

DATE IN <u>1.10.11</u>	SUSPENSE	ENGINEER <u>DKB</u>	LOGGED IN <u>1.10.11</u>	TYPE <u>NSL</u>	APP NO. <u>1101052655</u>
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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



Merit
14591

FANNING A2

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]

lea

[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 _____

2011 JAN -6 A 9:38
RECEIVED OCD

[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.

Cindy Chavez
Print or Type Name

Stephen Chang
Signature

Regulatory Analyst
Title

12/13/2010
Date

cynthia.chavez@meritenergy.com
c-mail Address

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Oxy USA Inc.
P.O. Box 4294
Houston TX 77210

COMPLETE THIS SECTION ON DELIVERY

A. Signature

[Signature]

☐ Agent
☐ Addressee

B. Received by (Printed Name)

[Signature]

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes ☒ No

If YES, enter delivery address below:

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes ☒ No

2. Article Number 7009 2820 0001 5397 2179

(Transfer from service label)

PS Form 3811, February 2004

Domestic Return Receipt

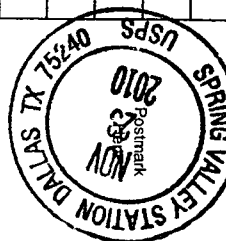
102595-02-M-1540

U.S. Postal Service, Inc.
CERTIFIED MAIL[®] RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



Sent to

Oxy USA, Inc.

Street, Apt. No., or PO Box No. P.O. Box 4294

City, State, ZIP+4

Houston TX 77210

PS Form 3800, August 2006

See Reverse for Instructions

7009 2820 0001 5397 2179



MERIT ENERGY COMPANY

13727 Noel Road · Suite 500 · Dallas, Texas 75240
Ph 972.701.8377 · Fx 972.960.1252 · www.meritenergy.com

November 23, 2010

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Oxy USA Inc.
P.O. Box 4294
Houston, Texas 77210

To whom this may concern,

Merit Energy Company is in the process of filing an application with the New Mexico Oil Conservation Division (“OCD”) seeking administrative approval for a non-standard oil well location in Section 33, township 23 south, Range 37 east, N.M.P.M, Lea County, New Mexico. A copy of the well location and acreage dedication plat is enclosed.

If no objection is pressed to the OCD within 20 days of receipt of this letter, it will be assumed that you have no objection our application.

If you have any questions or concerns, please don’t hesitate to contact me at 972.628.1603 or via email at cynthia.chavez@meritenergy.com.

Sincerely,

Cindy Chavez
Regulatory Analyst

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION

1950 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410

DISTRICT IV
1950 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name FANNING A	Well Number 2
OGRID No. 14591	Operator Name MERIT ENERGY COMPANY	Elevation 3289'

Surface Location

UL or lot No. B	Section 33	Township 23-S	Range 37-E	Lot Idn	Feet from the 950	North/South line NORTH	Feet from the 1550	East/West line EAST	County LEA
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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
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						

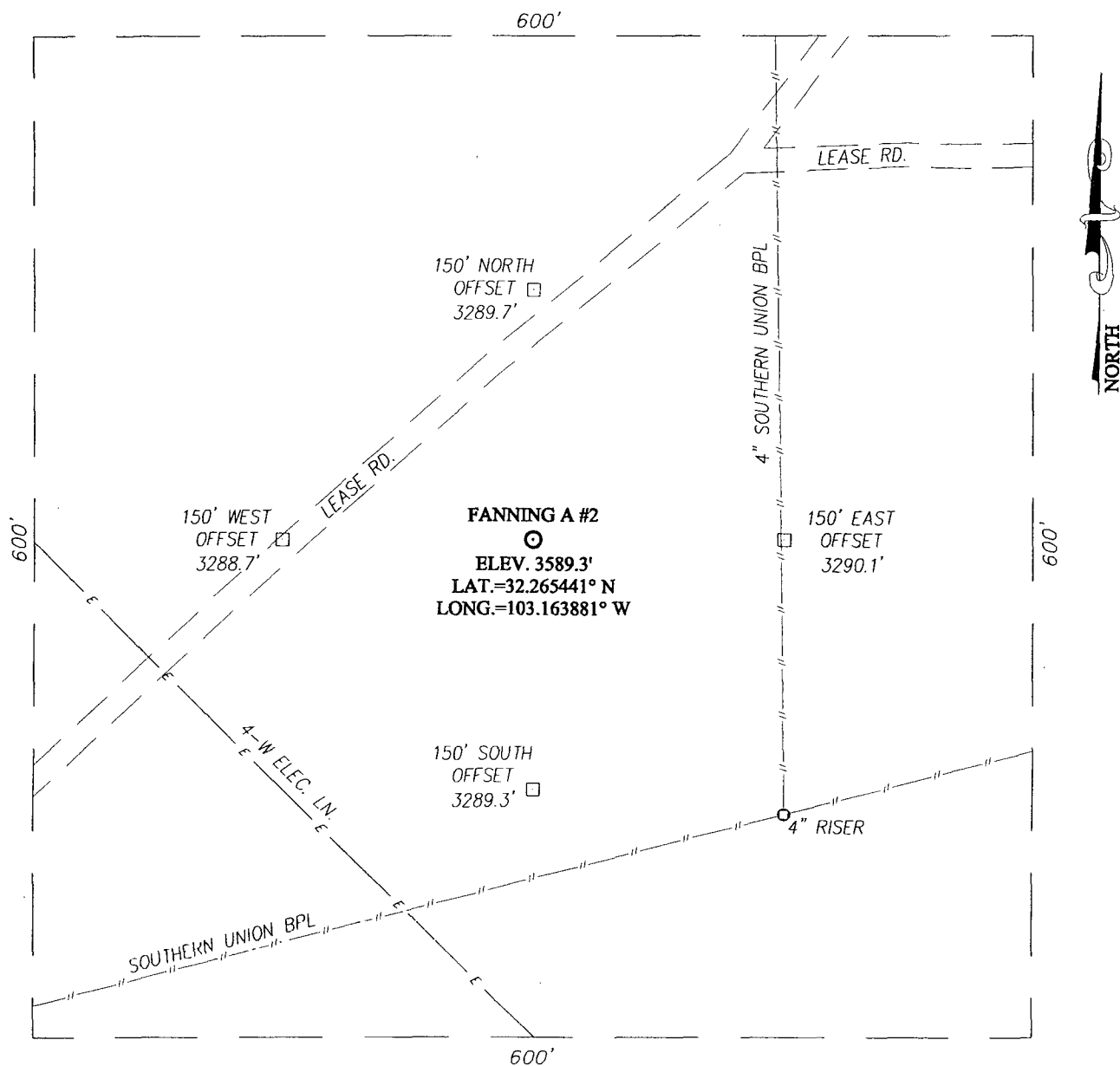
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>GEODETIC COORDINATES NAD 27 NME</p> <p>SURFACE LOCATION Y=462254.6 N X=861486.5 E</p> <p>LAT.=32.265441° N LONG.=103.163881° W</p>	<p>950'</p> <p>1550'</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Cindy Chavez</i> 11/23/10 Signature Date</p> <p>CINDY CHAVEZ Printed Name</p> <p>SURVEYOR CERTIFICATION</p> <p>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 belief.</p> <p>DATE SURVEYED: JULY 29, 2010 SIGNATURE & SEAL OF PROFESSIONAL SURVEYOR: <i>Ronald J. Eidson</i> 10/22/2010 Certificate No. GARY C. EIDSON 12641 RONALD J. EIDSON 3239</p>
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SECTION 33, TOWNSHIP 23 SOUTH, RANGE 37 EAST, N.M.P.M.

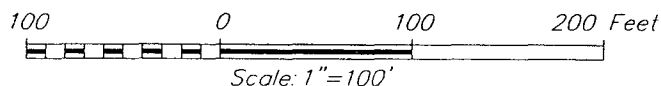
LEA COUNTY

NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF ST. HWY. #18 AND CO. RD. #E-11 (TEAGUE SWITCH), GO SOUTH ON ST. HWY. #18 APPROX. 1.1 MILES. TURN LEFT AND GO EAST APPROX. 1.2 MILES. THIS LOCATION STAKE IS APPROX. 150 FEET EAST OF LEASE RD.



MERIT ENERGY COMPANY

FANNING A #2 WELL
LOCATED 950 FEET FROM THE NORTH LINE
AND 1550 FEET FROM THE EAST LINE OF SECTION 33,
TOWNSHIP 23 SOUTH, RANGE 37 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO

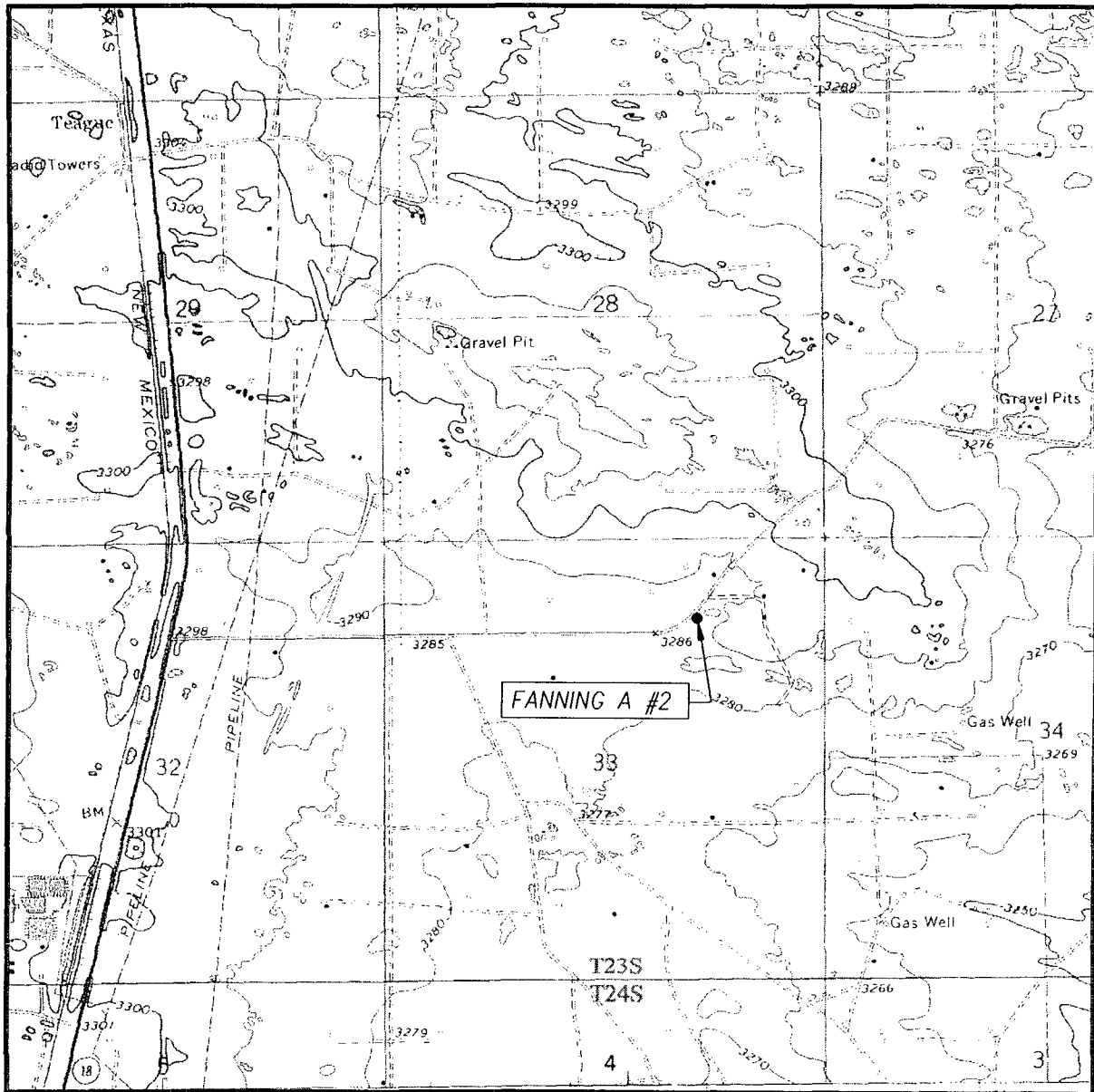
Survey Date: 7/29/10	Sheet 1 of 1 Sheets
W.O. Number: 10.11.1721	Dr. By: DSS
Date: 11/22/10	Rel. W.O.: 10111721
	Scale: 1"=100'

PROVIDING SURVEYING SERVICES
SINCE 1946

JOHN WEST SURVEYING COMPANY

412 N. DAL PASO
HOBBS, N.M. 88240
(575) 393-3117

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
RATTLESNAKE CANYON, N.M. - 10'

SEC. 33 TWP. 23-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

DESCRIPTION 950' FNL & 1550' FEL

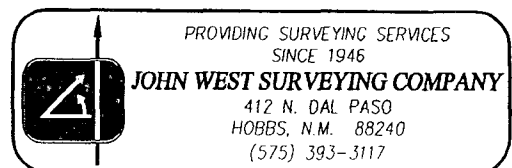
ELEVATION 3289'

OPERATOR MERIT ENERGY COMPANY

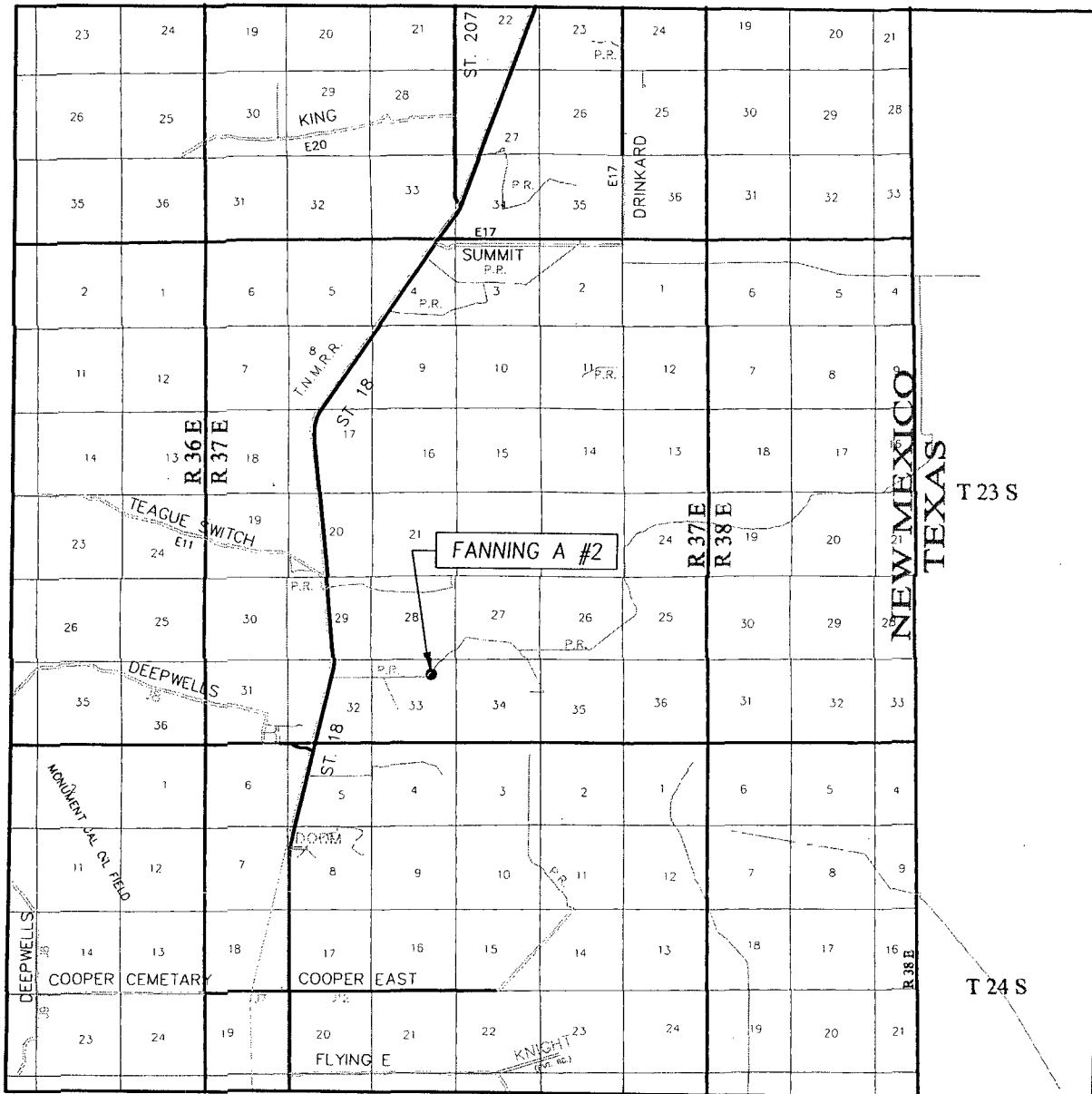
LEASE FANNING A

U.S.G.S. TOPOGRAPHIC MAP

RATTLESNAKE CANYON, N.M.



VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 33 TWP. 23-S RGE. 37-E

SURVEY N.M.P.M.

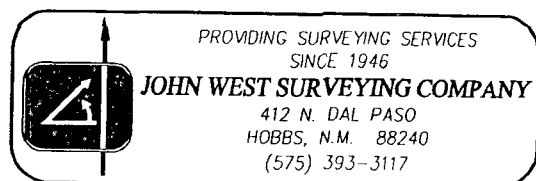
COUNTY LEA STATE NEW MEXICO

DESCRIPTION 950' FNL & 1550' FEL

ELEVATION 3289'

OPERATOR MERIT ENERGY COMPANY

LEASE FANNING A



Brooks, David K., EMNRD

From: Chavez, Cynthia [Cynthia.Chavez@meritenergy.com]
Sent: Wednesday, January 19, 2011 6:51 AM
To: Brooks, David K., EMNRD
Subject: RE: Fanning A#2; NSL Application

Good morning Mr. Book.

This well will be completed in the Imperial Tubb Drinkard and the *undes.* Teaque Paddock-Blinebry pool.

Geological Justification: Net Pay from the Paddock, Blinebry, Tubb, and Drinkard formations may decrease to the West as evident from offset well production.

Please let me know if you have any further questions.

Thank you,
Cindy

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Tuesday, January 18, 2011 4:27 PM
To: Chavez, Cynthia
Subject: Fanning A#2; NSL Application

Dear Ms. Chavez

I have in hand the referenced application.

I have two question. First, I find no indication of the pool or formation in which this well will be completed. Second, I find no statement of why this well is being drilled at an unorthodox location.

Please advise of the answers to questions.

Sincerely

David K. Brooks
Legal Examiner

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Tuesday, January 18, 2011 3:27 PM
To: 'cynthia.chavez@meritenergy.com'
Subject: Fanning A#2; NSL Application

Dear Ms. Chavez

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Please advise of the answers to questions.

Sincerely

David K. Brooks
Legal Examiner