

MERIDIAN OIL

December 20, 1989

RECEIVED
OIL CONSERVATION DIVISION

89 DEC 26 AM 8

Mr. William J. Lemay, Director
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Surface Commingling Request
Federal "21" # 4 and
Federak "21" #2
Lea County, New Mexico
NM- 61605

Dear Mr. Lemay:


Meridian Oil proposes to surface commingle production from our Federal "21" No. 4 and our Federal "21" No. 2 in a common tank battery located at the No. 2 well site. Each flow will be metered separately prior to commingling. The No. 4 produces about 110 bbls oil per day from the West Corbin (Delaware) and the No. 2 produces about 240 bbls oil per day from the West Corbin (Wolfcamp).

As the attached data show, the net loss from commingling the two productions will be about \$1.30 per day. This loss will be offset by not having to make up-front capital expenditures to construct a new and separate tank battery facility to handle production from the No. 4. Additional cost efficiency will be realized in that the day to day operating costs will be less since only one tank battery will need to be maintained.

By copy of this letter, I am requesting the Bureau of Land Management in Carlsbad, New Mexico, to review this data and to sign the attached consent to this proposed commingling. The signed consent should then be forwarded to you or you should be notified by phone.

If anything is needed to swiftly expedite this request, please contact Jeff Stansbury at (915) 686-5723.

Sincerely,


Connie L. Malik
Operations Tech III

CLM/cm

Attachments

cc: Well Files
R.L. Pryer
Jeff Stansbury
Shannon Shaw
Bureau of Land Management
P.O. Box 1778
Carlsbad, New Mexico 88220

APPLICATION FOR EXCEPTION TO RULE 303-A TO PERMIT SURFACE COMMINGLING

This application is submitted to request an exception to Rule 303-A to permit commingling of production from our Federal "21" No. 4 in a common tank battery located at the Federal "21" No. 2 site. The No. 4 currently produces from the West Corbin (Delaware) and the No. 2 from the West Corbin (Wolfcamp).

	Fed. "21" #4	Fed. "21" #2
API Gravities of Oil	39.0	42.2
Volume of Oil, bbl/day	110	240
Expected API Gravity of Commingled Oil	41.8	
**Value of Oil, \$ per bbl	\$20.23	\$20.25
Value of commingled Oil, \$ per bbl	\$20.24	

**As of 12/20/89

	Total Value
Fed. "21" #4	\$2,225.30/day
Fed. "21" #2	\$4,860.00/day
Combined	\$7,085.30/day
Commingled	\$7,084.00/day
Net Gain (Loss)	(\$ 1.30/day)

The actual commercial value of the commingled production will be about \$1.30 per day less than the sum of the values if not commingled.

December 20, 1989

Mr. William Lemay
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Surface Commingling Request
Federal "21" #4
Federal "21" #2
Lea County, New Mexico

Dear Mr. Lemay:

After reviewing data submitted by Meridian Oil Inc. to support its request for authority to comminglr production from the referenced facilities in a common tank battery, I hereby consent to the proposed commingling.

Sincerely,

Shannon Shaw
Bureau of Land Management
Carlsbad, New Mexico

CLM/cm

cc: Meridian Oil Inc.
21 Desta Drive
Midland, Texas 79705

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

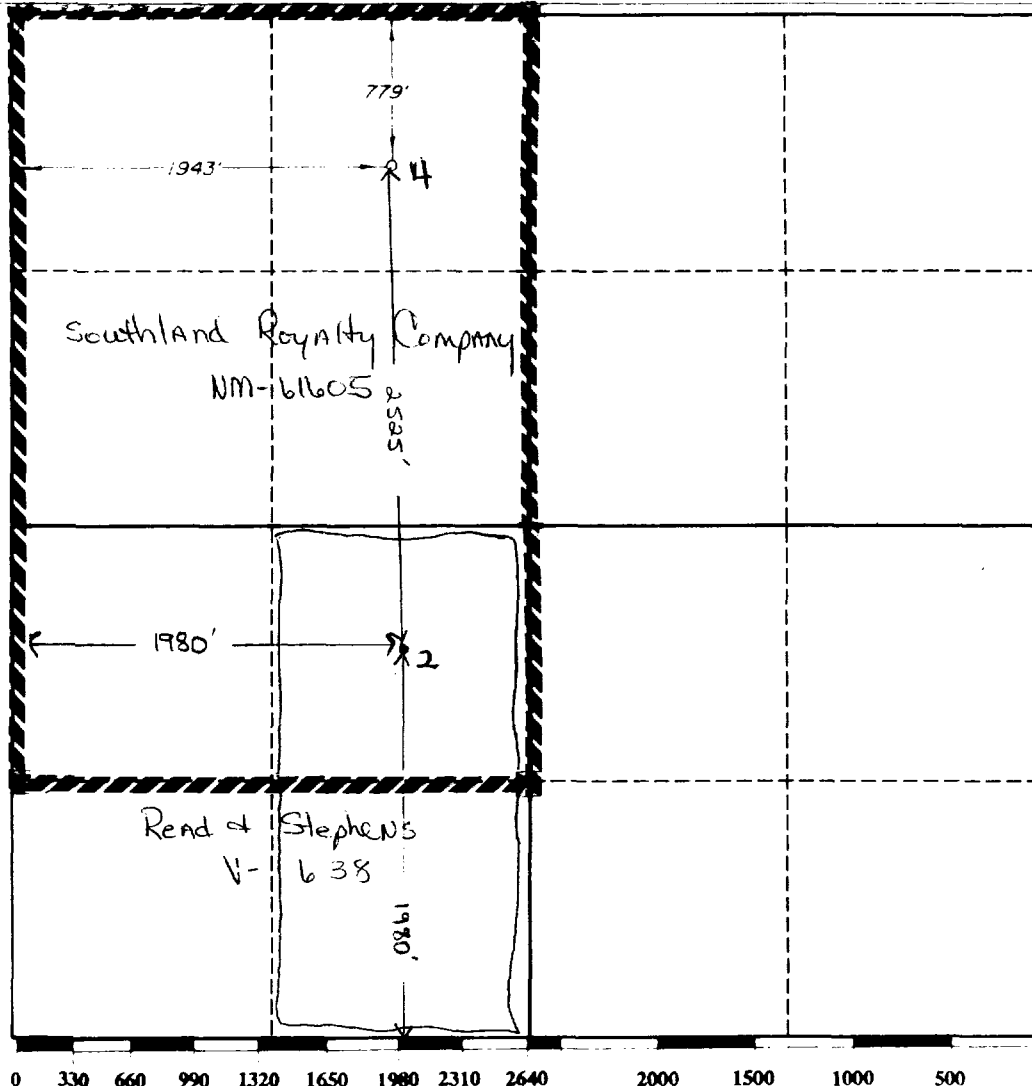
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator MERIDIAN OIL, INC.			Lease FEDERAL "21"		Well No. 4
Unit Letter C	Section 21	Township 18-SOUTH	Range 33-EAST	County NMPM	LEA
Actual Footage Location of Well:					
779 feet from the		NORTH	line and	1943 feet from the	WEST line
Ground level Elev. 3846'	Producing Formation Delaware		Pool West Corbin	Dedicated Acreage: 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
☐ Yes ☐ No If answer is "yes" type of consolidation _____
If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature *Connie L. Malik*

Printed Name **Connie L. Malik**

Position **Operations Tech. III**

Company **Meridian Oil, Inc.**

Date **December 20, 1989**

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed **SEPTEMBER 11, 1989**

Signature and Seal of Professional Surveyor **LYNN BEZNER**

NO. 7920

REGISTERED LAND SURVEYOR

Certificate No. **7920**

UNITED STATES DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT
Carlsbad Resource Area Headquarters
P. O. Box 1778
Carlsbad, New Mexico 88220

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Meridian Oil, Inc.
Attn: C.L. Malik
21 Deata Drive
Midland, TX 79705

NM-61605
Federal '21' #4
NW1/4 of Sec. 21, T18S, R33E; NMPM

Gentlemen:

Your request to surface commingle West Corbin Delaware production from the above referenced well with South Corbin Wolfcamp production from your Federal '21' #2 located in the NE1/4 of Sec. 21, T18S, R33E; NMPM, Lease Number NM-0997, is hereby approved.

It is our understanding that the common battery facility will be located at the Federal '21' #2 wellsite. Each well's flow will be metered separately prior to commingling.

As stated in your application, the actual commercial value of the commingled production will be approximately \$1.30 per day less than the sum of the values if not commingled. This apparent net gain (loss) of \$1.30 per day will be offset by the elimination of up-front capital expenditures and operating expenses necessary to construct and maintain a new and separate tank battery facility to handle the production from the Federal '21' #4.

Accordingly, approval is also hereby given for the off-lease measurement for sales for the Federal '21' #4, contingent upon the operator obtaining appropriate right-of-way approval from the Realty Staff of the BLM-Carlsbad for that off-lease portion of any necessary flowlines.

Please contact Shannon J. Shaw at (505) 887-6544 if any further information is required.

Sincerely,

/s/ Sandra L. Porenta

ILLEGIBLE

FOR
Richard L. Manus
Area Manager

067:SShaw:m:4/19/90:WANG#0019L.2

cc: D. R. Catanach