

MERIDIAN OIL

25 MAY 9 44

May 25, 1990

Mr. David Catanach
Oil Conservation Division
P.O. Box 2088
State Land Office Building
Santa Fe, New Mexico 87501

Re: Southland Royalty Company
West Corbin Federal #13
Sec. 18, T18S, R33E
Lea County
NM-93

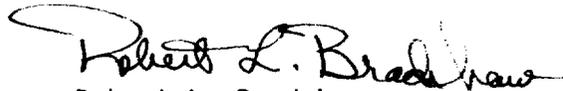
Dear Mr. Catanach:

The referenced well produces about 103 bopd from the West Corbin (~~San~~^{Bank} ~~Andres~~). We propose to surface commingle this production with the South Corbin (Wolfcamp) production at the West Corbin Federal #1 Battery. As demonstrated on the attached chart, this will result in an increase in value of \$0.0078/bbl/day. By commingling at the existing battery, we will also eliminate the expense for constructing and operating a new tank battery.

By copy of this letter, I am requesting the Bureau of Land Management personnel in Carlsbad, N.M., to agree to this request after they review this.

If any further information is needed, please contact me at (915) 686-5678.

Sincerely,



Robert L. Bradshaw
Sr. Staff Env./Reg. Spec.

Attachment

RLB/dst

cc: Well file
Shannon Shaw - BLM, Carlsbad, NM

Southland Royalty Company
 West Corbin Federal #13
 Surface Commingle Permit Request

| | West Corbin Federal No. 1 Battery | Commingled | West Corbin Federal No. 13 |
|---------------|--------------------------------------|------------------|-------------------------------|
| Formation | Wolfcamp | | Bone Spring |
| API Gravity | 41.7° | 39.7° | 31.6° |
| Volumes | 500 bbls/day | 603 bbls/day | 103 bbls/day |
| Value, \$/bbl | \$17.57/bbl | \$17.546/bbl | \$17.384/bbl |
| Value | \$8,785.00/day | \$10,580.238/day | \$1,790.552/day |

Combined Value \$10,575.552 per day
 Commingled Value \$10,580.238 per day
 Value Gain \$ 4.686 per day or \$0.0078/bbl/day

NOTE: \$17.57/bo weighted average price as of 4/30/90
 \$0.02 deduct per 1° API gravity below 40.9° API gravity



United States Department of the Interior

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



3162 (067)

JUN 06 1990

Meridian Oil, Inc.
Attn: R. L. Bradshaw
21 Desta Drive
Midland, TX 79705

RE: NM-93
West Corbin Federal #13
SW1/4SE1/4, Sec. 18,
T18S, R33E; NMPM

Gentlemen:

Your request to surface commingle West Corbin Bone Spring production from the above referenced well with South Corbin Wolfcamp production from your West Corbin Federal #1 well located in the SE1/4NE1/4 of Sec. 18, T. 18 S., R. 33 E.; NMPM, Lease Number NM-93, is hereby approved.

It is our understanding that the common battery facility will be located at the West Corbin Federal #1 wellsite.

We recognize that your request is made in the interest of conservation and will not result in reduced royalty or improper measurement since each well's flow will be metered separately prior to commingling to ensure proper allocation back to the contributing sources.

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

Sincerely,

Orig. Signed by Richard L. Manus

Richard L. Manus
Area Manager



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

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

AMENDED COMMINGLING ORDER PC-776

Meridian Oil, Inc.
21 Desta Drive
Midland, TX 79705

Attention: Robert L. Bradshaw

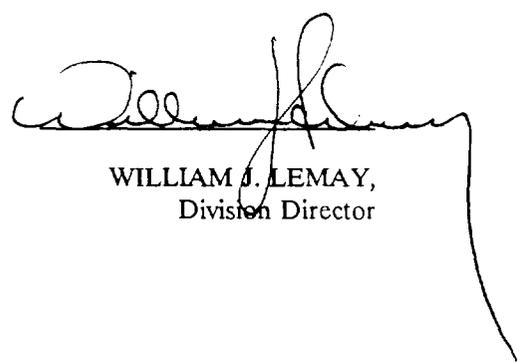
LEASE NAME: West Corbin Federal Lease
DESCRIPTION: Section 7: All; Section 8: S/2; Section 17: N/2; Section 18: All, Township 18 South, Range 33 East, NMPM, Lea County, New Mexico.

The above-named company is hereby authorized to commingle South Corbin Wolfcamp, South Corbin Bone Spring and West Corbin-Delaware Pool production in a common tank battery. The production from each pool shall be determined as follows:

- (a) Production from the South Corbin-Bone Spring Pool shall be separately metered prior to commingling;
- (b) Production from the West Corbin-Federal Well No. 17, 20 and 24, West Corbin-Delaware Pool, shall be individually and separately metered prior to commingling; and
- (c) The remaining production shall be allocated on the basis of well tests.

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 28th day of November, 1990.



WILLIAM J. LEMAY,
Division Director

WJL/DRC/ag

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