

MERIDIAN OIL

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	660' FSL & 660' FEL
Pecos Federal # 1Y	690' FSL & 660' FEL
Pecos Federal # 2	1980' FNL & 2030' FEL
Pecos Federal # 3	1980' FEL & 760' FSL
Pecos Federal # 4	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:

<u>WELL NAME</u>	<u>BOPD</u>	<u>OIL GRAVITY</u>	<u>MCFPD</u>	<u>FORMATION</u>
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.

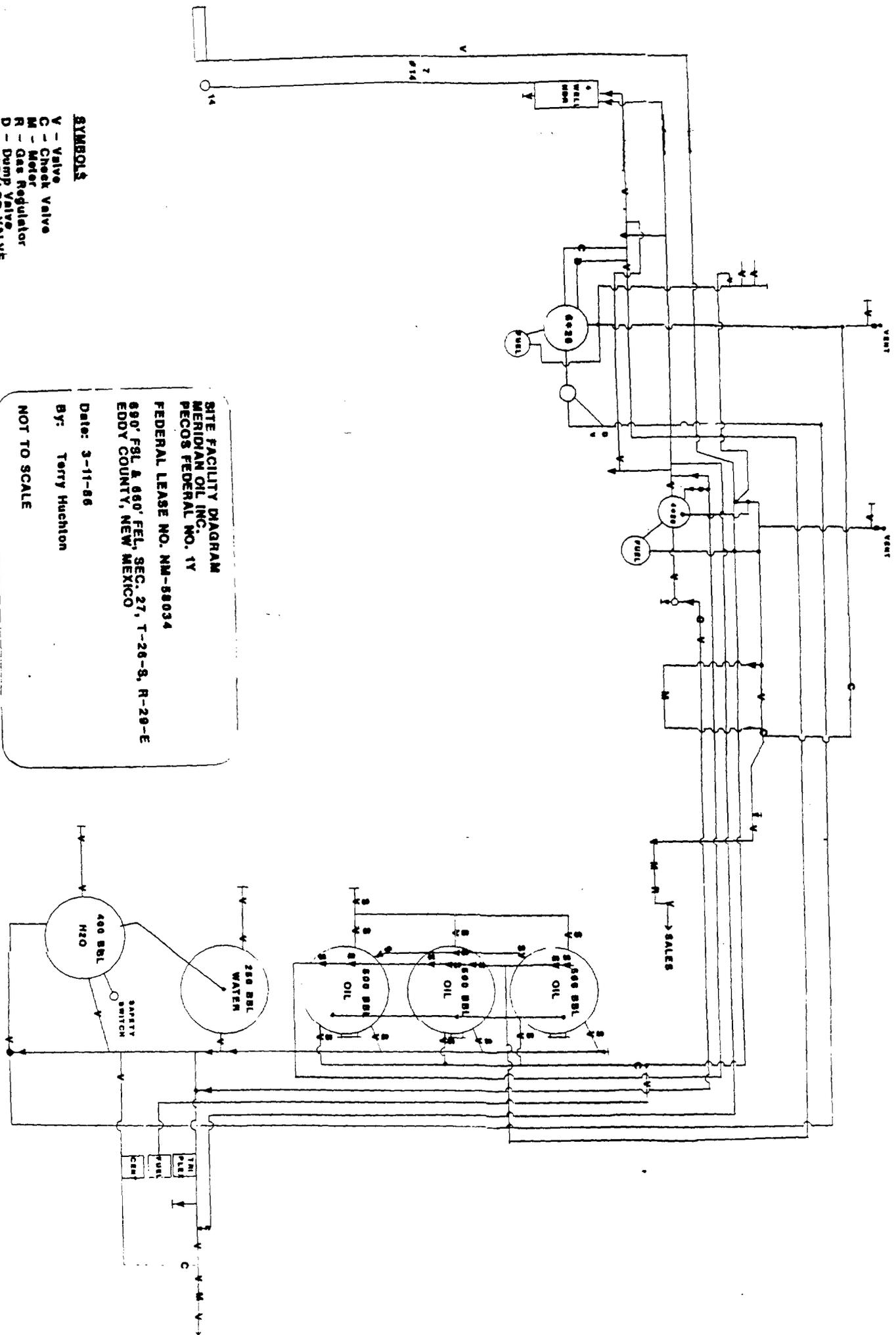
Sincerely,

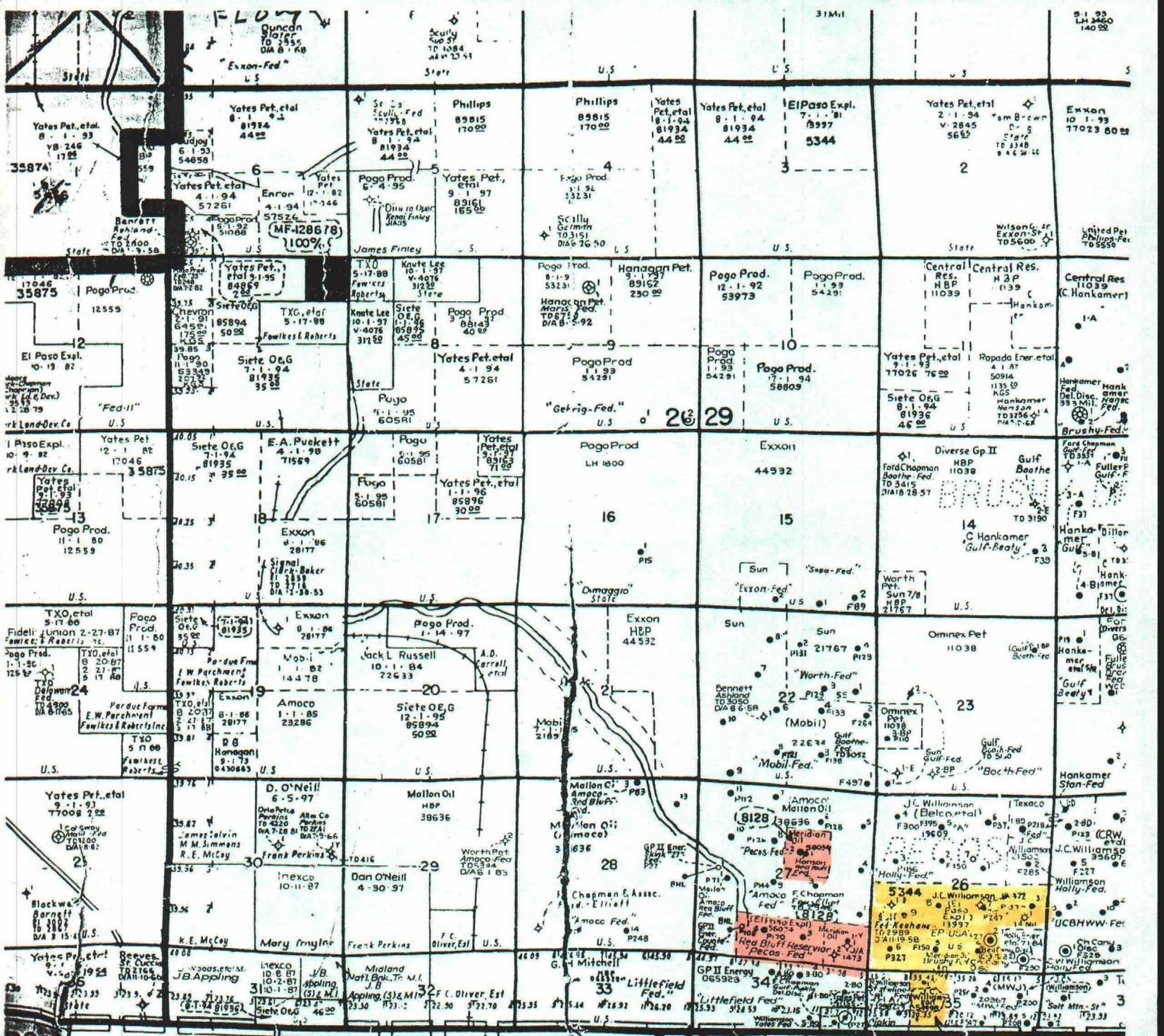


Donna J. Williams
Regulatory Assistant

- SYMBOLS**
- V - Valve
 - C - Check Valve
 - M - Meter
 - R - Gas Regulator
 - D - Dump Valve
 - SV - SEALED VALVE

SITE FACILITY DIAGRAM
MERIDIAN OIL INC.
PECOS FEDERAL NO. 1V
FEDERAL LEASE NO. NM-88034
890' FSL & 660' FEL, SEC. 27, T-28-S, R-29-E
EDDY COUNTY, NEW MEXICO
 Date: 3-11-86
 By: Terry Huchton
 NOT TO SCALE





East

REEVES, North

R-29-E

LOVING County

5344

PO BOX 1229 MIDLAND, TX 79702
 TELEPHONE (915) 682-1603
 800-592-4650
 Free in Texas

MAPS - FASTER SERVICE
 COMMERCIAL REPRODUCTION



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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 58034

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.
PECOS FEDERAL

9. API Well No.

10. Field and Pool, or exploratory Area
BRUSHY DRAW DELAWARE

11. County or Parish, State
EDDY NM

SUBMIT IN TRIPLICATE

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
MERIDIAN OIL INC.

3. Address and Telephone No.
P.O. Box 51810, Midland, TX 79710-1810 915-688-6943

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
SEC. 27, T26S, R29E

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

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input checked="" 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 type="checkbox"/> Other COMMINGLING REQUEST
	<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

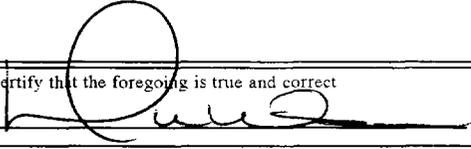
(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

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.)*

MERIDIAN OIL INC. RESPECTFULLY REQUEST APPROVAL TO COMMINGLE THE PRODUCTION FROM THE BRUSHY FEDERAL LEASE (NM 13997) WITH THE PECOS FEDERAL LEASE (NM 58034)

WE ARE REQUESTING APPROVAL FOR SURFACE COMMINGLING, OFF LEASE STORAGE AND MEASUREMENT OF HYDROCARBON PRODUCTION FROM THE BRUSHY DRAW DELAWARE FIELD.

14. I hereby certify that the foregoing is true and correct

Signed  Title **REGULATORY ASSISTANT** Date **11/7/94**

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____

Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

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.

<u>WELL NO:</u>	<u>SEC.</u>	<u>TWP</u>	<u>RNG</u>	<u>FORMATION</u>	<u>LEASE NO.</u>	<u>STATUS</u>
BRUSHY FEDERAL # 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	29E	DELAWARE	NM 58034	PROD.
PECOS FEDERAL # 4	27	26S	29E	DELAWARE	NM 58034	PROD.

PRODUCTION FROM THE WELLS INVOLVED IS AS FOLLOWS:

<u>WELL NAME AND NO.</u>	<u>BOPD</u>	<u>GRAVITY</u>	<u>MCF/PD</u>
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:

Donna Williams

TITLE:

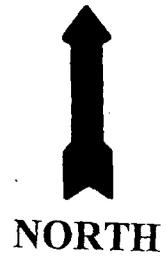
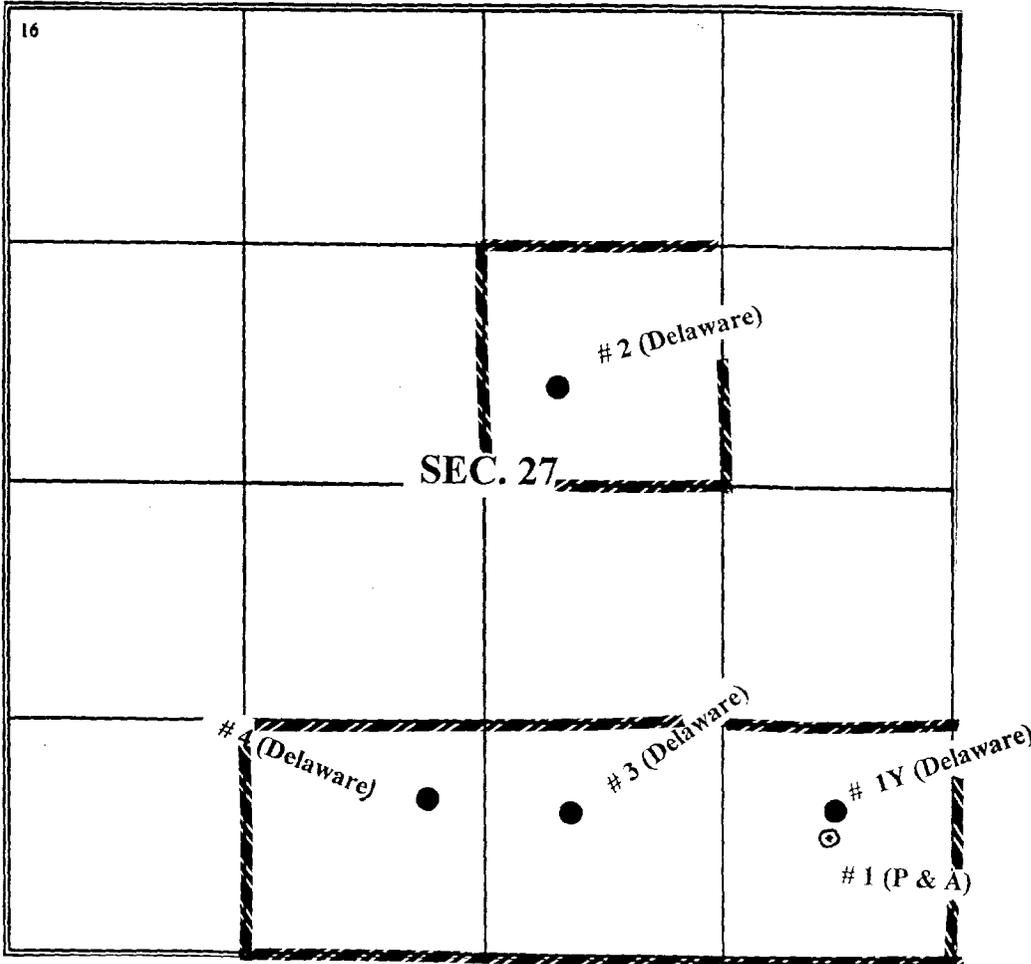
Regulatory Assistant

DATE:

November 7, 1994

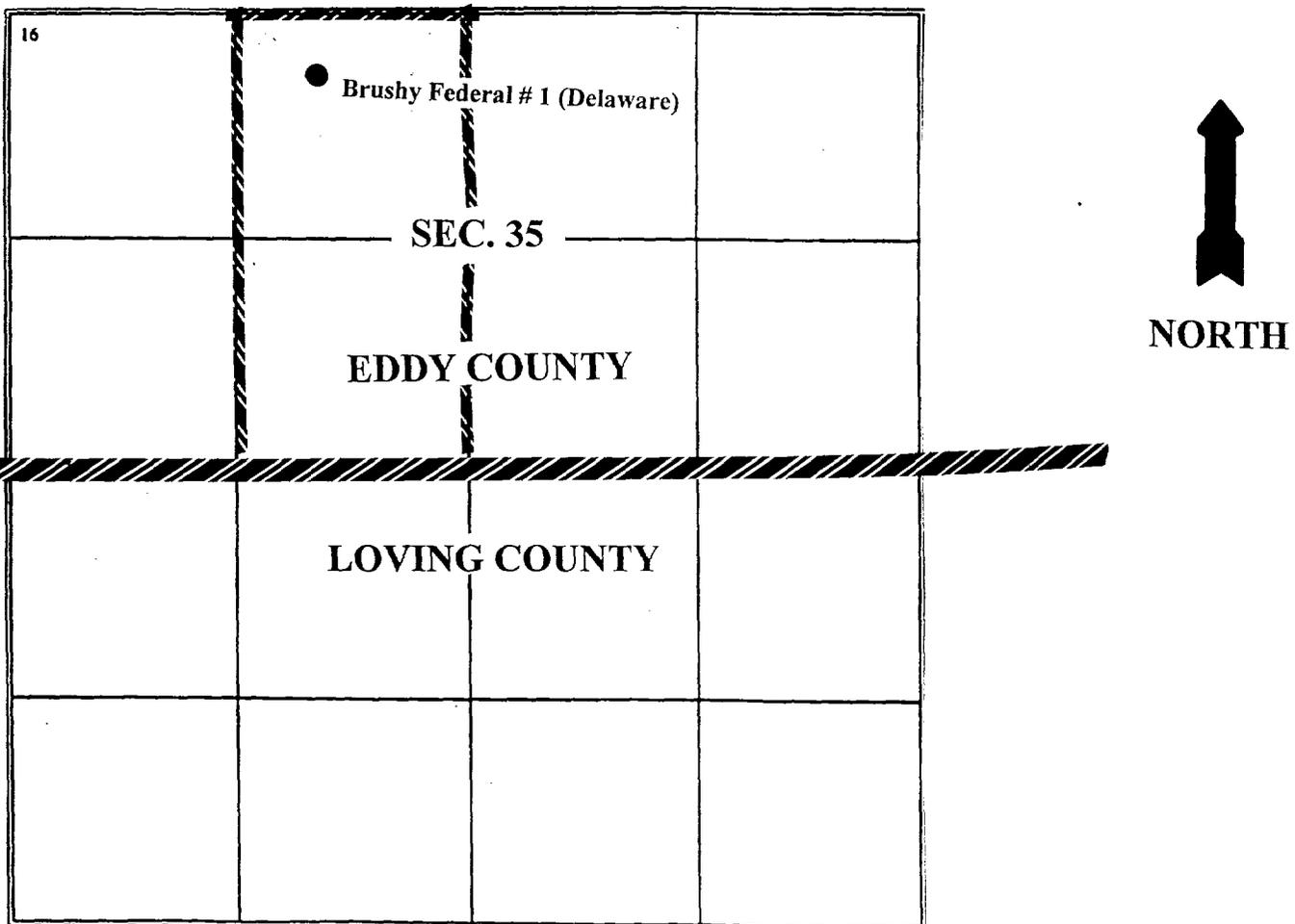
**MERIDIAN OIL INC.
PECOS FEDERAL LEASE
SEC. 27, T26S, R29E
EDDY COUNTY, NEW MEXICO
NM 58034**

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 :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

12/02/94 08:42:09
OGOMES -EMF1
PAGE NO: 1

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

8 35.61 Federal owned A	7 35.45 Federal owned A	6 35.28 CS Federal owned A A	5 35.12 CS Federal owned A
9 20.58 Federal owned A	10 20.35 Federal owned	11 20.12 CS Federal owned A	12 19.89 CS Federal owned A

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12