

DATE IN 9/5/08	SUSPENSE	ENGINEER W. Sones	LOGGED IN 9/5/08	DHC TYPE 4091	APP NO. DKVRO824941903
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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



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.

Melanie Reyes
 Print or Type Name

[Signature]
 Signature

Engineer Assistant 9/5/08
 Title Date

reyesm@odessa.teai.com
 e-mail Address

RECEIVED
 2008 SEP 5 AM 11:13

Condor Tail Unit #514



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
1625 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

Operator Address
Cooper Jal Unit 514 F-24-T24S-R36E Lea

DAC-4091

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

OGRID No. 241401 Property Code 302966 API No. 30-025-39102 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, supporting data 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
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State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 12, 2005

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

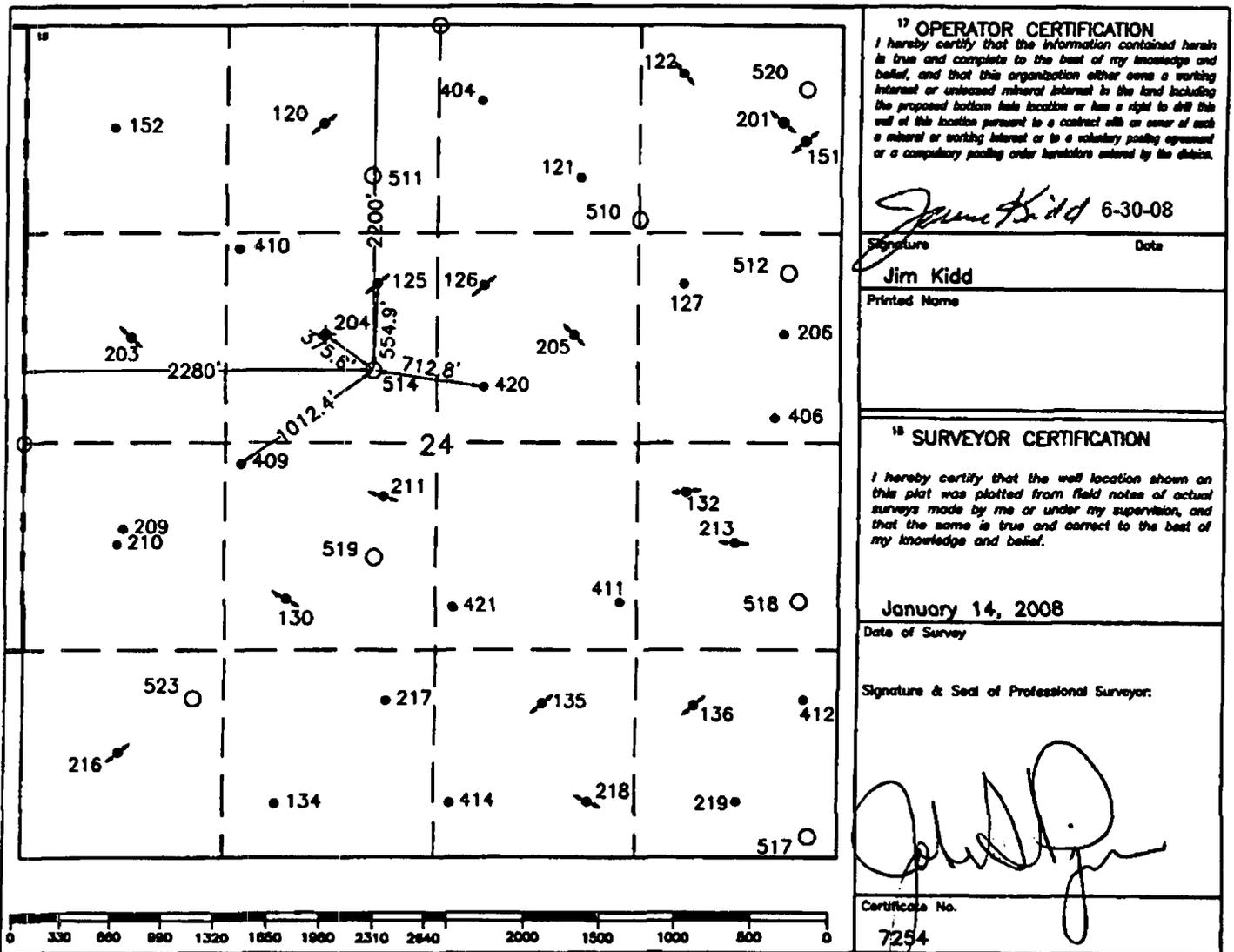
OIL CONSERVATION DIVISION
1220 South St. Francis Drive
Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code		Pool Name					
				Jalmat; Langlie Mattix					
Property Code		Property Name			Well Number				
		Cooper Jal Unit			514				
GRID No.		Operator Name			Elevation				
193003		TORCH ENERGY SERVICES, INC.			3318'				
Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	24	24-S	36-E		2200'	North	2280'	West	Lea
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
Dedicated Acres		Joint or Infill		Consolidation Code		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.



○ = 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 439772.83 (1927= 439713.98)		Easting 885694.87 (1927= 844508.22)	
Latitude 32°12'14.799"		Longitude 103°13'12.063"	
Zone	North American Datum	Combined Grid Factor	Coordinate File
East	1983/86	0.99988635	Coop_Jal.Crd
Drawing File		Field Book	
Coop_Jal.Dwg		Lea #24, Pg. 24	