

MERIDIAN OIL

PLC 4-16-96
DIVISION
PLC 120
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March 25, 1996

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

RE: Application For Surface Commingling and Measurement of Hydrocarbons
 Querecho Federal Lease (NM 0997)
 Uncle Federal Lease (NM 0997)
 Sec. 28, T18S, R33E
 Lea County, New Mexico

Mr. Catanach:

Meridian Oil Inc. respectfully requests approval to surface commingle and measurement of hydrocarbon production from two pools, South Corbin Wolfcamp and South Corbin Bone Spring. All production is from the Querecho Federal Lease (NM 0997) to the Uncle Federal Lease (NM 0997), all located in Sec. 28, T18S, R33E, Lea County, New Mexico.

QUERECHO FEDERAL LEASE (NM 0997)

Querecho Federal # 1	28	T18S	R33E	Wolfcamp	NM 0997	Prod. **
Querecho Federal # 2	28	T18S	R33E	Wolfcamp	NM 0997	Prod.

** Well is being evaluated for possible recompletion to the Bone Spring formation.

UNCLE FEDERAL LEASE (NM 0997)

Uncle Federal # 1	28	T18S	R33E	Wolfcamp	NM 0997	Prod.
Uncle Federal # 2	28	T18S	R33E	Wolfcamp	NM 0997	Prod.

PRODUCTION FROM BOTH LEASES

<u>well Number</u>	<u>BOPD</u>	<u>MCFPD</u>	<u>WATER</u>	<u>FORMATION</u>
Querecho Federal # 1	10	32	1	Wolfcamp
Querecho Federal # 2	09	36	1	Wolfcamp
Uncle Federal # 1	14	89	1	Wolfcamp
Uncle Federal # 3	14	113	1	Wolfcamp

All production from the Querecho lease is sent through a meter prior to commingling with the Uncle Federal Production. The central battery is located 1874' FWL & 2086' FNL, Sec. 28, T18S, R33E, Uncle Federal # 3 location, Lea County, New Mexico. See attached plat. Production is ran thru a lact unit prior to being processed down Texas/New Mexico pipeline, (lact permit on file). Gas is measured by a single casing-head gas gathering system. This is done to reduce air emissions and increased lease operating cost. Gas production will be allocated based on well tests.

Meridian is 100% working interest owner for all the wells to be involved in the proposal.

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 25, 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,

A handwritten signature in black ink, appearing to read 'Donna J. Williams', with a long horizontal flourish extending to the right.

Donna J. Williams
Regulatory Compliance