

DATE IN 3.23.12	SUSPENSE	ENGINEER W V J	LOGGED IN 3.23.12	TYPE DHC 4549	APP NO. 1708350777
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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 Alc 1-60 #
30-025-09345

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 _____

6-13-235-36E

2012 MAR 22 10 31 AM
 RECEIVED 000

- [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

[Signature]
Signature

Regulatory Analyst 2/22/12
Title Date

mat.ogden@nmtenergy.com
e-mail Address

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised August 1, 2011

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

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

District III
1000 Rio Brazos Road, Aztec, NM 87410

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

APPLICATION FOR DOWNHOLE COMMINGLING

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

State A A/C I 60 G-13-23S-36E Lea
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 14591 Property Code API No. 30-025-09345 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Jalmat Tansil Yates 7-Rivers		Sanice 7 Rivers Queen
Pool Code	79240		24130
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3021'-3338'		3470'-3628'
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 BO; 15 MCF	Date: Rates:	Date: Rates: 2 BO; 8 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 0 % Gas 65 %	Oil % Gas %	Oil 100 % Gas 35 %

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:

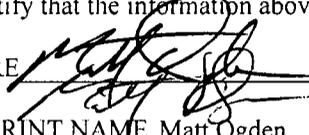
- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation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

STATE A A/C-1 #60
CURRENT WELLBORE DIAGRAM
MISSION RESOURCES

SU-T-R	13G-23S-36E	API #:	30-025-09345
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			

Perf @ 325'
 8 5/8" @ 326'
 w/300 sx Cmt

Cored 3,503-3,702'

LOG ELEVATION: 3,402' KB
 GROUND ELEVATION: 3,391'

	CASING	LINER	TUBING
Hole	12 1/4"	7 7/8"	
Pipe	8 5/8"	5 1/2"	2 3/8"
Weight	24#	14#	
Grade			
Thread			
Depth	326'	3,705'	3,149'
Mud wt			

LOGS		
Sonic		5/59
Gamma Ray		5/59
Radiation		5/59
Laterolog		5/59
Temperature		5/59

TAN-YATES-7 RVRS ZONE HISTORY

5/03 CO cellar, remove P&A sign. New 5 1/2" & 8 5/8" csg head. Drld & CO hole to 3,402'.
 6/03 Perforated 3,021-3,338'.
 Acidized perfs 1500 gal
 Frac 51,000 gal WF140 foamed to 65 quality w/303 ton CO₂ & 50,000# 20/40 & 227,700# 12/20 Brady sand
 7/6/03 Tstd 0 BO, 1 BW, 43 MCF

OPPORTUNITY

None seen.

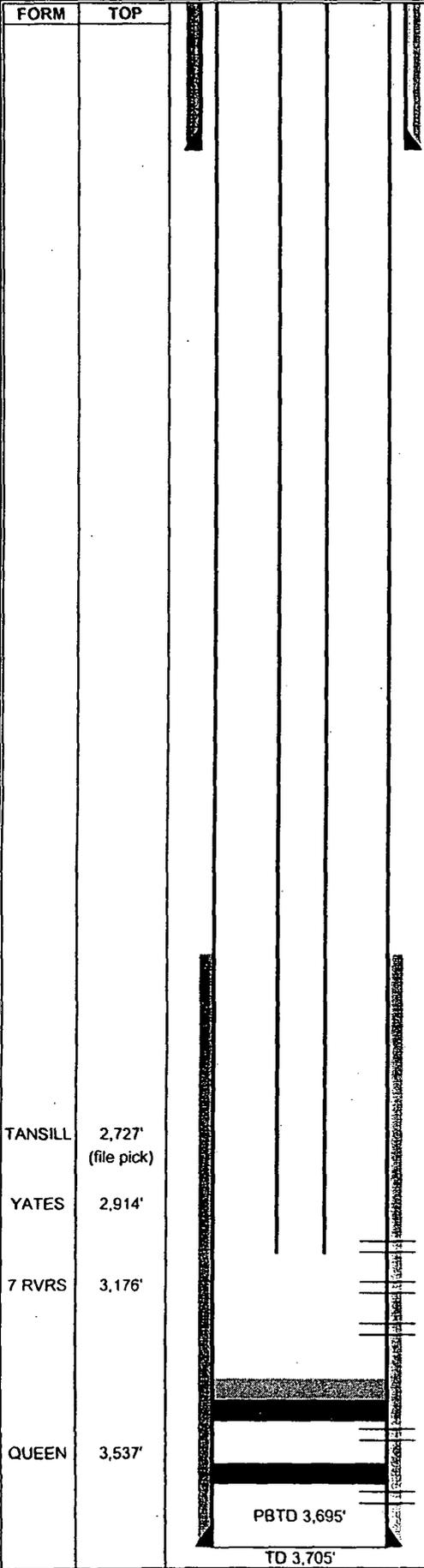
LANGLIE MATTIX (LWR TRVRS-QUEEN) HISTORY

5/59 Spud. 5/59 Initial Completion
 5/59 Perf 3,593-3,628'
 Acidized w/1000 gal mud acid
 Frac w/25,000 gal oil & 50,000# sand
 IPF 167 BO, 22 BW, GOR 668 in 6 hrs
 11/59 POP
 3/70 set CIBP @ 3,580'
 3/70 Recomplete
 Perforated 3,470-3,566'
 Acidized w/2500 gal 15% NE
 5/79 Acidized w/1000 gal 15% NE
 1988 T&A well
 9/93 Set CIBP @ 3,450' w/35' cmt on top. Well would not hold.
 12/94 P&A well.

TOC @ 2,180' by Temp Surv.

Perfs: 3,021-3,338'
 3,021, 28, 34, 43, 56, 63, 73, 82, 3,116, 22, 28, 35, 48, 64, 68, 3,214, 64, 74, 3326, 38'

CO 3,402' on 5/03
 CIBP @ 3,450' on 9/93
 Perfs: 3,470-3,566'
 3,470, 78, 82, 3,502, 06, 22, 39, 51, 62, 66'
 CIBP @ 3,580' on 3/70
 Perfs: 3,593-3,628' (4SPF)
 3,593-06, 3,609-15, 3,617-20, 3,626-28'
 5 1/2" @ 3,705' w/250 sx Cmt



Y.P. WUPEN 11714

8 MCFD
2 BOPD

WUPEN 11714

15 MCFD

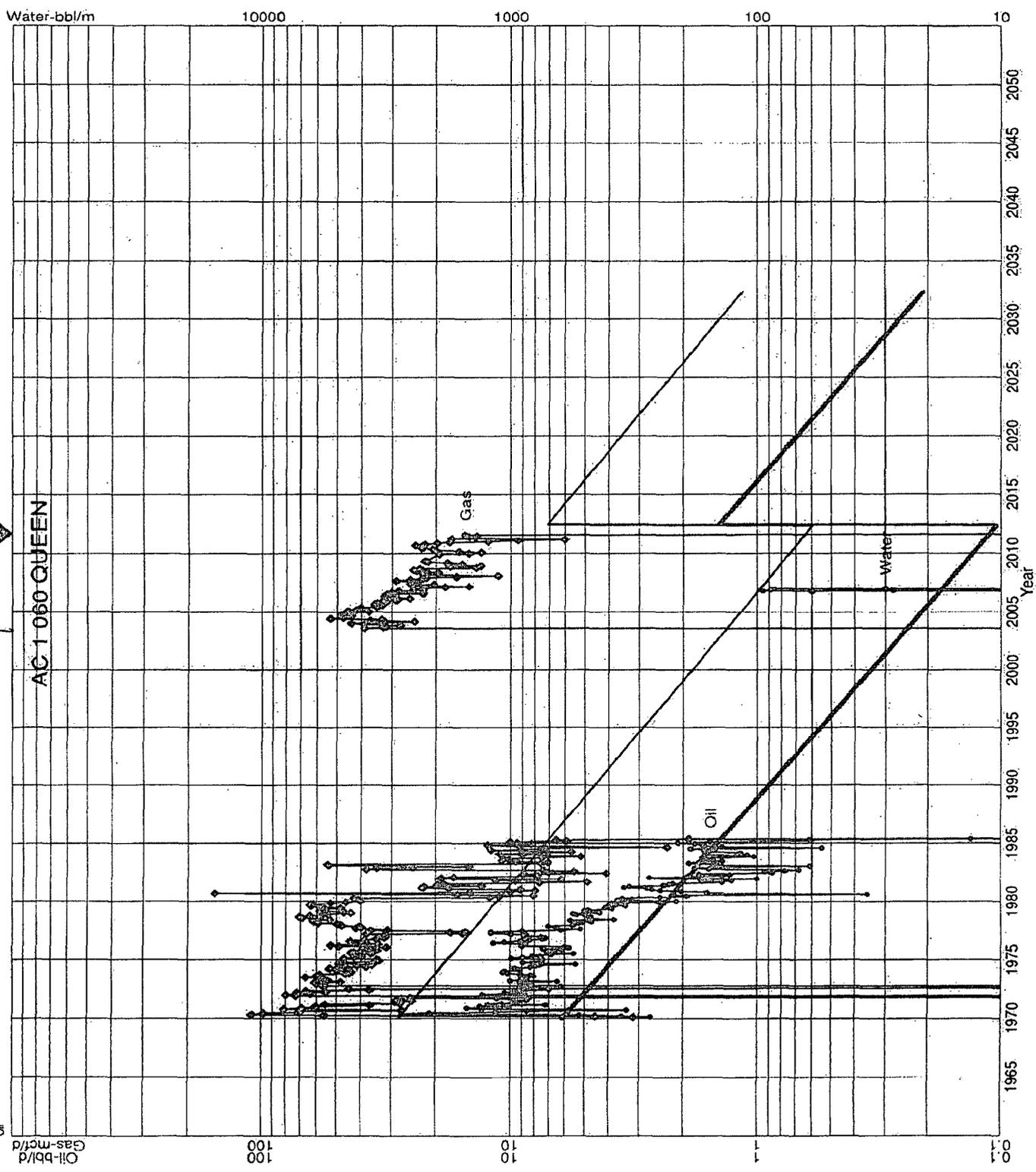
Queen ← → 7 Rivers-Yates

Oil-bbl/d	OUTLOOK12
Qual=	6/2012
Ref=	32110
Cum=	4617
Rem=	36727
EUR=	19.997
Yrs=	1.4
Qref=	9.181745
De=	0.000
Dmin=	0.000000
b=	0.2
Qab=	0.2
Gas-mcf/d	OUTLOOK12
Qual=	6/2012
Ref=	274805
Cum=	23822
Rem=	298627
EUR=	19.997
Yrs=	7.1
Qref=	8.713497
De=	0.000
Dmin=	0.000000
b=	1.1
Qab=	1.1
Water-bbl/m	OUTLOOK12
Qual=	6/2012
Ref=	118
Cum=	

Allocation

Gas: 35% Queen
65% 7 Rivers-Yates

Oil: 100% Queen



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 30-025-09345		² Pool Code 24130		³ Pool Name Eunice 7 Rivers Queen South	
⁴ Property Code State A A/C 1		⁵ Property Name State A A/C 1			⁶ Well Number 60
⁷ OGRID No. 14591		⁸ Operator Name Merit Energy Company			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
G	13	22S	36E		1980	North	1980	East	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 	<p>¹⁷ OPERATOR CERTIFICATION</p> <p><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></p> <p>Signature: </p> <p>Date: 02/22/2012</p> <p>Printed Name: Matt Ogden</p> <p>E-mail Address: matt.ogden@meritenergy.com</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p><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></p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p>
	<p>Certificate Number</p>

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

FORM C-128
 Revised 5/1/57

SEE INSTRUCTIONS FOR COMPLETING THIS FORM ON THE REVERSE SIDE.

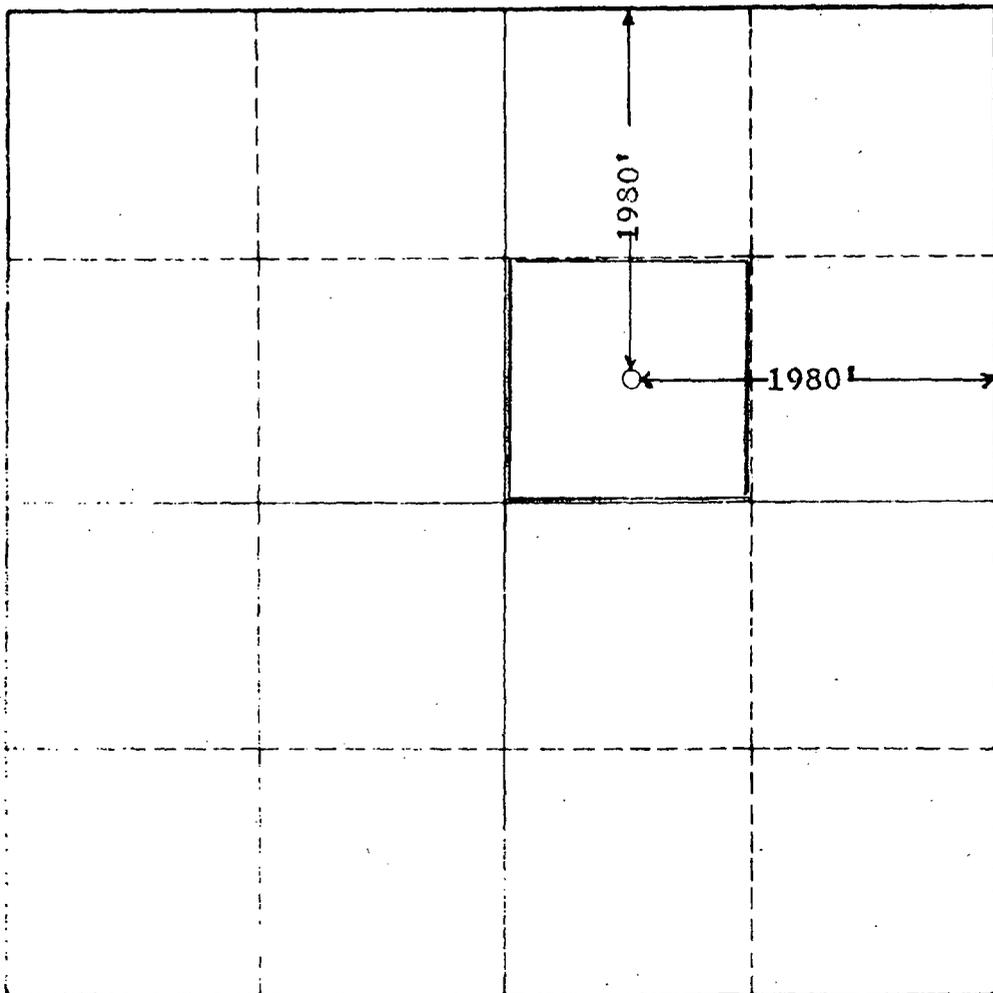
SECTION A

Operator Texas Pacific Coal & Oil Co.		Lease N.M. State "A" Account #1		Well No. 60
Unit Letter G	Section 13	Township 23 South	Range 36 East	County Lea
Actual Location of Well: 1980 feet from the North line and 1980 feet from the East line				
Ground Level Elev.	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. 65-3-24 (e) NMSA 1935 Comp.)
2. If the answer to question one is "no," have the interests of all the owners been consolidated by communization 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

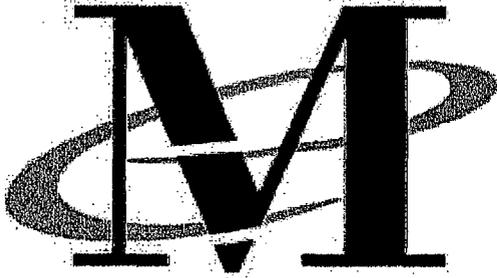
I hereby certify that the information in SECTION A above is true and complete to the best of my knowledge and belief.

Name <i>D. Donnelly</i>
Position Manager of Production
Company TEXAS PACIFIC COAL & OIL CO.
Date April 29, 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 4-28-59
Registered Professional Engineer and/or Land Surveyor, JOHN W. WEST
<i>John W. West</i>
Certificate No. N.M. - P.E. & L.S. NO. 676

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: 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,

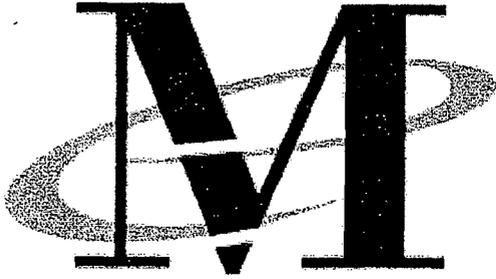
Matt Van Eaton

Associate Landman

matt.vaneaton@meritenergy.com

Phone: 972-628-1557

Fax: 972-682-1857



*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