

MERIDIAN OIL

May 12, 1994

Mr. David Catanach
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504

RE: Request for Diagrams on Application to Commingle
Red Tank Federal Lease to the Checkerboard 23 Federal Lease
Lea County, New Mexico

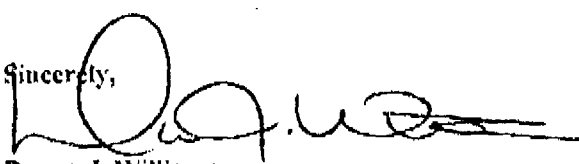
Mr. Catanach:

As per your request, please find attached the diagrams on the above referenced leases.

Regarding the Red Tank Federal Lease. A satellite will be placed prior to any production leaving the lease. A gas sales lines will be located at the satellite and all the gas from the Red Tank Lease will be sold at a separate Point of Delivery than the Checkerboard. The oil will flow thru a line to the test vessels located at the satellite and this is where allocation will be done. The oil will actually be sold thru the last unit at the Checkerboard 23 Federal battery.

Should you have any questions, please contact me at 915-688-6943.

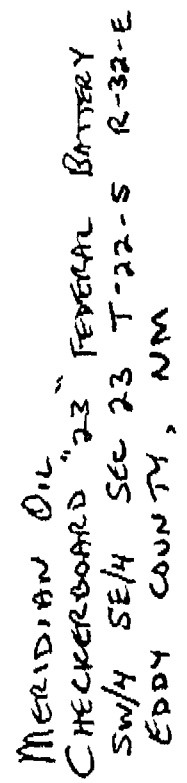
Sincerely,

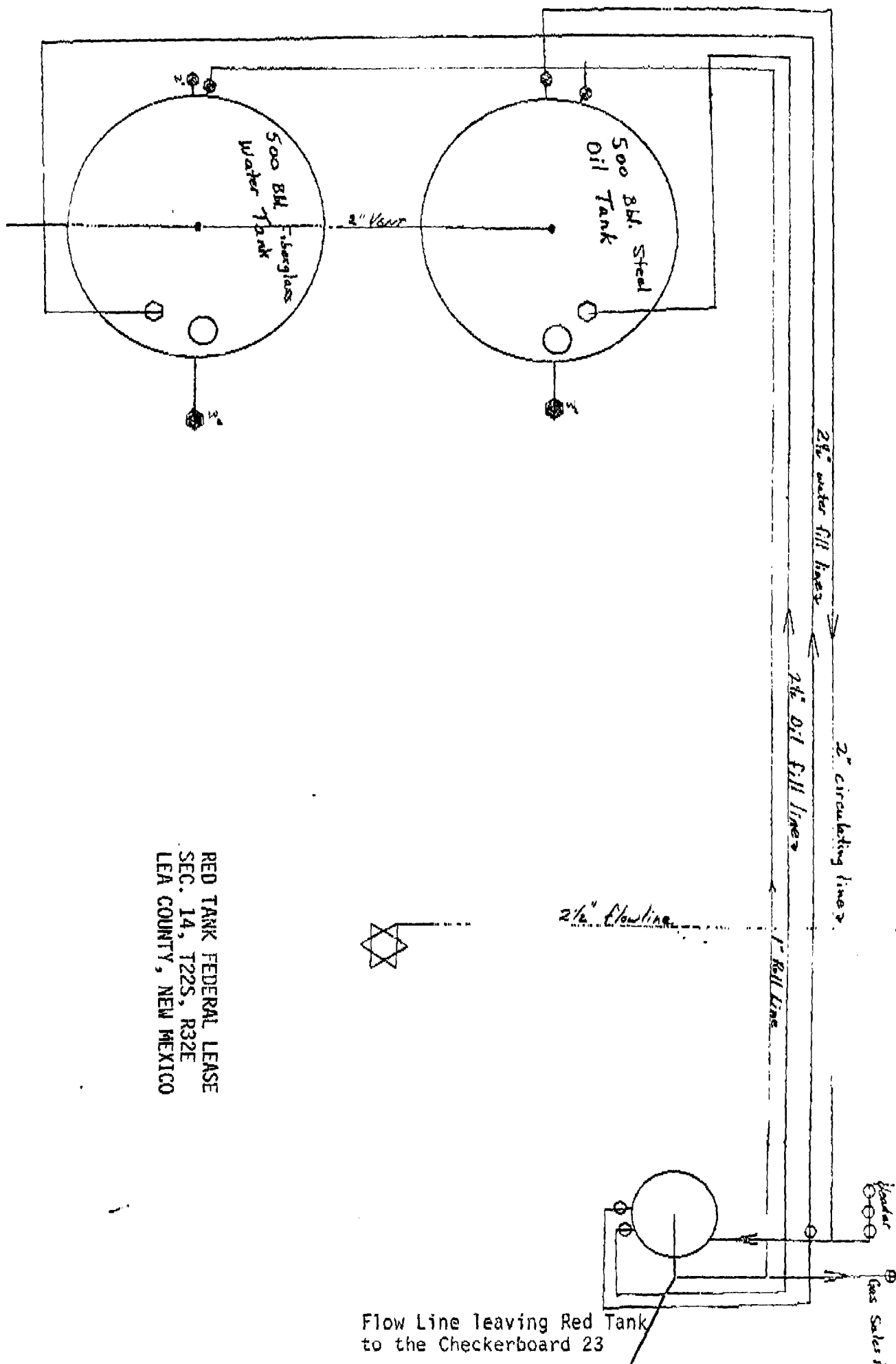


Donna J. Williams
Production Assistant

xc: Well file

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RED TANK FEDERAL LEASE
SEC. 14, T22S, R32E
LEA COUNTY, NEW MEXICO

Flow Line leaving Red Tank
to the Checkerboard 23