



# COMMISSIONER OF PUBLIC LANDS

JIM BACA

P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

## COMMINGLE PRE-APPLICATION

STATE LAND OFFICE RULES 1.053-1.055 APPLY TO COMMINGLING OIL AND GAS PRODUCTION FROM NEW MEXICO STATE LANDS. PLEASE PROVIDE THE FOLLOWING INFORMATION SO THAT WE CAN DETERMINE WHETHER OR NOT A COMMINGLE APPLICATION PACKAGE SHOULD BE SUBMITTED.

### 1. BRIEFLY DESCRIBE WHAT YOU PROPOSE TO DO.

AMEND COMMINGLING ORDER PC-757  
EXCEPTION TO SWR 303-B SURFACE COMMINGLING  
TO EXCEPTION TO SWR 309-B LEASE COMMINGLING  
ALSO, REQUEST OFF LEASE STORAGE, RULE 309C  
FOR THE PERCHA 15 STATE LEASE (V8-161)  
TO THE STATE "16" BATTERY LOCATED IN  
J, SEC. 16, T18S, R33E, LEA COUNTY, NM

LEASE NAME: STATE "16" LEASE (LG-4087)  
DESCRIPTION: S/2 SEC. 16, T18S, R33E, LEA COUNTY, NM  
BATTERY LOCATED IN UNIT LETTER J

LEASE NAME: PERCHA 15 STATE LEASE (V8-161)  
DESCRIPTION: S/2 SW/4 & NE/4 SW/4 SEC. 15,  
T18S, R33E, LEA COUNTY, NM

### 2. FILL IN THE FOLLOWING INFORMATION FOR EACH WELL.

Southland Royalty Company & Meridian are the Same Company

WELL NUMBER	LEGAL DESCRIPTION	MINERAL LESSEE OF RECORD	N.M. LEASE NUMBER	FORMATION
STATE "16" LEASE			LG-4087	
#1	J	Southland Royalty	LG-4087	WOLFCAMP
#2	N	Company	LG-4087	WOLFCAMP
#3	L	"	LG-4087	DELAWARE
#4	M	"	LG-4087	DELAWARE
#5	N	"	LG-4087	DELAWARE
#7	P	"	LG-4087	WOLFCAMP
#8	P	"	LG-4087	DELAWARE
PERCHA 15 STATE LEASE			V8-161	
#1	M	Meridian Oil	V8-161	DELAWARE
#2Y	N	Inc.	V8-161	BONE SPRING

NAME: MARIA L. PEREZ, PRODUCTION ASST.  
COMPANY: MERIDIAN OIL INC., P.O.BOX 51810, MIDLAND, TX 79710  
PHONE NUMBER: 915-688-6906

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT THE OIL, GAS AND MINERALS DIVISION AT (505) 827-5744.

KKCS 06-04-91



JIM BACA  
COMMISSIONER

State of New Mexico  
OFFICE OF THE  
Commissioner of Public Lands  
Santa Fe

P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

February 20, 1992

Meridian Oil  
P. O. Box 51810  
Midland, Texas 79710-1810

Attn: Ms. Maria L. Perez

Re: Amended Commingling Order PC-757, Exception to SWR 303-B  
Surface Commingling, Exception to SWR 309-B Lease Commingling,  
Also, Request Off Lease Storage, Rule 309C for the Percha 15  
State Lease (VB-161) to the State "16" Battery located in J,  
Sec. 16-18S-33E, Lea County, New Mexico.

Dear Ms. Perez:

We are in receipt of the above captioned application dated February 10, 1992. Before the Commissioner can approve this application, we would like additional information to be submitted regarding this project for further review.

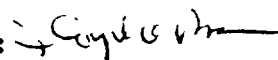
Enclosed is a Commingling Pre-Application form which contains a list of required information. We are especially interested in receiving an economic analysis of the proposed operation showing profit or loss to the State of New Mexico.

Also, we are concerned that you will be commingling production from two leases with different royalty rates. LG-4807 has a 1/8 royalty rate and VB-161 has a 3/16th royalty rate. Your application states that "Production from each lease and pool will be determined by well test." We would like additional information regarding these tests, especially when and how often these tests will be conducted. Also, any other pertinent data that will assist the Commissioner in deciding upon the application will be appreciated.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

JIM BACA  
COMMISSIONER OF PUBLIC LANDS

BY:   
FLOYD O. PRANDO, Director  
Oil/Gas and Minerals Division  
(505) 827-5744  
JB/FOP/pm  
encls.  
cc: Reader File  
OCD-David Catanach

STATE LAND OFFICE RULE 1.055

COMMINGLING AND OFF LEASE STORAGE OF OIL AND GAS  
ON STATE TRUST LANDS

1.055 Application for Permission to Commingle or Off Lease Store Production. Applications for permission to commingle or off lease store production shall be directed to the Commissioner and shall include:

- \_\_\_\_\_ A. Formal application stating the type of permission desired and the reason therefor, accompanied by an application fee of thirty dollars (\$30.00).
- \_\_\_\_\_ B. Plat showing the location of leases, wells, flow lines and common tankage. All plats and diagrams should differentiate between surface and underground pipe.
- \_\_\_\_\_ C. A list of the involved leases arranged by their State Land Office Lease Number, their legal description, and including state beneficiaries.
- \_\_\_\_\_ D. A designation of the pool from which each well produces.
- X \_\_\_\_\_ E. An economic analysis of proposed operation showing profit or loss to the State of New Mexico.
- \_\_\_\_\_ F. Schematic diagram of entire system from production manifold to pipeline connection showing position of all components of flow stream.
- \_\_\_\_\_ G. Detail drawing(s) of any component which is specifically fabricated; i.e., not commercially available.
- \_\_\_\_\_ H. Description of the operating sequence explaining the complete operation.
- X \_\_\_\_\_ I. Any other pertinent data that will assist the Commissioner in deciding upon the application.

\* We have NOT received this information as of \_\_\_\_\_  
(New Mexico State Land Office - Oil and Gas Division.)

STATE LAND OFFICE RULES 1.053 AND 1.054

COMMINGLING AND OFF LEASE STORAGE OF OIL AND GAS  
ON STATE TRUST LANDS

1.053 Commingling Prohibited--Different Beneficiary Institutions.

It is required that all production of oil or gas or both from lands belonging to different trust beneficiaries shall be segregated. The commingling, confusion, or the intercommunication of such production by the use of common tankage facilities, before marketing, with the production from any other trust lands or any lands not belonging to the State of New Mexico is strictly prohibited.

1.054 Commingling Allowed--Off Lease Storage--Grandfather Clause.

A. Except as provided in Rule 1.053, commingling of oil and gas production, including downhole commingling, if properly metered or allocated and accounted for, may be permitted within the discretion of the Commissioner only after his receipt of a written application containing the information specified in Rule 1.055 and application fee as set in Rule 1.067.

B. Off lease storage of production may be permitted within the discretion of the Commissioner, if there shall be no commingling or intercommunication of production between handling, separation, treatment or storage facilities, only after his receipt of a written application containing the information specified in Rule 1.055 and an application fee as set in Rule 1.067.

C. Oil and gas lessees commingling or off lease storing production, or both, on the effective date of this Rule, without the written approval of the Commissioner, may continue to do so provided that within 90 days after the effective date of this Rule such lessees submit to the Commissioner in writing the information requested in Rule 1.055 together with the date such commingling or off lease storage began. Failure to comply with this requirement shall be considered grounds for cancellation of the pertinent lease or leases.

FAX 505-827-5766

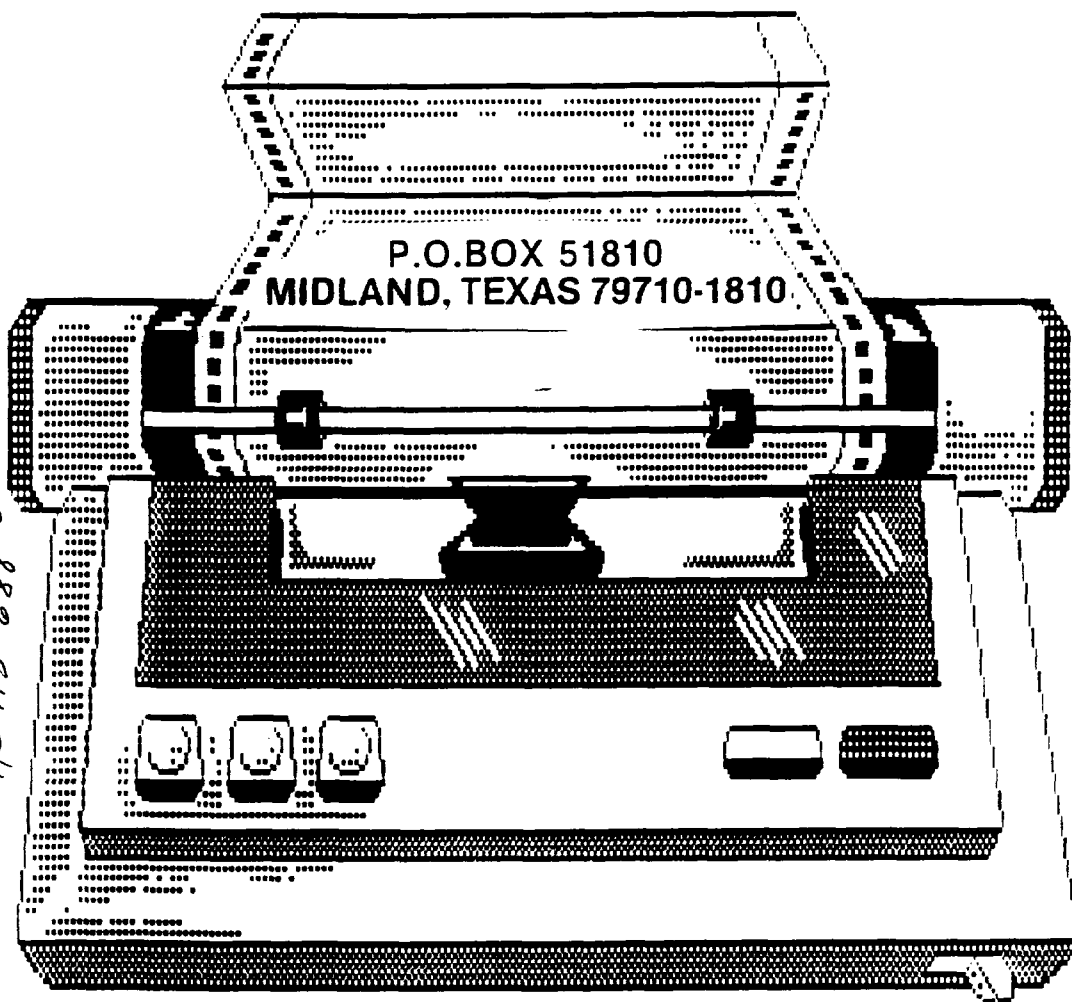
# MERIDIAN OIL

TO:

Mr. Pete Martinez  
Office of the Commissioner  
of Public Land, State of N.M.

FROM:

Marra Perez



Is this all you need? Orig is  
in mail today. How soon could  
we get approval for this.

Marra Perez  
AC 915-688-6906

TELEPHONE #

915-688-6906

TOTAL # PAGES

6

FAX: 915-688-6019