

MAR 22 2011

Order Number	API Number	Operator	County
447	30-025-39879	Merit Energy Co. LLC	Lea

Order Date	Well Name	Number	Location			
3-22-11	Fanning B	2	A UL	33 Sec	235 T (+Dir)	37E R (+Dir)

		Oil %	Gas %	
Pool 1	58300	Teague Paddock Blinebry	60	
Pool 2	33600	Imperial Tubb Drinkard	40	
Pool 3				
Pool 4				

Comments:	Posted in RBDMS	3-22-11	Cott
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30-025-39879
DHC-HOB-447

DOWNHOLE COMMINGLE CALCULATIONS:

OPERATOR: Merit Energy Co. LLC

PROPERTY NAME: Fanning B #2

WNULSTR: 2-A-33-235-37E

SECTION I:	ALLOWABLE AMOUNT
POOL NO. 1 <u>Teague Paddock Blinebry</u>	<u>107</u> <u>642</u> MCF
POOL NO. 2 <u>Imperial Tubb Drinkard</u>	<u>142</u> <u>284</u> MCF
POOL NO. 3 _____	_____ MCF
POOL NO. 4 _____	_____ MCF
POOL TOTALS	<u>249</u> <u>926</u>

SECTION II:	<u>Oil</u>	<u>Gas</u>
POOL NO. 1 <u>Teague Paddock Blinebry</u>	<u>60%</u>	
POOL NO. 2 <u>Imperial Tubb Drinkard</u>	$40\% \times 249 = 99.6$	
POOL NO. 3 _____	<u>< 100 ></u>	
POOL NO. 4 _____		

<u>OIL</u>	<u>GAS</u>
SECTION III: <u>$40\% \div 142 = 355$</u>	_____
SECTION IV: <u>$60\% \times 355 = 213$</u>	<u>< 213 ></u>
<u>$40\% \times 355 = 142$</u>	<u>< 142 ></u>
_____	_____
_____	_____

Submit 1 Copy To Appropriate District Office
District I
1625 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 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

MAR 22 2011

Form C-103
October 13, 2009

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-025-39879
1. Type of Well: Oil Well ☒ Gas Well ☐ Other ☐		5. Indicate Type of Lease STATE ☐ FEE ☒
2. Name of Operator Merit Energy Company LLC		6. State Oil & Gas Lease No.
3. Address of Operator 13727 Noel Rd., Suite 500 Dallas, TX 75240		7. Lease Name or Unit Agreement Name Fanning B
4. Well Location Unit Letter A : 990 feet from the N line and 330 feet from the E line Section 33 Township 23S Range 37E NMPM Lea County		8. Well Number 2
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3294'		9. OGRID Number 14591
		10. Pool name or Wildcat Teague Paddock Blinebry, Imperial Tubb Drinkard

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: Downhole Commingling

☒

OTHER:

☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Merit Energy Company is requesting to Downhole Commingle per "Pre-Approved Pools & Area" per R-11363 that established Pre-Approved Pools & Area.

The Pools are the Teague Paddock Blinebry Code 58300 and the Imperial Tubb Drinkard Code 33600

The proposed commingling will not reduce the value of the total remaining production.

Ownership between pools is exactly the same.

Spacing does not involve State or Federal Land.

Teague Paddock Blinebry perforations: 5636' - 5850' Allocation 60% (Based on Fanning B #1)

Imperial Tubb Drinkard perforations: 5950' - 6200' Allocation 40% (Based on Fanning B #1)

Spud Date:

08/27/2010

Rig Release Date:

09/16/2010

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

SIGNATURE Lynne Moon

TITLE Regulatory Manager

DATE 02/24/2011

Type or print name Lynne Moon

E-mail address: lynne.moon@meritenergy.com PHONE: 972-628-1569

For State Use Only

APPROVED BY: [Signature]

TITLE PETROLEUM ENGINEER

DATE

MAR 22 2011

Conditions of Approval (if any):

RECEIVED

State of New Mexico

DISTRICT I

1225 S. FRANCIS DR., HOBBS NM 88240

AUG 16 2010

Energy, Minerals and Natural Resources Department

Form C-102

DISTRICT II

1301 W. GRAND AVENUE, ALBUQUERQUE, NM 87102

HOBBS OIL

CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-39829	Pool Code 58300	Pool Name Teague Paddock - BLINEDRY
Property Code 17988 306843	Property Name FANNING B	Well Number 2
OGRID No. 14591	Operator Name MERIT ENERGY COMPANY	Elevation 3294'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	33	23-S	37-E		990	NORTH	330	EAST	LEA

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

GEOMETRIC COORDINATES NAD 27 NME Y=462226.8 N X=862706.8 E LAT = 32 26 53.27" N LONG = 103 15 09.35" W	OPERATOR CERTIFICATION 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 <i>Lynne Moon</i> 08/08/10 Signature Date LYNNE MOON Printed Name
	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 belief <i>Ronald J. Eidson</i> 08/06/2010 Date Surveyed Seal of Professional Surveyor Certificate No. GARY EIDSON 12641 RONALD J. EIDSON 12119

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

RECEIVED

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102

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

AUG 16 2010

CONSERVATION DIVISION

Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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

HOBBSOCD

1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 33600	Pool Name Imperial TUBB-DRINNARD
Property Code 7788 306843	Property Name FANNING B	Well Number 2
GRID No. 14591	Operator Name MERIT ENERGY COMPANY	Elevation 3294'

Surface Location

UL or lot No. A	Section 33	Township 23-S	Range 37-E	Lot Idn	Feet from the 990	North/South line NORTH	Feet from the 330	East/West line EAST	County LLA
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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

GEODETIC COORDINATES NAD 27 NME Y=462226.8 N X=862706.8 F LAT = 32.265327° N LONG = 103.159931° W	056' 330'	OPERATOR CERTIFICATION 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. <i>Lynne Moon</i> 08/13/10 Signature Date Lynne Moon Printed Name
		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 belief.
		Date Surveyed: 08/13/10 Signature & Seal of Professional Surveyor <i>Ronald J. Eidson</i> 08/16/2010
		Certificate No. GARY EIDSON 12641 RONALD J. EIDSON 3239