





**T O R C H**  
E N E R G Y S E R V I C E S , I N C .  
*A Subsidiary of Torch Energy Advisors*

September 3, 2008

New Mexico Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505  
Attention: Mr. Mark Fesmire

Re: Application to Downhole Commingle  
Jalmat/Langlie Mattix Pools  
Cooper Jal Unit #511, 512, 514, 515, 516, 517  
Unit Letter A, B, C, F, H; Sec. 24, 25; T24S, R36E  
Lea County, New Mexico

Mr. Fesmire,

Torch Energy Services, Inc. respectfully requests administrative approval to downhole commingle the Jalmat and the Langlie Mattix Pools with the subject wellbores. Currently, the wells are in the process of being drilled. Notification of offset operators is not an issue given the fact that Torch offsets all of the wells.

Downhole Commingling these wells will provide a more economical and efficient means of production. It will allow complete development of the productive capacity on the subject lease by allowing both pools to be artificially lifted simultaneously. This will extend the life of both completions, thereby preventing waste.

The subject wells meet all of the requirements of Rule 303 (C). All produced fluids from other downhole commingled wells have entered a common production facility with no fluid compatibility problems.

Torch also requests the allocation of production for each pool be deferred until a stabilized production rate is established. Production will then be allocated to the Jalmat and Langlie Mattix Pools. If you have any questions, please contact Melanie Reyes at (432) 580-8500.

Sincerely,

Melanie Reyes  
Engineer Assistant

cc: Chris Williams/NMOCD/Hobbs

District I  
1425 N. French Drive, Hobbs, NM 88240

District II  
1301 W. Grand Avenue, 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 June 10, 2003

**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**

Torch Energy Services, Inc. 1331 Lamar, Suite 1450 Houston, TX 77010

*DAC-4094*

Operator Address  
Cooper Jal Unit 517 A-25-T24S-R36E Lea

Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 241401 Property Code 302966 API No. 30-025-39099 Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Jalmat		Langlie Mattix
Pool Code	33820		37240
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	Not Completed Yet		Not Completed Yet
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)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	37.7 Degree API		37.7 Degree API
Producing, Shut-In or New Zone	New Zone		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: Rates:	Date: Rates:	Date: Rates:
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 % %	Oil Gas % %	Oil Gas % %

**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 *Melanie Reyes* TITLE Engineer Assistant DATE 8/28/08

TYPE OR PRINT NAME Melanie Reyes TELEPHONE NO. ( 432 ) 580-8500

E-MAIL ADDRESS reyesm@odessa.teai.com

DISTRICT I  
1625 H. French Dr., Hobbs, NM 88240

DISTRICT II  
1301 W. Grand Ave., Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
1220 St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-1021  
Revised October 12, 2005

OIL CONSERVATION DIVISION  
1220 South St. Francis Drive  
Santa Fe, NM 87505

Submit to Appropriate District Office  
State Lease-4 copies  
Fee Lease-3 copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

<sup>1</sup> API Number		<sup>2</sup> Pool Code		<sup>3</sup> Pool Name					
				Jalmat; Langlie Mattix					
<sup>4</sup> Property Code		<sup>5</sup> Property Name						<sup>8</sup> Well Number	
		Cooper Jal Unit						517	
<sup>7</sup> OCRID No.		<sup>8</sup> Operator Name						<sup>9</sup> Elevation	
193003		TORCH ENERGY SERVICES, INC.						3286'	
<sup>10</sup> Surface Location									
<sup>11</sup> UL or lot no.	<sup>12</sup> Section	<sup>13</sup> Township	<sup>14</sup> Range	<sup>15</sup> Lot Idn	<sup>16</sup> Feet from the	<sup>17</sup> North/South line	<sup>18</sup> Feet from the	<sup>19</sup> East/West line	<sup>20</sup> County
A	25	24-S	36-E		110'	North	160'	East	Lea
<sup>21</sup> Bottom Hole Location If Different From Surface									
<sup>22</sup> UL or lot no.	<sup>23</sup> Section	<sup>24</sup> Township	<sup>25</sup> Range	<sup>26</sup> Lot Idn	<sup>27</sup> Feet from the	<sup>28</sup> North/South line	<sup>29</sup> Feet from the	<sup>30</sup> East/West line	<sup>31</sup> County
<sup>32</sup> Dedicated Acres		<sup>33</sup> Joint or Infill		<sup>34</sup> Consolidation Code		<sup>35</sup> Order No.			
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.

	<p><sup>17</sup> 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.</p>
	<p>Signature _____ Date _____</p> <p>Jim Kidd</p> <p>Printed Name _____</p>
	<p><sup>18</sup> 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 knowledge and belief.</p>
	<p>July 19, 2008</p> <p>Date of Survey _____</p> <p>Signature &amp; Seal of Professional Surveyor: _____</p> <p>Certificate No. 7254</p>

○ = Staked Location   ● = Producing Well   ● = Injection Well   ○ = Water Supply Well   ◆ = Plugged & Abandon Well  
⊙ = Found Section Corner, 2 or 3" Iron Pipe & GLO B.C.   ○ = Found 1/4 Section Corner, 1" Iron Pipe & GLO B.C.

ADDITIONAL INFORMATION ON THE LOCATION

State Plane Coordinates			
Northing	436596.26 (1927= 436537.64)	Easting	888593.09 (1927= 847406.27)
Latitude	32°11'43.071"	Longitude	103°12'38.722"
Zone	North American Datum	Combined Grid Factor	Coordinate File
East	1983/86	0.99989039	Coop_Jal.Crd
Drawing File	Coop_Jal.Dwg	Field Book	Lea #24, Pg. 37