

MERIDIAN OIL

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Mr. David Catanach
Oil Conservation Division
2040 S. Pacheco Street
Santa Fe, New Mexico 87504

RE: Application For Surface Commingling, Off Lease Storage and Measurement of Hydrocarbons
Little Jack '30' Federal Lease (NM 86927)
Darius 'ADS' Federal Lease (NM 66924)
Sec. 30, T23S, R32E
Lea County, New Mexico

Mr. Catanach:

Meridian Oil Inc. respectfully requests approval for surface commingling, off-lease storage, and measurement of hydrocarbon production for two (2) pools, West Triste Draw Delaware and the South Sand Dunes Bone Spring, regarding the Little Jack '30' Federal Lease (NM 86927) and the Darius 'ADS' Federal Lease (NM 66924), Sec. 30, T23S, R32E, Lea County, New Mexico.

LITTLE JACK '30' FEDERAL LEASE (NM 86927)

Little Jack '30' Federal # 1	30	23S	32E	Delaware	NM 86927	Prod.
Little Jack '30' Federal # 2	30	23S	32E	Bone Spring	NM 86927	Prod.
Little Jack '30' Federal # 3	30	23S	32E	Delaware	NM 86927	Prod.

We are requesting approval on a lease basis to cover any future drilling activity.

DARIUS 'ADS' FEDERAL LEASE (NM 66924)

Darius 'ADS' Federal # 1 (Pro)	30	23S	32E	Bone Spring	NM 66924	Drilling
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We are requesting approval on a lease basis to cover any future drilling activity.

PRODUCTION FROM BOTH LEASES

<u>Well Number</u>	<u>BOPD</u>	<u>MCFPD</u>	<u>WATER</u>	<u>FORMATION</u>
Little Jack '30' Federal # 1	19	29	31	Delaware
Little Jack '30' Federal # 2	14	65	01	Bone Spring
Little Jack '30' Federal # 3	92	130	140	Delaware
Darius 'ADS' Federal # 1 (Pro)	150	400	50	Bone Spring **

**** This is an estimate of the expected rates based on reservoir study.**

The production from the Darius 'ADS' Federal Lease is sent through a heater treater where it is metered prior to going to the battery which is located 1980' FSL & 2310' FEL, Sec. 30, T23S, R32E, Lea County, New Mexico. A test meter will be set at the Darius 'ADS' Federal # 1 location prior to being commingled with the Little Jack '30' Federal lease at the sales meter.

Meridian is 100% working interest owner for all the wells in the Little Jack '30' Federal Lease. Meridian has 45.85% working interest for the Darius 'ADS' Federal Lease. However, our partners do concur with the commingling process and their interests are protected via the measuring methods.

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 to continue operations for the above referenced federal leases.

The Bureau of Land Management was notified by certified mail on March 26, 1996. See attached copy of application.

Should you have any questions, or need additional information, please do not hesitate to contact me at 915-688-6943.

Sincerely,



Donna J. Williams
Regulatory Compliance