

New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

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Cabinet Secretary-Designate

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Deputy Cabinet Secretary

J. Daniel Sanchez
Acting Division Director
Oil Conservation Division



Administrative Order DHC-4359

Order Date: 3/21/2011

Application Reference Number: pTGW1107543482

MERIT ENERGY COMPANY, LLC
13727 NOEL ROAD, SUITE 500,
DALLAS, TX 75240

Attention: Lynne Moon

STATE A A/C 2 Well No. 003
API No: 30-025-08829
Unit G, Section 8, Township 22 South, Range 36 East, NMPM
Lea County, New Mexico

Pool: EUNICE;SEVEN RIVERS-QUEEN, SOUTH
Names: JALMAT;TAN-YATES-7 RVRS (GAS)

Oil 24130
Gas 79240

Reference is made to your recent application for an exception to Rule 12.9A. of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 12.11A., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion or otherwise required separation of the zones is hereby placed in abeyance.

In accordance with Division 12.11A.(6), the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

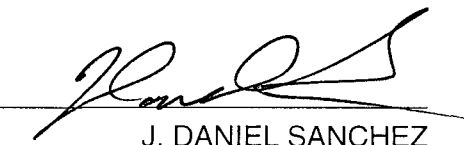
Assignment of allowable and allocation of production from the well shall be as follows:

EUNICE;SEVEN RIVERS-QUEEN, SOUTH Pool	Pct Gas: 50	Pct Oil: 100
JALMAT;TAN-YATES-7 RVRS (GAS) Pool	Pct Gas: 50	Pct Oil: 0

REMARKS: The operator shall notify the Division's district office upon implementation of commingling operations.



Pursuant to Rule 12.11B., the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.


J. DANIEL SANCHEZ
Acting Director

JDS/wvjj

cc: Oil Conservation Division – Hobbs
State Land Office - Oil, Gas, and Minerals Division