

N/R

MERIDIAN OIL

CONSERVATION DIVISION
RECEIVED
JAN 10 1995

January 10, 1995

Mr. David Catanach
Oil Conservation Division
2040 S. Pacheco Street
Santa Fe, New Mexico 87505

RE: Application to Amend Existing Surface Commingling
Checkerboard '23' Federal (NM 81633)

ADD: Checkerboard '24' Federal (NM 87268)

DELETE: Red Tank Federal (NM 77058)

Lea County, New Mexico

Mr. Catanach:

Meridian Oil Inc. respectfully requests approval to amend the existing commingling order PC 849 in order to add the Checkerboard '24' Federal lease (NM 87268) and DELETE the Red Tank Federal Lease (NM 77058), all located in T22S R32E in Lea County, New Mexico. All production is from the West Red Tank Delaware Field.

CHECKERBOARD '23' FEDERAL LEASE (NM 81633)

<u>WELL NO:</u>	<u>SEC.</u>	<u>TWP.</u>	<u>RNG.</u>	<u>FORMATION</u>	<u>LEASE NO.</u>	<u>STATUS</u>
Checkerboard '23' Fed. # 1	23	22S	32E	Delaware	NM 81633	Prod.
Checkerboard '23' Fed. # 2	23	22S	32E	Delaware	NM 81633	Prod.
Checkerboard '23' Fed. # 3	23	22S	32E	Delaware	NM 81633	Prod.
Checkerboard '23' Fed. # 4	23	22S	32E	Delaware	NM 81633	Prod.
Checkerboard '23' Fed. # 5	23	22S	32E	Delaware	NM 81633	Prod.
Checkerboard '23' Fed. # 6	23	22S	32E	Delaware	NM 81633	Prod.
Checkerboard '23' Fed. # 7	23	22S	32E	Delaware	NM 81633	Prod.
Checkerboard '23' Fed. # 8	23	22S	32E	Delaware	NM 81633	Prod.
Checkerboard '23' Fed. # 9	23	22S	32E	Delaware	NM 81633	Prod.
Checkerboard '23' Fed. # 10	23	22S	32E	Delaware	NM 81633	Prod.
Checkerboard '23' Fed. # 11	23	22S	32E	Delaware	NM 81633	Prod.
Checkerboard '23' Fed. # 12	23	22S	32E	Delaware	NM 81633	Prod.
Checkerboard '23' Fed. # 13 (PRO)	23	22S	32E	Delaware	NM 81633	To be drilled

CHECKERBOARD '24' FEDERAL LEASE (NM 87268)

Checkerboard '24' Fed. # 1	24	22S	32E	Delaware	NM 87268	to be drilled
Checkerboard '24' Fed. # 2	24	22S	32E	Delaware	NM 87268	to be drilled

Due to future drilling on all leases, we are asking for lease/field commingling in the West Red Tank Delaware field, Lea County, New Mexico.

Proposed production is as follows:

<u>LEASE NAME</u>	<u>BOPD</u>	<u>OIL GRAVITY</u>	<u>MCFPD</u>	<u>FORMATION</u>
Checkerboard '23' Federal	831	40.4	1173	Delaware
Checkerboard '24' Federal *	450	41.0	450	Delaware

* This production is based on reservoir studies from surrounding wells.

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 SW/SE of Sec. 23, T22S, R32E, Lea County, New Mexico. All the production involved will be separately measured at various times of the month via a test vessel situated by the common storage vessel to be individually tested (well tests). The gas at the will be metered and sold.

Meridian is 100% working interest owners for all the leases to be involved in the commingling.

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 leases.

Please find attached a copy of the application submitted to the Bureau of Land Management.

Sincerely,


Donna J. Williams
Regulatory Assistant

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

AMENDED COMMINGLING ORDER PC-849

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

Attention: Donna J. Williams

LEASE NAME: Checkerboard "23" Federal Lease
DESCRIPTION: W/2, NE/4, W/2 SE/4 of Section 23, Township 22 South, Range 32 East, NMPM, Lea County, New Mexico.

The above-named company is hereby authorized to commingle Red Tank-Bone Spring and West Red Tank-Delaware Pool production in a common tank battery and to determine the production each from pool by separately metering the gas production from each well prior to commingling, and determining the oil production from each pool by well tests. (If this method is to be authorized, all commingled production must be of marginal nature; further, the operator shall notify the Santa Fe office of the Division in the event any well in the commingled battery becomes capable of top allowable production, at which time the Division will amend this order or take such other action as may be appropriate.)

FURTHER: The operator shall notify the Hobbs District Office of the Division upon implementation of the commingling process.

NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 303 of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

DONE at Santa Fe, New Mexico, on this 21st day of March, 1994.

A handwritten signature in cursive script, reading "William J. Lemay" followed by "by MES".

RECEIVED J. LEMAY,
Director

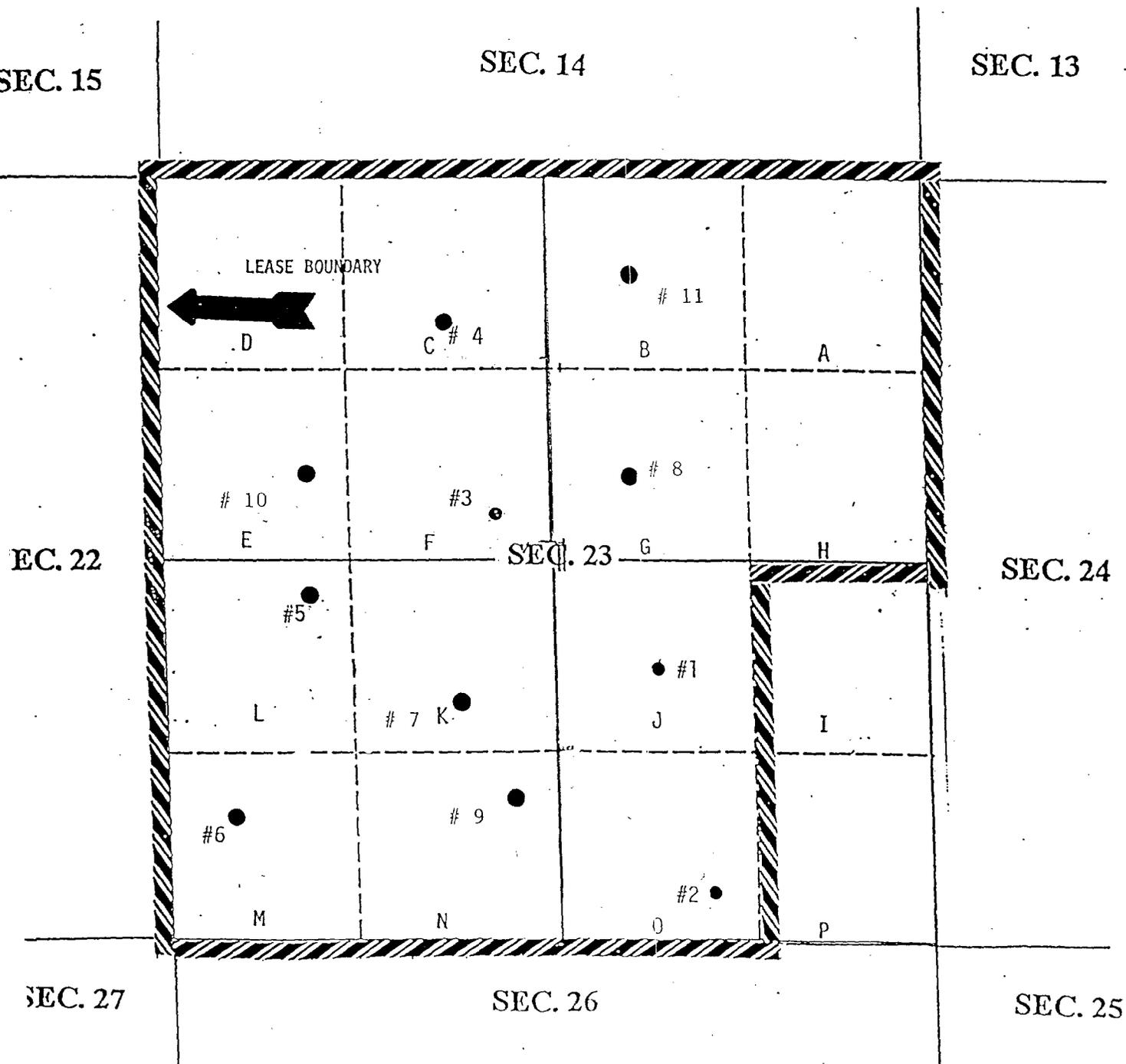
MAR 25 1994

PROD. SERV.

cc: Oil Conservation Division- Hobbs
US Bureau of Land Management - Carlsbad

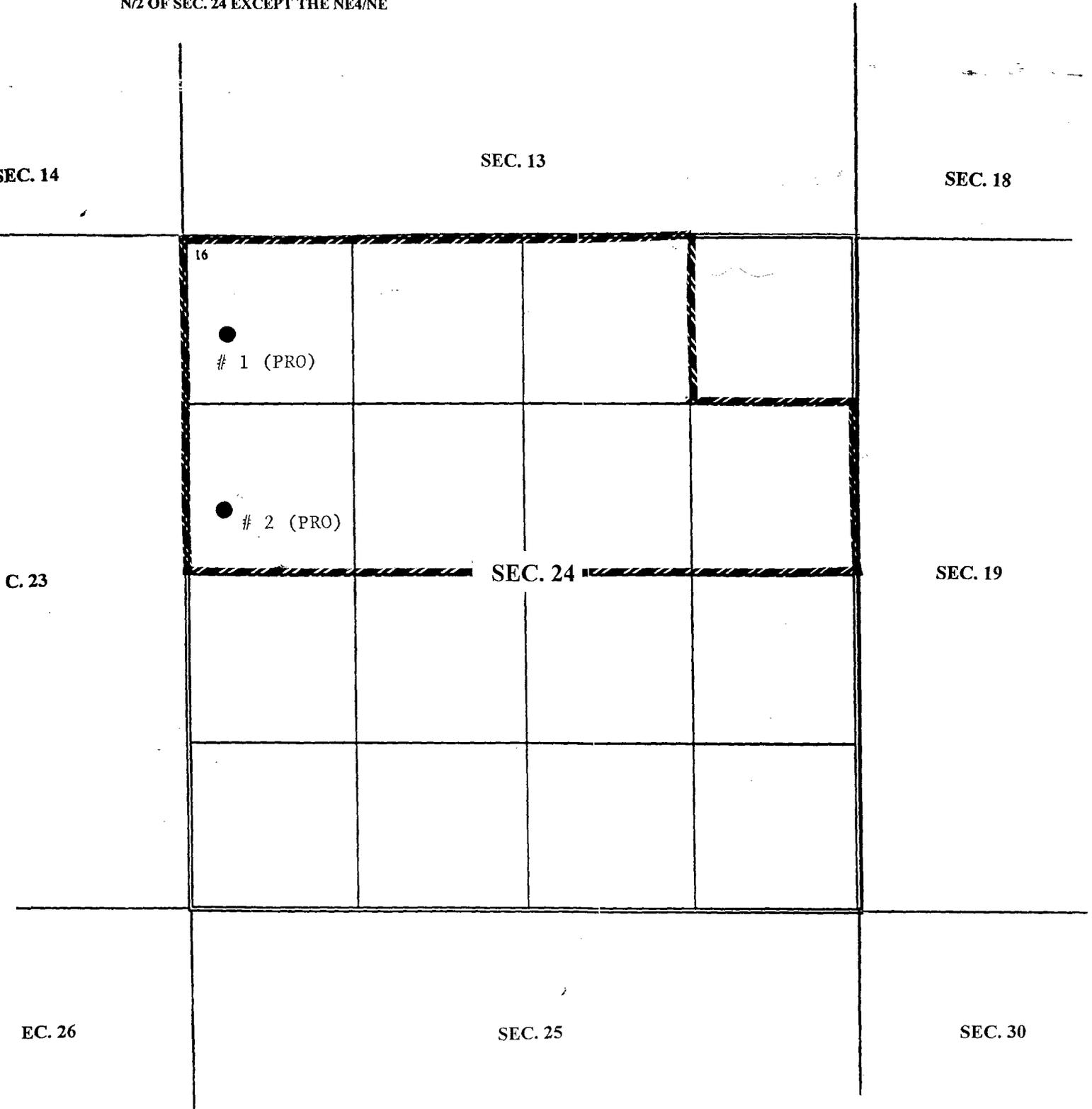
MERIDIAN OIL INC.
CHECKERBOARD 23 FEDERAL LEASE
LEASE NO. NM-81633
SEC. 23, T-22-S, R-32-E
LEA COUNTY, NEW MEXICO

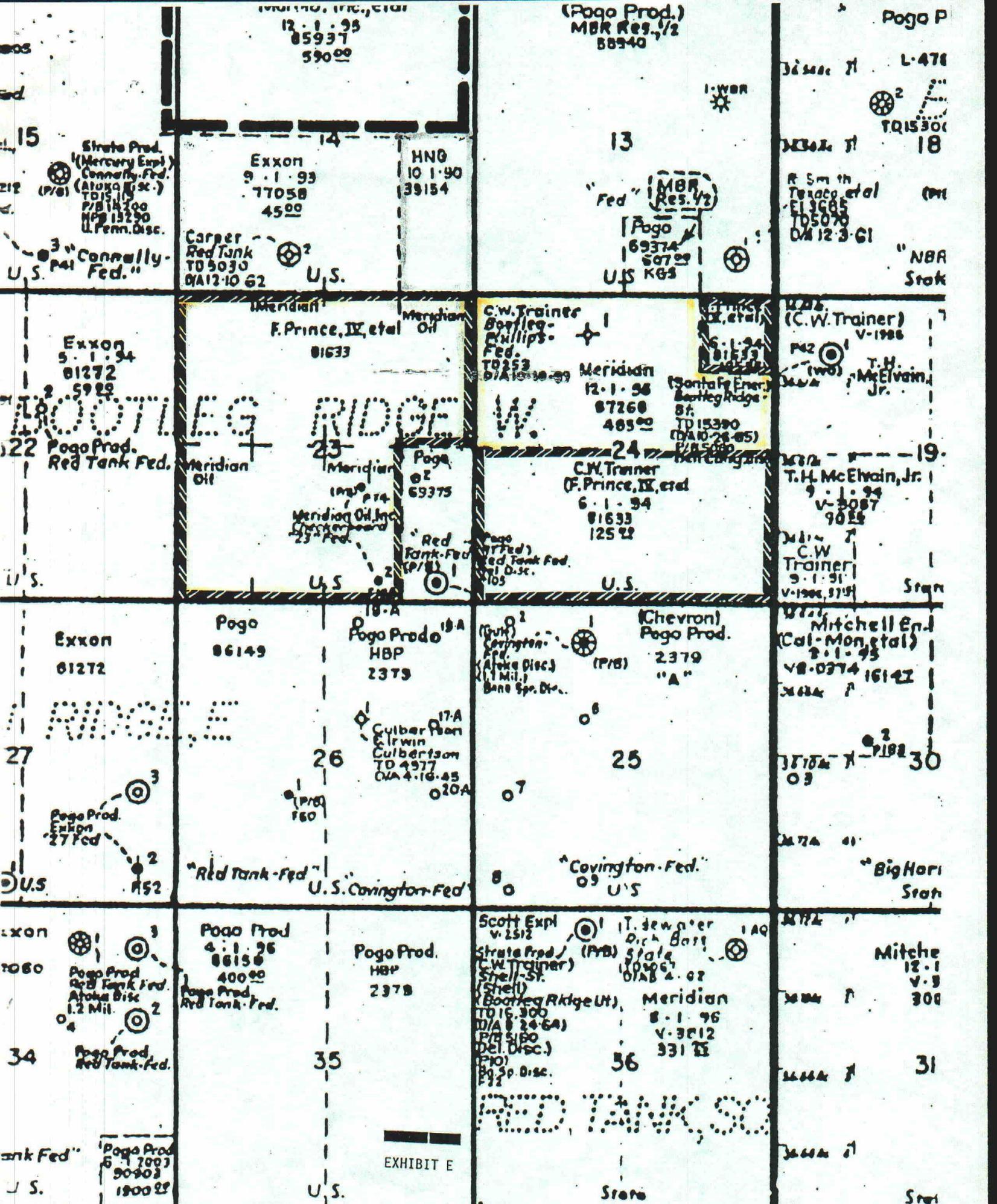
LEASE DESCRIPTION: 560 ACRES IN LEASE
ALL OF SECTION 23 EXCEPT FOR THE E/2 OF THE SE/4

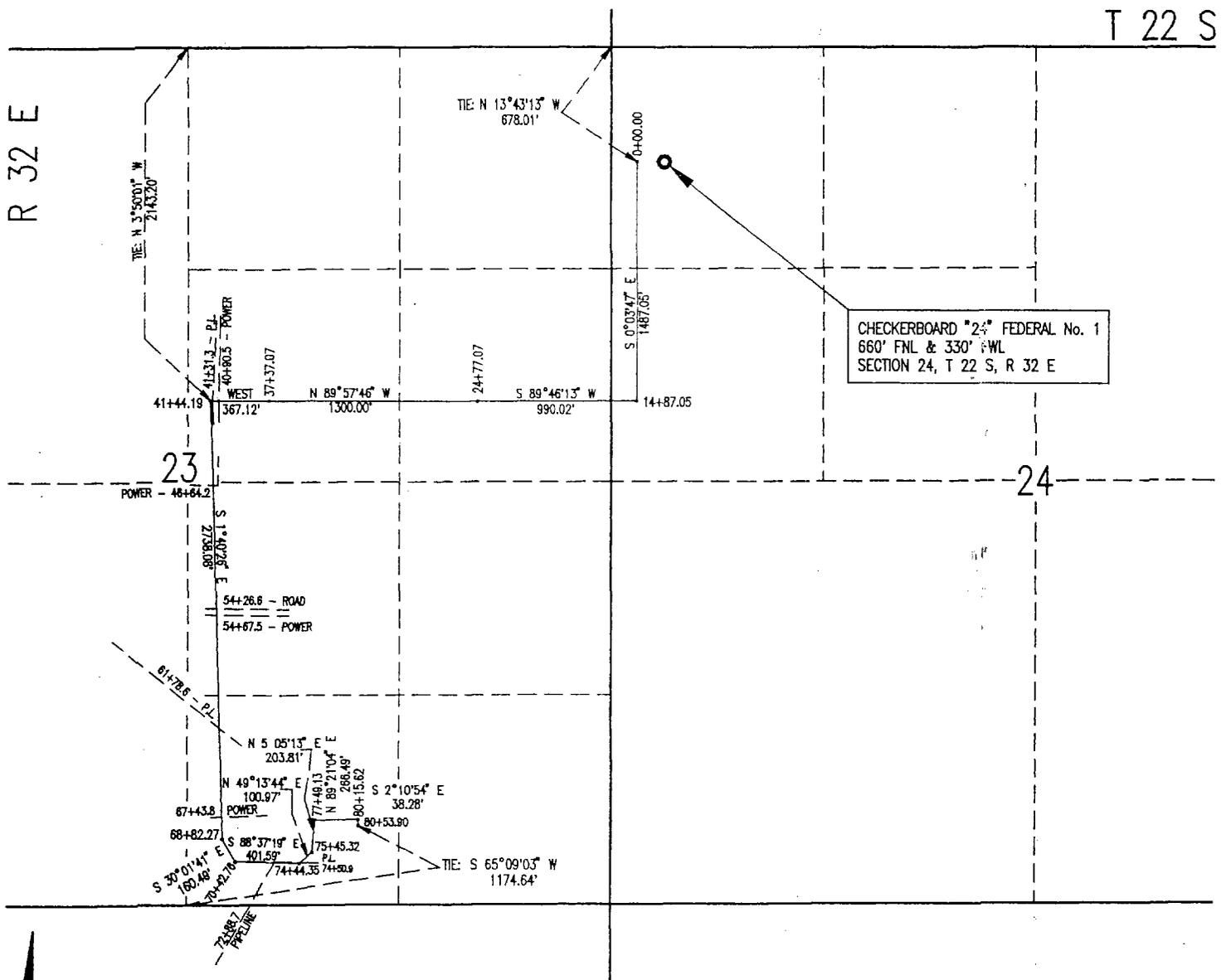


MERIDIAN OIL INC.
CHECKERBOARD '24' FEDERAL LEASE
LEASE NO: NM 87268
SEC. 24, T22S, R32E
LEA COUNTY, NEW MEXICO

LEASE DESCRIPTION: 280 ACRES IN LEASE
N/2 OF SEC. 24 EXCEPT THE NE4/NE







CHECKERBOARD "24" FEDERAL No. 1
660' FNL & 330' FWL
SECTION 24, T 22 S, R 32 E

LEGAL DESCRIPTION:

AN EASEMENT FOR A PROPOSED FLOWLINE TO BE LOCATED IN SECTIONS 24 AND 23, TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM, LEA COUNTY, NEW MEXICO, SAID EASEMENT BEING FIFTY FEET WIDE AND BEING TWENTY FIVE FEET ON EITHER SIDE OF THE SURVEY CENTERLINE MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT FOR STATION 0+00.00 OF THIS SURVEY, FROM WHICH THE NORTH WEST CORNER OF SAID SECTION 24 BEARS N 13°43'13" W, 678.01 FEET;

THENCE S 0°03'47" E, 1487.05 FEET TO A POINT FOR SURVEY STATION 14+87.05;

THENCE S 89°46'13" W, AT 159.80 FEET CROSSING THE WEST LINE OF SAID SECTION 24 INTO SAID SECTION 23 FOR SURVEY STATION 16+46.85, A TOTAL DISTANCE OF 990.02 FEET TO A POINT FOR SURVEY STATION 24+77.07;

THENCE N 89°57'46" W, 1300.00 FEET TO A POINT FOR SURVEY STATION 37+77.07;

THENCE WEST, AT 313.4 FEET CROSSING AN EXISTING POWER LINE FOR SURVEY STATION 40+90.5, AT 354.2 FEET CROSSING A G.P.M. PIPELINE FOR SURVEY STATION 41+31.3, A TOTAL DISTANCE OF 367.12 FEET TO A POINT FOR SURVEY STATION 41+44.19, FROM WHICH THE NORTH QUARTER CORNER OF SAID SECTION 23 BEARS N 3°50'01" W, 2143.20 FEET;

THENCE S 1°40'26" E, AT 520.0 FEET CROSSING AN EXISTING POWER LINE FOR SURVEY STATION 46+64.2, AT 1282.4 FEET CROSSING THE CENTER OF AN EXISTING ROAD FOR SURVEY STATION 54+26.6, AT 1323.3 FEET CROSSING AN EXISTING POWER LINE FOR SURVEY STATION 54+67.5, AT 2034.4 FEET CROSSING A PIPELINE FOR SURVEY STATION 6178.6, AT 2599.6 FEET CROSSING AN EXISTING POWER LINE FOR SURVEY STATION 67+43.8, A TOTAL DISTANCE OF 2738.08 FEET TO A POINT FOR SURVEY STATION 68+82.27;

THENCE S 30°01'41" E, 160.49 FEET TO A POINT FOR SURVEY STATION 70+42.76;

THENCE S 88°37'19" E, AT 245.9 FEET CROSSING AN E.O.T.I. PIPELINE FOR SURVEY STATION 72+88.7, A TOTAL DISTANCE OF 401.59 FEET TO A POINT FOR SURVEY STATION 74+44.35;

THENCE N 49°13'44" E, AT 6.5 FEET CROSSING A G.P.M. PIPELINE FOR SURVEY STATION 74+50.9, A TOTAL DISTANCE OF 100.97 FEET TO A POINT FOR SURVEY STATION 75+45.32;

THENCE N 5°05'13" E, 203.81 FEET TO A POINT FOR SURVEY STATION 77+49.13;

THENCE N 89°21'04" E, 266.49 FEET TO A POINT FOR SURVEY STATION 80+13.92;

THENCE S 2°10'54" E, 38.27 FEET TO POINT OF TERMINATION OF THE HEREIN DESCRIBED SURVEY CENTERLINE AT SURVEY STATION 80+53.90, FROM WHICH THE SOUTH QUARTER CORNER OF SAID SECTION 23 BEARS S 65°09'03" W, 1174.64 FEET;

SAID EASEMENT BEING 8053.90 FEET OR 488.12 RODS OR 1.53 MILES IN LENGTH, SUCH LENGTH BEING ALLOCATED BY FORTIES AS FOLLOWS:

NW/4 OF NW/4	SECTION 24	-	40.10	RODS
SW/4 OF NW/4	SECTION 24	-	59.71	RODS
SE/4 OF NE/4	SECTION 23	-	80.00	RODS
SW/4 OF NE/4	SECTION 23	-	101.83	RODS
NW/4 OF SE/4	SECTION 23	-	80.09	RODS
SW/4 OF SE/4	SECTION 23	-	126.39	RODS
			TOTAL	- 488.12

NOTE - BASIS OF BEARINGS:

BEARINGS FOR THIS SURVEY ARE BASED ON THE LINE BETWEEN A BRASS CAP FOUND FOR THE WEST QUARTER CORNER OF SECTION 23 AND A BRASS CAP FOUND FOR THE NORTH WEST CORNER OF SAID SECTION 23, T 22 S, R 32 E, NMPM, LEA COUNTY, NEW MEXICO THE LINE IS ASSUMED TO BEAR N 0°01' W, 2641.32 FEET.

I HEREBY CERTIFY THAT THIS SURVEY WAS MADE UNDER MY SUPERVISION AND THAT THIS SURVEY AND PLAT MEET THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO.



Laughlin-Simmons of Texas

MIDLAND DISTRICT OFFICE
(915) 699-1238
In State TOLL FREE 1-800-242-3028

EXHIBIT

P.O. BOX 1757
MIDLAND, TEXAS 79702

'D'



By: WILLIAM E. MAHNKE II, PLS #8466

MERIDIAN OIL INC.
CHECKERBOARD "24" FEDERAL No. 1
PROPOSED FLOWLINE EASEMENT
SECTIONS 24 & 23, T 22 S, R 32 E
LEA COUNTY, NEW MEXICO

date: DECEMBER 27, 1994 scale: 1"=1000'

APPLICATION TO AMEND THE SURFACE COMMINGLING, AND MEASUREMENT APPROVAL FOR THE CHECKERBOARD 23 FEDERAL LEASE (NM 81633) BY DELETING THE RED TANK FEDERAL LEASE (NM 77058) AND ADDING THE CHECKERBOARD '24' FEDERAL LEASE (NM 87268), LOCATED IN SEC. 23, T22S, R32E. ALL IN THE WEST RED TANK DELAWARE FIELD.

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

MERIDIAN OIL INC. IS REQUESTING APPROVAL TO AMEND THE SURFACE COMMINGLING AND MEASUREMENT OF HYDROCARBON PRODUCTION FOR THE CHECKERBOARD '23' FEDERAL LEASE (NM 81633) BY DELETING THE RED TANK LEASE (NM 77058) AND ADDING THE CHECKERBOARD '24' FEDERAL LEASE (NM 87268) LOCATED IN SEC. 23, T22S, R32E, LEA COUNTY, NM. ALL IN THE WEST RED TANK 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>
Checkerboard '23' Fed. # 1	23	22S	32E	Delaware	NM 81633	Prod.
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Checkerboard '23' Fed. # 12	23	22S	32E	Delaware	NM 81633	Prod.
Checkerboard '23' Fed. # 13 (PRO)23	22S	32E	Delaware	NM 81633	To be drilled	
Checkerboard '24' Fed. # 1	24	22S	32E	Delaware	NM 87268	to be drilled
Checkerboard '24' Fed. # 2	24	22S	32E	Delaware	NM 87268	to be drilled

PRODUCTION FROM THE LEASES INVOLVED IS AS FOLLOWS:

<u>LEASE NAME AND NO.</u>	<u>BOPD</u>	<u>GRAVITY</u>	<u>MCF/PD</u>
Checkerboard '23' Federal (NM 81633)	831	40.4	1173
Checkerboard '24' Federal (NM 87268)**	450	41.0	450

** THIS PRODUCTION IS BASED ON RESERVOIR STUDIES FROM SURROUNDING WELLS.

THIS REQUEST IS FOR LEASE COMMINGLING DUE TO CONTINUED 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 SW/SE of Sec. 23, T22S, R32E, Lea County, New Mexico. Federal Lease NM 81633. 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:

All the production involved will be separately measured at various times of the month via a test vessel situated by the common storage vessel to be individually tested. (well tests). The gas will be metered & sold at one point

Meridian is 100% working interest owner for all the leases to be involved in the commingling.

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 leases.

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 if applicable, 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: _____
TITLE: _____
DATE: _____
