

MERIDIAN OIL

OIL CONSERVATION DIVISION
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OCD - Santa Fe

April 6, 1992

State of New Mexico
Office of the Commissioner of Public Lands
Attn: Mr. Floyd O. Prando, Director
Oil/Gas and Minerals Division
P. O. Box 1148
Santa Fe, NM 87504-1148

**RE: AMENDED COMMINGLING ORDER PC-757,
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, 18S, 33E, LEA COUNTY, NEW MEXICO**

Dear Mr. Prando:

This is in reply to your letter dated February 20, 1992,
copy attached.

The referenced wells are producing 4 BO and 15 BO per day
respectively. We still need to take both to the State 16
Battery.

An economic analysis of this proposed operation is that we
cannot afford to build a complete battery for the current
producing rate of less than 20 BO per day from these wells.

Tie-in to the State 16 Battery for both wells will cost
\$20,000 for flowlines and labor. To build a complete
battery with LACT unit and SWD transfer pump on the lease
would cost \$115,000.

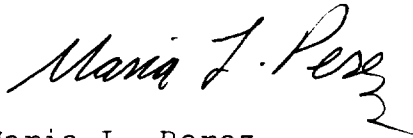
At the State 16 Battery we will test each well one time each
month through a metered "test" heater treater. This is our
company practice for any well less than 50 BO per day.

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Mr. Floyd O. Prando, Director
Oil/Gas and Minerals Division

Also, I have attached your commingle Pre-application form.

Should you have any additional questions, please call Mr.
Brett L. Adams, Facility Engineer @ A/C915-688-6859.

Sincerely,

A handwritten signature in cursive script, reading "Maria L. Perez". The signature is written in dark ink and is positioned above the typed name.

Maria L. Perez
Production Asst.
A/C915-688-6906

xc: Well File
Don McBee
Bob Bradshaw
Brett Adams
Maria Perez
Reading File