

MERIDIAN OIL

June 30, 1994

Mr. David Catanach
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504

RE: Amend Commingling Order(s)
PLC-95 and PLC-99

Mr. Catanach:

Southland Royalty Company respectfully requests approval to amend the above referenced commingling orders (see attached). We propose to amend PLC-99 by removing the Aztec 22 Federal No. 3 well producing from the West Corbin Delaware (commingled with the Federal MA Lease) and instead ask for commingling with Order PLC-95, (commingled Aztec 22 Federal No.2 and Percha 15 Federal No. 3 Com).

Production information is as follows:

Aztec 22 Federal No. 2	22 BOPD	40.5 Gravity	36 MCFPD	Wolfcamp
Aztec 22 Federal No. 3	20 BOPD	39.0 Gravity	30 MCFPD	Delaware
Percha 15 Federal No. 3 Com	10 BOPD	40.5 Gravity	30 MCFPD	Wolfcamp

Production will be into a common tank battery located in Unit letter F, Sec. 22, T18S, R33E, Lea County, New Mexico, Aztec 22 Federal battery.

Production will be allocated by separately metering the production from each well prior to commingling.

We have 100% working interest in each well.

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 leases.

The Bureau of Land Management has been notified of our intentions. Please see attached.

Should you have any questions, or need additional information, please do not hesitate to contact me at 915-688-6943.

Sincerely,


Donna J. Williams
Production Assistant

Form 3160-5
(June 1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

CONCEPT DIVISION
JUL 1 11 23 AM '94

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

5. Lease Designation and Serial No.

NM 0997

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Aztec 22 Federal Lease

9. API Well No.

10. Field and Pool, or Exploratory Area

South Corbin/West Corbin

11. County or Parish, State

Lea County, New Mexico

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

Southland Royalty Company

3. Address and Telephone No.

P.O. Box 51810 Midland, Texas 79710-1810 915-688-6800

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec. 22, T18S, R33E

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>Amend commingling order</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Southland Royalty Company respectfully requests approval to amend previously approved commingling order regarding the Aztec 22 Federal Leases (NM 0997) and the Percha 15 Federal Lease (NM 21171).

See Attached information

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CONCEPT DIVISION

14. I hereby certify that the foregoing is true and correct
Signed Donna Williams Title Production Assistant Date 6/30/94

(This space for Federal or State office use)
Orig. Signed by Shannon J. Shaw Title Petroleum Engineer Date 7/27/94
Approved by _____
Conditions of approval, if any: _____

AMEND APPLICATION FOR SURFACE COMMINGLING AND MEASUREMENT APPROVAL APPROVED MAY 6, 1993 AND ADD THE WEST CORBIN DELAWARE POOL. THIS IS REGARDING THE EXISTING COMMINGLING OF THE AZTEC 22 FEDERAL # 2 AND THE PERCHA 15 FEDERAL # 3. BOTH ARE IN THE SOUTH CORBIN WOLFCAMP AND ON FEDERAL LEASE NM 0997 AND FEDERAL LEASE NO. NM 21171. REQUEST TO ADD THE AZTEC 22 FEDERAL # 3 PRODUCING FROM THE WEST CORBIN DELAWARE, LEASE NUMBER NM0997.

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

SOUTHLAND ROYALTY COMPANY IS REQUESTING APPROVAL TO AMEND THE EXISTING COMMINGLING ORDER AS STATED ABOVE AND ADD THE AZTEC 22 FEDERAL WELL NO. 3, PRODUCING FROM THE WEST CORBIN DELAWARE ON FEDERAL LEASE NO. NM0997.

AZTEC 22 FEDERAL LEASE NM 0997

<u>WELL NO.</u>	<u>LOC.</u>	<u>SEC.</u>	<u>TWP.</u>	<u>RNG.</u>	<u>FORMATION</u>
2	D	22	18S	33E	WOLFCAMP
3	D	22	18S	33E	DELAWARE

PERCHA 15 FEDEAL LEASE NM 21171

3	L	15	18S	33E	WOLFCAMP
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PRODUCTION FROM THE WELLS INVOLVED IS AS FOLLOWS:

<u>WELL NAME AND NO.</u>	<u>BOPD</u>	<u>OIL GRAVITY</u>	<u>MCFPD</u>
AZTEC 22 FEDERAL NO. 2	22	40.5	36
AZTEC 22 FEDERAL NO. 3	20	39	30
PERCHA 15 FEDERAL NO. 3	10	40.5	30

PRODUCTION WILL BE INTO A COMMON TANK BATTERY LOCATED IN UNIT LETTER F, SEC. 22, T18S, R33E, LEA COUNTY, NEW MEXICO, AZTEC 22 FEDERAL

PRODUCTION WILL BE ALLOCATED BY SEPARATELY METERING THE PRODUCTION FROM EACH WELL PRIOR TO COMMINGLING. PREVIOUSLY APPROVED COMMINGLING ORDER IS ATTACHED.

SOUTHLAND IS 100% WORKING INTEREST OWNER FOR THE AZTEC 22 FEDERAL LEASE.

MERIDIAN IS 100% WORKING INTEREST OWNER FOR THE PERCHA 15 FEDERAL COM # 3.

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.

IN ADDITION, WE REQUEST TO AMEND THE COMMINGLING ORDER REFERENCING THE AZTEC 22 FEDERAL NO. 3 WELL BEING COMMINGLED WITH THE FEDERAL MA WELL(S) 2-,4-,6-,7-, & 8-, LOCATED IN SEC. 21, T18S, R33E, LEASE: LC 064944, LEA COUNTY, NEW MEXICO.

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:

Donna Williams

TITLE:

Production Assistant

DATE:

6/30/94



United States Department of the Interior



BUREAU OF LAND MANAGEMENT

Carlsbad Resource Area Headquarters

P.O. Box 1778

Carlsbad, New Mexico 88221-1778

RECEIVED

3162 (067)

LC-064944

NM-0997

MAY 10 1993

PROD. SERV.

MAY 06 1993

CERTIFIED-RETURN RECEIPT REQUIRED

P 135 585 958

Meridian Oil Company
Attention: Ms. Maria L. Perez
P. O. Box 51810
Midland, TX 79710-1310

Re: Lease LC-064944
Well Nos. 2-, 4-, 6-, 7-, and 8-Federal MA
NE $\frac{1}{4}$ SE $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ NE $\frac{1}{4}$, & SE $\frac{1}{4}$ NE $\frac{1}{4}$, Sec. 21, T18S, R33E

Lease NM-0997
Well No. 3-Aztec 22 Federal
NW $\frac{1}{4}$ NW $\frac{1}{4}$, Sec. 22, T18S, R33E
Lea County, New Mexico

Gentlemen:

Your request to surface commingle production including off-lease storage and off-lease measurement and off-lease sales from the Well Nos. 2-, 4-, 6-, 7-, and 8-Federal MA on lease LC-064944, and Well No. 3-Aztec 22 Federal on lease NM-0997, at the well No. 2-Federal MA tank battery, located in the NE $\frac{1}{4}$ SE $\frac{1}{4}$, Sec. 21, is hereby approved subject to the following conditions of approval:

1. This agency be notified of any change in your sales method or location of the sales meter.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This commingling is based on economics and will not result in reduced royalty.
5. This approval does not constitute right-of-way approval for any off lease activities. You need to submit within 30 days an application for right-of-way approval to the Realty Section in this office if you have not already done so.
6. This approval is subject to the concurrence of the New Mexico Oil Conservation Division.

As stated in your application, production will be allocated by separately metering production from Well Nos. 6- and 7-Federal MA and Well No. 3-Aztec 22 Federal separately and allocating on the basis of well tests prior to

commingling. The point of sales delivery for the wells is physically located at well No. 2-Federal MA, located in the NE $\frac{1}{4}$ SE $\frac{1}{4}$, Sec. 21, T. 18 S., R. 33 E., on Federal lease LC-064944.

Please contact Adam Salameh, Petroleum Engineer, at (505) 887-6544 or at the letterhead address if any further information is required.

Sincerely,



for Richard L. Manus
Area Manager