

MERIDIAN OIL
August 2, 1993

PLEASE 8-25-93

State of New Mexico
Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico 87504

Re: Application for Exception to Rule 303-A
Request Surface Commingling
Meridian Oil Inc.
State "DR" Lease, Well No's. 2 and 3
Northeast Lusk Yates Field
East Lusk Wolfcamp Field
Lea County, New Mexico
State Lease No. LG-604

Gentlemen:

Meridian Oil Inc. requests administrative approval to surface commingle the Northeast Lusk Yates and East Lusk Wolfcamp Fields on the State "DR" Lease in a common tank battery and determine the allocation of production for each pool by monthly individual well recorded tests. This battery will be operated in accordance with the provisions of SWR-303.

Description: **State "DR" Well No. 2 (LG-604)** SE/4 NE/4
H, 1650' FNL, 990' FEL, Sec. 16, T19S, R32E
Lea County, NM
Battery located at this site
Field Name: Northeast Lusk Yates Field
Gravity: 26.9°
Production: 30 BOPD, 450 BWPD, 0 MCFPD
Value of Oil: \$16.22

Description: **State "DR" Well No. 3 (LG-604)** NE/4 NE/4
A, 660' FNL & 660' FEL, Sec. 16, T19S, R32E
Lea County, NM
Field Name: East Lusk Wolfcamp Field
Gravity: 40.2°
Production: 12 BOPD, 1 BWPD, 25 MCFPD
Value of Oil: \$16.50

The expected combined gravity is 30.7° and the value of the commingled liquid hydrocarbons will be \$16.31.

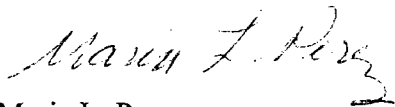
The actual commercial value of the commingled production will not be less than the sum of the value of the production from each common source of supply. The combined gravities will give a better price per barrel of oil. A schematic diagram of the current and proposed installations and a plat showing the location of the wells and battery is enclosed. Meridian Oil Inc. is 100% working interest owner. The royalty interest owners for both zones are identical.

Currently, the State "DR" wells 2 and 3 produce into the same battery location but into separate tanks. Our intention is to commingle both wells into the same tanks, remove the tanks for Well No. 3, and commingle production into tanks for Well No. 2. We can then utilize tanks for Well No. 3 in another area. Also, we would have only one tank to gauge instead of two as we are currently doing.

This application is being submitted in triplicate in accordance with SWR-303B (2) and a copy has been submitted to the State of New Mexico, Commissioner of Public Lands in Santa Fe, New Mexico, with a \$30.00 check to cover the filing fee.

Should you have any questions or require additional information, please call me at 915-688-6906.

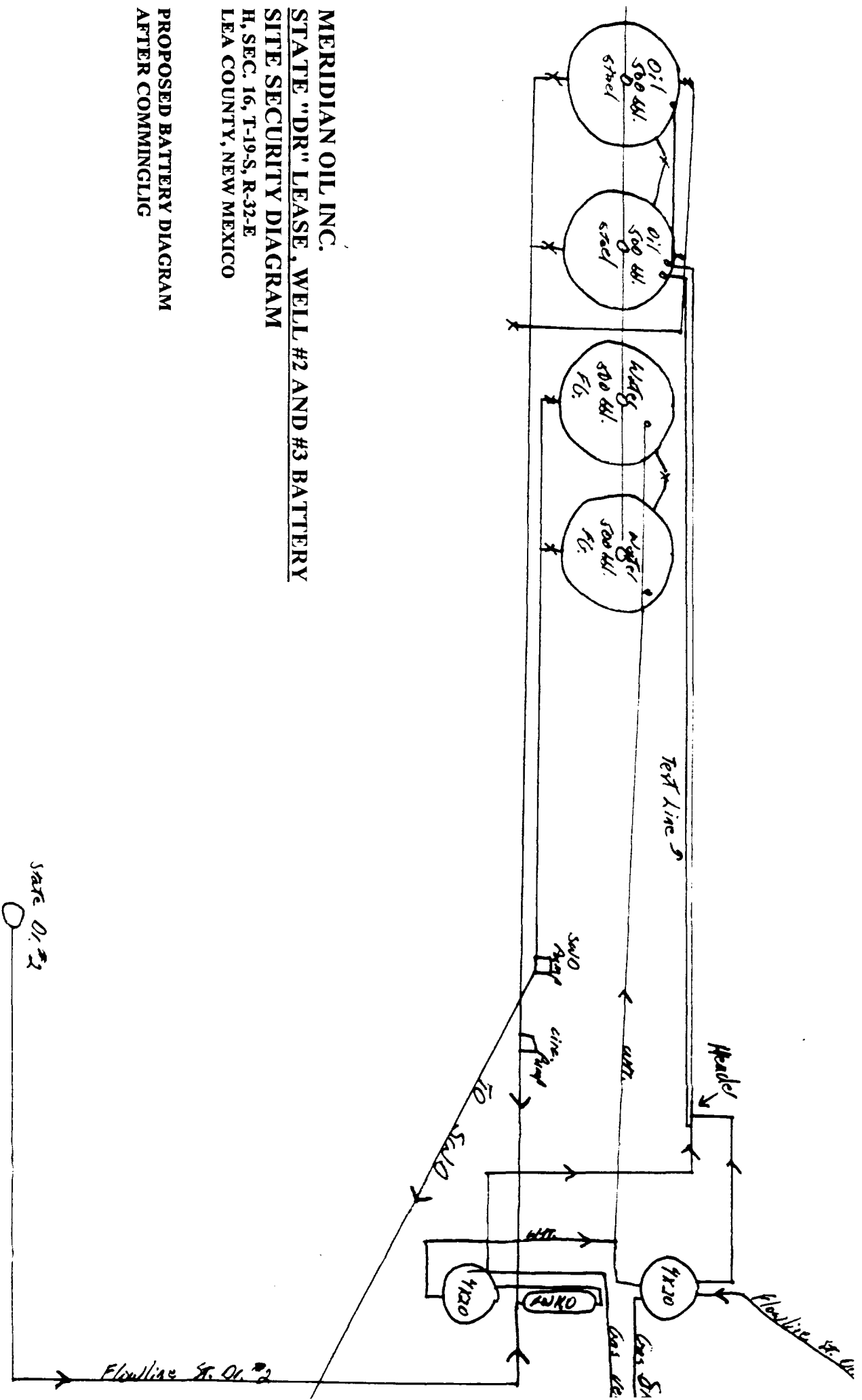
Sincerely,

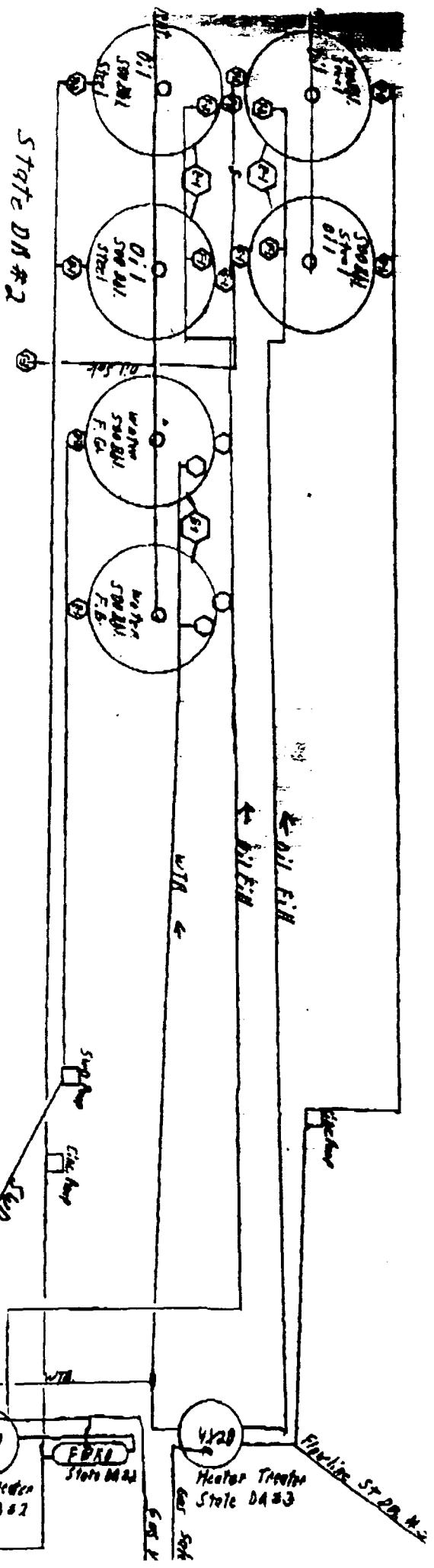


Maria L. Perez
Production Assistant

XC: Well File
Land Dept.
Nancy Kilgore-Res. Eng.
Facility Eng.
Prod. Eng.
Artesia Field Office
Texas-New Mexico Pipeline Co.
Production Services:
Donna Williams
Connie Malik
Marianne Martin
Stella Alvarado
Richard Atchley
Maria L. Perez

**PROPOSED BATTERY DIAGRAM
AFTER COMMINGLIG**





MERIDIAN OIL INC.

STATE "DR" LEASE, WELL #2 AND #3 BATTERY

SITE SECURITY DIAGRAM

H, SEC. 16, T-19-S, R-32-E

LEA COUNTY, NEW MEXICO

CURRENT BATTERY DIAGRAM
BEFORE COMMINGLING

GM
ST. DA. #3

The map displays a complex network of oil fields and wells. Key features include:

- Lusk Deep Unit**: A large area in the center-left, labeled with 'Lusk Deep Unit' and 'Lusk (STR. DR.) UNIT'.
- Lusk (STR. DR.) UNIT**: A large area in the center-right, labeled with 'Lusk (STR. DR.) UNIT'.
- Lusk (STR. DR.) UNIT**: A large area in the bottom-left, labeled with 'Lusk (STR. DR.) UNIT'.
- Lusk (STR. DR.) UNIT**: A large area in the bottom-right, labeled with 'Lusk (STR. DR.) UNIT'.
- Wells**: Numerous wells are marked with numbers and names, such as 'Lusk (STR. DR.) UNIT', 'Lusk (STR. DR.) UNIT', and 'Lusk (STR. DR.) UNIT'.
- Geological Features**: The map shows various geological features, including 'Lusk (STR. DR.) UNIT', 'Lusk (STR. DR.) UNIT', and 'Lusk (STR. DR.) UNIT'.

07/22/93 10:24:36.1

MERIDIAN OIL
ESTIMATED VOLUMES SYSTEM

EVS058M3

WELL TEST TRACKING SELECTION

DP NO 10796A

A R I	TEST DATE	OIL (BBL)	GAS (MCF)	WATER (BBL)	HRS	CHOKE '64TH	TUBING PRESS	CASING PRESS
- - -	06/23/93	30.0	0	520	24	0	40	40
X - -	05/12/93	36.0	0	515	24	64	50	40
- - -	03/16/93	33.0	0	465	24	0	0	0
- - -	12/15/92	39.0	0	623	24	0	0	0
- - -	11/15/92	42.0	0	685	24	0	0	0
- - -	10/12/92	45.2	0	685	24	0	0	0
- - -	09/01/92	47.9	0	685	24	0	0	0
- - -	06/20/92	46.5	0	660	24	0	0	0
- - -	05/01/92	52.1	0	682	24	0	0	0
- - -	04/25/92	51.3	0	680	24	0	0	0
- - -	03/15/92	58.0	0	668	24	0	0	0
- - -	02/01/92	59.0	0	646	24	0	0	0
- - -	01/25/92	61.0	0	625	24	0	0	0

PF20=PAGE FORWARD

PF11=PREVIOUS SCREEN

PF12=MAIN MENU

STATE DR NO. 2

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MERIDIAN OIL
ESTIMATED VOLUMES SYSTEM

EVS058M3

WELL TEST TRACKING SELECTION

DP NO 10797A

A R I	TEST DATE	OIL (BBL)	GAS (MCF)	WATER (BBL)	HRS	CHOKE '64TH	TUBING PRESS	CASING PRESS
-- --	06/23/93	10.0	25	6	24	0	30	30
X --	03/16/93	13.0	37	6	24	0	0	0
-- --	11/15/92	13.0	42	6	24	0	0	0
-- --	09/01/92	13.0	42	6	24	0	0	0
-- --	08/30/92	19.0	45	6	24	0	40	40
-- --	08/29/92	16.0	47	6	24	0	40	40
-- --	08/28/92	25.0	34	6	24	0	40	40
-- --	05/01/92	12.3	41	6	24	0	0	0
-- --	02/01/92	12.7	40	6	24	0	0	0
-- --	12/17/91	16.5	42	6	24	0	0	0
-- --	10/29/91	14.0	70	6	24	0	0	0
-- --	09/18/91	14.0	70	6	24	64	40	40
-- --	08/15/91	17.0	45	6	24	64	35	35

PF20=PAGE FORWARD

PF11=PREVIOUS SCREEN

PF12=MAIN MENU

STATE DR NO. 3

08/02/93

RELATED DIVISION ORDERS

LWM600NL
<LANDWELL>

WELL NO: 10796A NAME: STATE DR 2 FORM: YATES

DO#	V	COMPANY	PROD	PROPERTY	PROPERTY NAME	EFF DATE	INTEREST
82352600	Y	21 MOI	CSG	071075500	STATE DR 1,2,3,5	06/01/88	100.000000

CURSOR+ENTER=OWNER DETAIL CURSOR+PF9=W/I SUMMARY PF12=MENU PF24=HELP

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DIVISION ORDER INQUIRY

LWM601NL
<LANDWELL>

DO#: 82352600 CO: 21 MOI PROD: CSG PROPERTY: 071075500
WELL: 10796A STATE DR 2 FORMATION: YATES

OWNER#	OWNER NAME	RE PAY	REASON FOR SUSP	B/C TYPE	OWNER %
038375 01	STATE OF NEW MEXICO	A PAY		001 RI	12.500000
999022 02	MERIDIAN OIL PRODUCTION	A PAY		NWI	87.500000

ENTER=MORE PFX=DETAILS PF9=D/O LIST PF11=TOP OF LIST PF12=MENU PF24=HELP

08/02/93

RELATED DIVISION ORDERS

LWM600NL
<LANDWELL>

WELL NO: 10797A NAME: STATE DR 3

FORM: WOLFCAMP

DO#	V	COMPANY	PROD	PROPERTY	PROPERTY NAME	EFF DATE	INTEREST
82318500	Y	21 MOI	OIL	071075500	STATE DR 1,2,3,5	06/01/88	100.000000
82352700	Y	21 MOI	CSG	071075500	STATE DR 1,2,3,5	06/01/88	100.000000

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08/02/93 10:06:24.9

DIVISION ORDER INQUIRY

LWM601NL
<LANDWELL>

DO#: 82352700 CO: 21 MOI PROD: CSG PROPERTY: 071075500
WELL: 10797A STATE DR 3 FORMATION: WOLFCAMP

OWNER#	OWNER NAME	RE PAY	REASON FOR SUSP	B/C TYPE	OWNER %
038375 01	STATE OF NEW MEXICO	A PAY		001 RI	12.500000
999022 02	MERIDIAN OIL PRODUCTION	A PAY		NWI	87.500000

ENTER=MORE PFX=DETAILS PF9=D/O LIST PF11=TOP OF LIST PF12=MENU PF24=HELP

REQUIREMENTS:

WELL TESTS:

**NO TOP ALLOWABLE WELLS
COMMON OWNERSHIP
FEDERAL OR STATE APPROVAL**

SEPARATELY METERING:

**TOP ALLOWABLE WELLS
DIVERSE OWNERSHIP
FEDERAL OR STATE APPROVAL**

xc: STATE LAND OFFICE - Pete Martinez BLM - _____ OCD - Hobbs

WJL/BES/