

MERIDIAN OIL

February 23, 1990

1990 FEB 23 AM 9 27

Mr. William J. Lemay, Director
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 37504-2088

Re: Surface Commingling Request
Huber 17 # 4 and 17 # 2
Lea County, New Mexico
Sec 17, T-18-S, R-33-E
NM-26692

Dear Mr. Lemay:

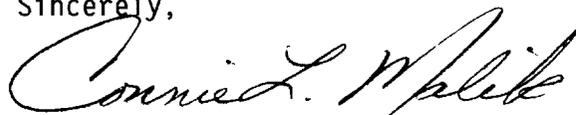
Meridian Oil proposes to surface commingle production from our Huber 17 # 4 and our Huber 17 # 2 in a common tank battery located at the No. 2 well site. Each flow will be metered separately prior to commingling. The No. 2 produces about 22 bbls oil per day from the Wolfcamp and the No. 4 produces about 250 bbls oil per day from the Delaware. The No. 2 is currently the only well in the tank battery.

As the attached data shows, the net loss from commingling of the two productions will be about \$.44 per day. This loss will be offset by not having to make up-front capital expenditures to construct a new and separate tank battery facility to handle production from the No. 4. Additional cost efficiency will be realized in that the day to day operating costs will be less since only one tank battery will need to be maintained.

By copy of this letter, I am requesting the Bureau of Land Management in Carlsbad, New Mexico, to review this data and to sign the attached consent to this proposed commingling. The signed consent should then be forwarded to you or you should be notified by phone.

If anything is needed to swiftly expedite this request, please contact Jeff Stansbury at (915) 686-5600.

Sincerely,



Connie L. Malik, Operations Tech III

CLM/cm

Attachments

cc: Well files
R.L. Pryer
Jeff Stansbury
Shannon Shaw
Bureau of Land Management
P.O. Box 1778
Carlsbad, New Mexico 88220

APPLICATION FOR EXCEPTION TO RULE 303-A TO PERMIT SURFACE COMMINGLING

This application is submitted to request an exception to Rule 303-A to permit commingling of production from out Huber 17 # 4 in a common tank battery located at the Huber 17 # 2 site. The No. 4 currently produces from the Delaware and the No. 2 from the Wolfcamp.

	Huber 17 # 2	Huber 17 # 4
API Gravities of Oil	41.2	38
Volume of Oil bbl/day	22	250
Expected API Gravity of Commingled Oil	38.3	
**Value of Oil, \$ per bbl	\$20.50	\$20.48
Value of commingled oil, \$ per bbl.	\$20.48	

** As of 2/23/90

	Total Value
Huber 17 # 2	\$ 451.00
Huber 17 # 4	5,120.00
Combined	5,571.00
Commingled	5,570.56
Net Gain (Loss)	(.44)

The actual commercial value of the commingled production will be about \$.44 per day less than the sum of the values if not commingled.

Submit to Appropriate District Office
 State Lease - 4 copies
 Fee Lease - 3 copies

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-102
 Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator MERIDIAN OIL, INC.			Lease HUBER "17" FEDERAL			Well No. 4		
Unit Letter 0	Section 17	Township 18-SOUTH	Range 33-EAST	County NMPM		LEA		

Actual Footage Location of Well:
 660 feet from the SOUTH line and 1980 feet from the EAST line

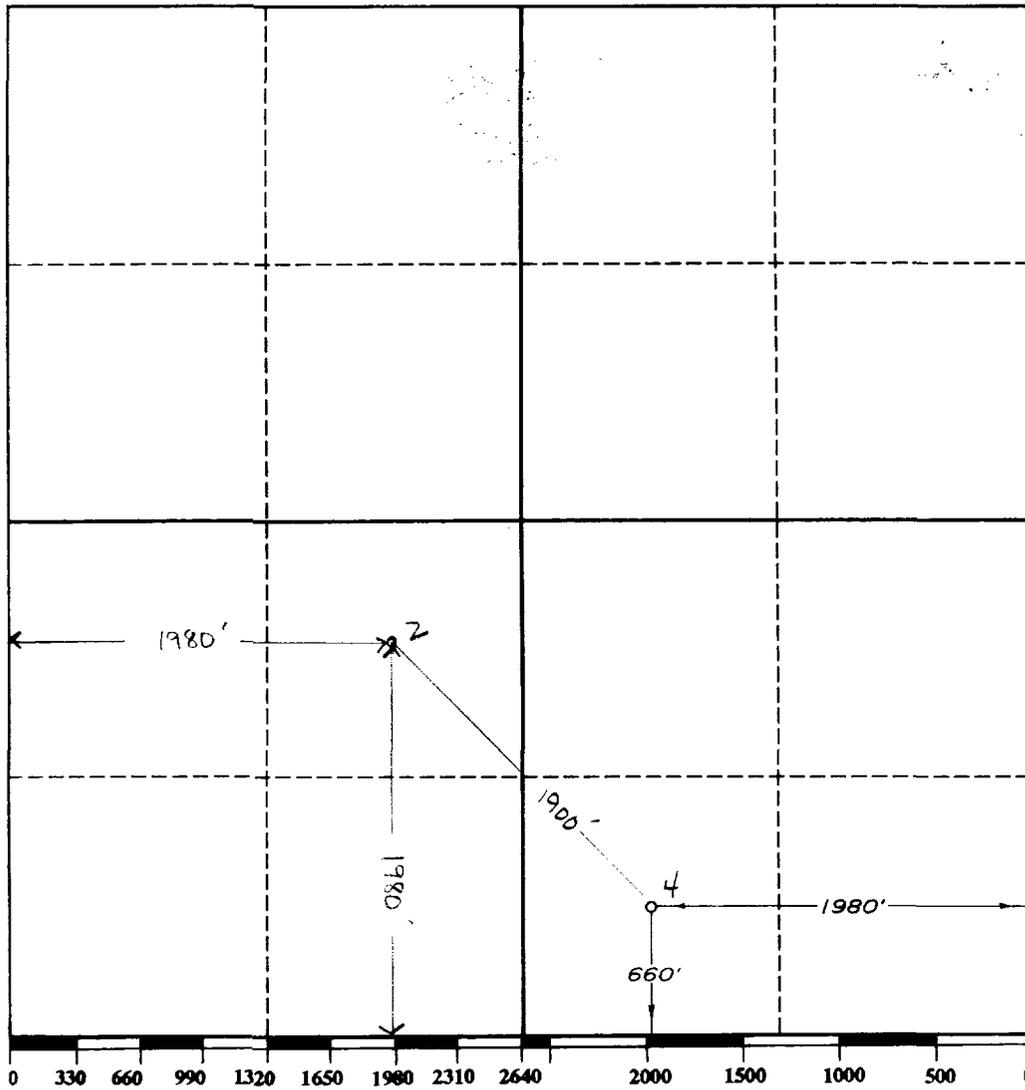
Ground level Elev. 3854'	Producing Formation Wdfcamp	Pool South Corbin	Dedicated Acreage: Acres
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- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

Yes No If answer is "yes" type of consolidation _____

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature
Connie Malik
 Printed Name
Connie L. MALIK
 Position
Operations Tech III
 Company
Southland Royalty Co.
 Date
2-23-90

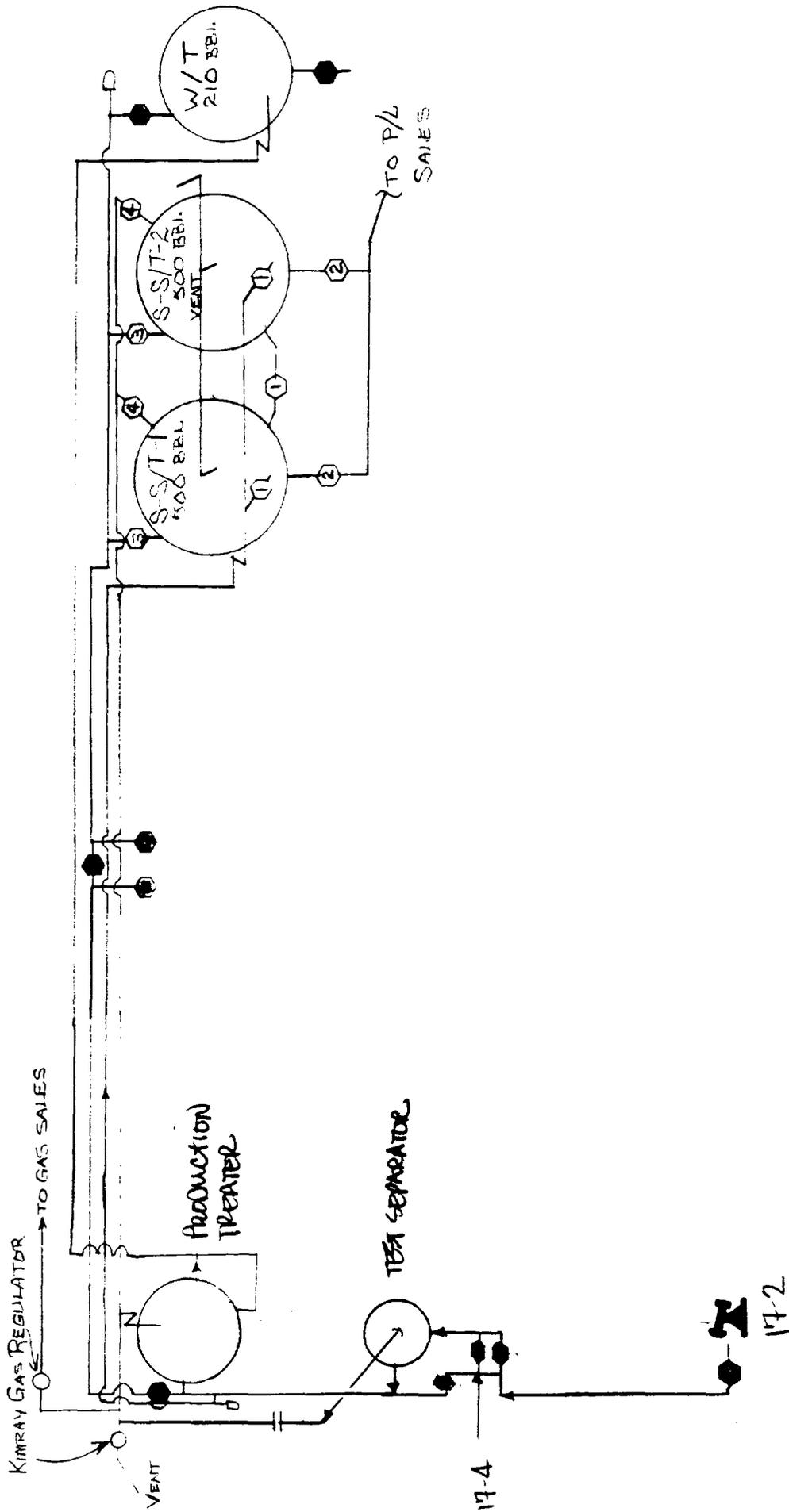
SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
DECEMBER 11, 1989
 Signature & Seal of Professional Surveyor

V.L. Berger
 Certificate No.

7920



○ — SEMI VALVE
 ● — DON'T OPEN VALVE



Southland Royalty Company

MIDLAND, TEXAS

SITE SECURITY DIAGRAM

Huber "17" Federal No. 2
 NE/4 SW/4 Sec. 17, T18S, R33E
 Lea County, New Mexico

09/25/87

By: R. L. Bradshaw
 Not to Scale

February 23, 1990

Mr. William Lemay
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Surface Commingling Request
Huber 17 # 2
Huber 17 # 4
Lea County, New Mexico
Sec 17, T-18-S, R-33-E
NM-26692

Dear Mr. Lemay:

After reviewing data submitted by Meridian Oil Inc. to support its request for authority to commingle production from the referenced facilities in a common tank battery, I hereby consent to the proposed commingling.

Sincerely,

Shannon Shaw
Bureau of Land Management
Carlsbad, New Mexico

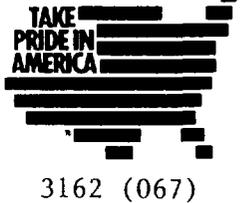
CLM/cm

cc: Meridian Oil Inc.
21 Desta Drive
Midland, Texas 79705



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
CARLSBAD RESOURCE AREA HEADQUARTERS
P.O. BOX 1778
CARLSBAD, NEW MEXICO 88220



3162 (067)

AUG 10 1990

Meridian Oil, Inc.
Attn: E. M. Alvarado
21 Desta Drive
Midland, TX 79705

RE: NM-26692
Huber '17' #4
SWSE of Sec. 17, T18S, R33E; NMPM

Gentlemen:

Your request to surface commingle South Corbin Delaware production from the above referenced well with South Corbin Wolfcamp production from your Huber '17' #2 located in the NESW of Sec. 17, T. 18 S., R. 33 E.; NMPM, is hereby approved.

It is our understanding that the common tank battery facility will be located on the wellsite of the Huber '17' #2. Monthly well tests will be used to accurately allocate production back to the contributing sources.

As stated in your application, the actual commercial value of the commingled production will be approximately \$.44 per day less than the sum of the values if not commingled. This apparent net gain (loss) of \$.44 per day will be compensated for by the elimination of up-front capital expenditures and ongoing operating expenses necessary to construct and maintain a new and separate facility to handle production from the Huber '17' #4.

Please contact Shannon J. Shaw at (505) 887-6544 or at the letterhead address if further information is required.

Sincerely,

Orig. Signed by Richard L. Manus

Richard L. Manus
Area Manager