

DATE IN <u>3.23.12</u>	SUSPENSE	ENGINEER <u>WVJ</u>	LOGGED IN <u>3.23.12</u>	TYPE <u>DHC</u>	APP NO. <u>1208357011</u>
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ABOVE THIS LINE FOR DIVISION USE ONLY

# NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



PTGW  
Merit 14591

State A A/C 1 #72

## ADMINISTRATIVE APPLICATION CHECKLIST

30-025-09395

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  
 Print or Type Name

Matt Ogden  
 Signature

Regulatory Analyst  
 Title

3/21/12  
 Date

Matt.Ogden@meritenergy.com  
 e-mail Address

E-23-235-36E

2012 MAR 22 P 3 42

RECEIVED OGD

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

District II  
811 S. First St., Artesia, NM 88210

District III  
1000 Rio Brazos Road, Aztec, NM 87410

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

State of New Mexico  
Energy, Minerals and Natural Resources Department

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

Form C-107A  
Revised August 1, 2011

APPLICATION TYPE  
☒ Single Well  
☒ Establish Pre-Approved Pools  
EXISTING WELLBORE  
☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Merit Energy Company Address 13727 Noel Rd Ste 500 Dallas, TX 75240  
Lease State A A/C 1 Well No. 72 Unit Letter-Section-Township-Range E-23-23S-36E County Lea  
*DHC-4543*

OGRID No. 14591 Property Code \_\_\_\_\_ API No. 30-025-09395 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<u>Jalmat Tansil Yates 7-Rivers</u>		<u>Emmace 7 Rivers Queen So</u>
Pool Code	<u>79240</u>		<u>24130</u>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	<u>2990'-3482'</u>		<u>3560'-3587'</u>
Method of Production (Flowing or Artificial Lift)	<u>Artificial Lift</u>		<u>Artificial Lift</u>
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)	<u>NA</u>		<u>NA</u>
Oil Gravity or Gas BTU (Degree API or Gas BTU)	<u>BTU 1.3174</u>		<u>33.6 API/1.2088 BTU</u>
Producing, Shut-In or New Zone	<u>Producing</u>		<u>New Zone</u>
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: <u>02/26/2012</u> Rates: <u>3 BO; 50 MCF</u>	Date: Rates:	Date: Rates: <u>4.5 BO; 0MCF</u>
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil <u>45</u> % Gas <u>100</u> %	Oil % Gas %	Oil <u>55</u> % Gas <u>0</u> %

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 [Signature] TITLE Regulatory Analyst DATE 02/28/2012

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

E-MAIL ADDRESS matt.ogden@meritenergy.com

FORM	TOP																																																																												
			<p>9 5/8" @ 328' w/300 sx Cmt</p> <p>TOC @ 2,222' by Temp Surv.</p> <p>PERFS: 2,990-3,196' on 6/00 2,990, 3,007, 30, 61; 81, 94, 3,101, 12, 25, 39,46, 58, 73, 96' (15 holes)</p> <p>PERFS: 3,306-3,482' on 10/99 3,306, 08, 22, 24, 26, 54, 56, 58, 64, 70, 82, 95, 3,400, 02, 22, 24, 29, 31, 37, 44, 46, 48, 50, 56, 80, 82' (56 holes)</p> <p>RBP @ 3,513' on 10/99 7" @ 3,560' w/250 sx Cmt</p> <p style="text-align: center;">TD 3,587'</p>																																																																										
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☒ Well File

☒ OCD File

Current

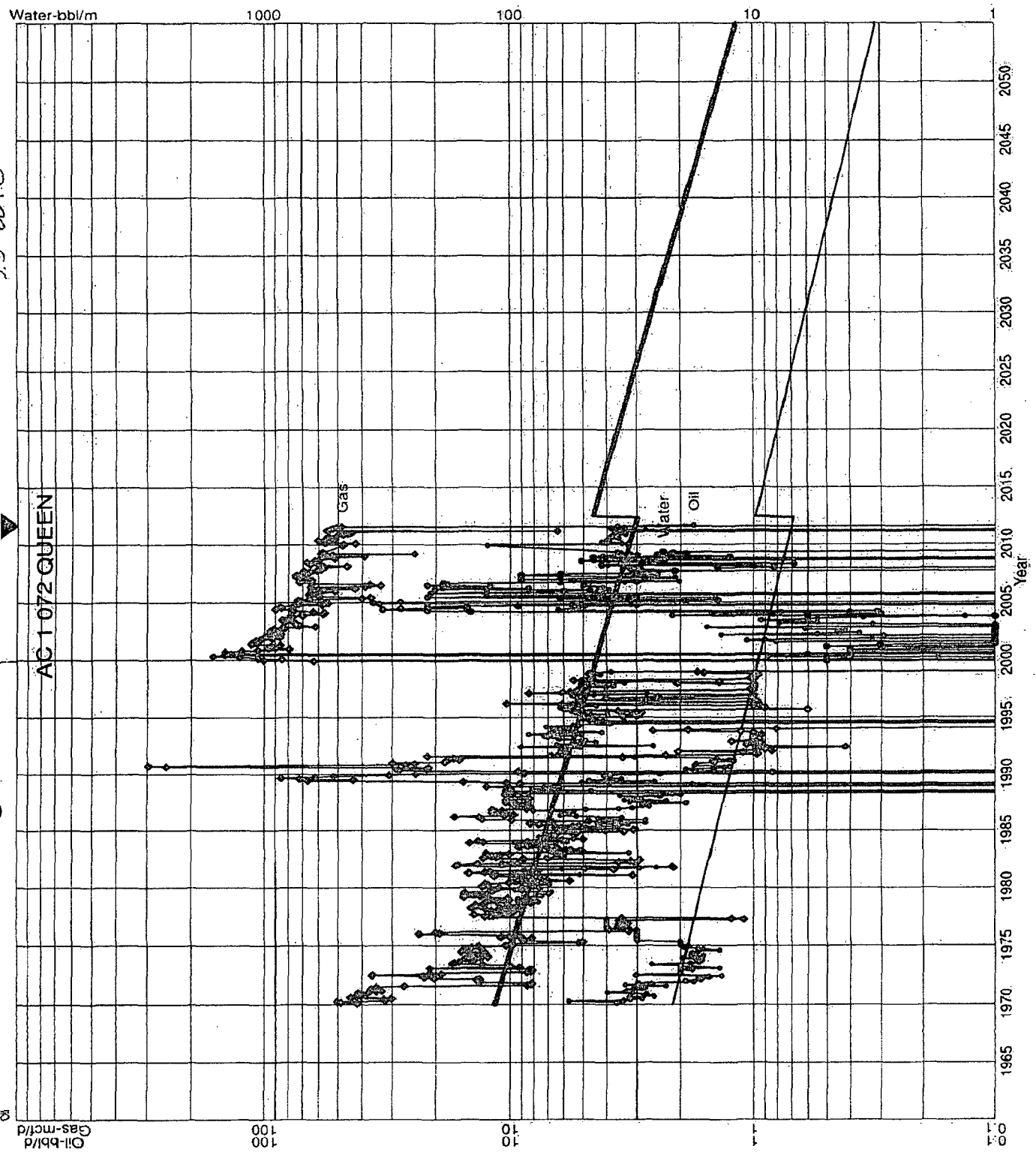
FOR QUEEN FIELD

4.5 BOPD

CURRENT 1120

50 MCFD  
3.5 BOPD

Queen ← 7 Rivers Yates



Oil-bbl/d	OUTLOOK12
Qual=	6/2012
Ref=	62939
Cum=	40633
Rem=	103572
EUR=	47.078
Yrs=	4.6
Qref=	3.140946
De=	0.000
Dmin=	0.000000
b=	1.0
Qab=	

Gas-mcf/d	OUTLOOK12
Qual=	6/2012
Ref=	426044
Cum=	9526
Rem=	435570
EUR=	46.996
Yrs=	1.0
Qref=	2.662845
De=	0.000
Dmin=	0.000000
b=	0.3
Qab=	

Water-bbl/m	OUTLOOK12
Qual=	6/2012
Ref=	5707
Cum=	

Allocation

Gas: 100% 7R. is Yates

Oil: 55% Queen  
45% 7R. is Yates



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

Date: February 23, 2012  
To: New Mexico Oil Conservation Division  
Attention: William V Jones P.E.  
RE. Jalmat Field: AC-1 #50,52,54,57,60,66,71,72,74,80,81, 107 & AC-2 #29-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



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

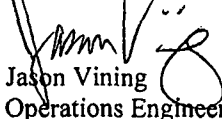
Date: February 23, 2012  
To: New Mexico Oil Conservation Division  
Attention: William V Jones P.E.  
RE: **Jalmat Field: 13 Commingling Applications**  
**Lea County, New Mexico**

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

All of these wells are located in Lea County, C Sec 10, B-D-E-G-M Sec 13, G Sec 15, E- Sec 23, I-K-L-O- Sec 24 T23S R36E and D Sec 9 T22S R36E. Commingling the Jalmat Pool with the Langlie Mattix Pool is in the interest of both royalty owners and the conservation, and it will extend the life of each well and optimize recovery from both Pools. The 13 well's commercial value will be extended 20 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,



Jason Vining  
Operations Engineer  
jason.vining@meritenergy.com  
Phone: 972-628-1606  
Fax: 972-682-1906

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, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102

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

API Number 30-025-09395		2 Pool Code 79240		3 Pool Name Jalmat: Tan-Yates-7 rrvs (Pro Gas)	
4 Property Code 24669		5 Property Name State "A" A/C I			6 Well Number 72
7 OGRID No. 162791		8 Operator Name Raptor Resources			9 Elevation

#### 10 Surface Location

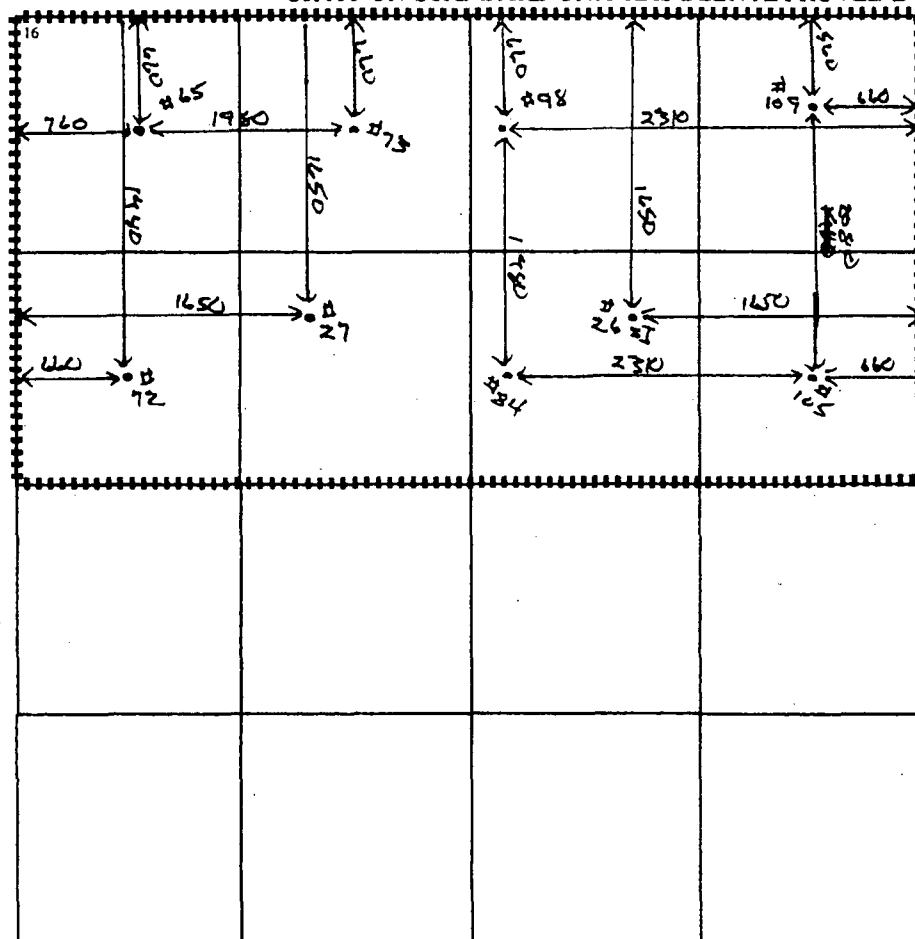
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	23	23S	36E		1780	North	660	west	Lea

#### 11 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

12 Dedicated Acres 320	13 Joint or Infil	14 Consolidation Code	15 Order No. NSL-3023-A (SD)
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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



#### 17 OPERATOR CERTIFICATION

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

*Bill R. Keathly*  
Signature

Printed Name  
Bill R. Keathly

Title  
Regulatory Agent

Date  
4-11-00

#### 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

Signature and Seal of Professional Surveyor:

Certificate Number

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

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 August 1, 2011  
Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-09395	<sup>2</sup> Pool Code 24130	<sup>3</sup> Pool Name Eunice 7 Rivers Queen South
<sup>4</sup> Property Code	<sup>5</sup> Property Name State A A/C 1	<sup>6</sup> Well Number 72
<sup>7</sup> OGRID No. 14591	<sup>8</sup> Operator Name Merit Energy Company	<sup>9</sup> Elevation

<sup>10</sup> Surface Location

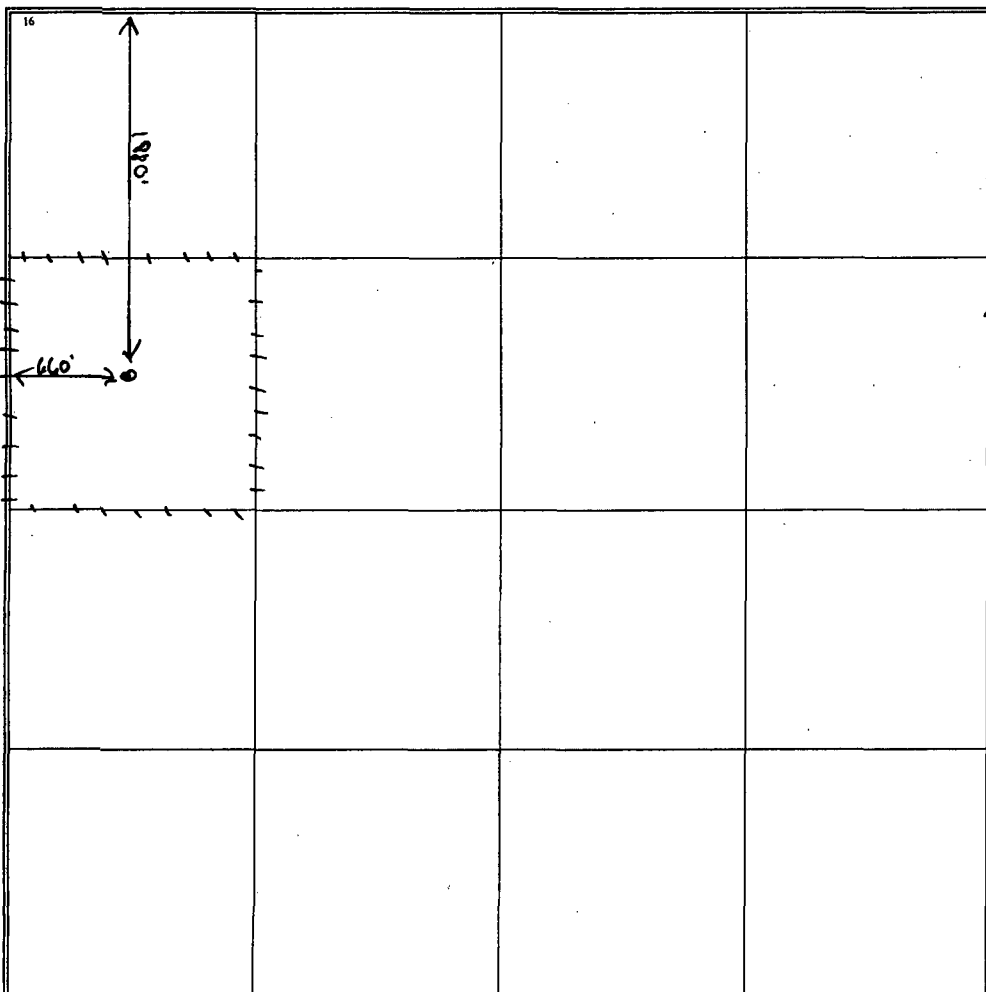
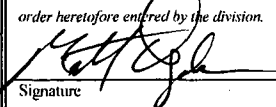
UL or lot no. E	Section 23	Township 22S	Range 36E	Lot 1dn	Feet from the 1980	North/South line North	Feet from the 660	East/West line West	County Lea
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<sup>11</sup> Bottom Hole Location If Different From Surface

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

	<sup>17</sup> OPERATOR CERTIFICATION <i>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.</i> Signature:  Date: 02/28/2012 Printed Name: Matt Ogden E-mail Address: matt.ogden@meritenergy.com
	<sup>18</sup> SURVEYOR CERTIFICATION <i>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> Date of Survey Signature and Seal of Professional Surveyor:
	Certificate Number