

DATE IN <u>5.16.11</u>	SUSPENSE	ENGINEER <u>WVJ</u>	LOGGED IN <u>5.16.11</u>	TYPE <u>DHC</u>	APP NO. <u>1113656737</u>
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PTGW

4395

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
 - Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



Merit 14571

State A A/C 2 #70

**ADMINISTRATIVE APPLICATION CHECKLIST**

30-025-28279

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.

Matt Ogden Signature Regulatory Analyst 5/12/11  
 Print or Type Name Title Date

mat.ogden@nmtenergy.com  
 e-mail Address

District I  
1625 N. French Drive, Hobbs, NM 88240

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107A  
Revised June 10, 2003

District II  
1301 W. Grand Avenue, Artesia, NM 88210

**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

District III  
1000 Rio Brazos Road, Aztec, NM 87410

District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

**APPLICATION FOR DOWNHOLE COMMINGLING**

*DHC-4395*

Merit Energy Company 13727 Noel Rd Ste 500 Dallas, TX 75240

Operator Address

State A A/C 2 70 Unit P - Sect. 8P - T22S - R36E Lea

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

OGRID No. 14591 Property Code 24671 API No. 30-025-28279 Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Jalpat - Tan Yates 7 Rivers <i>Coz #12</i>		<i>S. EVMC 7 RIVERS QW</i> Langlie Mattix - Queen
Pool Code	79240		<del>24130</del> ✓
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3159'-3193'		3873'-3776'
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)	NA		NA
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1.3174 BTU		33.6 API / 1.2088 BTU
Producing, Shut-In or New Zone	Producing		SI
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: 03/12/2011 Rates: 25mcf/1bwpd	Date: Rates:	Date: Rates: 7bopd/10mcf
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 0 % Gas 75 %	Oil % Gas %	Oil 100 % Gas 25 %

**ADDITIONAL DATA**

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes  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  No

Will commingling decrease the value of production? Yes  No

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

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.

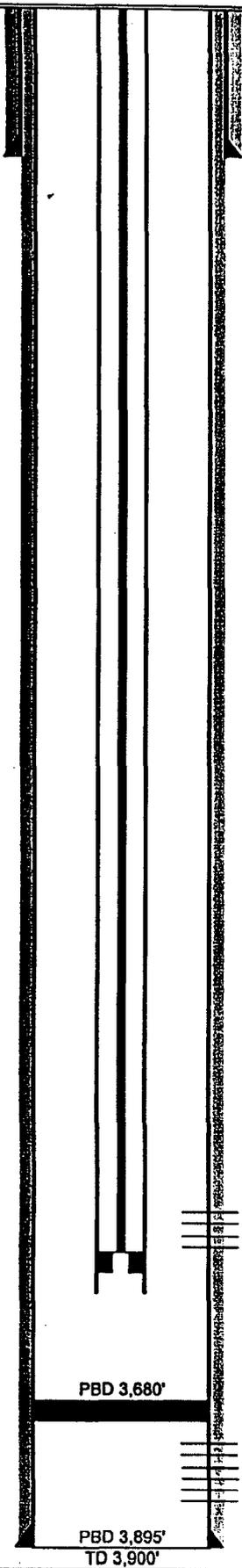
I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE *Matt Ogden* TITLE Regulatory Analyst DATE 05/12/2011

TYPE OR PRINT NAME Matt Ogden TELEPHONE NO. ( ) (972)628-1603

E-MAIL ADDRESS matt.ogden@meritenergy.com

FORM	TOP
YATES	3,157'
7 RVRS	3,342'
QUEEN	3,730'



8 5/8" @ 573'  
w/ 375 sx Cmt

circ

**SELECT PERFS: 11 Holes**  
3159, 75, 79, 99, 3205, 11, 60,  
65, 73, 88, 93'

CIBP @ 3,700' w/20' Cmt on 12/91

3873-3889', 3826-38  
40-64, 3782-3820,  
3752-76, } Queen Sand

5 1/2" @ 3,900' w/950 sx Cmt

PBD 3,680'

PBD 3,895'  
TD 3,900'

<b>State AAC-2 #70</b>	
<b>CURRENT WELLBORE DIAGRAM</b>	
<b>MISSION RESOURCES INC</b>	
SU-T-R 8P-22S-36E	API #: 30-025-28279-0000
POOL: JALMAT; TAN-YATES-7 RVRS (PRO GAS)	
CO, ST: LEA, NEW MEXICO	LAND TYPE: STATE
STATUS: IN-ACTIVE	ACREAGE 40.12
LATEST RIG WORKOVER:	
DIAGRAM REVISED: 1/14/2004 BY SJP	

LOG ELEVATION: 3,573' KB  
GROUND ELEVATION: 3,561'

	CASING	LINER	TUBING
Hole	12 1/4"	7 7/8"	
Pipe	8 5/8"	5 1/2"	2 3/8"
Weight	24#	14#	
Grade	J-55	J-55	
Thread	STC	STC	
Depth	573'	3,900'	est 3,100'
Mud wt			

**TAN-YATES-7 RVRS ZONE HISTORY**

12/91 Recompleted from Queen.  
Perforated 3159-3293' w/1 SPF.  
Acidized w/1000 gal 15% & 22 BS.  
Frac w/14,700 gal, 10,500# sand, & 9,500# CO<sub>2</sub> -  
Screened out in 4th stg (6 total stages).  
POP  
IPP 0 BOPD 6 BWPD 75 MCFD  
NOTE: 4/92 letter in file from NMOCD - admin  
order for unorthodox gas well location.  
10/93 SITA. AFE prep'd to refrac Yates but no  
indication this was ever done.  
10/99 Intent to refrac Yates & add perfs in 7 Rvrs filed  
by Raptor, but no evidence this work was done.

**OPPORTUNITY**

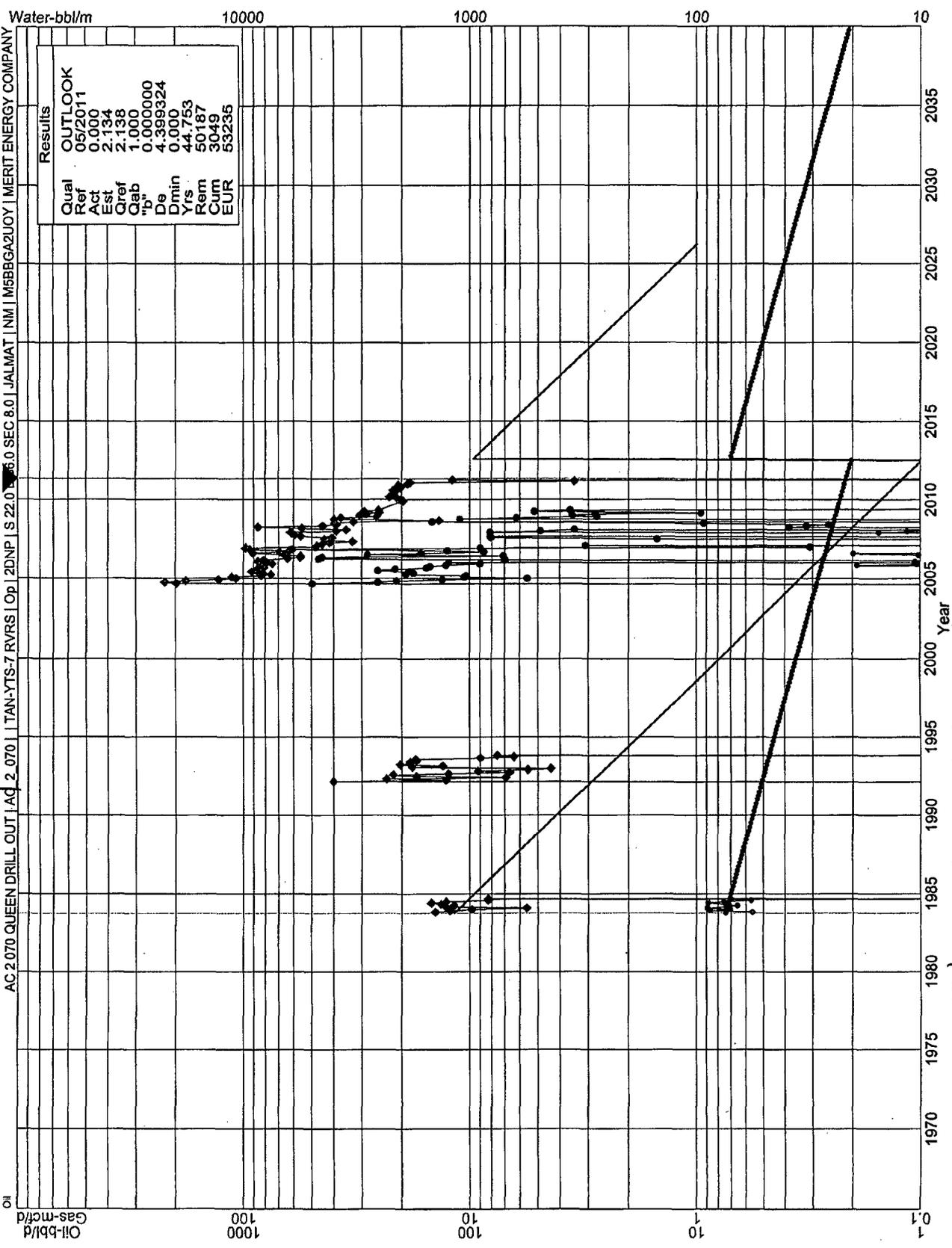
Poss refrac Yates & add perfs in 7 Rvrs SJP 1/14/04

**QUEEN ZONE HISTORY**

8/25/83 Spud. 11/2/83 Initial Completion  
Pool EUNICE; SEVEN RIVERS-QUEEN, SOUTH  
Perforated 3873-3889' w/1 SPF.  
Acidized w/1000 gal 15% & 26 BS. Swab 1 BO, 7  
BAW. PB to 3,868' w/sand  
Perforated 3826-38, 40-64, w/1 SPF.  
Acidized w/2200 gal 15% & 57 BS. Swab 6 BO &  
10 BAW. Plug back to 3,824' w/ sand.  
Perforated 3782-3820' w/1 SPF.  
Acidized w/2300 gal 15% & 59 BS. Swab 1 BO &  
5 BAW. Plug back to 3,780' w/sand.  
Perforated 3752-76' w/1 SPF.  
Acidized w/1600 gal 15% & 38 BS. Swab 1/2 BO  
& 5 BAW. Clean out sand to PBTD 3,895'.  
POP  
IPP 12 BO, 13 BW, 25 MCF  
9/84 CIJ. Set pkr @ 3,719'. Est inj rate = 1 3/4 BPM  
@ 750 psi.  
12/91 Set CIBP @ 3,700' & dump bail cmt. Est  
PBTD 3,680'.

Current Prod 25 mcf/d  
 Est Queen 7500  
 10 mcf/d

Queen → 7 RVRS - YATES



OIL 100" QUEEN  
 GAS 25" QUEEN  
 75" 7 RVRS - YATES

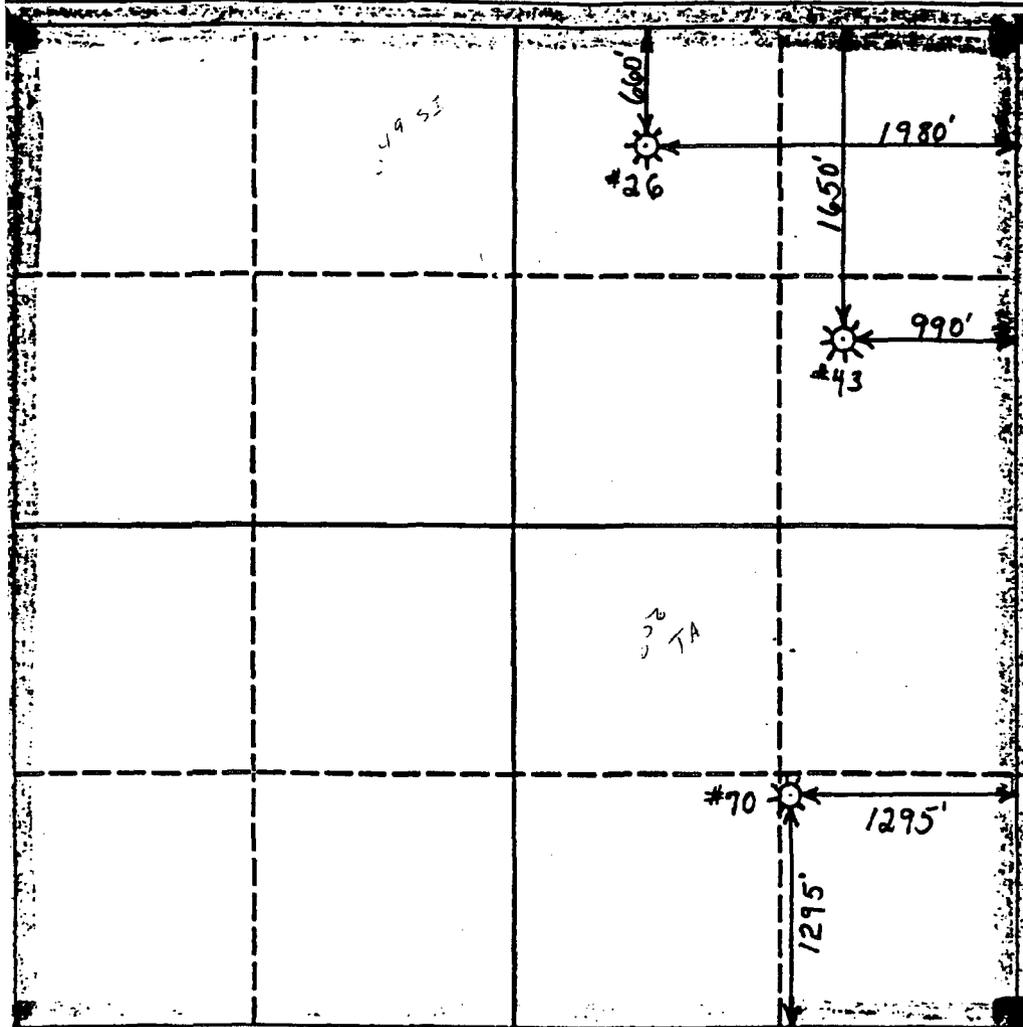
Resources Department  
**OIL CONSERVATION DIVISION**  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

3 copies  
DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240  
DISTRICT II  
P.O. Drawer DD, Artesia, NM 88210  
DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

**WELL LOCATION AND ACREAGE DEDICATION PLAT**  
All Distances must be from the outer boundaries of the section

Operator <b>Clayton W. Williams, Jr., Inc.</b>			Lease <b>State "A" A/C 2</b>			Well No. <b>70</b>		
Unit Letter <b>P</b>	Section <b>8</b>	Township <b>22S</b>	Range <b>36E</b>	County <b>NMPM</b>		Lea		
Actual Footage Location of Well:								
<b>1295</b> feet from the <b>South</b> line and			<b>1295</b> feet from the <b>East</b> line					
Ground level Elev. <b>3561'</b>		Producing Formation <b>Yates</b>		Pool <b>Jalpat-Tnsl-Yts-7Rvrs</b>		Dedicated Acreage: <b>640 Acres</b>		

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc?  
 Yes     No    If answer is "yes" type of consolidation \_\_\_\_\_  
 If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)  
 No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.

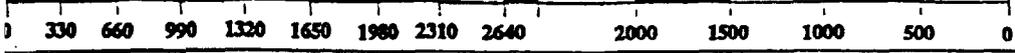


**OPERATOR CERTIFICATION**  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *David G. Grafe*  
Printed Name: **David G. Grafe**  
Position: **Petroleum Engineer**  
Company: **Clayton W. Williams, Jr., Inc.**  
Date: **12/12/91**

**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.

Date Surveyed: \_\_\_\_\_  
Signature & Seal of Professional Surveyor: \_\_\_\_\_  
Certificate No.: \_\_\_\_\_



District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, 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 & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised July 16, 2010  
Submit one copy to appropriate  
District Office

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number 30-025-28279		<sup>2</sup> Pool Code 24130		<sup>3</sup> Pool Name Eunice 7 Rivers Queen, South	
<sup>4</sup> Property Code 302433		<sup>5</sup> Property Name State A A/C 2			<sup>6</sup> Well Number 70
<sup>7</sup> OGRID No. 14591		<sup>8</sup> Operator Name Merit Energy Company			<sup>9</sup> Elevation 3561'

<sup>10</sup> Surface Location

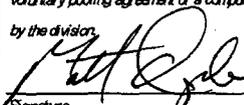
UL or lot no.	Section	Township	Range	Lot 1 dn	Feet from the	North/South line	Feet from the	East/West line	County
P	8	22S	36E		1295	S	1295	E	Lea

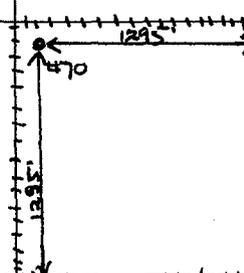
<sup>11</sup> Bottom Hole Location If Different From Surface

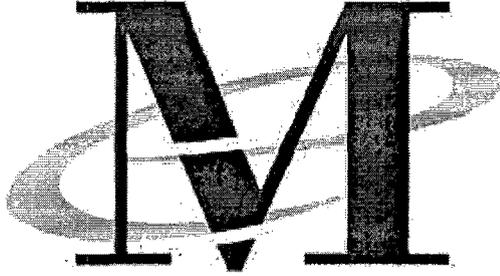
UL or lot no.	Section	Township	Range	Lot 1 dn	Feet from the	North/South line	Feet from the	East/West line	County

<sup>12</sup> Dedicated Acres 40	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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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.

16				<b><sup>17</sup> OPERATOR CERTIFICATION</b>	
	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.				
					05/24/2011
	Signature				Date
Matt Ogden				Printed Name	
matt.ogden@meritenergy.com				E-mail Address	
				<b><sup>18</sup> SURVEYOR CERTIFICATION</b>	
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 of Survey	
				Signature and Seal of Professional Surveyor:	
				Certificate Number	





*Merit Energy Company  
13727 Noel Road, Suite 500  
Dallas, TX 75240*

Date: May 12, 2011  
To: New Mexico Oil Conservation Division  
Attention: William V Jones P.E.  
RE. **Jalmat Field: 12 Commingling Applications  
Lea County, New Mexico**

Merit Energy Company has requested approval to commingle the Queen formation (Langlie Mattix Pool) with the Tansill-Yates-Seven Rivers formation (Jalmat Pool).

Commingling the Jalmat Pool with the Langlie Mattix Pool in S 5-9 T22S R36E in Lea County is in the interest of both royalty owners and the conservation. Commingling will extend the life of each well and optimize recovery from Both Pools. The 12 well's commercial value will be extended 30 years based on estimated reserves from the Queen formation, and will ultimately allow uncommercial Jalmat Pool reserves to be recovered via production from the Queen. The Queen Completions are uneconomic if it is required by the NMOCD to seal off the Jalmat Pool from the Langlie Mattix Pool. Operationally, fluid samples will be collected before and after commingling. Scale inhibitors will be continuously pumped during operations. The fluid level will be maintained below the Jalmat pool both to optimize production and reduce any scaling tendencies.

Please let me know if you have any questions

Sincerely,

Brett Keener  
Operations Engineer  
[brett.keener@meritenergy.com](mailto:brett.keener@meritenergy.com)  
Phone: 972-628-1592  
Fax: 972-682-1892



*Merit Energy Company  
13727 Noel Road, Suite 500  
Dallas, TX 75240*

Date: May 12, 2011  
To: New Mexico Oil Conservation Division  
Attention: William V Jones P.E.  
RE. **Jalmat Field: State 157 G#2 & G#4, State A A/C 2 #1, State AAC-2 #2, #4, #7, #31, #34, #46, #47, & #70 Yates-Queen Commingling  
Lea County, New Mexico**

Merit Energy Company has requested approval to commingle the Yates formation ( Jalmat Pool) with the Queen formation (Langlie-Mattix) .

This well that we are asking to commingle does have "identically owned" (working/royalty/orri) interest from the surface to the base of the queen formation.

Please let me know if you have any questions

Sincerely,

Matt Van Eaton  
Associate Landman  
[matt.vaneaton@meritenergy.com](mailto:matt.vaneaton@meritenergy.com)  
Phone: 972-628-1557  
Fax: 972-682-1857