

Rec 1/31/94

MERIDIAN OIL

JANUARY 21, 1994

MR. DAVID CATANACH
OIL CONSERVATION DIVISION
P.O. BOX 2088
SANTA FE, NEW MEXICO 87504

RE: FORMAL REQUEST TO AMEND COMMINGLING ORDER PLC-98
 LEASE COMMINGLING AND OFF-LEASE STORAGE
 FEDERAL MA # 10 (BONE SPRING) TO THE FEDERAL '21' LEASE BATTERY
 LOCATED IN UNIT K, SEC. 21, T18S, R33E
 LEA COUNTY, NEW MEXICO

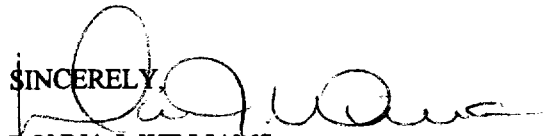
MR. CATANACH:

MERIDIAN OIL COMPANY (SOUTHLAND ROYALTY COMPANY) RESPECTFULLY SUBMIT A FORMAL REQUEST TO ADD THE PRODUCTION FROM THE BONE SPRING (FEDERAL MA # 10 WELL) TO THE EXISTING ORDER PLC-98 WHICH GRANTS COMMINGLING OF THE WEST CORBIN DELAWARE AND SOUTH CORBIN WOLFCAMP POOLS ON THE FEDERAL MA LEASE AND THE FEDERAL 21 LEASE.

THE FEDERAL '21' BATTERY IS CURRENTLY HANDLING THE FEDERAL '21' WELLS NO(S). 2, 3, & 4, AND THE FEDERAL MA # 9. THE FEDERAL '21' BATTERY IS CLOSER TO THE LOCATION OF THE WELL THAN THE FEDERAL MA BATTERY THUS SAVING MONEY IN CONSTRUCTION COST. THE PRODUCTION WOULD NOT BE AFFECTED DUE TO THE SIMILARITY IN GRAVITIES. THE COMMINGLED PRODUCTION WILL BE THE SAME AS THE VALUES OF THE PRODUCTION FROM EACH COMMON SOURCE.

MERIDIAN OIL INC. (SOUTHLAND ROYALTY COMPANY) IS 100% WORKING INTEREST OWNER.

SHOULD YOU NEED ADDITIONAL INFORMATION, PLEASE DO NOT HESITATE TO CONTACT ME AT 915-688-6943.

SINCERELY,

DONNA J. WILLIAMS
PRODUCTION ASSISTANT