

MERIDIAN OIL

1-7721-1115-11

January 23, 1991

Mr. David Catanach
Oil Conservation Division
P.O. Box 2088
State Land Office Building
Santa Fe, NM 87501

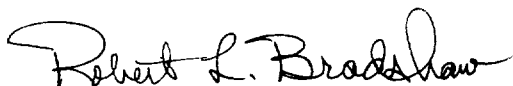
RE: AMEND COMMINGLE PERMIT PC-780
MERIDIAN OIL INC.
MITCHELL "16" STATE BATTERY
SEC. 12, T18S, R32E
V-1357

Dear Mr. Catanach:

The Mitchell "16" State #3 produces about 80 bopd from the Wildcat (San Andres). We propose to surface commingle this production with the Young Wolfcamp production at the Mitchell "16" State Battery. The value of the commingled oil will not change, as demonstrated on the attached chart. By commingling at the existing battery, we will also eliminate the expense of constructing and operating a new tank battery.

If you have any questions, please contact me at (915) 686-5678.

Sincerely,



Robert L. Bradshaw
Sr. Staff Env./Reg. Specialist

RLB/bn

attachments (2)

cc: Well File
D.D. McBee
State Land Office - Santa Fe, NM

MERIDIAN OIL

| | <u>MITCHELL 16 #3</u> | <u>COMMINGLE</u> | <u>MITCHELL 16 BATTERY</u> |
|------------------|-----------------------|------------------|----------------------------|
| Formation | San Andres | . | Wolfcamp |
| API Gravity | 36.0 | 41.7 | 43.0 |
| Volumes | 80 bbl/dy | 460 bbl/dy | 380 bbls |
| Value & bbls | 30.75 | 30.75 | 30.75 |
| Value | 2460.00 | 14,145.00 | 11,685.00 |
| Combined Value | | 14,145.00 | |
| Commingled Value | | 14,145.00 | |
| Value Gain | | -0- | |

Note: 30.75/b.o. weighted average price as of 1/17/91

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

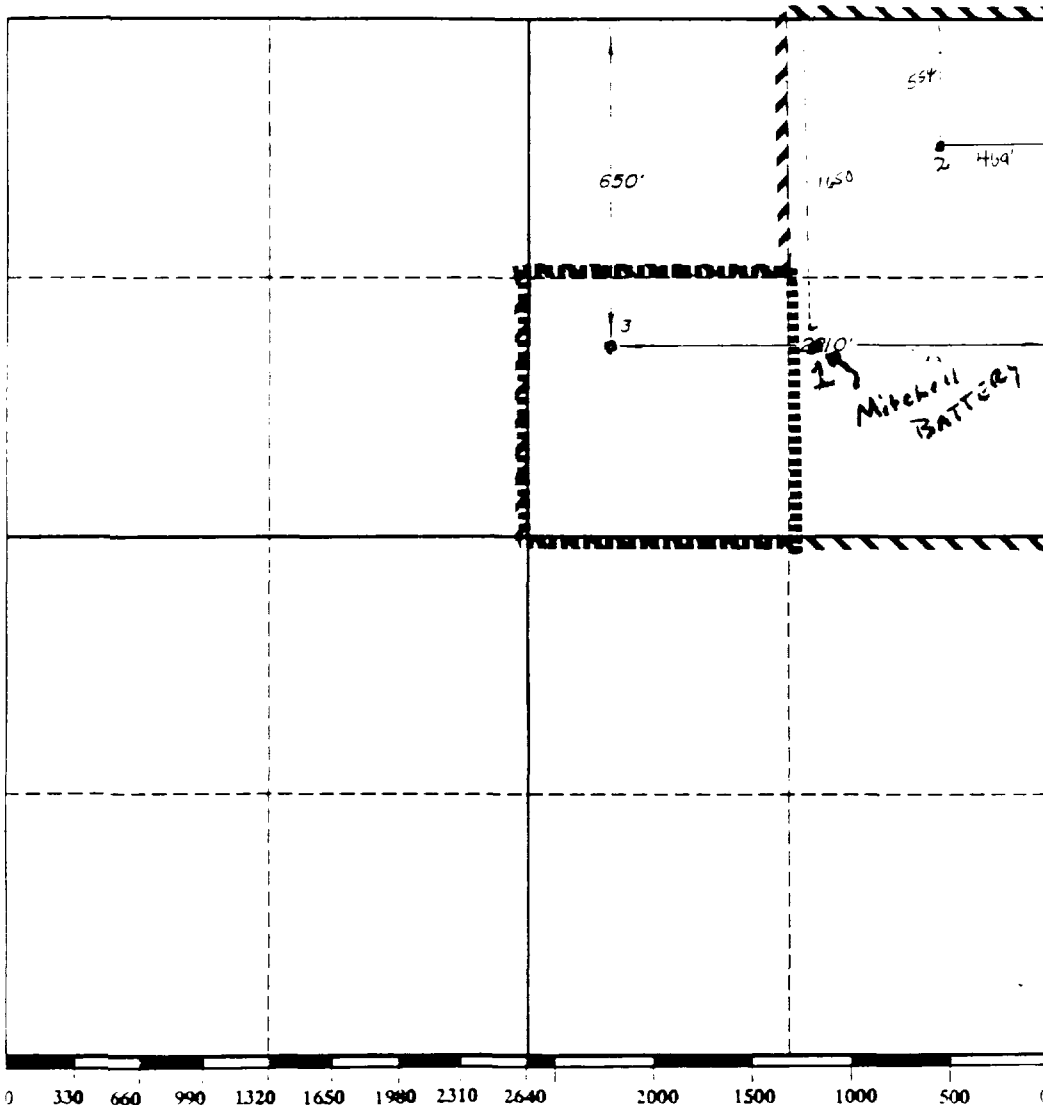
DISTRICT III
100 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator MERIDIAN OIL INC. Lease MITCHELL "16" STATE Well No 3
East Letter 6 Section 6 Township 8-SOUTH Range 32-EAST County NMPM LEA
Actual Footage Location of Well:
650 feet from the NORTH line and 2210 feet from the EAST line
Ground level Elev 3787' Producing Formation SAN ANDRES Pool WILDCAT Dedicated Acreage 40 Acres

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty)
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
☐ Yes ☐ No If answer is yes, type of consolidation _____
If answer is no, list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary)
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise)
or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Estella M. Alvarado
Signature

ESTELLA M. ALVARADO
Printed Name

PRODUCTION ANALYST
Position

MERIDIAN OIL INC.
Company

08-17-90
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my knowledge and belief

Date Surveyed

AUGUST 11, 1990

Signature & Seal of
Professional Surveyor

V. LYNN BEZNER
REGISTERED LAND SURVEYOR
#7920
V. LYNN BEZNER, S.S. #7920

MERIDIAN OIL

January 23, 1991

Mr. Clyde Langdale
State Land Office
310 Old Santa Fe Trail
State Land Office Bldg., Room 102
Santa Fe, NM 87504-1148

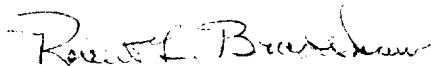
RE: MERIDIAN OIL INC.
OCD COMMINGLE PERMIT PC-780

Dear Mr. Langdale:

This application seeks to amend our commingle permit for the above referenced facility. The original permit authorized production from the Mitchell "16" State #3 - Young (Bone Spring) to be commingled with Young (Wolfcamp) production at the battery. The No. 3 well is in the final stages of recompletion to the San Andres formation. This package is intended to comply with State Land Office Rule 1.055 as described in Attachment 1.

If you have any questions, please contact me at (915) 686-5678.

Sincerely,



Robert L. Bradshaw
Sr. Staff Env./Reg. Specialist

RLB/bn

attachment

cc: Well File
D.D. McBee
OCD - Santa Fe

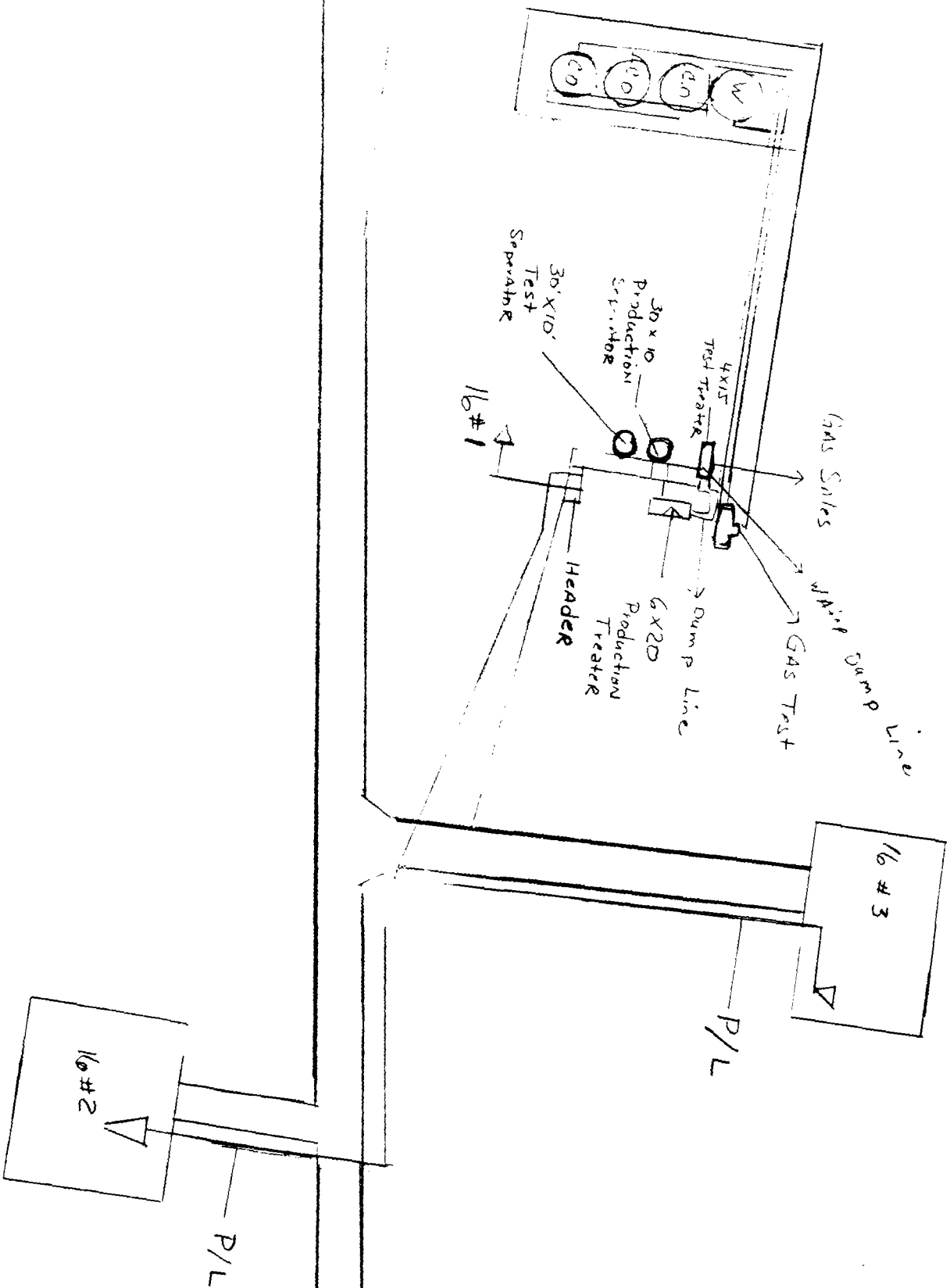
MERIDIAN OIL

ATTACHMENT 1

State Land Office Rule 1.055 Requirements

- A. This package of information is Meridian's formal application. Currently we have one tank battery constructed at the Mitchell State "16" #1 location. One battery handles production from the "16" #1 and #2. We propose to maximize the use of our existing facility by commingling the "16" #1, #2, and #3. Money order # 90-389239 for \$30.00 to cover the application fee is enclosed.
- B. A plot showing the location of the lease, wells, and flow lines is attached and titled Attachment 2 - Requirement B. All production equipment is located at the Mitchell 16-#1 location and all piping is above ground unless otherwise noted.
- C. The lease involved is lease V-1357.
- D. The wells produce from the following pools:

| | |
|-------|----------------------|
| 16-#1 | Young (Wolfcamp) |
| 16-#2 | Young (Wolfcamp) |
| 16-#3 | Wildcat (San Andres) |
- E. Commingling the streams as described will have no negative impact on the revenue to the State of New Mexico. The end result will be that the State realizes more revenue from the production of the State 16-#1 well.
- F. A schematic diagram of the entire system from the wells to the sales connection is attached as Attachment 2 - Requirement F. The diagram shows the layout and position of the equipment components. This includes pipe, valves, tanks, treaters, and flow lines.
- G. There are no specially fabricated equipment items employed. All items are commercially available.
- H. Lease operation will be as follows: Two separators and treaters are installed to handle the production from the 16-#1, 16-#2, and 16-#3 wells. The separators and treaters that handle the current 16-#1 and 16-#2 production will be converted to test equipment to test the 16-#1, 16-#2, and 16-#3 wells on a monthly basis.
- I. The above discussion should contain all pertinent data concerning the commingling application.



MERIDIAN OIL INC.
 MITCHELL "16" STATE
 ATTACHMENT 2-REQUIREMENT B
 -REQUIREMENT F





P.O. BOX 307 OLNEY, TEXAS 76374
(817) 564-5502

NOTICE TO CUSTOMERS
THE PURCHASE OF AN INDEMNITY BOND WILL BE
REQUIRED BEFORE ANY OFFICIAL CHECK WILL BE
REPLACED OR REFUNDED IN THE EVENT IT IS LOST,
MISPLACED OR STOLEN.

90-389239

88-7265/3119

ACCOUNT NUMBER
9-1350-0073

CHECK NO.
90-389239

DATE
JAN-88-21

*****\$30*DOLLARS AND 00 CENTS

*****30.00***

AY

STATE LAND OFFICE

AMOUNT

TO THE
ORDER
OF

MERCANTILE OIL

REMITTER

Kawra Harrington

⑈90389239⑈ ⑆311972652⑆923190090 303⑈

| DATE | TRANSACTION DESCRIPTION |
|-----------|---|
| JAN-88-21 | REC'D MO#90389239-MERCANTILE OIL 9-1350-0073 *****30.00*** <i>Amend Commingle Permit for Mitchell No. 1.</i> |