

MERIDIAN OIL

November 9, 1990

Mr. David Catanach
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

RE: Southland Royalty Company
West Corbin Federal Lease
Surface Commingle Permit Request

Dear Mr. Catanach:

This information is being submitted to you pursuant to our phone conversation. There are currently six (6) wells that produce from the Delaware formation. They are Wells #2, #6, #15, #17, #20, and #24. Three (3) of these are top allowable wells. Our production engineer agreed to meter each of the top allowable wells individually prior to commingling. Additionally, I am attaching a site diagram for your use.

If you need anything else to conclude your evaluation, please contact me at (915) 686-5678.

Sincerely,



Robert L. Bradshaw
Sr. Staff Env./Reg. Specialist

RLB/bn

cc: Lease File
D.D. McBee
J.E. Kramer
E.M. Carpenter
J.N. Stansbury
OCD - Hobbs

HT₁ - 4'x20' TEST TREATERS

HT₂ - 6'x20' TREATERS

S - SEPARATOR

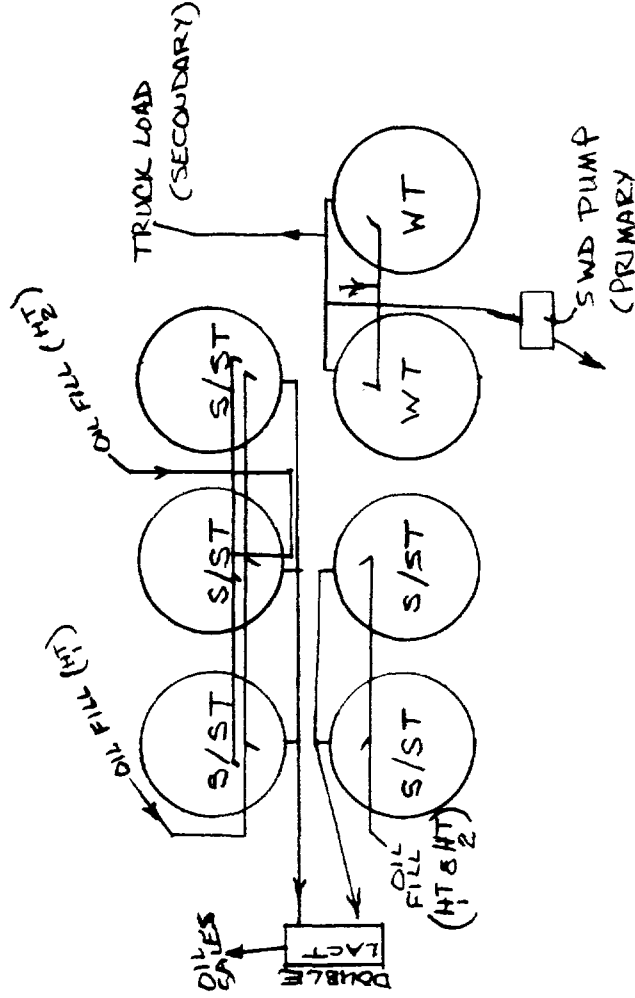
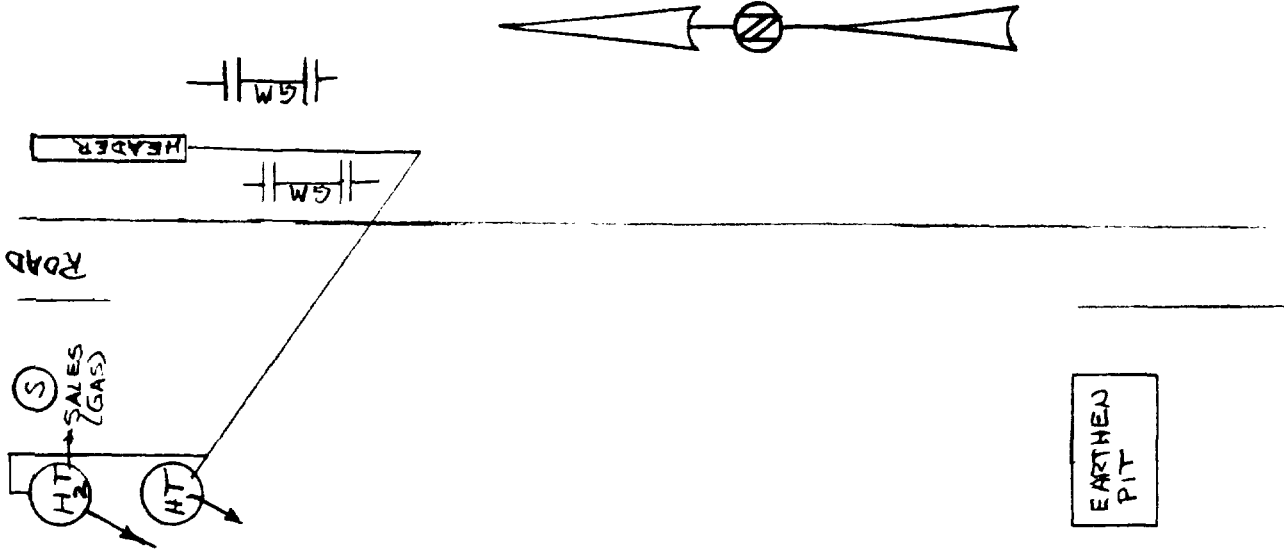
S/ST - SALES/STORAGE TANK

WT - WATER TANK

GM - GAS METER

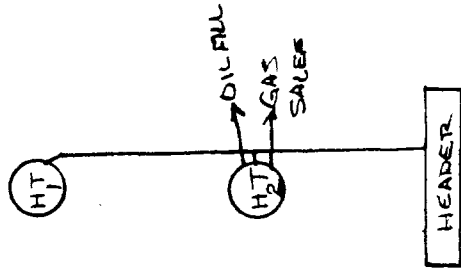
W. CORBIN FED. #1

X



W. CORBIN FED. #2

X



WEST CORBIN FEDERAL
MAIN BATTERY
SEC. 18 T18S R33E
LEA COUNTY, N.M.

MERIDIAN OIL

October 10, 1990

Mr. David Catanach
Oil Conservation Division
310 Old Santa Fe Trail
Room 206
Santa Fe, NM 87501

RE: Southland Royalty Company
West Corbin Federal Lease
Lea County, NM

Dear Mr. Catanach:

We are currently reviewing the operating expense at our No. 1 and No. 2 Batteries on the West Corbin Federal Lease. The No. 1 Battery currently has production commingled (Order No. PC-776) from the South Corbin (Wolfcamp) and the West Corbin (Bone Springs). The No. 2 Battery receives production from the West Corbin (Delaware). Because of the way the double meter LACT unit must be operated, we are currently paying about \$2,000 per month overtime and \$2500 per month to recalibrate the B.S. & W. monitors.

To eliminate these overhead costs plus the need to install a new LACT unit (\$15,000), we are proposing to commingle all production at these batteries which are located on the same site. The attached table illustrates the results from doing this. The decreased value for the commingled oil (\$0.83 per day) is more than offset by the savings as previously discussed.

If authorized, all production from the three (3) referenced pools on our West Corbin Federal lease will be commingled. By copy of this letter, I am requesting the BLM personnel in Carlsbad, NM, to submit their comments following their review.

If any other information is needed, please contact me at (915) 686-5678.

Sincerely,



Robert L. Bradshaw
Sr. Staff Env./Reg. Specialist

RLB/bn

c: Lease File
D.D. McBee
Mr. Shannon Shaw, BLM - Carlsbad, NM
Mr. Jerry Sexton, OCD - Hobbs, NM

	<u>West Corbin Federal No. 1 Battery</u>	<u>Commingled</u>	<u>West Corbin Federal No. 2 Battery</u>
Formation	Wolfcamp/Bone Spring		Delaware
API Gravity	39.7°	39.3°	39.0°
Volumes	460 bbls/day	935 bbls/d	475 bbls/day
Value, \$/bbls	\$38.226	\$38.218	\$38.212
Value	\$17,583.96	\$35,733.83	\$18,150.70
	Combined Value	\$35,734.66	per day
	Commingled Value	\$35,733.83	per day
	Value Gain (Loss)	(\$ 0.83)	per day

Note: \$38.25/b.o. weighted average price as of 9/27/90
\$ 0.02 deduct per 1° API gravity below 40.9° API gravity