

DATE IN 3.23.12	SUSPENSE	ENGINEER WVT	LOGGED IN 3.23.12	TYPE DHC 4548	APP NO. 1208350834
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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



State A/C 1 #57

ADMINISTRATIVE APPLICATION CHECKLIST

30-025-09.344

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.

Print or Type Name

Signature

Regulatory Analyst
 Title

2/22/12
 Date

matt.ogden@newmexicoenergy.com
 e-mail Address

B-13-235-36E
 RECEIVED 000
 2/22/12

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 57 B-13-23S-36E Lea
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 14591 Property Code API No. 30-025-09344 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Jalmat Tansil Yates 7-Rivers		LM Eunice 7 Rivers Queen
Pool Code	79240		24130
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2808'-3392'		3454'-3624'
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: 0.5BO; 35MCF	Date: Rates:	Date: Rates: 1BO; 15 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 35 % 70 %	Oil Gas % %	Oil Gas 65 % 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																																		
			STATE A A/C-1 #57 CURRENT WELLBORE DIAGRAM PETROHAWK OPERATING - MRC																																
			SU-T-R 13B-23S-36E API #: 30-025-09344 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: 5/17/2006 BY C. Morro																																
			LOG ELEVATION: GROUND ELEVATION: 3,380'																																
			<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>CASING</th> <th>LINER</th> <th>TUBING</th> </tr> </thead> <tbody> <tr> <td>Hole</td> <td>13 3/4"</td> <td>8 3/4"</td> <td></td> </tr> <tr> <td>Pipe</td> <td>9 5/8"</td> <td>7"</td> <td>2 3/8"</td> </tr> <tr> <td>Weight</td> <td>36#</td> <td>20#</td> <td>4.7#</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>338'</td> <td>3,573'</td> <td>3,270'</td> </tr> <tr> <td>Mud wt</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		CASING	LINER	TUBING	Hole	13 3/4"	8 3/4"		Pipe	9 5/8"	7"	2 3/8"	Weight	36#	20#	4.7#	Grade				Thread				Depth	338'	3,573'	3,270'	Mud wt			
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		9 5/8" @ 338' w/300 sx Cmt																																	
		Tubing: 104 jts 2-3/8 SN 3238' (est) 1 jt 2-3/8"																																	
		TOC @ 2,375' by Temp Surv.																																	
		TAN-YATES-7 RVRS ZONE HISTORY 11/90 Recomplete from Queen & L 7 Rvrs Perforated 3,015-3,164' Yates only Acidized 3,015-3,164' w/1164 gal Frac w/51,534 gal gel & 168,000# sand. CO to 3,400' POP Tst 12/19/90 0 BO, 96 MCF, 0 BW 1/05 OAP & Frac Tag fill at 3155'. CO w/foam unit to 3400'. OAP and breakdown w/acid & PPI. Frac down 4-1/2" WS, pkr at 2794'. AIR 65 BPM. ATP 3338 psi. 301,000 lbs 20/40 & 12/20 sand, 429 tons CO2. Tag fill at 3301'. CO to 3400'. Run 2-3/8" tbg and 3/4" rods.																																	
			OPPORTUNITY																																
		Perfs: 2,808'-2,906' (1SPF) 1/05 2808', 16', 20', 52', 66', 88' Perfs: 3,015-3,164' (1SPF) 3,015, 20, 24, 39, 54, 63, 79, 83, 3,119, 25, 31, 47, 55, 64' Perfs: 3,308'-3,376' (1SPF) 1/05 3308', 24', 36', 38', 44', 46', 48', 66', 72', 76' Perfs: 3,378'-3,392' (2SPF) 1/05 3378', 80', 82', 84', 86', 92' CIBP @ 3,400' on 11/90 Perfs: 3,454-3,544' 3,454, 64, 80, 86, 93, 99, 3,509, 15, 18, 23, 36, 44' 7" @ 3,573' w/250 sx Cmt Perfs: 3,572-3,624' PB w/lead wool to 3,634'																																	
		LANGIE MATTIX (LWR 7RVRS-QUEEN) HISTORY 7/59 Spud. 7/59 Initial Completion. Open hole completion 3,573-3,640'. Frac w/25,000 gal oil & 50,000# sand. PB w/lead wool to 3,634'. IPF 60 BO, 111 BW 11/63 POP 4/66 String Shot OH 3,573-3,629'. CO OH to 3,629'. Acidize OH w/1000 gal. POP Test 9 BO, 28 BW, 46 MCFPD 6/68 T&A well 6/69 Perforated open hole 3,572-3,624' Acidized 2000 gal 15% NE acid POP 3/71 Perf 3,454-3,544'. Set RBP @ 3,550' Acidize 3,454-3,544' w/1500 gal. L 7 Rvrs & Queen Frac w/20,000 gal gel & 30,000# sand. Pull RBP. POP Before 5 BOPD, 40 MCF, 27 BWPD After 8 BOPD, 50 MCF, 170 BWPD 11/90 Set CIBP @ 3,400'																																	
TANSILL	2,718' (file pick)																																		
YATES	2,914'																																		
7 RVRS	3,171'																																		
QUEEN	3,560'																																		
		TD 3,640'																																	

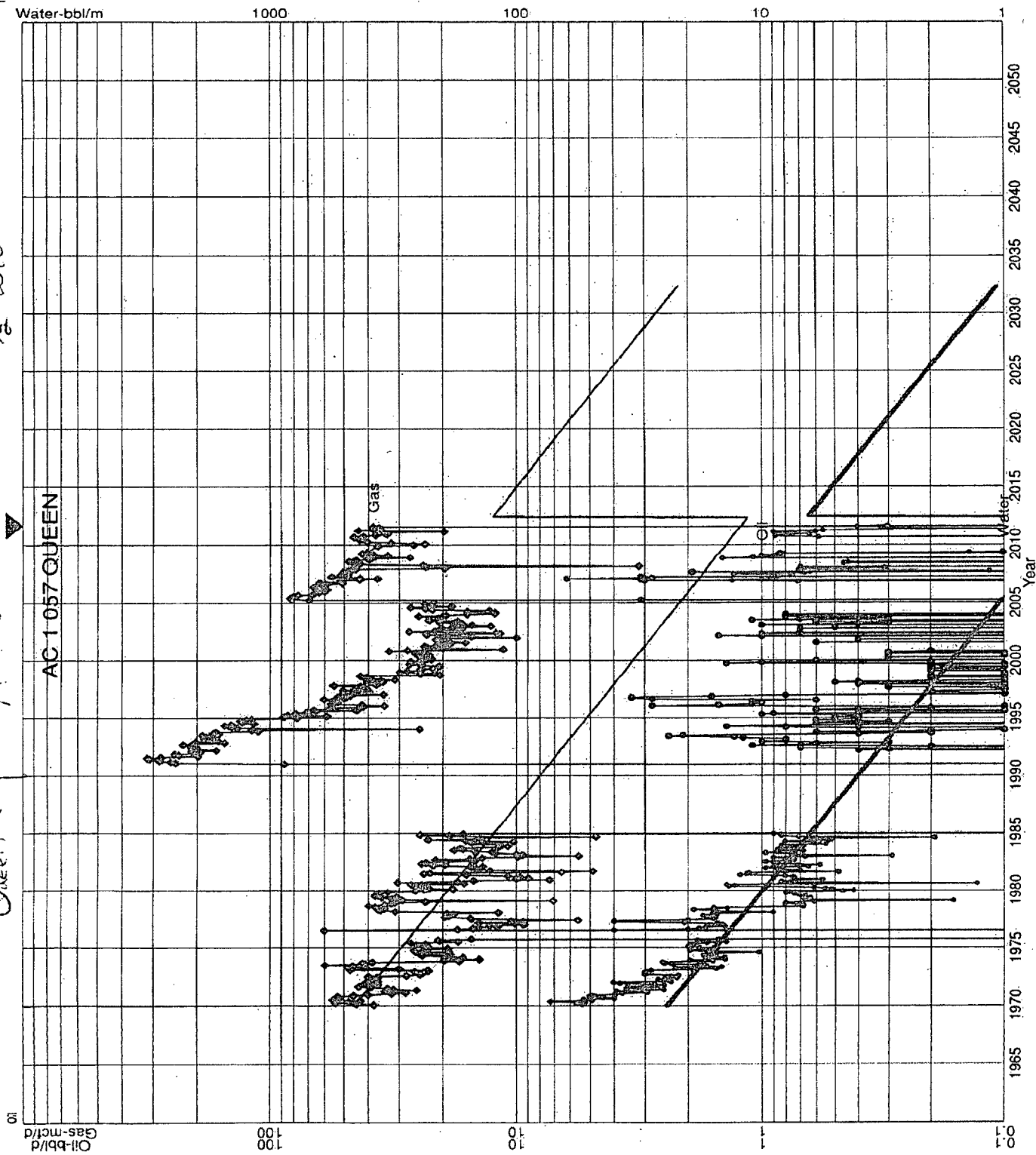
☒ Well File
Current

☒ OCD File

Queen ← → Rivers-Yates

35 MCFD
1/2 BOPD

15 MCFD
1 BOPD



Oil-bbl/d	OUTLOOK12
Ref=	6/2012
Cum=	9748
Rem=	2183
EUR=	11931
Yrs=	19.997
Qref=	0.6
De=	8.609375
Dmin=	0.000
b=	0.000000
Qab=	0.1

Gas-mcf/d	OUTLOOK12
Ref=	6/2012
Cum=	617334
Rem=	43026
EUR=	660361
Yrs=	19.997
Qref=	12.4
De=	8.336283
Dmin=	0.000
b=	0.000000
Qab=	2.2

Water-bbl/m	OUTLOOK12
Ref=	6/2012
Cum=	951

Allocation

30% Queen
Gas: 70% Rivers-Yates

Oil: 65% Queen
35% Rivers-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 30-025-09344		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 57
⁷ OGRID No. 14591		⁸ Operator Name Merit Energy Company			⁹ Elevation

¹⁰ Surface Location									
UL or lot no. B	Section 13	Township 22S	Range 36E	Lot Idn	Feet from the 660	North/South line North	Feet from the 1980	East/West line East	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	

NEW MEXICO OIL CONSERVATION COMMISSION

FORM C-128
Revised 5/1/57

WELL LOCATION AND ACREAGE DEDICATION PLAT

SEE INSTRUCTIONS FOR COMPLETING THIS FORM ON THE REVERSE SIDE

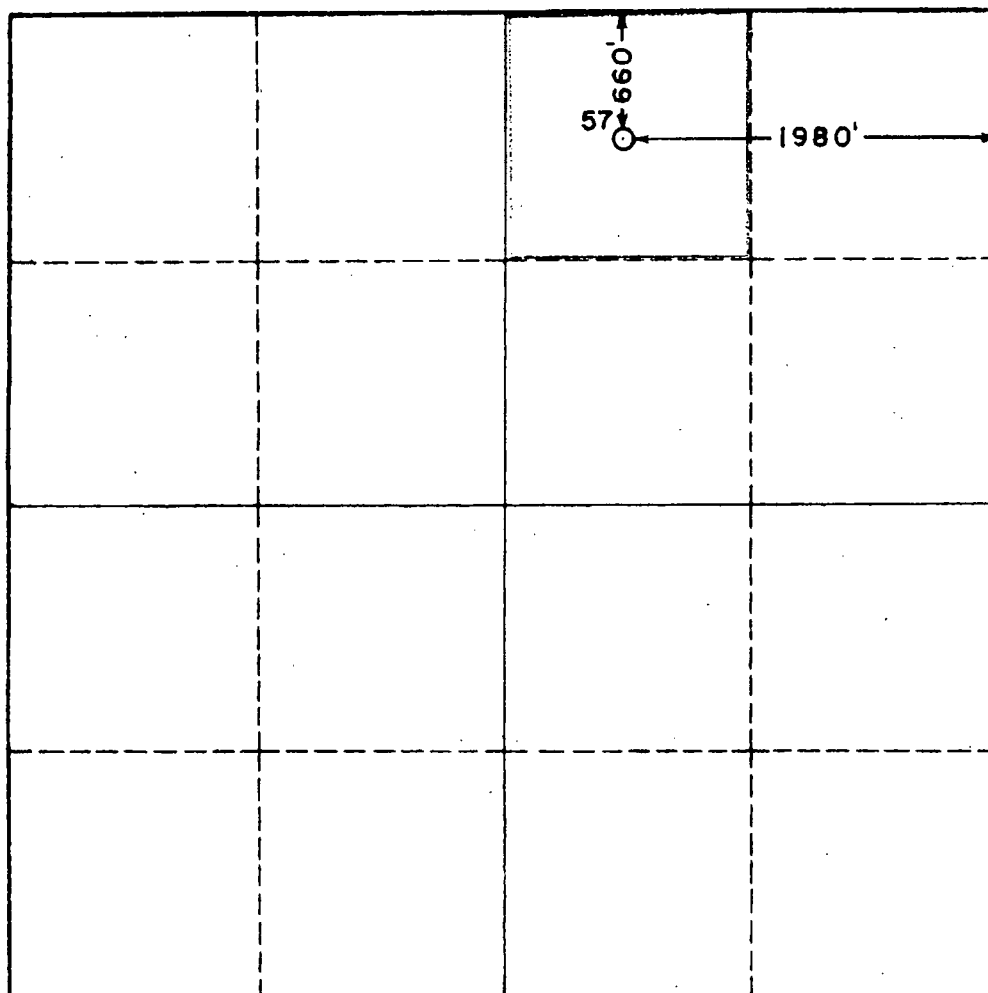
SECTION A

Operator Texas Pacific Coal & Oil Co.		Lease State "A" Account No. 1		Well No. 57
Unit Letter B	Section 13	Township 23	Range 36	County Lea
Actual Footage Location of Well: 660 feet from the North line and 1980 feet from the East line				
Ground Level Elev. 3380 6	Producing Formation 7-Rivers	Pool Langlie-Mattix		Dedicated Acreage: 40 Acres

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below? YES ☒ NO ____ . ("Owner" means the person who has the right to drill into and to produce from any pool and to appropriate the production either for himself or for himself and another. (65-3-29 (e) NMSA 1935 Comp.)
2. If the answer to question one is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? YES ____ NO ____ . If answer is "yes," Type of Consolidation ____
3. If the answer to question two is "no," list all the owners and their respective interests below:

Owner	Land Description

SECTION B



CERTIFICATION

I hereby certify that the information in SECTION A above is true and complete to the best of my knowledge and belief.

Name *[Signature]*
Position
Manager of Production
Company
TEXAS PACIFIC COAL & OIL CO.
Date
June 8, 1959

I hereby certify that the well location shown on the plat in SECTION B 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 knowledge and belief.

Date Surveyed
June 3, 1959
Registered Professional Engineer and/or Land Surveyor, JOHN W. WEST
[Signature]
Certificate No.
N.M. - P.E. & L.S. NO. 676

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0



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

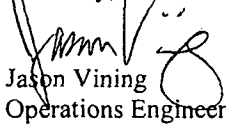
Date: February 23, 2012
To: New Mexico Oil Conservation Division
Attention: William V Jones P.E.
RE: Jalmat Field: 13 Commingling Applications
Lea County, New Mexico

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.

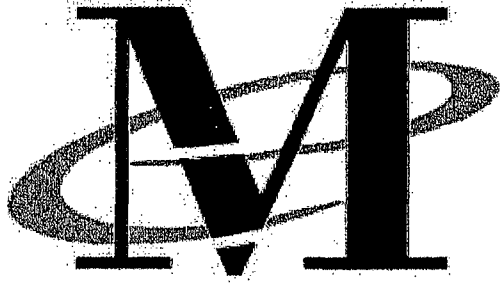
Sincerely,


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
matt.vaneaton@meritenergy.com
Phone: 972-628-1557
Fax: 972-682-1857