

RELEASE 8-12-93

MERIDIAN OIL

OIL CONSERVATION DIVISION
JUL 16 1993

JUL 16 1993 10 23

JULY 16, 1993

MR. DAVID CATANACH
OIL CONSERVATION COMMISSION
P.O. BOX 2088
310 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87504

RE: REQUEST FOR ADMINISTRATIVE APPROVAL
OFF LEASE STORAGE
PARKWAY "C" STATE # 1
SECTION 15, T-19-S, R-29-E
1980' FNL & 1980' FWL
EDDY COUNTY, NEW MEXICO
LEASE NO: L-1493

MR. CATANACH:

SOUTHLAND ROYALTY COMPANY RESPECTFULLY REQUEST ADMINISTRATIVE APPROVAL FOR OFF LEASE STORAGE ON THE ABOVE REFERENCED WELL. WE REQUEST THAT THE OIL BE TRANSPORTED THRU ABOVE GROUND 2 7/8" J-55 TUBING LINE TO THE PARKWAY "B" STATE LEASE LOCATED IN SECTION 15, T-19-S, R-29-E, NE/SE. SEE ATTACHED LEASE PLATS.

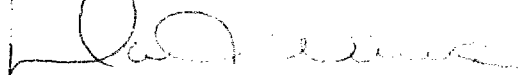
THIS REQUEST IS PURSUANT TO THE DECLINING PRODUCTION ON THE PARKWAY "B" STATE LEASE. PRESENTLY THE OIL IS BEING STORED IN A 500 BBL TANK WHICH IS TOO LARGE AND UNECONOMICAL TO CONTINUE. THE PARKWAY "C" STATE # 1 WAS RECENTLY RECOMPLETED TO THE BONE SPRING AND WITH THE INCREASE IN PRODUCTION, SOUTHLAND ROYALTY COMPANY COULD UTILIZE THE EXISTING LARGE TANK ON SECTION 15 WHILE SETTING A SMALLER ONE FOR THE PARKWAY "B" STATE # 1. SINCE THERE WILL BE TWO (2) TANKS, ONE FOR EACH WELL, THERE WILL BE NO RISK OF COMMINGLING THE DIFFERENT PRODUCING ZONES OF EACH INDIVIDUAL WELL. THE PARKWAY "C" STATE # 1 IS PRODUCING FROM THE BONE SPRING, AND THE PARKWAY "B" STATE # 2 IS PRODUCING FROM THE QUEEN FORMATION. EACH TANK WILL BE SEPARATELY METERED.

ALL PARTIES INVOLVED OWNING AN INTEREST IN THIS LEASE ORIGINALLY CONSENTED TO BUILDING A NEW BATTERY FOR THE PARKWAY "C" STATE # 1. BY OFF LEASE STORING THE OIL FROM THE PARKWAY "C" STATE # 1 TO THE EXISTING BATTERY LOCATED ON THE PARKWAY "B" STATE LEASE AND SETTING A SMALLER TANK FOR THE PRODUCTION FROM THE "B" STATE LEASE, A SIGNIFICANT SAVINGS FACTOR IS INCURRED.

IF YOU SHOULD HAVE ANY QUESTIONS, OR NEED ADDITIONAL INFORMATION, PLEASE DO NOT HESITATE TO CONTACT ME AT 915-688-6943.

MR. DAVID CATANCH
OIL CONSERVATION DIVISION
PAGE TWO

SINCERELY,



DONNA J. WILLIAMS
PRODUCTION ASSISTANT

XC: WELL FILE
LAND DEPT.
JOINT INTEREST
RESERVOIR DEPT.
PRODUCTION ENGR.
RALPH CASTILLE - FACILITY ENGR.
GEOSCIENCE
REGULATORY FILE
1. MARIA PEREZ
3. MARIANNE MARTIN
5. RICHARD ATCHLEY

2. CONNIE MALIK
4. STELLA ALVARADO
6. DONNA WILLIAMS