

DATE IN 7/21/08	SUSPENSE	ENGINEER Sones	LOGGED IN 7/21/08	TYPE DHC	APP NO. PKURO820354823
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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 *NSL-5560*

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

*Production Assistant 7-21-08*  
Title Date

*reyesm@odessa.teai.com*  
e-mail Address

2008 JUL 21 PM 2 51 RECEIVED

*Cooper Jal Unit #505*

District I  
1625 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  
Yes Single Well  
       Establish Pre-Approved Pools  
EXISTING WELLBORE  
  X   Yes        No

APPLICATION FOR DOWNHOLE COMMINGLING

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

Operator Address  
Cooper Jal Unit 505 F-18-T24S-R37E Lea **DHC-4064**

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

OGRID No. 241401 Property Code 302966 API No. 30-025-38263 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)	2988'-3504'		3505'-3682'
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
Bottomhole Pressure <small>(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)</small>			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	37.7 Degree API		37.7 Degree API
Producing, Shut-In or New Zone	Producing		Producing
Date and Oil/Gas/Water Rates of Last Production. <small>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)</small>	Date: 3/23/07 Rates: 0.5 BOPD, 0.5 MCFPD	Date: Rates:	Date: 3/22/07 Rates: 16 BOPD, 1 MCFPD
Fixed Allocation Percentage <small>(Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)</small>	Oil 3% Gas 33%	Oil % Gas %	Oil 97% Gas 67%

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 Melanie Reyes TITLE Production Assistant DATE 7/8/08

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

E-MAIL ADDRESS reyesm@odessa.teai.com

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240

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1301 W. Grand Ave., Artesia, NM 88210

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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

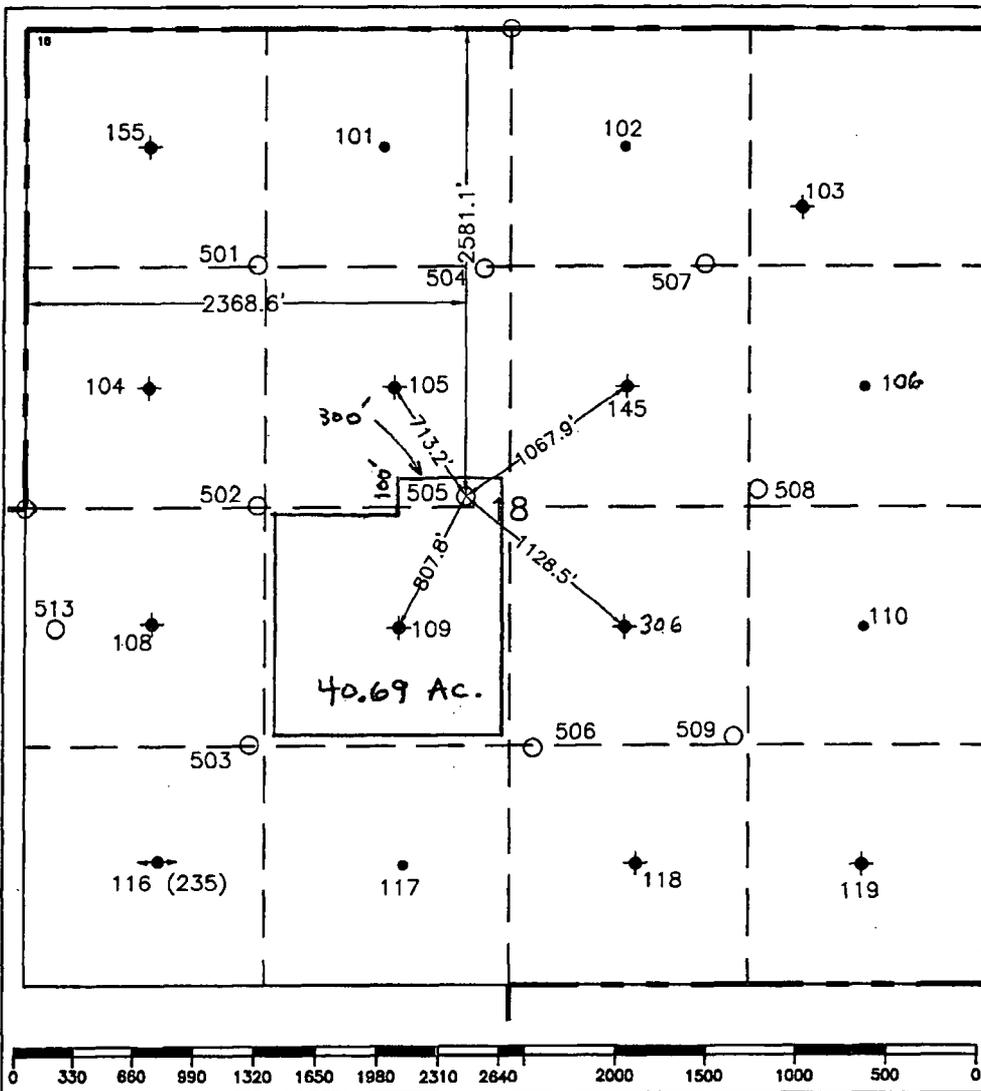
Submit to Appropriate District Office  
State Lease-4 copies  
Fee Lease-3 copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number		<sup>2</sup> Pool Code		<sup>3</sup> Pool Name Jalmat; Langlie Mattix					
<sup>4</sup> Property Code		<sup>5</sup> Property Name Cooper Jal Unit						<sup>6</sup> Well Number 505	
<sup>7</sup> OGRID No. 193003		<sup>8</sup> Operator Name TORCH ENERGY SERVICES, INC.						<sup>9</sup> Elevation 3301'	
<sup>10</sup> Surface Location									
UL or lot no. F	Section 18	Township 24-S	Range 37-E	Lot Idn	Feet from the 2581.1'	North/South line North	Feet from the 2368.6'	East/West line West	County Lea
<sup>11</sup> 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
<sup>12</sup> Dedicated Acres 40		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> 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.



<sup>17</sup> 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.

*Jim Kidd* 10/30/06  
Signature Date

Printed Name  
Jim Kidd

<sup>18</sup> 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.

September 19 & 21, 2006  
Date of Survey

Signature & Seal of Professional Surveyor:

*John D. ...*  
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		Easting 891007.29	
Northing 444725.02		Longitude 103°12'09.636"	
Latitude 32°13'03.248"		Combined Grid Factor	
Zone North American Datum		Coordinate File	
East 1983/86		0.99988900	
Drawing File		Field Book	
Coop_Jal.Dwg		LEA #24, Pg. 5	



**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*

June 30, 2008

New Mexico Oil Conservation Division  
1220 South St. Francis  
Santa Fe, NM 87505

Attn: Mr. William Jones

Re:    Cooper Jal Unit Ownership  
      Lea County, New Mexico

Dear Mr. Jones,

Melanie Reyes forwarded to me an email that you sent to her regarding our downhole commingling applications. Please be advised that although the Cooper Jal Unit was approved for waterflooding by separate orders in both the Jalmat and the Langlie Mattix pools, the ownership in each wellbore within the unit is identical as the term is defined in Rule 303.

Please advise if you have any questions; I can be reached at (713) 756-1620.

Sincerely,

Randy Ziebarth  
Vice President

