

DATE IN 3.23.12	SUSPENSE	ENGINEER W.V.T.	LOGGED IN 3.23.12	TYPE DHC 4546	APP NO. 1208356/73
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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



Merit 14591

State A A/C 1 #52
30-025-09406

ADMINISTRATIVE APPLICATION CHECKLIST

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 Oghen
 Print or Type Name

Matt Oghen
 Signature

Regulatory Analyst 2/22/12
 Title Date

matt.oghen@nrcenergy.com
 e-mail Address

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

Form C-107A
Revised August 1, 2011

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

APPLICATION FOR DOWNHOLE COMMINGLING

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

State A A/C 1 52 K-24-23S-36E Lea
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 14591 Property Code API No. 30-025-09406 Lease Type: Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Jalmat Tansil Yates 7-Rivers		Europe 7 Rivers Queen
Pool Code	79240		24130
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2936'-3396'		3550'-3586'
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: 02/20/2012 Rates: 2 BO; 80 MCF	Date: Rates:	Date: Rates: 0.5BO;34 MCF
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 80 % 70 %	Oil Gas % %	Oil Gas 20 % 30 %

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:

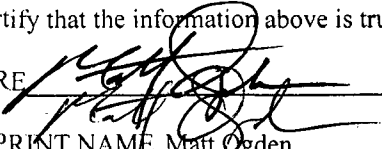
- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation 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  TITLE Regulatory Analyst DATE 02/22/2012

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

E-MAIL ADDRESS matt.ogden@meritenergy.com

FORM	TOP																																																																																																																																	
			<div style="text-align: center;"> AAC-1 #52 CURRENT WELLBORE DIAGRAM MISSION RESOURCES </div> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td>SU-T-R</td> <td>24K-23S-36E</td> <td>API #:</td> <td>30-025-09406</td> </tr> <tr> <td>POOL:</td> <td colspan="3">JALMAT; TAN-YATES-7 RVRS (PRO GAS)</td> </tr> <tr> <td>CO, ST:</td> <td>LEA, NEW MEXICO</td> <td>LAND TYPE:</td> <td>STATE</td> </tr> <tr> <td>STATUS:</td> <td>ACTIVE</td> <td>ACREAGE</td> <td>40.12</td> </tr> <tr> <td colspan="4">LATEST RIG WORKOVER:</td> </tr> <tr> <td colspan="4">DIAGRAM REVISED: 5/4/2004 BY ERG</td> </tr> </table> <div style="text-align: right; margin-top: 10px;"> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>LOG ELEVATION:</td> <td>3,357' KB</td> </tr> <tr> <td>GROUND ELEVATION:</td> <td>3,346'</td> </tr> </table> </div> <div style="margin-top: 10px;"> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2">CASING</th> <th>LINER</th> <th>TUBING</th> </tr> </thead> <tbody> <tr> <td>Hole</td> <td>12 1/4"</td> <td>7 7/8"</td> <td></td> </tr> <tr> <td>Pipe</td> <td>8 5/8"</td> <td>5 1/2"</td> <td>2 7/8"</td> </tr> <tr> <td>Weight</td> <td>24#</td> <td>14#</td> <td>8.7#</td> </tr> <tr> <td>Grade</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Thread</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Depth</td> <td>335'</td> <td>3,656'</td> <td>2,935'</td> </tr> <tr> <td>Mud wt</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> </div> <div style="margin-top: 10px;"> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3">LOGS</th> </tr> </thead> <tbody> <tr> <td>Sonic</td> <td></td> <td>4/59</td> </tr> <tr> <td>Gamma Ray</td> <td></td> <td>4/59</td> </tr> <tr> <td>Laterolog</td> <td></td> <td>4/59</td> </tr> <tr> <td>Radio Active</td> <td></td> <td>4/59</td> </tr> <tr><td> </td><td></td><td></td></tr> <tr><td> </td><td></td><td></td></tr> <tr><td> </td><td></td><td></td></tr> <tr><td> </td><td></td><td></td></tr> </tbody> </table> </div> <div style="margin-top: 10px;"> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2">TAN-YATES-7 RVRS ZONE HISTORY</th> </tr> </thead> <tbody> <tr><td colspan="2">8/90 Recompleted from Queen.</td></tr> <tr><td colspan="2">Perforated 2,936-3,212'</td></tr> <tr><td colspan="2">Acidized 2,936-3,214' w/1000 gal.</td></tr> <tr><td colspan="2">Perforated 3,313-96'</td></tr> <tr><td colspan="2">Acidized 3,313-96' w/1500 gal.</td></tr> <tr><td colspan="2">Frac 2,936-3,212' w/58,800 gal gel & 200,000# 12/20 sand.</td></tr> <tr><td colspan="2">IP 0 BO, 355 MCF</td></tr> <tr><td colspan="2">11/90 Pull RBP between zones</td></tr> <tr><td colspan="2">10/91 Lower pump</td></tr> </tbody> </table> </div> <div style="margin-top: 10px;"> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2">OPPORTUNITY</th> </tr> </thead> <tbody> <tr><td colspan="2">None seen.</td></tr> </tbody> </table> </div> <div style="margin-top: 10px;"> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2">LANGLE MATTIX (LWR 7RVRS-QUEEN) HISTORY</th> </tr> </thead> <tbody> <tr><td colspan="2">4/59 Spud. 4/59 Initial Completion.</td></tr> <tr><td colspan="2">Perforated 3,550-86'</td></tr> <tr><td colspan="2">Frac w/25,000 gal oil & 50,000# sand</td></tr> <tr><td colspan="2">IPF 135 BOPD, 0 BW, GOR 3985</td></tr> <tr><td colspan="2">6/67 POP</td></tr> <tr><td colspan="2">8/90 Set CIBP @ 3,500'</td></tr> </tbody> </table> </div>	SU-T-R	24K-23S-36E	API #:	30-025-09406	POOL:	JALMAT; TAN-YATES-7 RVRS (PRO GAS)			CO, ST:	LEA, NEW MEXICO	LAND TYPE:	STATE	STATUS:	ACTIVE	ACREAGE	40.12	LATEST RIG WORKOVER:				DIAGRAM REVISED: 5/4/2004 BY ERG				LOG ELEVATION:	3,357' KB	GROUND ELEVATION:	3,346'	CASING		LINER	TUBING	Hole	12 1/4"	7 7/8"		Pipe	8 5/8"	5 1/2"	2 7/8"	Weight	24#	14#	8.7#	Grade				Thread				Depth	335'	3,656'	2,935'	Mud wt				LOGS			Sonic		4/59	Gamma Ray		4/59	Laterolog		4/59	Radio Active		4/59													TAN-YATES-7 RVRS ZONE HISTORY		8/90 Recompleted from Queen.		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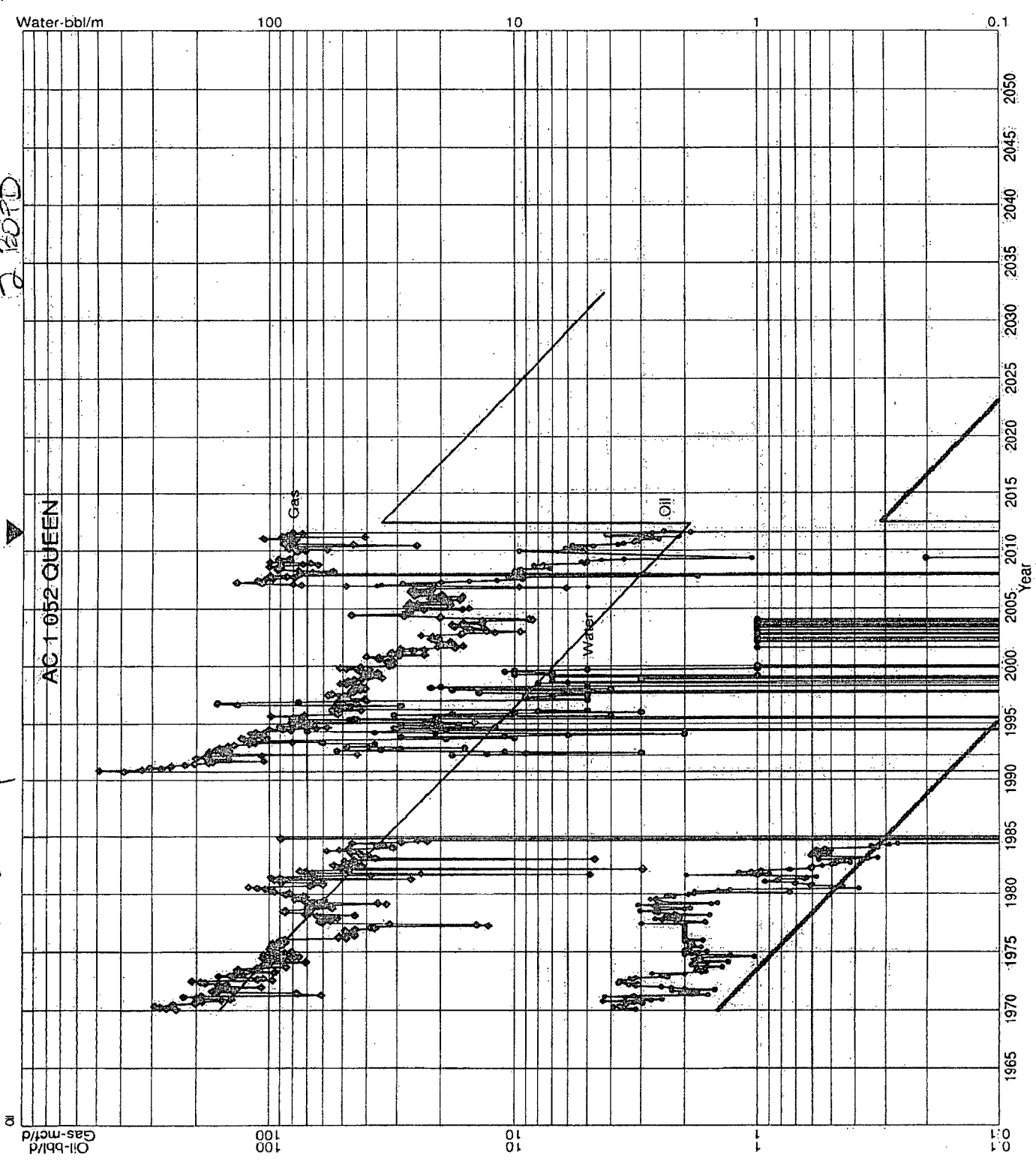
5-DT. QUEEN. 11/04

WATER. 11/04

34 MCFD
1/2 BOPD

80 MCFD
2 BOPD

Queen ← → 72% vs. Yates



Oil-bbl/d	Qual=	OUTLOOK12
Ref=	6/2012	
Cum=	22491	
Rem=	944	
EUR=	23435	
Yrs=	19.997	
Qref=	0.3	
De=	10.071797	
Dmin=	0.000	
b=	0.000000	
Qab=	0.0	

Gas-mcf/d	Qual=	OUTLOOK12
Ref=	6/2012	
Cum=	993317	
Rem=	106333	
EUR=	1099651	
Yrs=	19.997	
Qref=	34.9	
De=	9.968489	
Dmin=	0.000	
b=	0.000000	
Qab=	4.3	

Water-bbl/m	Qual=	OUTLOOK12
Ref=	6/2012	
Cum=	2377	

Allocation

Gas: 30% Queen
70% 72% vs. Yates

Oil: 20% Queen
80% 72% vs. Yates

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

¹ API Number 30-025-09406		² Pool Code 24130		³ Pool Name Eunice 7 Rivers Queen South	
⁴ Property Code State A A/C 1		⁵ Property Name			⁶ Well Number 52
⁷ OGRID No. 14591		⁸ Operator Name Merit Energy Company			⁹ Elevation

¹⁰ Surface Location									
UL or lot no. K	Section 24	Township 22S	Range 36E	Lot Idn	Feet from the 1980	North/South line South	Feet from the 1980	East/West line West	County 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 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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	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. Signature Date 02/22/2012 Matt Ogden Printed Name matt.ogden@meritenergy.com 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 Signature and Seal of Professional Surveyor:
	Certificate Number	

District 1
1625 N. French Dr., Hobbs. NM 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

Revised February 21, 1994

instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025- 09406	2 Pool Code 79240	3 Pool Name Jalmat Tansill Yates 7 Rvrs (Pro Gas)
4 Property Code 24669	5 Property Name State A A/C 1	6 Well Number 52
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
K	24	23S	36E		1980	South	1980	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
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12 Dedicated Acres 480	13 Joint or Infill	14 Consolidation Code	15 Order No. R-11590	Applied For
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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

Bill R. Keathly
Printed Name

Regulatory Agent
Title

8-6-01
Date

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plot 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*

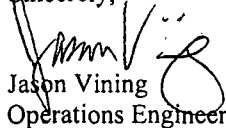
Date: February 23, 2012
To: New Mexico Oil Conservation Division
Attention: William V Jones P.E.
RE: **Jalmat Field: 13 Commingling Applications
Lea County, New Mexico**

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



*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

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