



United States Department of the Interior



BUREAU OF LAND MANAGEMENT

Carlsbad Resource Area Headquarters

P.O. Box 1778

Carlsbad, New Mexico 88221-1778

3162 (067)
NM-0997
NM-21171

SEP 21 1992

Meridian Oil
P. O. Box 51810
Midland, TX 79710-1810

RE: NM-0997, Aztec 22 Fed. No. 2, Sec. 22
NM-21171, Percha 15 Fed. Com. No. 3, Sec. 15
T18S, R33E., Lea County, New Mexico

Gentlemen:

Your request to surface commingle hydrocarbons from the Wolfcamp formation from both of well No. 2 on the Aztec 22 Federal lease NM-0997, and Comm well No. 3 on the Percha 15 Federal lease NM-21171, Lea County, New Mexico, is hereby approved subject to the concurrence of the New Mexico Oil Conservation Division.

Also, your request for off-lease storage from the Percha 15 Federal Com. well No. 3 to the Aztec 22 Federal Battery located in SE $\frac{1}{4}$ NW $\frac{1}{4}$, Sec. 22, T. 18 S., R. 33 E., Lea County, New Mexico, is hereby approved.

It is our understanding that proper production allocation back to these two wells will be through metered heater treater.

We understand that the working interest owners have been notified and the Federal royalty interests are identical. Further, your request is made in the interest of conservation and will not result in reduced royalty or improper measurement of production.

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

Sincerely,

Richard L. Manus
Area Manager

CC:
NMOCD - Santa Fe, D. R. Catanach
P.O. Box 2088
Santa Fe, NM 87504-2088

BUREAU OF LAND MANAGEMENT

**RE: Application for Lease Surface Commingling
Request Approval for Off-Lease Storage**

Southland is 100% working interest owner for the Aztec 22 Federal No. 2.

Meridian is 100% working interest owner for the Percha 15 Federal Com. No. 3

These wells do not have identical ownership as far as the royalty interest and overriding royalty interest. The following is the % for each well:

Aztec 22 Federal No. 2

<u>Owner Name</u>	<u>Type</u>	<u>Owner %</u>
Breland, Ronald H.	ORRI	.833330
Minerals Management	RI	12.500000
Cleve, Mary Loomis	ORRI	1.666670
Wright, Howard B. Est	ORRI	1.666670
Breland, Prentiss C.	ORRI	.833330
Southland Royalty Co.	NWI	82.500000

Percha 15 Federal Com. No. 3

<u>Owner Name</u>	<u>Type</u>	<u>Owner %</u>
Meridian Oil Inc.	GWI	78.125
Minerals Management	RI	6.25
Mobil	ORRI	6.25
State Land	RI	9.375

Federal Royalties will not be reduced as wells will be continuously metered. Both wells produce from the same Field and Reservoir and have the same gravity.

Additionally, we request off-lease storage approval from the Percha 15 Federal Com. Well No. 3 to the Aztec 22 Federal Battery located in F, Sec. 22, T-18-5, R-33-E, Lea County, N.M.

I called Mr. Pete Martinez with the Commissioner of Public Lands Office on 9-11-92 and asked Mr. Martinez if this application needed to go through the State Land office since the Percha 15 Fed Com. Well No. 3 has a communitization agreement involving state land. Mr. Martinez said because the location of the well is on Federal Land and production is going to a Federal lease that the State Land Office did not need to approve this.

OIL CONSERVATION DIVISION
RECEIVED

NOV 19 1991 8 50

DISTRIBUTION:

CARLA HORKEY
DAVID CHAPMAN
WELL FILE
LAND DEPT.

HOBBS FIELD OFFICE

PRODUCTION SERVICES:

- | | | | |
|----|-----------------|----|-----------------|
| 1. | MARIA PEREZ | 2. | CONNIE MALIK |
| 3. | RICHARD ATCHLEY | 4. | MARIANNE MARTIN |
| 5. | DONNA WILLIAMS | | |

PLEASE SEND ORIGINAL BY CERTIFIED/RETURN RECEIPT TO:

**MR. DAVID CATANACH
OIL CONSERVATION DIVISION
P.O. BOX 2088
SANTA FE, NEW MEXICO 87504**