

MERIDIAN OIL

April 21, 1988

Mr. Frank Chavez
State of New Mexico
Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

Dear Mr. Chavez:

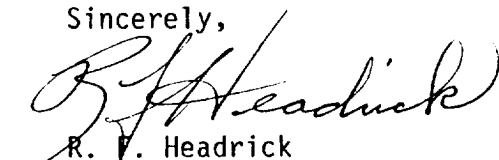
I am requesting that the following well be approved for surface commingling of liquids. Both formations will be tanked in one tank on location. The interest is the same in both formations. This well is a Southland Royalty well.

Below are the explanations to justify the need for surface commingling of liquids produced from this well.

Sarah Hedges #2 (Basin Dakota-Blanco Mesaverde) (A) Section 23, T31N, R12W

Sarah Hedges #2 (Dakota) produced 196 days in 1987 and averaged 132 MCF/day. Sarah Hedges #2 (Mesaverde) produced 318 days in 1987 and averaged 122 MCF/day. Total oil production for both zones for the year of 1987 was 324 bbls. Our records already have this split out as 95% Dakota oil and 05% Mesaverde oil from previous tests. (Reference PC Order #692 dated 1/25/85) As you can see from the 1987 production records it would not be cost effective to produce condensate into two separate tanks.

Sincerely,


R. J. Headrick
Production Supervisor

RFH/ldk
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OIL CON. DIV.
DIST. 3