

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

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- [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>PENROC OIL CORP.</u>        | <u><i>[Signature]</i></u> | <u>President</u>           | <u>11/28/2001</u> |
| Print or Type Name             | Signature                 | Title                      | Date              |
| <u>Mohammed Yamin Marchant</u> |                           | <u>mymerch@hotmail.com</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@penroc.com~~  
mymerch@hotmail.com

November 23, 2001

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

Re: Surface Commingling of State Leases  
W/2 Section 13-T-21-S, R-35-E  
Lea County, New Mexico

Gentlemen:

Penroc Oil Corporation is requesting permission to surface commingle the State WEE A, State WEB 2, State WEE and State WEBB in the captioned section. All leases have common mineral and working interest ownerships. All the wells are stripper, which makes it almost impossible 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 operator of all wells.

OGRID #: 017213

Well Names: WEE A #1 & 2, WEB 2 #1 & 2, WEE #1, WEBB #1 & 2

State Lease #: E-393 & E-395

API #s: 30-025-24863, 30-025-24934, 30-025-03461, 30-025-03462, 30-025-04353, 30-025-25039, & 30-025-25040

POD#'s: 2062810(oil) 2062830 (gas) for WEE A #1 & 2  
2596910(oil) 2596930 (gas) for WEB 2 #1 & #2  
2069210(oil) 2069230 (gas) for WEBB #1 & #2

Working Interest: Penroc Oil Corporation 96.875%  
John Bryant 3.125%

Royalty Interest: 12.5% State of New Mexico  
Field: Eumont Yates Seven Rivers Queen

Producing Zone: Eumont Yates Seven Rivers Queen

The allocation of production will be based on monthly test. All production will be disposed at POD 2596910 (oil), 2596930 (gas) & 2596950 (water).

Page 2  
Application to Surface Commingle  
W/2, Section 13-T-21-S, R-35-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 the New Mexico 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 (U.S. mail)  
OCD-Hobbs (Hand Delivered)  
John Bryant (Hand Deliverd)

P.S. Well tests for all the wells are on the attachments.

Page 3

Application to Surface Commingle  
State WEE "A", WEB, WEE, WEBB  
W/2 Section 13, T-21-S, R-35-E  
Lea County, New Mexico

Current well tests:

WEE "A":

#1: 2 BO, 14 BW and 5 MCFD - *N*  
#2: 2 BO, 3 BW and 8 MCFD - *L*

WEB 2 :

#1: 0 BO, 0 BW and 0 MCFD- Well shut in and scheduled for work over Ist Quarter '02. - *Q*  
#2: 8 BO, 1 BW and 8 MCFD- well worked over in early November 2001. - *F*

WEE:

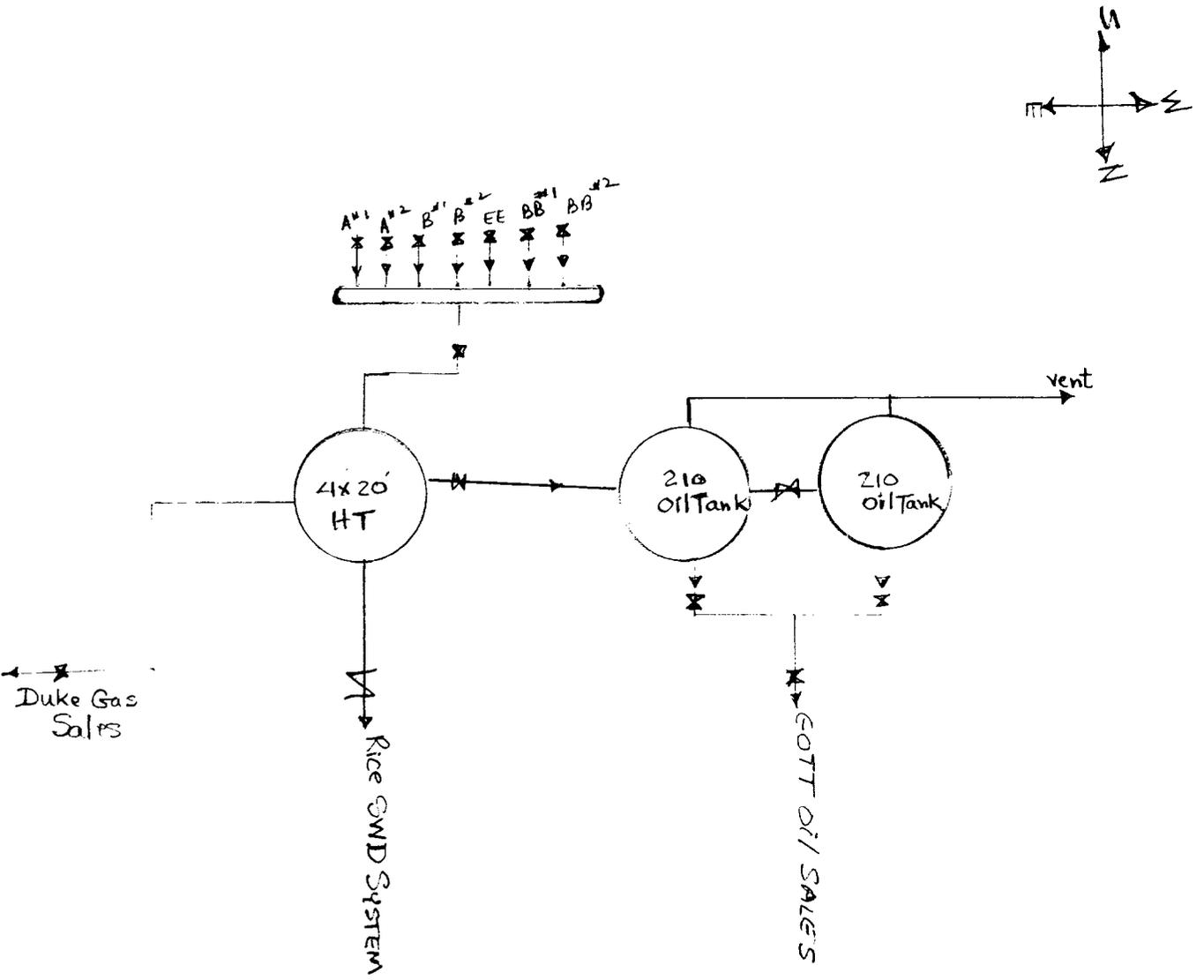
#1: 0 BO, 0 BW and 0 MCFD- Well shut in and scheduled for work over Ist Quarter 02. - *K*

WEBB:

#1: 0 BO, 0 BW and 0 MCFD- Well shut in and scheduled for work over Ist Quarter 02. - *D*  
#2: Same as above on Well #1. - *E*

Wells will be produced at the commingled battery State WEB 2 due to gas sales connection and Rice SWD connection there. They will be tested monthly.

PENROC OIL CORPORATION  
 STATE WEE 'A', WEB'2', WEE & WEBB  
 W/2, SECTION 13, T-21-S, R-35-E  
 LEA COUNTY, NEW MEXICO  
 SURFACE COMMINGLING



WELL TESTS TO BE CONDUCTED  
 BY SHUTTING IN ALL BUT ONE  
 WELL ONCE A MONTH UNTIL  
 ALL ARE TESTED. WELLS  
 ARE STRIPPER AND DO NOT  
 SLANGE IN PRODUCTION  
 MONTH TO MONTH

**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 29, 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: WEE A #1 & 2, WEB 2 #1 & 2, WEE #1, WEBB #1 & 2  
W/2 Section 13, Township 21 South, Range 35 East  
E00392-11, E00395-17  
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 WEB 2 battery located in the SE/4NE/4 of Section 13, Township 21 South, Range 35 East.

It is our understanding that all production is from the Eumont Yates Seven Rivers Queen 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.

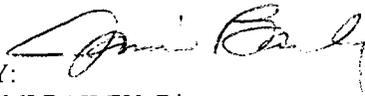
Please contact Ms. Debbie Padilla at 505/827-5729 regarding a possible right-of-way through the S/2NE/4 of Section 13-21S-35E.

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,  
Debbie Padilla

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

12/11/01 07:58:  
OGOKRV -TP  
PAGE NO:

Sec : 13 Twp : 21S Rng : 35E Section Type : NORMAL

|   |   |   |   |
|---|---|---|---|
| D<br>40.00<br>CS<br>E00392 0011<br>PENROC OIL CORP<br>06/11/55<br>A | C<br>40.00<br>CS<br>E00392 0011<br>PENROC OIL CORP<br>06/11/55<br>A | B<br>40.00<br>CS<br>B01167 0051<br>CITATION OIL & GA<br>09/15/42<br>A | A<br>40.00<br>CS<br>B01167 0051<br>CITATION OIL &<br>09/15/4<br>A   |
| E<br>40.00<br>CS<br>E00392 0011<br>PENROC OIL CORP<br>06/11/55<br>A | F<br>40.00<br>CS<br>E00392 0011<br>PENROC OIL CORP<br>06/11/55<br>A | G<br>40.00<br>CS<br>B01167 0051<br>CITATION OIL & GA<br>09/15/42<br>A | H<br>40.00<br>CS<br>B01167 0051<br>CITATION OIL &<br>09/15/4<br>A A |

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

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

12/11/01 07:58:  
OGOKRV -TP  
PAGE NO:

Sec : 13 Twp : 21S Rng : 35E Section Type : NORMAL

|   |   |   |   |
|---|---|---|---|
| L<br>40.00<br>CS<br>E00395 0017<br>PENROC OIL CORP<br>06/11/55<br>A | K<br>40.00<br>CS<br>E00395 0017<br>PENROC OIL CORP<br>06/11/55<br>A | J<br>40.00<br>CS<br>B01167 0051<br>CITATION OIL & GA<br>09/15/42<br>A | I<br>40.00<br>CS<br>B01167 0051<br>CITATION OIL &<br>09/15/4<br>A A |
| M<br>40.00<br>CS<br>E00395 0017<br>PENROC OIL CORP<br>06/11/55<br>A | N<br>40.00<br>CS<br>E00395 0017<br>PENROC OIL CORP<br>06/11/55<br>A | O<br>40.00<br>CS<br>B01167 0051<br>CITATION OIL & GA<br>09/15/42<br>A | P<br>40.00<br>CS<br>B01167 0051<br>CITATION OIL &<br>09/15/4<br>A A |

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