

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 COVERSHEET**

THIS COVERSHEET 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

*Surface Commingling*

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX  PMX  SWD  IPI  EOR  PPR

NOV 26 PM 3:32  
 COMMINGLING DIV

[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] **INFORMATION / DATA SUBMITTED IS COMPLETE - Certification**

I hereby certify that I, or personnel under my supervision, have reviewed the applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common.

*I understand that any omission of data (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.*

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

<u>PENROCK OIL CORP.</u>	<u><i>Mohammed Yamin Merchant</i></u>	<u>President</u>	<u>11/23/01</u>
Print or Type Name	Signature	Title	Date
<u>Mohammed Yamin Merchant</u>		<u><i>mymerch@hotmail.com</i></u>	
		e-mail Address	

# **PENROC Oil Corporation**

Ph : (505) 397-3596  
Fax : (505) 393-7051

P.O. Box: 5970 Hobbs, New Mexico 88241 U.S.A.

E-mail: mymerch@leaconet.com  
mymerch@hotmail.com

November 23, 2001

521

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

Re: Surface Commingling of State Leases  
Sections 14 & 15, T-10-S, R-32-E  
Lea County, New Mexico

Gentlemen:

Penroc Oil Corporation is requesting permission to surface commingle the State BN and Harrington State wells in the captioned two sections. All leases have common mineral and working interest ownerships. All wells are stripper, which makes it almost impossible for them to exist on their own and be economical.

Following is the data on the wells that are being proposed to be surface commingled:

Penroc Oil Corporation is the operator of both leases.

OGRID #: 017213

Well Names: State BN Wells No. 1, 2, 3, 4, 5 & Harrington State #1

State Lease No's: OG-361 & V-4590

API #s: 30-025-20134, 30-025-20105, 30-025-21160, 30-025-20628, 30-025-31071 & 30-025-20998

POD#s: 2442710 (oil) Harrington State

2065110 (oil), 2065130 (gas) 2065150 (water) State BN

Harrington State will be surface commingled with the State BN using BN facilities as shown in the sketch.

Working Interest: Penroc Oil Corporation 100%

Royalty Interest: State of New Mexico 12.5%

Field: Mescalero San Andres

Producing Zone: San Andres

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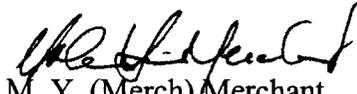
Application to Surface Commingle  
State BN & Harrington State Wells  
Section 14 & 15, T-10S- R-32-E  
Lea County, New Mexico

A sketch of the surface facilities is attached for your review.

A copy of this application is being sent to New Mexico State Land Office with a request of their approval.

If any additional information is required, please contact the undersigned. Thanks.

Sincerely,



M. Y. (Merch) Merchant  
President

Attachments.

CC: New Mexico State Land Office  
OCD Hobbs

P.S. Well tests for all wells are shown on the facilities sketch.

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Application to Surface Commingle  
State BN & Harrington State Wells  
Sections 14 & 15, T-10-S, R-32-E  
Lea County, New Mexico

Current Well Tests:

State BN:

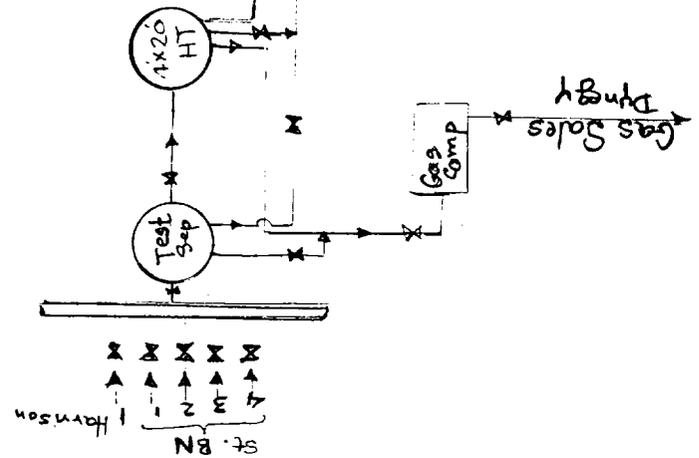
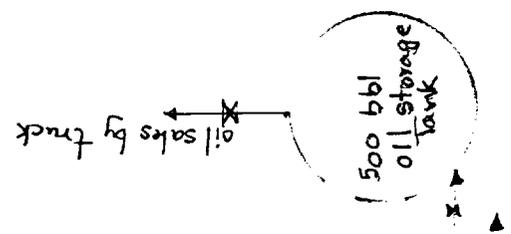
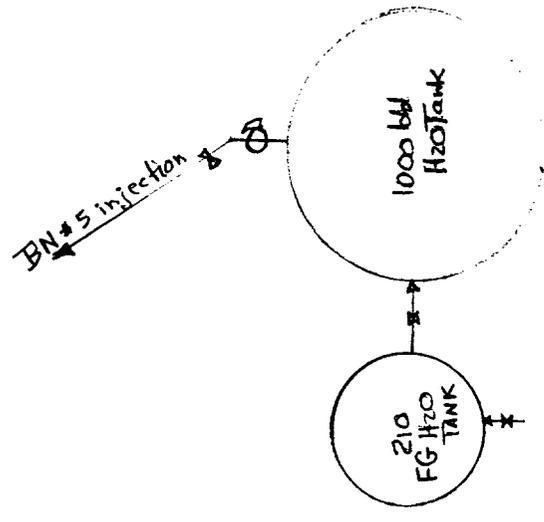
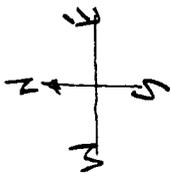
#1: 2 BO, 16 BW and 10 MCFPD - K-14  
#2 5 BO, 15 BW and 25 MCFPD - M-14  
#3 3 BO, 10 BW and 17 MCFPD - L-14  
#4 5 BO, 6 BW and 20 MCFPD - N-14

Harrington State #1:

#1: 4 BO, 12 BW and TSTM Gas - A-15

Wells will be tested monthly.

PENROC OIL CORPORATION  
 STATE BN & HARRINGTON STATE  
 SEC. 14 & 15, T-10-S, R-32-E  
 LEA COUNTY, NM  
 SURFACE COMMINGLING



**COMMISSIONER'S OFFICE**

Phone (505) 827-5760

Fax (505) 827-5766

**ADMINISTRATION**

Phone (505) 827-5700

Fax (505) 827-5853

**GENERAL COUNSEL**

Phone (505) 827-5713

Fax (505) 827-4262

**PUBLIC AFFAIRS**

Phone (505) 827-1245

Fax (505) 827-5766



**New Mexico State Land Office  
Commissioner of Public Lands  
Ray Powell, M.S., D.V.M.**

**COMMERCIAL RESOURCES**

Phone (505) 827-5724

Fax (505) 827-6157

**MINERAL RESOURCES**

Phone (505) 827-5744

Fax (505) 827-4739

**ROYALTY MANAGEMENT**

Phone (505) 827-5772

Fax (505) 827-4739

**SURFACE RESOURCES**

Phone (505) 827-5793

Fax (505) 827-5711

November 30, 2001

Penroc Oil Corporation  
P. O. Box 5970  
Hobbs, New Mexico 88241-5970

Attention: Mr. M. Y. (Merch) Merchant

Re: Commingling Application  
Penroc Well Names: State BN Well Nos. 1,2,3,4,5 & Harrington State #1  
SW/4 Section 14 & NE/4NE/4 Section 15, Township 10 South, Range 32 East  
OG00361-3, V-4590-0  
Lea County, New Mexico

Dear Mr. Merchant:

We are in receipt of your letter of November 23, 2001. In your letter you are requesting our approval to surface commingle the oil and gas production from the above captioned wells at the State BN facility located in the SW/4 of Section 14, Township 10 South, Range 32 East.

It is our understanding that all production is from the Mescalero San Andres pool and production will be allocated by monthly well tests.

Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Please submit a \$30.00 filing fee.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.  
COMMISSIONER OF PUBLIC LANDS

BY:

JAMI BAILEY, Director  
Oil, Gas and Minerals Division  
(505) 827-5744

RP/JB/pm

pc: Reader File,  
OCD-Attention: David Catanach, Ben Stone,

A handwritten signature in black ink, appearing to read "Jami Bailey", written over a horizontal line.

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

12/11/01 08:22:  
OGOKRV -TQ  
PAGE NO:

Sec : 14 Twp : 10S Rng : 32E Section Type : NORMAL

L 40.00 CS OG0361 0003 OXY USA WTP LIMIT 11/20/66 A	K 40.00 CS OG0361 0003 OXY USA WTP LIMIT 11/20/66 A A	J 40.00 CS OG0093 0003 TRANSREPUBLIC RES 08/21/66 A	I 40.00 CS OG0093 0001 MOBIL PRODUCING 08/21/6
M 40.00 CS OG0361 0003 OXY USA WTP LIMIT 11/20/66 A	N 40.00 CS OG0361 0003 OXY USA WTP LIMIT 11/20/66 A	O 40.00 CS OG0093 0003 TRANSREPUBLIC RES 08/21/66 A	P 40.00 CS OG0093 0001 MOBIL PRODUCING 08/21/6

PF01 HELP    PF02            PF03 EXIT    PF04 GoTo    PF05            PF06  
PF07 BKWD   PF08 FWD      PF09 PRINT   PF10 SDIV    PF11            PF12