

DATE IN <u>3.16.11</u>	SUSPENSE	ENGINEER <u>DKB</u>	LOGGED IN <u>3.16.11</u>	TYPE <u>DHC</u> <u>4365</u>	APP NO <u>1107541153</u>
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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 Energy
14591

STATE A A#23

ADMINISTRATIVE APPLICATION CHECKLIST

30-025-08793

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.

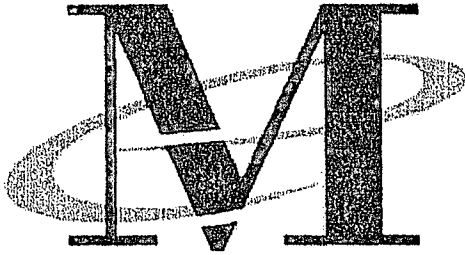
Lynne Moon
Print or Type Name

Lynne Moon
Signature

Regulatory Manager
Title

03/02/2011
Date

lynne.moon@meritenergy.com
e-mail Address



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

Date: March 22, 2011
To: New Mexico Oil Conservation Division
Attention: William V Jones P.E.
RE. Jalmat Field: 8 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).

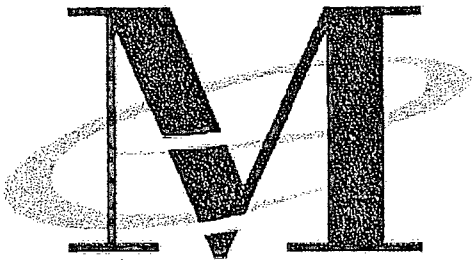
Each of these wells that we are asking to commingle do have "identically owned" (working/royalty/orri) interest from the surface to the base of the Queen formation.

Please let me know if you have any questions

Sincerely,

A handwritten signature in black ink, appearing to read 'Matt Van Eaton', is written over the typed name.

Matt Van Eaton
Associate Landman
matt.vaneaton@meritenergy.com
Phone: 972-628-1557
Fax: 972-628-1885



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

Date: March 22, 2011
To: New Mexico Oil Conservation Division
Attention: William V Jones P.E.
RE. **Jalmat Field: 8 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).

Commingling the Jalmat Pool with the Langlie Mattix Pool in S 5-9 T22S R36E in Lea County is in the interest of both royalty owners and the conservation. Commingling will extend the life of each well and optimize recovery from Both Pools. The 8 well's commercial value will be extended 30 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,

Brett Keener
Operations Engineer
brett.keener@meritenergy.com
Phone: 972-628-1592
Fax: 972-682-1892

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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 July 16, 2010
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-08793	² Pool Code 24130	³ Pool Name Eunice 7 Rivers Queen South
⁴ Property Code 302433	⁵ Property Name State A A/C 2	⁶ Well Number 33
⁷ OGRID No. 14591	⁸ Operator Name Merit Energy Company	⁹ Elevation

¹⁰ Surface Location

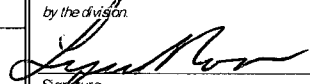
UL or lot no. O	Section 5	Township 22S	Range 36E	Lot Idn	Feet from the 660	North/South line South	Feet from the 1980	East/West line East	County Lea
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¹¹ Bottom Hole Location If Different From Surface

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 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 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> 03/02/2011</p> <p>Signature Date</p> <p>Lynne Moon</p> <p>Printed Name</p> <p>lynne.moon@meritenergy.com</p> <p>E-mail Address</p> <p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>

660' 33 1980'

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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 October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-08793	² Pool Code 79240	³ Pool Name JALMAT; TAN-Y-7R (GAS)
⁴ Property Code 302433	⁵ Property Name STATE A/C 2	⁶ Well Number 33
⁷ OGRID No. 194849	⁸ Operator Name PETROHAWK OPERATING COMPANY	⁹ Elevation

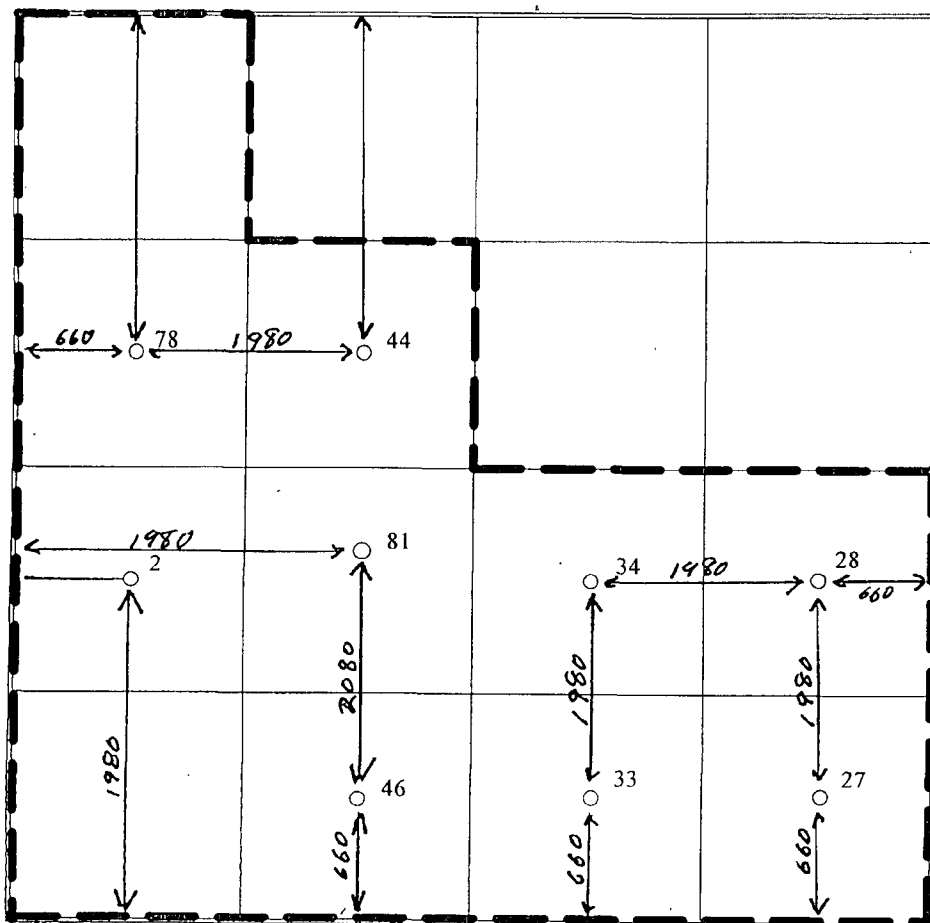
¹⁰ Surface Location

UL or lot no. O	Section 5	Township 22S	Range 36E	Lot Idn	Feet from the 660	North/South line SOUTH	Feet from the 1980	East/West line EAST	County LEA
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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 440.830		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No. NSP-1636-C and SD-200804 (dated February 6, 2008)			

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, 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

Eddie Seay 02/13/2008
Signature Date

Eddie Seay Agent

Printed Name

RECEIVED

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

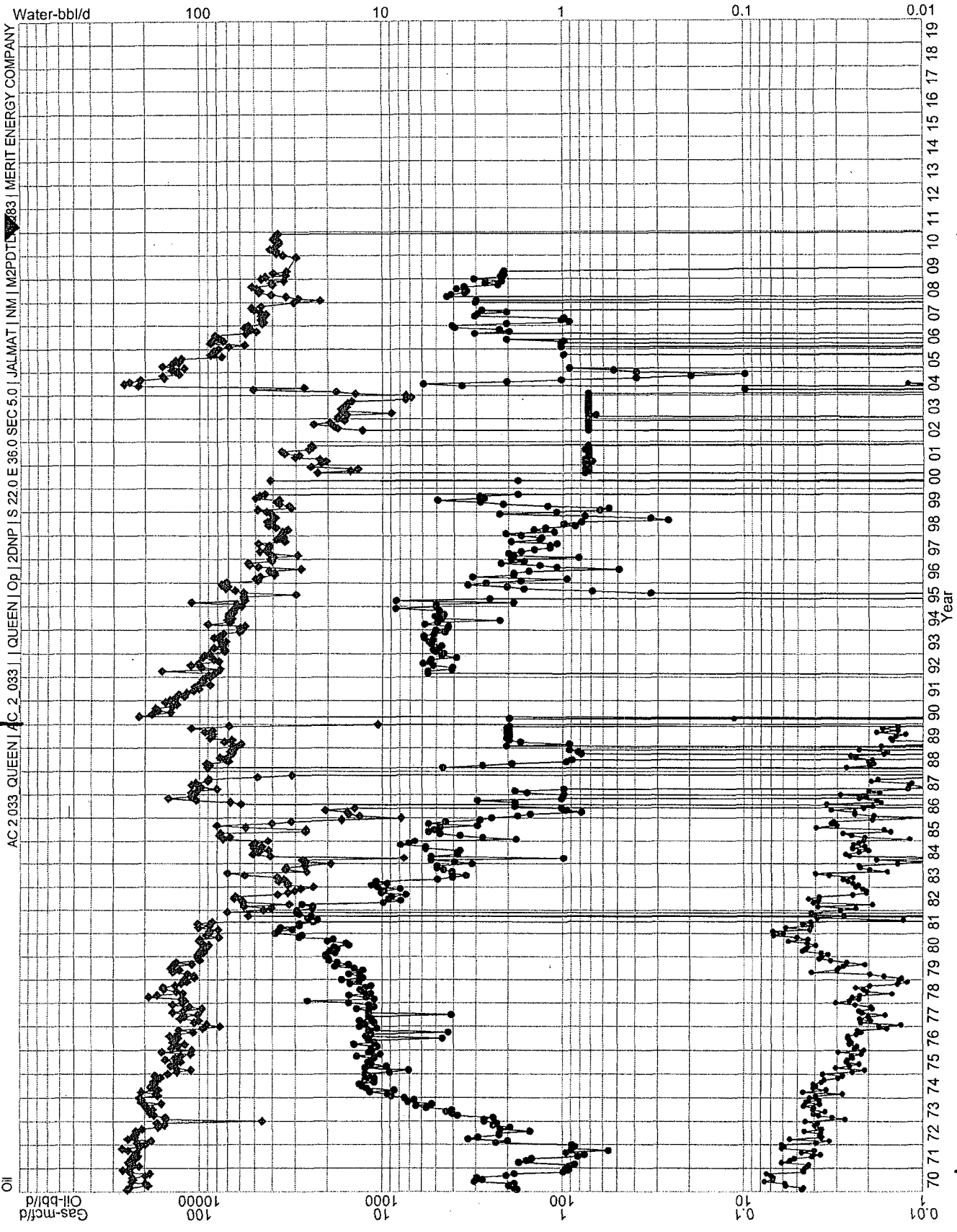
Certificate Number

ACT 2-55

QUEEN

280PD 40MCFD 28WPD

YATE'S
40MCFD 28WPD



ALLOCATION

OIL 100% QUEEN

GAS 50% QUEEN

50% YATE'S

Wellbore Diagram

Lease & Well No. **State A A/C 2 # 33**

Field Name **Jalmat**

Location **660' FSL ' FEL; Unit O, Sec. 05, T22S, R36E**

Status **Active**

County & State **Lea County, NM**

API No. **30-025-08793**

Pool Name **Jalmat: Tansill Yates Seven Rivers**

Well Information

Spud: **1945** Ground Elevation: **_____** D.F. Elevation: **3,584'**
Completed: **_____** KB Elevation: **_____** Total Depth: **_____**

Pipe Data

Surface						
Hole size	Depth	Size (OD)	Weight	Grade	Sx. Cmt	Comments
	400 ft	8-5/8"	24.0#		185 sx	
Intermediate						
Hole size	Depth	Size (OD)	Weight	Grade	Sx. Cmt	Comments
	1,600'	7-5/8"	26.4#		200 sx	
Production						
Hole size	Depth	Size (OD)	Weight	Grade	Sx. Cmt	Comments
	3696 ft	5-1/2"	14.0#		500 sx	

Downhole Tubulars (Top to Bttm):

100 jts 2 3/8" SN Slotted MA BP
36-7/8" rods, 86-3/4" rods, 2"x1 1/16"x12'

Well History

6/26/1952 Clean out well; Acidize w/15% 4000 gals
10/8/1961 Install 281' of 4 1/2" slotted liner form 3597-3878 // Frac well with 20000 gals lease oil and 40000# sand
Prod increased from 1.4 BOPD to 190 BOPD
1/22/1990 Mud Anchor corroded away / RIH with 4 3/4" bit and 5 1/2" scraper tag @ 3644'
Set CIBP @ 3620 ft / Perf Yates: 3158,96,3203,27,32,36,50,56,65,880,3318,3323
Acidize and Frac: CO2, 100,000# sand 1-5 ppg 18.5 bpm @ 3650 psig / IP: 276 MCFD
4/26/2004 Perf Yates: 3393,3418,3456,74,3528,3546,3552,60,72,3600,04
Acidize and Frac: IP: 5 BOPD 328 MCFD

Procedures

Collect Oil & Wtr Samples Submit to X-Chem / MIRU W/O Rig. RU H2S Equipment - Pre-job sfty mtg / Disc Pwr supply Lock/out Tag/out
ND HH; RU Rod Equipment; Unseat Pump and TOH with Rods / ND WH, NU BOPs and Test / Rack Back Tubing
NU 6 1/8" Varel Bit, 6 DCs, Tally Tbg in Hole, Tag CIBP or Fill / RU Air Foam Unit w/Mist Pump / Spot 500 bbl frac tank and fill w/2% KCL
RU Flowlines from each csg port to gas buster tank Eliminate excessive bends or 90's - sand will cut out valves and flowlines
Circ well w/Air & Mist Pump to 3620' / Tag Cmmt / DO CIBP / Collect samples (sand, paraffin, scale) CK returns for O&G Kill tbg w/2% KCL
Tag Top of Liner @ 3597' / TOH - Rack back tubing / LD DCs and Bit / RIH open ended to 3878' / CO Fill; Cir well with Air for minimum 2 hrs
Rack back tubing / NU BP, MJ, Perf Sub; Seat Nipple, and RIH w/ TBG w/TAC to 3650 ft
Land Tbg @ 3650' / ND BOPs NU Tubing Head / RU Rod Equipment
PU 12' GA, 40 Ring PA Plunger Pump, On/Off Tool, RIH w/rods, N
Clean Location; RDMO W/O Rig
Production will be commingled and allocated based on subtraction method
Yates / 7 Rivers: Avg Production: 40 MCFD, 2 BWPD
Queen Projected Production: 2 BOPD, 40 MCFD, 2 BWPD

