

MERIDIAN OIL

Oil Conservation Division
March 28, 1994

March 28, 1994

Mr. David Catanach
Oil Conservation Division
P.O. Box 2088
Sante Fe, New Mexico 87504

Re: Amending of PC-849

Mr. Catanach:

Meridian Oil Inc. respectfully requests approval to add the Red Tank Federal Lease to the existing commingling order covering our Checkerboard '23' Federal Lease located in Sec. 23, T22S, R32E in Lea County, New Mexico. The Red Tank Federal Lease is located in Sec. 14, T22S, R32E in Lea County, New Mexico. Both leases are in the West Red Tank Delaware and Red Tank Bone Spring field. We also request that this commingling order cover all subsequent wells in either lease in the future.

RED TANK FEDERAL LEASE

Red Tank Federal # 1	O, 330' FSL & 1980' FWL
Red Tank Federal # 2 (SWD) *	O, 532' FSL & 1958' FWL
Red Tank Federal # 3 (PRO)	P, 330' FSL & 990' FWL
Red Tank Federal # 4 (PRO)	J, 1650' FSL & 1980' FWL

* Re-Entry of a P & A'd well and subsequent conversion to a SWD to serve both the Red Tank Federal Lease and Checkerboard '23' Federal Lease.

Proposed production from these wells is as follows:

<u>WELL NAME</u>	<u>BOPD</u>	<u>OIL GRAVITY</u>	<u>MCFPD</u>	<u>FORMATION</u>
Red Tank Federal # 1	100	39.1	190	Delaware
Red Tank Federal # 2 SWD	n/a	n/a	n/a	Delaware
Red Tank Federal # 3	100	39.1	190	Delaware
Red Tank Federal # 4	100	39.1	190	Delaware

A map is enclosed showing the lease(s) and location of all wells that will contribute production to the proposed commingling/common storage facility. All unitized/communitized areas, producing zones/pools are also clearly illustrated.

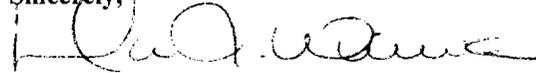
The storage and measuring facility is located at the SW4/SE4 of Sec. 23, T22S, R32E, Lea County New Mexico. All of the wells on the Checkerboard '23' Federal lease at various times of the month are routed to a test vessel situated by the common storage vessel to be individually tests (well tests). All the gas is metered. The Red Tank Federal lease prior to going off lease to the common storage and test vessel will be sent through a satellite for allocation purposes. All the gas is metered.

Meridian owns 100% of the Red Tank Federal lease (Nm 77058). Meridian owns 87.6% of the Checkerboard '23' lease (NM 81633). The working interest owners have been notified and have no objection to this arrangement.

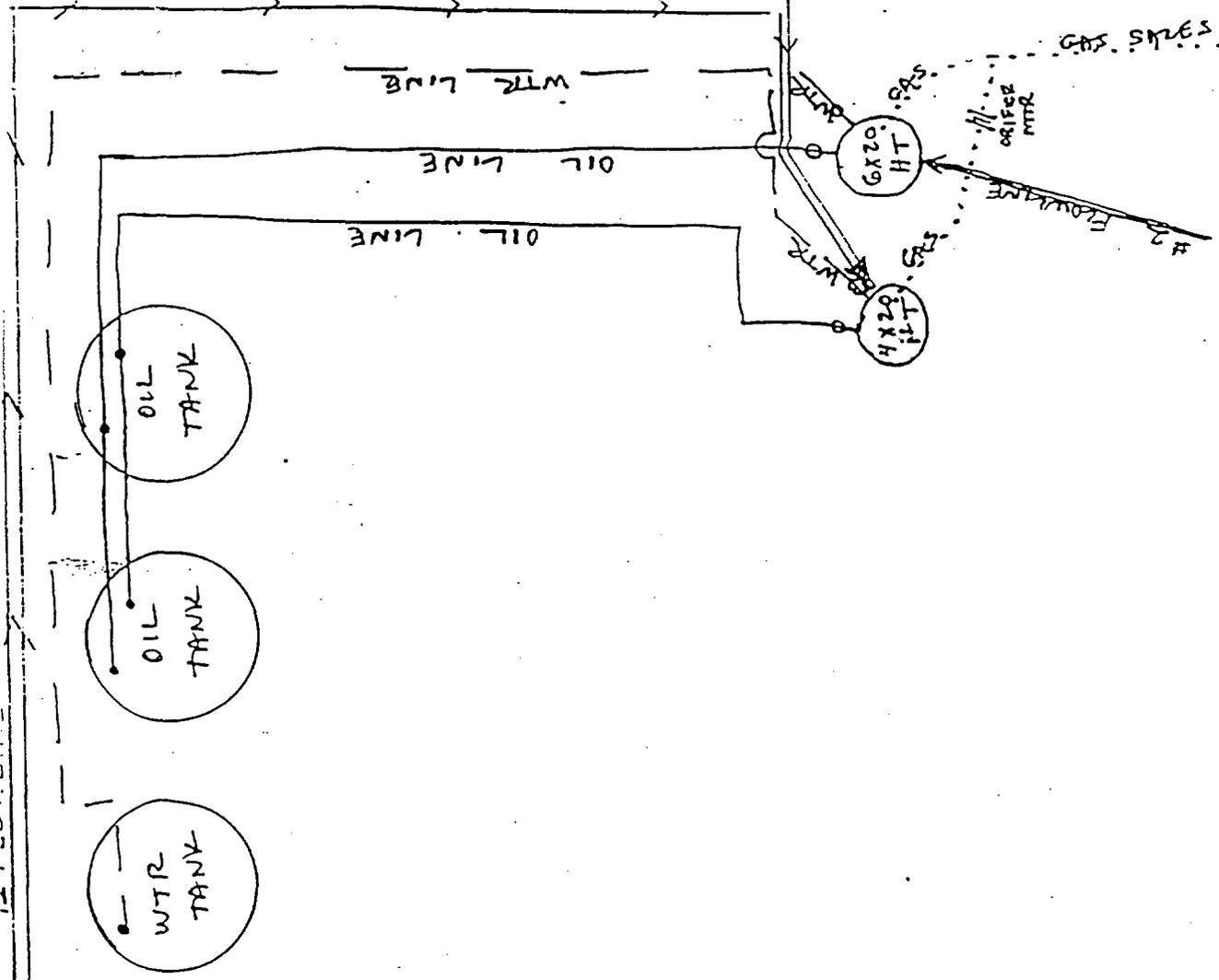
The proposed amendment of PC 849 is in the interest of conservation and in no way will reduce the quality of the hydrocarbon nor will result in improper measurement of production. The proposed commingling is necessary for continued operation of the above referenced lease(s).

Please find attached a copy of the application submitted to the Bureau of Land Management and a copy of the existing commingling PC 849 issued on March 21, 1994.

Sincerely,



**Donna J. Williams
Production Assistant
915-688-6943**



MERIDIAN OIL INC.
 CHECKERBOARD "23" FEDERAL BATTERY
 SW/4 SE/4 SEC. 23, T-22-S, R-32-E
 LEA COUNTY, N.M.

(NOT TO SCALE)

MERIDIAN OIL INC.
 CHECKERBOARD "23" FEDERAL BATTERY
 SW/4 SE/4 SEC. 23, T-22-S, R-32-E
 LEA COUNTY, N.M.



Compressor Systems, Inc.

DATE 3/18/94

ENGINEERING CHART

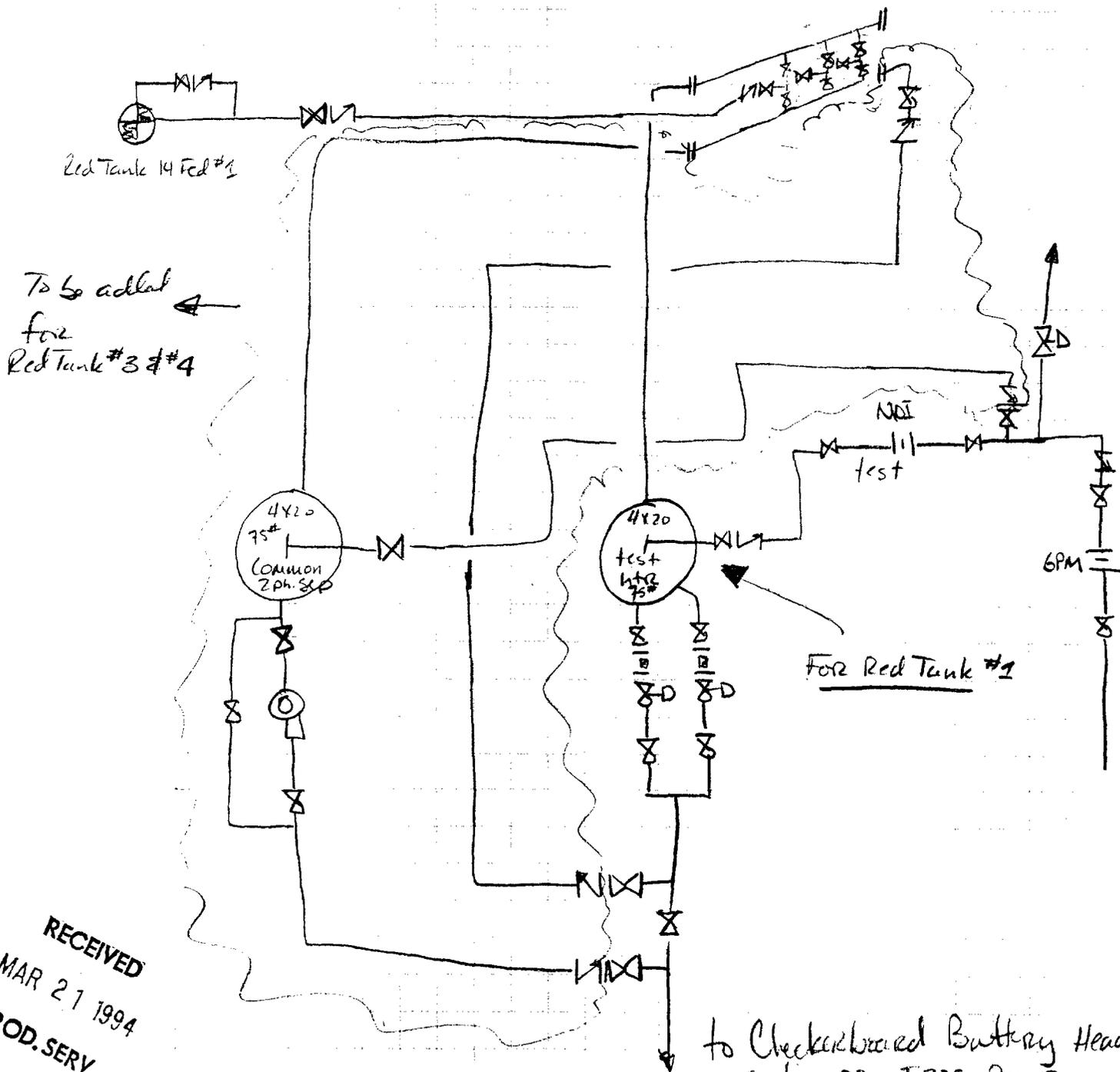
BY J. L. Plante

SUBJECT Red Tank Proposed Satellite

UL N Section 14 T22S-R32E
Lea County, NM

RED TANK FEDERAL LEASE
SEC. 14, T22S, R32E
LEA COUNTY, NEW MEXICO

No Scale



RECEIVED
MAR 21 1994
PROD. SERV.

to Checkboard Battery Header
Section 23-T22S-R32E

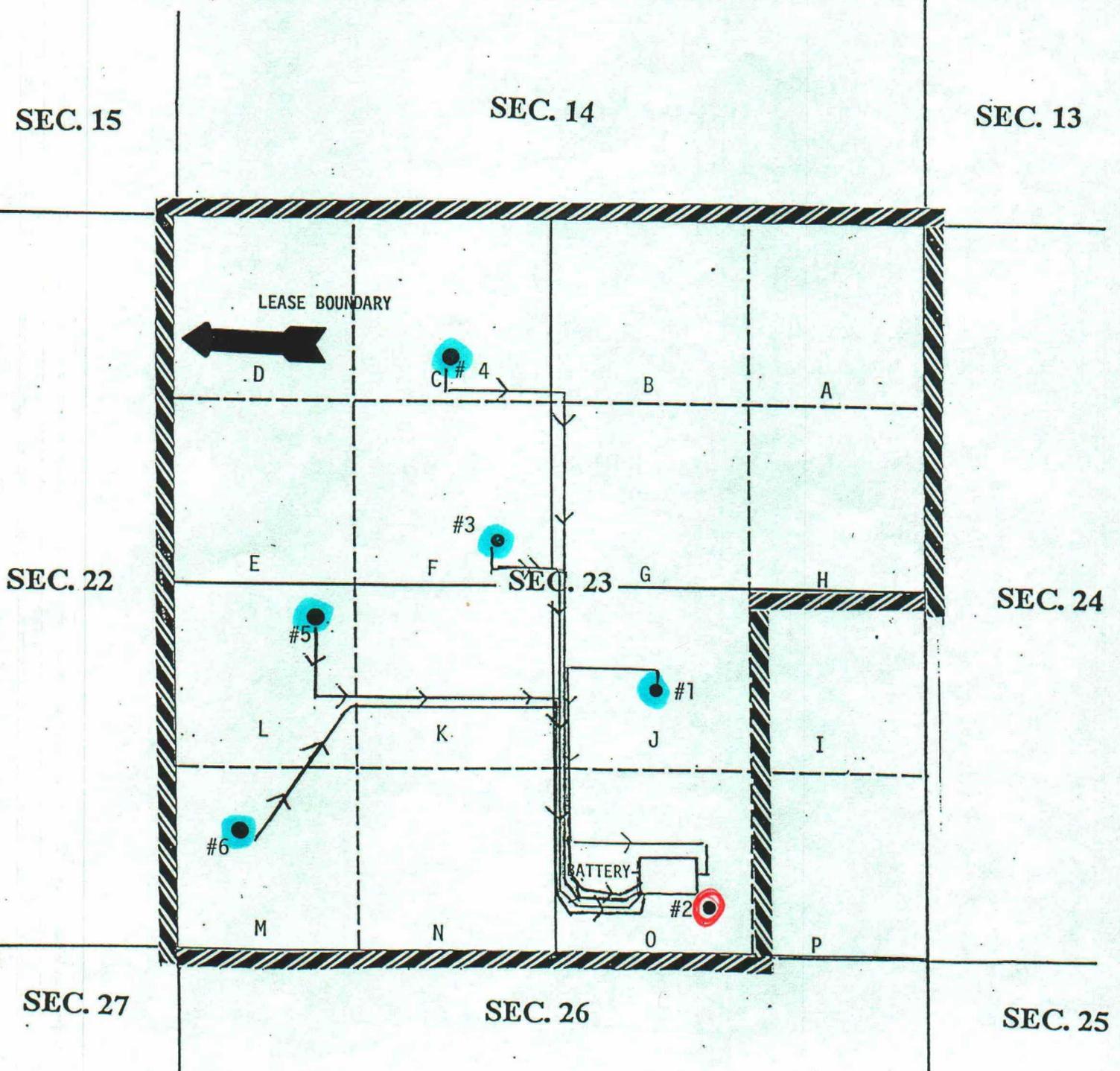
MERIDIAN OIL INC.
CHECKERBOARD 23 FEDERAL LEASE
LEASE NO. NM-81633
SEC. 23, T-22-S, R-32-E
LEA COUNTY, NEW MEXICO

LEASE DESCRIPTION: 560 ACRES IN LEASE
ALL OF SECTION 23 EXCEPT FOR THE E/2 OF THE SE/4

WEST RED TANK DELAWARE POOL AND RED TANK BONE SPRING POOL

WELL NO. 1, J, 1980' FSL & 1980' FEL
WELL NO. 2, O, 330' FSL & 1650' FEL
WELL NO. 3, F, 2310' FNL & 2295' FWL

WELL NO. 4, C, 990' FNL & 1980' FWL
WELL NO. 5, L, 990' FWL & 2310' FSL
WELL NO. 6, M, 403' FWL & 879' FSL



**MERIDIAN OIL INC.
RED TANK FEDERAL LEASE**

**LEASE NO. NM 77058
SEC. 14, T-22-S, R-32-E
LEA COUNTY, NEW MEXICO**

**LEASE DESCRIPTION: 240 ACRES IN LEASE
ALL OF THE SOUTHWEST QUARTER OF SEC. 14 AND NW/SE AND SW/SE QUARTER OF
SEC. 14**

WEST RED TANK DELAWARE POOL AND RED TANK BONE SPRING POOL

SEC. 10

SEC. 11

SEC. 12

16

SEC. 15

SEC. 14

SEC. 13

4

3

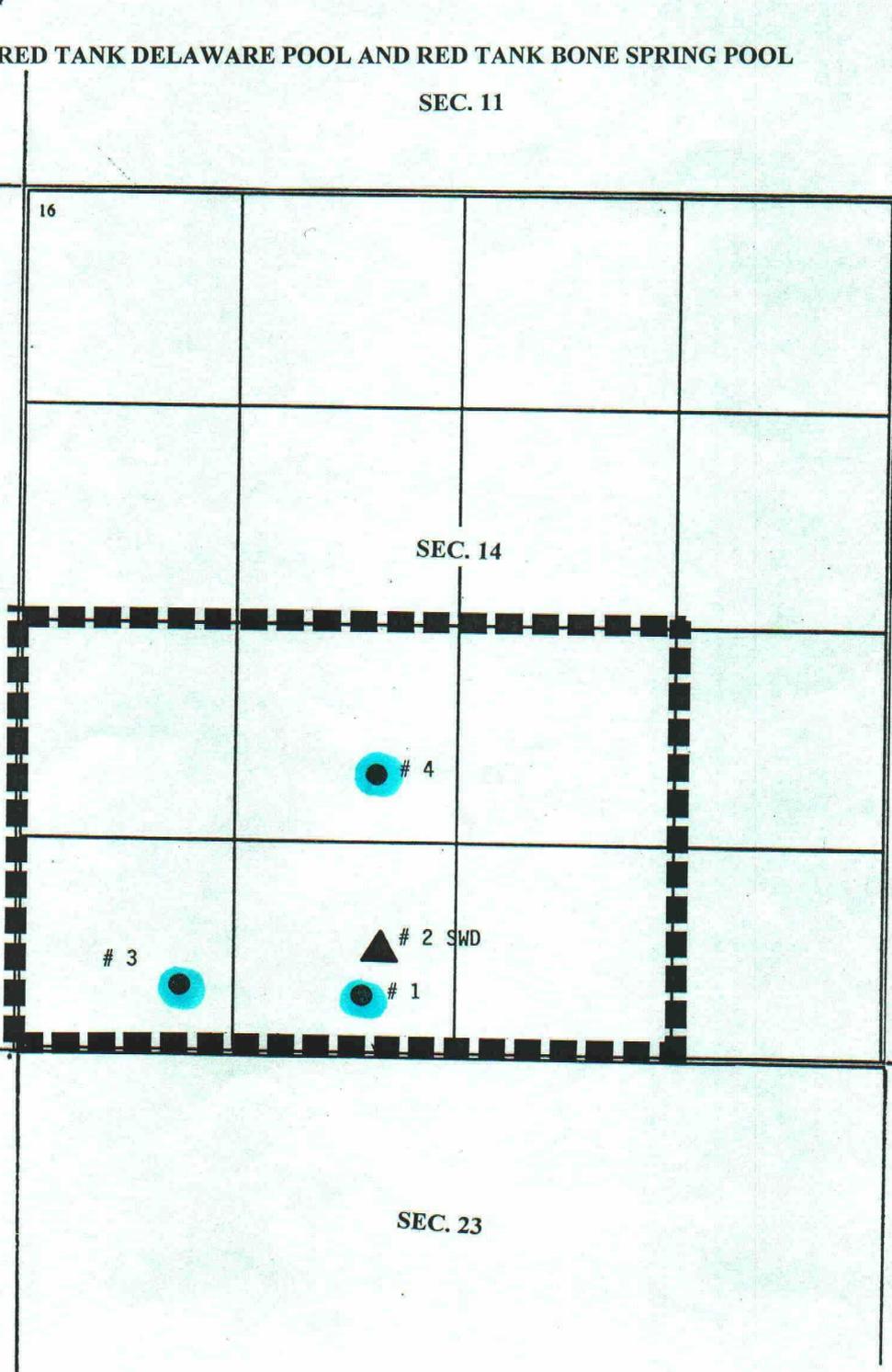
2 SWD

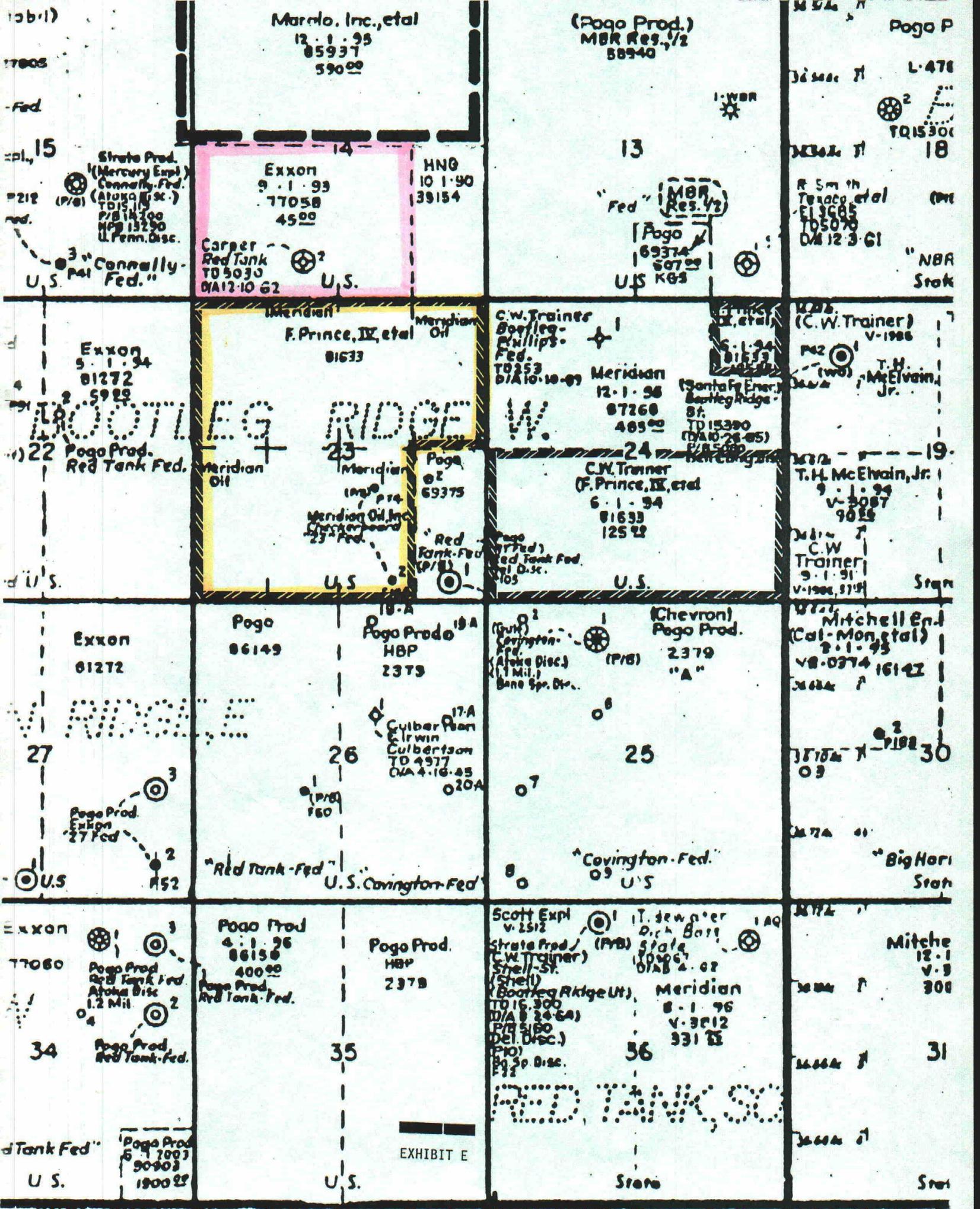
1

SEC. 22

SEC. 23

SEC. 24





Morris, Inc., etal
12.1.95
85937
59000

(Pogo Prod.)
MBR Res. 1/2
58940

Pogo P
L-478
TQ15306
18

Strote Prod.
(Mercury Expl.)
Connally-Fed.
(Atoka Disc.)
TD 15,115
P/B 14,200
M/P 13,250
U. Penn. Disc.
"Connally-Fed."
U.S.

Exxon
9.1.93
77058
4500
HNG
10.1.90
39154
Carter
Red Tank
TD 5030
O/A 12-10-62
U.S.

"Fed" (MBR Res. 1/2)
Pogo
69374
50700
U.S. K63

R. Smith
Tenacy etal
E13685
T05078
O/A 12-3-61
"NBR
Statk

Exxon
5.1.94
81272
5925
Pogo Prod.
Red Tank Fed.
U.S.

Meridian
F. Prince, IX, etal Oil
81633
Meridian
Pogo
69375
Meridian Oil
U.S.

C.W. Trainer
Boyleg-Phillips-Fed.
TD 253
O/A 10-10-67
Meridian
12.1.98
87268
48500
C.W. Trainer
(F. Prince, IX, etal)
6.1.94
81633
12522
U.S.

(C.W. Trainer)
V-1988
T.H. McElvain, Jr.
9.1.94
V-3087
9025
C.W. Trainer
9.1.91
V-1988, 3719
Statk

Exxon
81272
Pogo Prod.
Exxon
27 Fed.
U.S.

Pogo
86149
Pogo Prod
HBP
2379
Culbertson
Elwin
Culbertson
TD 4977
O/A 4.16.45
"Red Tank-Fed"
U.S. Covington-Fed.

(Chevron)
Pogo Prod.
2379
"A"
"Covington-Fed."
U.S.

Mitchell En.
(Cal-Mon, etal)
8.1.93
V8-0374
16142
"Big Horn
Statk

Exxon
77060
Pogo Prod
Red Tank Fed.
Atoka Disc.
1.2 Mil.
Pogo Prod.
Red Tank-Fed.
"Red Tank Fed"
U.S.

Pogo Prod
4.1.96
86150
40000
Pogo Prod.
Red Tank-Fed.
Pogo Prod.
HBP
2379
U.S.

Scott Expl
V-2512
Strote Prod.
(P/B) State
(C.W. Trainer)
State
Shell-St.
(Shell)
(Boyleg Rktge Ut.)
Meridian
TD 15,300
O/A 8-24-64
P/B 5160
Del. Disc.
Pogo
Bo. Sp. Disc.
T. Jewner
D. B. Ball
State
O/A 2.02
8.1.96
V-3812
33125
State

Mitche
12.1
V.9
300
31
Statk

EXHIBIT E

R 32 E

RED TANK UNIT FEDERAL No. 2
(DRY HOLE MARKER)
CALLED: 660' FSL & 1980' FWL
MEASURED: 542' FSL & 1958' FWL
SECTION 14, T 22 S, R 32 E

RED TANK FEDERAL No. 1
330' FSL & 1980' FWL
SEC. 14, T 22 S, R 32 E

CHECKERBOARD "23" FEDERAL No. 4
690' FSL & 1980' FWL
SECTION 23, T 22 S, R 32 E

CHECKERBOARD "23" FEDERAL No. 2
UNIT 0
SECTION 23, T 22 S, R 32 E

NOTE - BASIS OF BEARINGS
BEARINGS FOR THIS SURVEY ARE BASED ON THE LINE BETWEEN A BRASS CAP FOUND FOR THE WEST QUARTER CORNER OF SECTION 23, AND A BRASS CAP FOUND FOR THE NORTH WEST CORNER OF SAID SECTION 23, T 22 S, R 32 E, NMFM, THE LINE IS ASSUMED TO BEAR N 0°01'00" W, 2641.32'.

LEGAL DESCRIPTION:

AN EASEMENT FOR A PROPOSED FLOWLINE LOCATED IN SECTIONS 14 AND 23, TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMFM, LEA COUNTY, NEW MEXICO, SAID EASEMENT BEING FIFTY FEET WIDE AND BEING TWENTY FIVE FEET ON EITHER SIDE OF THE SURVEY CENTERLINE MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT FOR SURVEY STATION 0+00.00, FROM WHICH THE SOUTH QUARTER CORNER OF SAID SECTION 14 BEARS S 55°35'29" E, 618.76 FEET;

THENCE S 1°50'00" E, AT 334.5 FEET CROSSING AN OVERHEAD SOUTHWESTERN PUBLIC SERVICE COMPANY POWER LINE FOR SURVEY STATION 3+36.3, AT 351.80 FEET CROSSING THE SOUTH LINE OF SAID SECTION 14 INTO SAID SECTION 23 FOR SURVEY STATION 3+51.80, AT 385.7 FEET CROSSING THE CENTER OF AN EXISTING DIRT TRAIL FOR SURVEY STATION 3+85.7, A TOTAL DISTANCE OF 1171.35 FEET TO A POINT FOR SURVEY STATION 11+71.35;

THENCE S 89°48'44" E, AT 140.3 FEET CROSSING AN OVERHEAD POWER LINE FOR SURVEY STATION 13+11.9, AT 489.4 FEET CROSSING AN OVERHEAD SOUTHWESTERN PUBLIC SERVICE COMPANY POWER LINE FOR SURVEY STATION 16+61.0, AT 577.6 FEET CROSSING THE CENTER OF AN EXISTING ROAD FOR SURVEY STATION 17+49.2, A TOTAL DISTANCE OF 597.78 FEET TO A POINT FOR SURVEY STATION 17+69.33;

THENCE S 2°49'59" E, 315.64 FEET TO A POINT FOR SURVEY STATION 20+84.97;
THENCE S 4°11'45" E, 390.17 FEET TO A POINT FOR SURVEY STATION 24+75.14;
THENCE S 3°05'31" W, 618.99 FEET TO A POINT FOR SURVEY STATION 30+94.13;
THENCE S 1°24'24" E, 381.60 FEET TO A POINT FOR SURVEY STATION 34+75.73;
THENCE S 2°08'26" E, 826.60 FEET TO A POINT FOR SURVEY STATION 43+02.33;

THENCE S 2°36'15" E, AT 67.2 FEET CROSSING THE CENTER OF AN EXISTING ROAD FOR SURVEY STATION 43+69.5, AT 108.0 FEET CROSSING AN OVERHEAD POWER LINE FOR SURVEY STATION 44+10.3, A TOTAL DISTANCE OF 187.51 FEET TO A POINT FOR SURVEY STATION 44+89.84;

THENCE S 1°59'11" E, AT 1196.9 FEET CROSSING AN OVERHEAD POWER LINE FOR SURVEY STATION 56+86.7, A TOTAL DISTANCE OF 1396.17 FEET TO A POINT FOR SURVEY STATION 58+86.01;

THENCE S 40°32'18" E, 109.50 FEET TO A POINT FOR SURVEY STATION 59+95.51;

THENCE S 89°47'01" E, 452.36 FEET TO A POINT FOR SURVEY STATION 64+47.87;

THENCE N 37°21'07" E, 72.95 FEET TO A POINT FOR SURVEY STATION 65+20.82;

THENCE N 0°30'04" W, 209.15 FEET TO A POINT FOR SURVEY STATION 67+29.97;

THENCE S 87°25'57" E, 252.13 FEET TO A POINT FOR SURVEY STATION 69+82.10;

THENCE S 1°11'07" W, 77.25 FEET TO POINT OF TERMINATION OF THE HEREIN DESCRIBED SURVEY CENTERLINE AT SURVEY STATION 70+59.35, FROM WHICH THE SOUTH QUARTER CORNER OF SAID SECTION 23 BEARS S 67°08'07" W, 1136.60 FEET;

SAID EASEMENT BEING 7059.35 FEET OR 427.84 RODS OR 1.34 MILES IN LENGTH, SUCH LENGTH BEING ALLOCATED BY PORTIES AS FOLLOWS:

SE/4 of SW/4 SECTION 14	-	21.32	RODS
NW/4 of NW/4 SECTION 23	-	78.37	RODS
NW/4 of NE/4 SECTION 23	-	37.76	RODS
SW/4 of NE/4 SECTION 23	-	80.19	RODS
NW/4 of SE/4 SECTION 23	-	80.08	RODS
SW/4 of SE/4 SECTION 23	-	130.12	RODS
TOTAL	-	427.84	RODS

I hereby certify this plat to be correct to the best of my knowledge.



Laughlin-Simmons

of Texas
MIDLAND DISTRICT OFFICE
(915) 699-1238
(915) 699-8706
In State Toll Free
1-800-242-3028

P.O. BOX 1757
MIDLAND, TX 79702



By: WILLIAM E. MAHNKE II, PLS # 8466

MERIDIAN OIL INC.
RED TANK FEDERAL No. 1

PROPOSED FLOWLINE EASEMENT

LEA COUNTY, NEW MEXICO

date: 2-17-94 scale: 1"=1000'

THE PROPOSED OPERATION IS DESCRIBED IN DETAIL ON THE ATTACHED DIAGRAM.

A MAP IS ENCLOSED SHOWING THE LEASE NUMBER AND LOCATION OF ALL WELLS THAT WILL CONTRIBUTE PRODUCTION TO THE PROPOSED COMMINGLING/Common STORAGE FACILITY. ALL UNITIZED/COMMUNITIZED AREAS, PRODUCING ZONES/POOLS ARE ALSO CLEARLY ILLUSTRATED.

A SCHEMATIC DIAGRAM IS ALSO ATTACHED WHICH CLEARLY IDENTIFIES ALL EQUIPMENT THAT WILL BE UTILIZED.

THE STORAGE AND MEASURING FACILITY IS LOCATED AT THE SW4/SE4 OF SEC. 23, T22S, R32E ON LEASE NO NM 81633, LEA COUNTY, NEW MEXICO. THE BLM WILL BE NOTIFIED IF THERE IS ANY FUTURE CHANGE IN THE FACILITY LOCATION.

DETAILS OF THE PROPOSED METHOD FOR ALLOCATING PRODUCTION TO CONTRIBUTING SOURCES IS AS FOLLOWS:

CHECKERBOARD 23 FEDERAL LEASE

ALL OF THE WELLS ON THE CHECKERBOARD 23 FEDERAL LEASE (NM 81633) AT VARIOUS TIMES OF THE MONTH ARE ROUTED TO A TEST VESSEL SITUATED BY THE COMMON STORAGE VESSEL TO BE INDIVIDUALLY TESTED. (WELL TESTS) ALL THE GAS IS METERED.

THE RED TANK FEDERAL LEASE (NM 77058) WELLS PRIOR TO GOING OFF LEASE TO THE COMMON STORAGE AND TEST VESSEL WILL BE SENT THRU A SATELLITE FOR ALLOCATION PURPOSES. ALL THE GAS IS ALSO MEASURED.

SEE ATTACHED DIAGRAMS.

MERIDIAN OWNS 100% OF THE RED TANK FEDERAL LEASE (NM 77058). MERIDIAN OWNS 87.6% OF THE CHECKERBOARD 23 LEASE (NM 81633). THE WORKING INTEREST OWNERS HAVE BEEN NOTIFIED AND HAVE NO OBJECTION TO THIS ARRANGEMENT.

THE PROPOSED COMMINGLING OF PRODUCTION IS IN THE INTEREST OF CONSERVATION AND WILL NOT RESULT IN REDUCED ROYALTY OR IMPROPER MEASUREMENT OF PRODUCTION.

THE PROPOSED COMMINGLING IS NECESSARY FOR CONTINUED OPERATION OF THE ABOVE REFERENCED FEDERAL LEASE.

APPLICATION FOR SURFACE COMMINGLING, OFF LEASE STORAGE, AND MEASUREMENT APPROVAL FOR TWO POOLS ON TWO LEASES.

**TO: BUREAU OF LAND MANAGEMENT
P.O. BOX 1778
CARLSBAD, NEW MEXICO 88221-1778**

MERIDIAN OIL INC. IS REQUESTING APPROVAL FOR SURFACE COMMINGLING, OFF LEASE STORAGE, AND MEASUREMENT OF HYDROCARBON PRODUCTION FROM THE WEST RED TANK DELAWARE POOL AND THE RED TANK BONE SPRING POOL ON LEASE NO. NM 81633; CHECKERBOARD 23 FEDERAL LEASE IN LEA COUNTY, NEW MEXICO, AND LEASE NO. NM 77058; RED TANK FEDERAL LEASE IN LEA COUNTY, NM

CHECKERBOARD 23 FEDERAL LEASE NM 81633

<u>WELL NO.</u>	<u>LOC.</u>	<u>SEC.</u>	<u>TWP.</u>	<u>RNG.</u>	<u>FORMATION</u>
1	J	23	22S	32E	DELAWARE
2	O	23	22S	32E	BONE SPRING
3	F	23	22S	32E	DELAWARE
4	C	23	22S	32E	DELAWARE
5	L	23	22S	32E	DELAWARE
6	M	23	22S	32E	DELAWARE

RED TANK FEDERAL LEASE NM 77058

1	N	14	22S	32E	DELAWARE
3 (Proposed)	P	14	22S	32E	DELAWARE
4 (Proposed)	J	14	22S	32E	DELAWARE

PRODUCTION FROM THE WELLS INVOLVED IS AS FOLLOWS:

<u>WELL NAME AND NO.</u>	<u>BOPD</u>	<u>OIL GRAVITY</u>	<u>MCFPD</u>
CHECKERBOARD 23 FED # 1	107	39.1	115
CHECKERBOARD 23 FED # 2	40	41.0	74
CHECKERBOARD 23 FED # 3	120	39.1	150
CHECKERBOARD 23 FED # 4	280	39.1	200
CHECKERBOARD 23 FED # 5	130	45.0	190
CHECKERBOARD 23 FED # 6 (PRO)	100	39.1	190
RED TANK FEDERAL # 1 (PRO)	100	39.1	190
RED TANK FEDERAL # 3 (PRO)	100	39.1	190
RED TANK FEDERAL # 4 (PRO)	100	39.1	190

WE UNDERSTAND THAT THE REQUESTED APPROVAL WILL NOT CONSTITUTE THE GRANTING OF ANY RIGHT OF WAY OR CONSTRUCTION RIGHTS NOT GRANTED BY THE LEASE INSTRUMENT. AND, WE WILL SUBMIT WITHIN 30 DAYS AN APPLICATION FOR RIGHT OF WAY APPROVAL TO THE BLM'S REALTY SECTION IN YOUR OFFICE IF WE HAVE NOT ALREADY DONE SO.

SIGNATURE: LOW
NAME: _____
TITLE: _____
DATE: _____