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		ABOVE THIS LINE FOR DMISION USE ONLY
		NEW MEXICO OIL CONSERVATION DIVISION - Engineering Bureau - 1220 South St. Francis Drive, Santa Fe, NM 87505
	· · · ·	ADMINISTRATIVE APPLICATION CHECKLIST
	THIS CHECKLIST IS N	ANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS
Appil	[DHC-Dow [PC-P	WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE Indiand Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication] Indiand Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication] Indiand Location] [OLS-Lease Commingling] [PLC-Pool/Lease Commingling] Indiand Commingling] [OLS - Off-Lease Commingling] [PLC-Pool/Lease Measurement] Indiand Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] Indified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]
[1]	TYPE OF A [A]	PPLICATION - Check Those Which Apply for [A] Location - Spacing Unit - Simultaneous Dedication NSL NSP SD
	Checl [B]	k One Only for [B] or [C] Commingling - Storage - Measurement M DHC CTB PLC PC OLS OLM
	[C]	Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
	[D]	Other: Specify
[2]	NOTIFICAT [A]	ION REQUIRED TO: - Check Those Which Apply, or Does Not Apply 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 AC	CURATE 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 Oglan	nattel	Regulatory Andyst	7/8/11
Print or Type Name	Signature	Title	Date

e-mail Address

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

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

District III 1000 Rao Brazos Road, Aztec, NM 87410

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

District IV

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 X Single Well Establish Pre-Approved Pools EXISTING WELLBORE X Yes_ No

1 1 1 57

APPLICATION FOR DOWNHOLE COMMINGLING

13727 Noel Rd Ste 500 Dallas, TX 7240						
······	Address					
69	P-3-23S-36E	Lea				
Well No.	Unit Letter-Section-Township-Range	County				
		Address 69 P-3-23S-36E				

OGRID No. 14591 Property Code _____ API No. 30-025-09229 Lease Type: ____ Federal ___ XState ____ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE			
Pool Name	Jalmat Tansil Yates 7-Rivers		Eunice 7 Rivers Queen South			
Pool Code	79240		24130			
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2875'-3566'		3638'-3675'			
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)	BTU 1.3174	· · · · · · · · · · · · · · · · · · ·	33.6 API/1.2088 BTU			
Producing, Shut-In or New Zone	Producing		New Zone			
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: 07/05/2011 Rates:32 mcf/0 BO	Date: Rates:	Date: Rates: 10 mcf/2 BO			
Fixed Allocation Percentage (Note If allocation is based upon something other than current or past production, supporting data or explanation will be required)	Oil Gas 0 % 75 %	Oil Gas % %	Oil Gas 100 % 25 %			

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?	Yes Yes		No 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	<u></u> X	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 Mat Sple	_TITLE_	Regulatory Analyst	DATE07/07/2011					
TYPE OR PRINT NAME Matt Ogden		TELEPHONE NO. () (972)628-1603					

E-MAIL ADDRESS matt.ogden@meritenergy.com

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 WELL LOCATION AND ACREAGE DEDICATION PLAT

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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

14	r		² Pool Code	e	³ Pool Name						
0-025-0922	9		2413	0 · 0	Eun	ice 7 Rivers Quee	en South				
⁴ Property Code					⁵ Property I	Name		6	⁶ Well Number		
		State A	A/C 1					69			
'OGRID N	No.				⁸ Operator I	Name			⁹ Elevation		
4591	1	Merit l	Energy Com	pany							
					¹⁰ Surface	Location					
L or lot no.	Section	Township Range Lo		Lot Idn	Feet from the	North/South line	Feet from the	East/West line	st/West line		
P	3	23S	36E		660	South	990	East	Lea		
			¹¹ Bo	ttom Hol	e Location If	Different Fro	m Surface				
L or lot no.	Section	Section Township		Range Lot Idn Feet		om the North/South line Feet from		East/West line	3	County	
									.		
Dedicated Acres	¹³ Joint o	Infill	¹⁴ Consolidation	Code 15 Or	der No.			L	· ·		
40	_										

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				¹⁷ 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
	`			07/07/2011
				Sgnature 'Date
				Matt Ogden
				Printed Name
				matt.ogden@meritenergy.com
	e			E-mail Address
				¹⁸ 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 of Survey
		1		Signature and Seal of Professional Surveyor:
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		+	±69 990'	
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		Ŧ	i i	· ·
		I	9 3 3	Certificate Number
				

Form C-102

District I 1625 N. French Dr., Hobbs. NM 88240 District II PO Drawer DD, Artesia, NM 88211-0719 District III 1000 Rio Brazos Rd. Aztec, NM 87410 District IV PO Box 2088, Santa Fe. NM 87504-2088

State of New Mexico Energy, Minorals & Natural Resources Department

OIL CONSERVATION DIVISION PO Box 2088 Santa Fe, NM 87504-2088 Revised February 21, 1994 instructions on 'back Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

30-025-09227 79240 Jalmat: Tan-Yates-7 vrs (Pro Gas) # Property Code 5 Property Name 6 Well Number 24669 State" A* A/C 1 C7 7 OGRID No. 8 Operator Name 9 Elevation 162791 Raptor Resources 9 Elevation 7 OGRID No. 10 Surface Location Feet Nom The East/Weil line Gounty 7 3 235 36E Lot Idn Feet From The NorfSouth Res Feet Nom The East/Weil line County 10 Surface 10 Bottom Hole Location If Different From Surface It with no. Section County 12 Order Area 13 Joint or Infil 14 Consideration Code 15 Order No. NSP-1809 Sale 280 NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEER CONSOLIDATED OR A NON-STANDARD UNTIT HAS BEEN APPROVED BY THE DIVISION 10 OPERATOR CERTIFICATION 14 17 OPERATOR CERTIFICATION Sale Sale Sale 14 18 18 Sale Sale Sale 14 17 OPERATOR CERTIFICATION Sale Sale Sale 14 13 Joint or Infil 14 Sale Sale Sale 15 13 Joint or Infil 14 Constation Code 10 Other No. Sale 16	API Number					2 Pool Code 3				Pool Name					
24669 State "A" AC I 67 7 OGRID No. 8 Operator Name 9 Elevation 162791 Raptor Resources 9 Elevation 162791 Raptor Resources 10 Surface Location UL article. Section Township Range 238 36E County Ed. Cat. 1 970 11 Bottom Hole Location If Different From Surface Leauty Leauty 12 Obtineed Area 13 Joint or inff 14 Ordenation Env NSP-1809 220 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 14 Image: Cat. 1 10 OPERATOR CERTIFICATION 15 Cat. 1 10 OPERATOR CERTIFICATION 16 Image: Cat. 1 10 OPERATOR CERTIFICATION 16 Image: Cat. 1 10 OPERATOR CERTIFICATION 16 Image: Cat. 1 10 OPERATOR CERTIFICATION 17 OPERATOR CERTIFICATION Itemate and and the and and the	30-025- 09229					79240 Jalmat: Tan-Yates-7 rvrs (Pro Gas)									
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$\frac{990'}{5}$	E]								H	I haveby cert	lify that the	well locatio	n shown on this plat
790' 35 790' correct to the best of my bellief. 790' 790' 70' 70' 790' 70' 70' 70' 790' 70' 70' 70' 790' 70' 70' 70' 790' 70' 70' 70'	E I . I						261			1950'					
LLO # #3		#	1				Ť.		. •/	· · · · · · · · · · · · · · · · · · ·	Ŧ		-		
LLO 3 43 E- E- E-	770	7,35	1						3.5	K 410	->₹				
LLO 3 43 E- E- E-	Ŧ	· ·	[Į	3			-	₹	Date of Surv	ey		
	<u>‡</u>			*****	*****	**=				<u>x</u>	₫	Signature an	d Seal of Pr	ofessional S	Surveyor:
24 7 750' 14 1 10 10 10 10 10 10 10 10 10 10 10 10 1	ŧ	5	E			E				V	Į				
	ŧ		E			E.	J. m.	n			Ŧ				
	1.10 . 4	3	E			Ē "24	ن م ر (<u>الع</u>		#	1 790'	3				
	Í L		E			Ŧ	1		91	~ ~	们				
E E E E E E E E E E E E E E E E E E E	1 is		E			Ŧ	a_			8-	Ŧ				
	Į		F			Į					‡	Certificate N	lumber		

Wellbore Diagram

	Lease	e & Well No.	State A	A/C1#69				<u>Status</u>	Active		
		Field Name	Jalmat				7	County & State	Lea Count	y, NM	
		Location	Unit P, Se	c. 3, T23S, R	36E		_ ;	API No.	30-025-09	9229	
								Pool Name	Jalmat: Ta	insill Yates Sever	n Rivers
Well Informa								i C	urrent Statu	S	
Spud:			nd Elevation:			D.F. Elevation:					
Completed:	·	I	(B Elevation:		_	Total Depth: _	3,675'	÷ 20		all a	•
<u>Pipe Data</u>		A MARKAN ALL A	and the state of the		COLOR COLOR COLOR	AND STOLEN AND A SHARE SHE SHE	CONTRACTOR DESCRIPTION OF				
2 Surfaces				<u> </u>						and the second sec	
Hole size	Depth	Size (OD)	Weight	Grade	Sx. Cmt	Comments					
12-1/4"	326'	9-5/8"	36 0#		300 sx		15-TELEVILLE				Tops (MD)
Production	1	(Inc. (OD)		Contra						Tansill	
Hale size	Depth 2 C281	Size (OD)	Weight	Grade	Sx. Cmt	Comments				Yates	2,984'
8-3/4"	3,638'	/	20.0#	l	250 sx	TOC=2210	I	1000		7 River	
	ibulars (Top to Bitm	1. 2. 2		an a						Queen	3,522*
Manine Street States of the South States of the	1 2-7/8" BPMJ (31' L		CV LINE AND ADDRESS OF THE AND ADDRESS							San An	1
	12-7/8" rods, 2"x1 1									Gloriet	
50-170 02 574										Bone S	
Well History										Bone S	
11/1/1959	Complete Queen	Open Hole: 30	538-75 with 10	000 gals oil an	d 10000# sand					Abo Wolfca	
	IP: 36 BO	•		-						Strawn	
<u>9/16/1970</u>	Set CIBP @ 363	0'/ Perf 3440,	45,52,58,68,79	,86,92,3507,1	5,25,34,41,47,5	5,66				Atoka	
<u>9/19/1970</u>	Acidize and Frac										d
	IP: 3 BO 612 MC	F // Prior to W/	O 4 BOPD 23	MCFD 210 B	WPD						
7/30/1990	RIH with B&S to	3606' / Set CIE	IP @ 3420' / Po	erf Yates 2875	5,2914,68,87,99	,3010,27,34,45,73	3,78,86,3133,39				
	Ribble Serv Pickl	ie Tbg; Cırc hol	e clean with Pl	r fluid / Acidiz	e with 22 bbls					l	
	Frac well with 14	74 bbis and 14	4207 lbs 12/20	25 bpm @ 27	'00 psig / CO Fi	I to 3161'					
1/27/2005	Tag Fill @ 3181'.	/ CO Fill to 341	2' / Perf 7 Rvm	s [.] 3394,70,41,	25,3280,78,62,0	50,38,30					
<u>2/2/2005</u>	Acidize Perfs with	h PPI Tool / Fo	und HIC 427-4	57' Squeeze v	vith 200 sks Cla	ss C Crnnt returns	to surface	- *		TOC=2210	
	DO Crnnt / RIH w	ith 4-1/2" frac s	string, set pkr @	i) 2793' / Frac	down 4-1/2" wil	th 70Q CO2 510 sl	ks 20/40 2500 sks 12	/20		29. N	
	65 bpm @ 2310 j	psig / CO Fill w	ith Air unit to 34	420'							
	PU 52" Stroke 10	spm									
2/27/2006	CO Fill to 3420 w	ith sand bailer,									
								4.7			
	Procedures							φ έ			
	-						oply Lock/out Tag/out			9724 .	
•	Equipment; Unsea	-									
•	Bit, 6 DCs, Fally Fb om each csg port to					-	ank and fill ŵ/2% KCL				
	& Mist Pump to 342	-					, iowines				•
	with Air for minimu		in to 3030 - CC		IBP / KIN 10 507:					A Vator	
-	g / NU BP, MJ, Perf		e, and RIH w/1	BG						Yates 2875-3139	
	3640' / ND BOPs N								* I	Acidize and F	Frac
-	ng PA Plunger Pum								XCIBPXX	CIBP @ 342	
	RDMO W/O Rig		,,							7 Rivers	-

'roduction will be commingled and allocated based on subtraction method

.

'ates / 7 Rivers: Avg Production:

Queen Projected Production:

State A

3440-3566

XXCIBPXX

PBTD

Total Depth

Acidize and Frac

Queen Open Hole

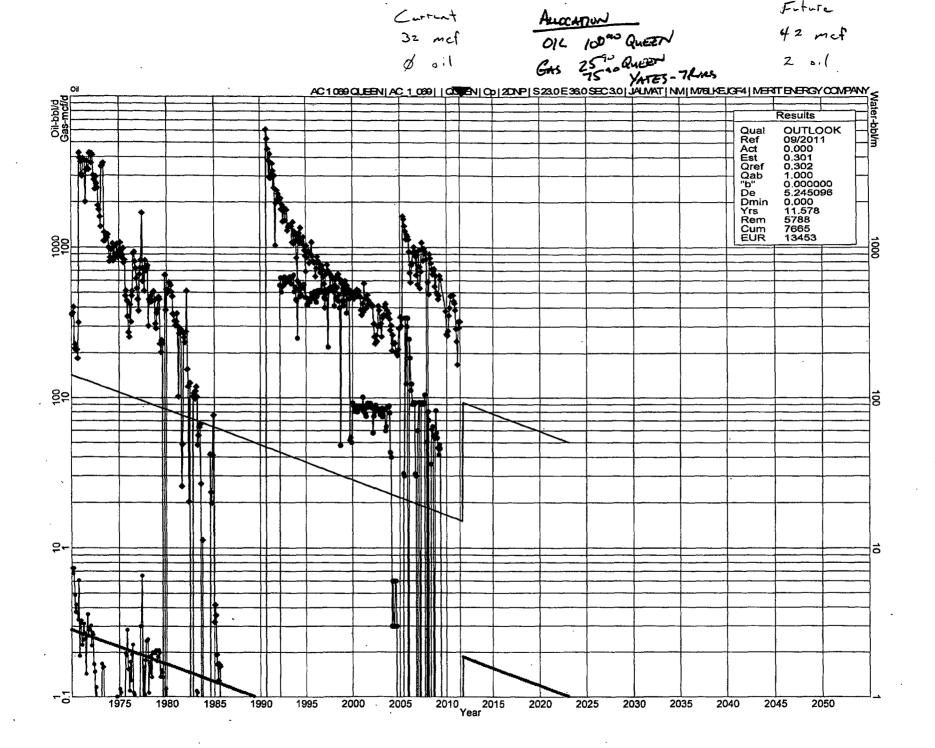
Acidize & Frac

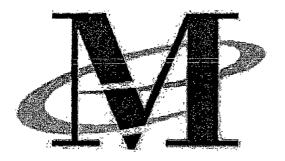
CIBP @ 3630

3638-75

3440

3,675





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

Date:July 8, 2011To:New Mexico Oil Conservation DivisionAttention:William V Jones P.E.

RE. Jalmat Field: 2 Commingling Applications Lea County, New Mexico

<u>Merit Energy Company</u> 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 P 3 T23S R36E and C 10 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 2 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 <u>brett.keener@meritenergy.com</u> Phone: 972-628-1592 Fax: 972-682-1892



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

Date: June 27, 2011

To: New Mexico Oil Conservation Division

Attention: William V Jones P.E.

RE. Jalmat Field: State AAC-1 #69, & 81 Lea County, New Mexico

<u>Merit Energy Company</u> 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, Ø

Matt Van Eaton Associate Landman <u>matt.vaneaton@meritenergy.com</u> Phone: 972-628-1557 Fax: 972-682-1857