

December 29, 1992

Mr. David Catanach  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, NM 87504-2088

**RE: Formal Request for Approval  
Off Lease Storage  
Dagger Lake "8" Federal #1 to the Dagger Lake "5" State #1  
Located in Unit O, Sec. 5, T22S, R33E  
Lea County, NM**

Dear Mr. Shaw:

We at Meridian Oil Company respectfully request approval for off lease storage on the above captioned leases. The Federal battery and the State battery will be two (2) separate batteries located in the same location.

We feel that it is economically advantageous to have one (1) central location for both batteries. We will eventually install a double LACT instead of multiple LACTS. Furthermore, all the water handling equipment can also be centrally located. The estimated amounts of production involved in the off lease storage of the two leases is 200 BOPD/200 BOWD.

Meridian proposes separate treaters and separate tanks for oil as means for handling and measuring production for each lease. We will use separate gas meters if and when a gas purchaser is located for the sales. Both leases will use common water tanks but will have meters installed for allocation.

We know it is highly unusual to file for off lease storage while the drilling permit is being processed, but we wish to start construction of the batteries as soon as possible. Our intentions are to immediately start storing the oil as soon as the well is put on line, therefore eliminating the need for temporary storage facilities while the new ones are under construction.

Should you need additional information or if we can be of assistance, please do not hesitate to contact me at 915-688-6943.

Sincerely,



Donna Williams  
Production Assistant

xc: Well File	Don McBee	Land (2)
Joint Interest	Resv. Engineer	Prod. Engineer
Geologist	Hobbs Field Office	Prod. Services - Richard Atchley
OCD - Hobbs	Becky Kidd - NGPA - Houston	
Regulatory File		

Connie Malik, Donna Williams, Maria Perez

P.O. Box 51810, Midland, Texas 79710-1810, Telephone 915-688-6800  
3300 N. "A" St., Bldg. 6, 79705-5406