

APPLICATION FOR SURFACE COMMINGLING AND MEASUREMENT APPROVAL FOR TWO POOLS ON THE SAME LEASE.

**TO: BUREAU OF LAND MANAGEMENT
P.O. BOX 1778
CARLSBAD, NEW MEXICO 88221-1778**

MERIDIAN OIL INC. IS REQUESTING APPROVAL FOR SURFACE COMMINGLING AND MEASUREMENT OF HYDROCARBON PRODUCTION FROM THE WEST RED TANK DELAWARE POOL AND THE RED TANK BONE SPRING POOL ON LEASE NO. NM 81633; CHECKERBOARD 23 FEDERAL LEASE IN LEA COUNTY, NEW MEXICO.

<u>WELL NO.</u>	<u>LOC.</u>	<u>SEC.</u>	<u>TWP.</u>	<u>RNG.</u>	<u>FORMATION</u>
1	J	23	22S	32E	DELAWARE
2	O	23	22S	32E	BONE SPRING
3	F	23	22S	32E	DELAWARE
4 (PROPOSED)	C	23	22S	32E	BONE SPRING
5 (PROPOSED)	L	23	22S	32E	BONE SPRING
6 (PROPOSED)	M	23	22S	32E	BONE SPRING

PRODUCTION FROM THE WELLS INVOLVED IS AS FOLLOWS:

<u>WELL NAME AND NO.</u>	<u>BOPD</u>	<u>OIL GRAVITY</u>	<u>MCFPD</u>
CHECKERBOARD 23 FED # 1	230	39.1	230
CHECKERBOARD 23 FED # 2	92	45.0	190
CHECKERBOARD 23 FED # 3	100	39.1	200
CHECKERBOARD 23 FED # 4 (PRO)	100	45.0	190
CHECKERBOARD 23 FED # 5 (PRO)	100	45.0	190
CHECKERBOARD 23 FED # 6 (PRO)	100	45.0	190

THE PROPOSED OPERATION IS DESCRIBED IN DETAIL ON THE ATTACHED DIAGRAM.

A MAP IS ENCLOSED SHOWING THE LEASE NUMBER AND LOCATION OF ALL WELLS THAT WILL CONTRIBUTE PRODUCTION TO THE PROPOSED COMMINGLING/COMMON STORAGE FACILITY. ALL UNITIZED/COMMUNITIZED AREAS, PRODUCING ZONES/POOLS ARE ALSO CLEARLY ILLUSTRATED.

A SCHEMATIC DIAGRAM IS ALSO ATTACHED WHICH CLEARLY IDENTIFIES ALL EQUIPMENT THAT WILL BE UTILIZED.