

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

BRUCE KING
GOVERNORPOST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800*Lact I-800*

OFF LEASE STORAGE ORDER OLS-168

Meridian Oil Inc.
P.O. Box 51810
Midland, Texas 79710-1818

Attention: Maria L. Perez

As an exception to the requirements of Rule 309-A of the Division Rules and Regulations, and pursuant to the provisions of Rule 309-C, the above named company is hereby authorized off-lease storage for: South Corbin Wolfcamp Pool production from the following lease:

Lease Name: Tijeras State Lease

Description: SW/4 SE/4 Section 21, Township 18 South, Range 33 East, NMPM
Lea County, New Mexico

The aforementioned production is to be transported prior to measurement to its own tank battery to be located in;

Unit Letter K Section 21, Township 18 South, Range 33 East, on the Federal "21" Lease.

Note: This installation shall be operated in accordance with the provisions of Rules 309-A and 309-B of the Division Rules and Regulations and there shall be no intercommunication of the handling, separating, treating, or storage facilities designated to each of the above leases.

Done at Santa Fe, N.M. on this 18th day of February, 1992

A handwritten signature in black ink, appearing to read "William J. Lemay".
WILLIAM J. LEMAY, Director

SEAL



State of New Mexico

OFFICE OF THE

Commissioner of Public Lands

Santa Fe

JIM BACA
COMMISSIONER

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

February 12, 1992

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

Attention: Maria L. Perez

Re: Off Lease Storage Application
Tijeras State Well No. 1-0
Sec. 21-18S-33E
South Corbin Wolfcamp Field
Lea County, New Mexico

Gentlemen:

Reference is made to your letter of February 3, 1992, wherein you request approval to your proposal for off lease storage of production for the captioned well to the Federal "21" Battery located in Unit Letter K, of this same section.

We have derived the following information from your letter of application:

1. Meridian Oil, as operator, owns 100% working interest on both leases.
2. Production from each lease will be metered separately and accounting procedures are in place to account for production and sales from these leases separately.
3. There will be no commingling of production.

The Commissioner of Public Lands has this date granted approval to your proposed request. Please be advised that any deviation from your proposed request will be grounds to rescind our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

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*
FLOYD O. PRANDO, Director
Oil/Gas and Minerals Division
(505) 827-5744

MERIDIAN OIL

January 17, 1992

Bureau of Land Management
P. O. Box 1778
Carlsbad, NM 88220

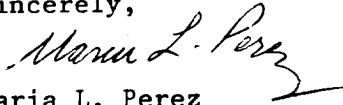
RE: OFF-LEASE STORAGE OF PRODUCTION ON THE
TIJERAS STATE NO. 1
SOUTH CORBIN WOLFCAMP POOL
0, SEC. 21, T18S,R33E
LEA COUNTY, NEW MEXICO
NM-64944
TO THE FEDERAL 21 BATTERY
NE/NW, SEC. 21,T18S,R33E
LEA COUNTY, NEW MEXICO
NM-61605

Gentlemen:

Meridian is requesting approval for off-lease storage of Production for the Tijeras State #1 to the Federal 21 Battery. Conoco will have their gas pipeline completed in two weeks on the Federal 21 Battery and gas sales will be possible.

Plans are to add only one tank at the Federal 21 Battery and completely separate the oil piping; the double LACT at the West Corbin Battery will be used to sell both leases. This is not a request to commingle, only for off-lease storage.

Sincerely,


Maria L. Perez
Production Asst.
(915) 688-6906

MLP/sm

xc: Well File
Don McBee
Land Dept. (2)
Joint Interest
Resv. Engineer
Prod. Engineer
Brett Adams
Prod. Services
Reading File
Maria L. Perez
OCD - Hobbs
OCD - Santa Fe