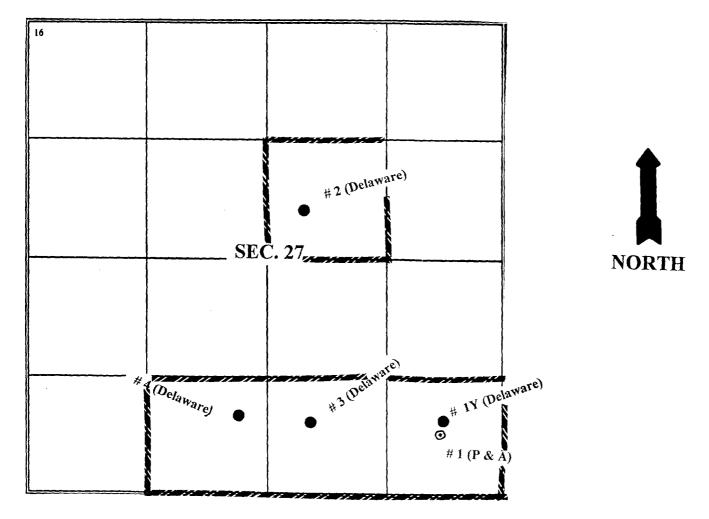
> SIGNATURE: NAME: TITLE: DATE:

Donna Williams

Regulatory Assistant November 7, 1994

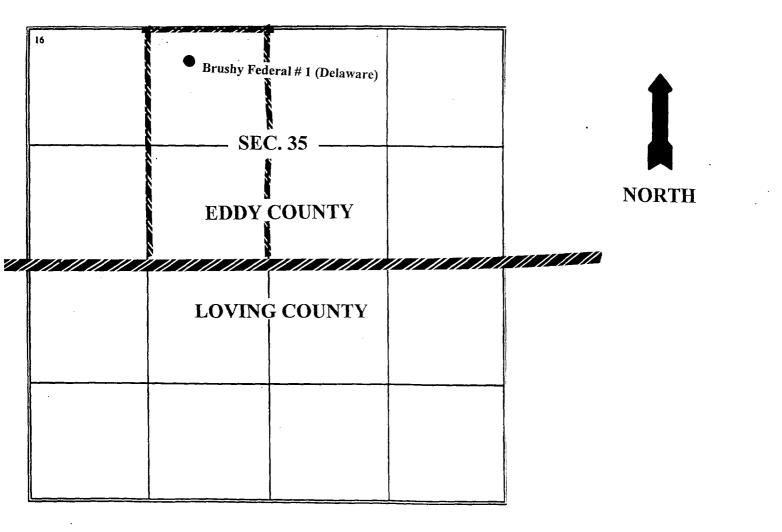
MERIDIAN OIL INC. PECOS FEDERAL LEASE SEC. 27, T26S, R29E EDDY COUNTY, NEW MEXICO NM 58034

LEASE DESCRIPTION: 160 Acres of Sec. 27 SW/4 NE/4, SE/4 SW/4, S/2 SE/4, Eddy County, NM



MERIDIAN OIL INC. BRUSHY FEDERAL LEASE SEC. 35, T26S, R29E EDDY COUNTY, NEW MEXICO NM 13997

Lease Description: 655.80 acres being NE/4 of Sec. 3, NW/4 of Sec. 10, SW/4, N/2 SE/4, SW/4 SE/4 of Sec. 26, Lots 7 & 10 of Sec. 35



CMD	:
OG55	SECT

ONGARD INQUIRE LAND BY SECTION

Sec : 35 Twp : 26S Rng : 29E Section Type : NORMAL

8	7	6	5
35.61	35.45	35.28	35.12
		CS	CS
Federal owned	Federal owned	Federal owned	Federal owned
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PF07 BKWD PF08 FWI	D PF09 PRINT P	F10 SDIV PF11	PF12