

DATE IN 9/5/08	SUSPENSE	ENGINEER W Jones	LOGGED IN 9/5/08	TYPE DHC 4093	APP NO. PKVR082494/558
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☐ Offset Operators, Leaseholders or Surface Owner
- [C] ☐ Application is One Which Requires Published Legal Notice
- [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Melanie Reyes
 Print or Type Name

[Signature]
 Signature

Engineer Assistant 9/5/08
 Title Date

reyesm@odessa.teal.com
 e-mail Address

RECEIVED
 2008 SEP 5 AM 11 13

Prover. Tal Unit #516



T O R C H
E N E R G Y S E R V I C E S , I N C .
A Subsidiary of Torch Energy Advisors

September 3, 2008

New Mexico Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505
Attention: Mr. Mark Fesmire

Re: Application to Downhole Commingle
 Jalmat/Langlie Mattix Pools
 Cooper Jal Unit #511, 512, 514, 515, 516, 517
 Unit Letter A, B, C, F, H; Sec. 24, 25; T24S, R36E
 Lea County, New Mexico

Mr. Fesmire,

Torch Energy Services, Inc. respectfully requests administrative approval to downhole commingle the Jalmat and the Langlie Mattix Pools with the subject wellbores. Currently, the wells are in the process of being drilled. Notification of offset operators is not an issue given the fact that Torch offsets all of the wells.

Downhole Commingling these wells will provide a more economical and efficient means of production. It will allow complete development of the productive capacity on the subject lease by allowing both pools to be artificially lifted simultaneously. This will extend the life of both completions, thereby preventing waste.

The subject wells meet all of the requirements of Rule 303 (C). All produced fluids from other downhole commingled wells have entered a common production facility with no fluid compatibility problems.

Torch also requests the allocation of production for each pool be deferred until a stabilized production rate is established. Production will then be allocated to the Jalmat and Langlie Mattix Pools. If you have any questions, please contact Melanie Reyes at (432) 580-8500.

Sincerely,

Melanie Reyes
Engineer Assistant

cc: Chris Williams/NMOCD/Hobbs

District I
5625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

Oil Conservation Division

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE

Single Well

Establish Pre-Approved Pools

EXISTING WELLBORE

Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

Torch Energy Services, Inc. 1331 Lamar, Suite 1450 Houston, TX 77010

Operator Address
Cooper Jal Unit 516 A-25-T24S-R36E Lea

Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 241401 Property Code 302966 API No. 30-025-39100 Lease Type: Federal State X Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Jalmat		Langlie Mattix
Pool Code	33820		37240
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	Not Completed Yet		Not Completed Yet
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	37.7 Degree API		37.7 Degree API
Producing, Shut-In or New Zone	New Zone		New Zone
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: Rates:	Date: Rates:	Date: Rates:
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas % %	Oil Gas % %	Oil Gas % %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes X No
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No

Are all produced fluids from all commingled zones compatible with each other? Yes X No

Will commingling decrease the value of production? Yes No X

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No X

NMOCD Reference Case No. applicable to this well:

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE TITLE Engineer Assistant DATE 8/28/08

TYPE OR PRINT NAME Melanie Reyes TELEPHONE NO. (432) 580-8500

E-MAIL ADDRESS reyesm@odessa.teai.com

DISTRICT I
1825 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Ave., Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Drive
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005

Submit to Appropriate District Office
State Lease-4 copies
Fee Lease-3 copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

1 API Number		2 Pool Code		3 Pool Name Jalmat; Langlie Mattix					
Property Code		4 Property Name Cooper Jal Unit						5 Well Number 516	
6 GRID No. 193003		7 Operator Name TORCH ENERGY SERVICES, INC.						8 Elevation 3280'	
9 Surface Location									
UL or lot no. A	Section 25	Township 24-S	Range 36-E	Lot Idn	Feet from the 1049.6'	North/South line North	Feet from the 222.6'	East/West line East	County Lea
10 Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
11 Dedicated Acres 40		12 Joint or Int'l		13 Consolidation Code		14 Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION.

						17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature: <i>Jim Kidd</i> Date: 6-30-08 Printed Name: Jim Kidd	
						18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief. January 14, 2008 Date of Survey Signature & Seal of Professional Surveyor: <i>John D. [Signature]</i> Certificate No. 7254	

○ = Staked Location • = Producing Well = Injection Well ◇ = Water Supply Well = Plugged & Abandon Well
⊙ = Found Section Corner, 2 or 3" Iron Pipe & GLO B.C. ○ = Found 1/4 Section Corner, 1" Iron Pipe & GLO B.C.

ADDITIONAL INFORMATION ON THE LOCATION

State Plane Coordinates Northing 435656.34 (1927= 435597.74)		Easting 888540.29 (1927= 847353.44)	
Latitude 32°11'33.776"		Longitude 103°12'39.451"	
Zone East	North American Datum 1983/86	Combined Grid Factor 0.99989039	Coordinate File Coop_Jal.Crd
Drawing File Coop_Jal.Dwg		Field Book Lea #24, Pg. 25	