



JIM BACA  
COMMISSIONER

State of New Mexico

OFFICE OF THE

Commissioner of Public Lands

Santa Fe

P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

April 13, 1992

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

Attn: Ms. Maria L. Perez

Re: Exception to SWR 303-B Surface Commingling  
Exception to SWR 309-B Lease Commingling  
Also, Request Off lease storage, Rule 309C  
For the Percha 15 State Lease (VB-161)  
To the State "16" Battery Located in  
J, Sec. 16, T-18S, R-33E, Lea County, NM

Dear Ms. Perez:

Reference is made to your letter of February 10, 1992 and subsequent letters of April 6, and March 13, 1992 requesting our approval to surface commingle the production from the West Corbin Delaware, South Corbin Wolfcamp and South Corbin Bone Spring Pools for the State "16" and Percha 15 State Leases in a common tank battery located on the State "16" lease in Unit Letter J.

We have derived the following information from your application:

1. The Percha 15 Well Nos. 1-M and the 2Y-N are located on Lease No. VB-161 which has a three-sixteenths royalty rate. The State "16" Lease Well Nos. 1-M, 2-N, 3-L, 4-M, 5-N, 7-P, and 8-P, are all located on Lease No. LG-4087 which has a one-eighth royalty rate.
2. Meridian owns 100% working interest on both of these leases.
3. Production from the above mentioned wells will be commingled into a common tank battery located on LG-4087.
4. Meridian plans to test each well one time each month through a metered "test" heater treater at the State 16 Battery.
5. There will be no economic loss involved with the commingling of the 10 bbls of Delaware oil and the 10 bbls of Bone Spring oil to the State "16" Battery.

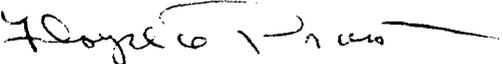
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Since it appears that there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request for surface commingling and off-lease storage operations is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

If you have any questions, or if we can be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

JIM BACA  
COMMISSIONER OF PUBLIC LANDS

BY:   
FLOYD O. PRANDO, Director  
Oil/Gas and Minerals Division  
(505) 827-5744  
JB/FOP/pm  
encls.

cc: Reader File  
OCD- Attn: Mr. David Catanach