

DATE IN 5.16.11	SUSPENSE	ENGINEER WVJ	LOGGED IN 5.16.11	TYPE DHC	APP NO. 1113655421
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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



PT6W
 Merit 14591
 Sub A ALC #47
 30-025-08798

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:

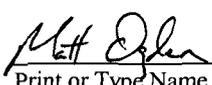
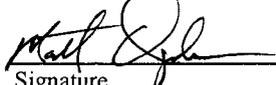
- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance 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.



 Regulatory Analyst
 5/12/11
 Print or Type Name Signature Title Date
 Matt.ogden@nwi-tenenergy.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 June 10, 2003

District II
1301 W. Grand Avenue, 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 2

47

Unit C - Sect. 5C - T22S - R36E

Lea

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 14591 Property Code 24671 API No. 30-025-08798 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Jalmat - Tan Yates 7 Rivers <i>GP</i>		Langlie Mattix - Queen <i>S. EVANCE / RIVERS QN</i>
Pool Code	79240		24130
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3079'-3408'		3810'-3890'
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)	1.3174 BTU		33.6 API / 1.2088 BTU
Producing, Shut-In or New Zone	Producing		SI
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: 03/12/2011 Rates: 35mcf/1bwpd	Date: Rates:	Date: Rates: 1bopd/8mcf/d
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 0 % 80 %	Oil Gas % %	Oil Gas 100 % 20 %

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:

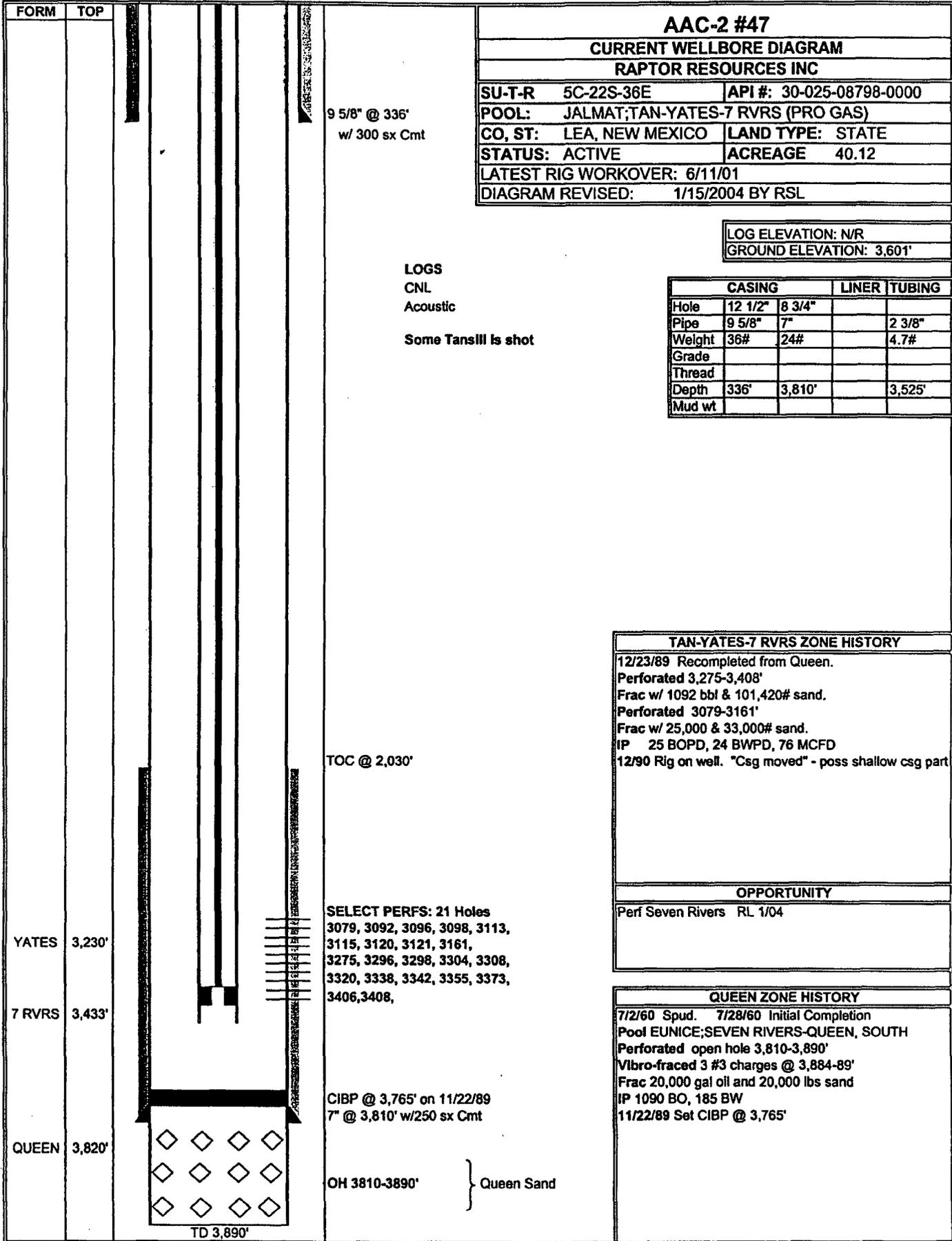
- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE *Matt Ogden* TITLE Regulatory Analyst DATE 05/12/2011

TYPE OR PRINT NAME Matt Ogden TELEPHONE NO. () (972)628-1603

E-MAIL ADDRESS matt.ogden@meritenergy.com



AAC-2 #47

**CURRENT WELLBORE DIAGRAM
RAPTOR RESOURCES INC**

SU-T-R	5C-22S-36E	API #:	30-025-08798-0000
POOL:	JALMAT; TAN-YATES-7 RVRS (PRO GAS)		
CO, ST:	LEA, NEW MEXICO	LAND TYPE:	STATE
STATUS:	ACTIVE	ACREAGE	40.12
LATEST RIG WORKOVER:	6/11/01		
DIAGRAM REVISED:	1/15/2004 BY RSL		

LOG ELEVATION: N/R
GROUND ELEVATION: 3,601'

LOGS
CNL
Acoustic

Some Tansll Is shot

	CASING		LINER	TUBING
Hole	12 1/2"	8 3/4"		
Pipe	9 5/8"	7"		2 3/8"
Weight	36#	24#		4.7#
Grade				
Thread				
Depth	336'	3,810'		3,525'
Mud wt				

TAN-YATES-7 RVRS ZONE HISTORY
12/23/89 Recompleted from Queen. Perforated 3,275-3,408' Frac w/ 1092 bbl & 101,420# sand. Perforated 3079-3161' Frac w/ 25,000 & 33,000# sand. IP 25 BOPD, 24 BWPD, 76 MCFD 12/90 Rig on well. "Csg moved" - poss shallow csg part
OPPORTUNITY
Perf Seven Rivers RL 1/04

QUEEN ZONE HISTORY
7/2/60 Spud. 7/28/60 Initial Completion Pool EUNICE; SEVEN RIVERS-QUEEN, SOUTH Perforated open hole 3,810-3,890' Vibro-fraced 3 #3 charges @ 3,884-89' Frac 20,000 gal oil and 20,000 lbs sand IP 1090 BO, 185 BW 11/22/89 Set CIBP @ 3,765'

9 5/8" @ 336'
w/ 300 sx Cmt

TOC @ 2,030'

SELECT PERFS: 21 Holes
3079, 3092, 3096, 3098, 3113,
3115, 3120, 3121, 3161,
3275, 3296, 3298, 3304, 3308,
3320, 3338, 3342, 3355, 3373,
3406, 3408,

CIBP @ 3,765' on 11/22/89
7" @ 3,810' w/250 sx Cmt

OH 3810-3890' } Queen Sand

YATES 3,230'

7 RVRS 3,433'

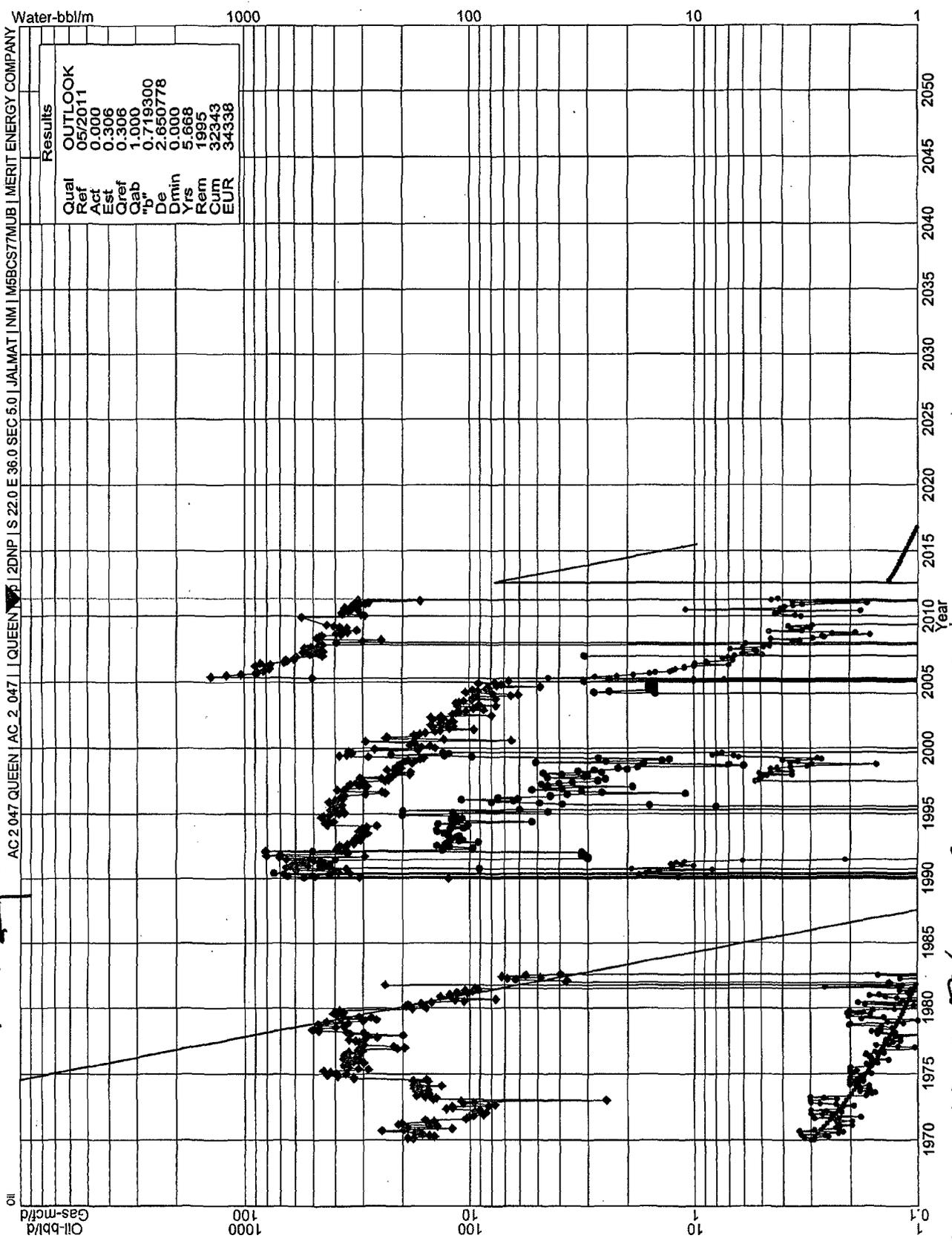
QUEEN 3,820'

TD 3,890'

Est Queen
1.56000
8 MCFD

Current Prod
35 MCFD

Queen
← 7MPS - Yates



Results	
Qual	OUTLOOK
Ref	05/2011
Act	0.000
Est	0.306
Qref	0.306
Qtab	1.000
"b"	0.719300
De	2.650778
Dmin	0.000
Yrs	5.668
Rem	1995
Cum	32343
EUR	34338

Oil
Gas-mcf/d
Water-bbl/m
AC 2.047 QUEEN | AC 2.047 | QUEEN | 2DNP | S 22.0 E 36.0 SEC 5.0 | JALMAT | NM | M5BCS7TMUB | MERIT ENERGY COMPANY

DIL 10000 QUEEN
GAS 20000 QUEEN
85000 7MPS - YATES

WELL LOCATION AND ACREAGE DEDICATION PLAT

SEE INSTRUCTIONS FOR COMPLETING THIS FORM ON THE REVERSE SIDE

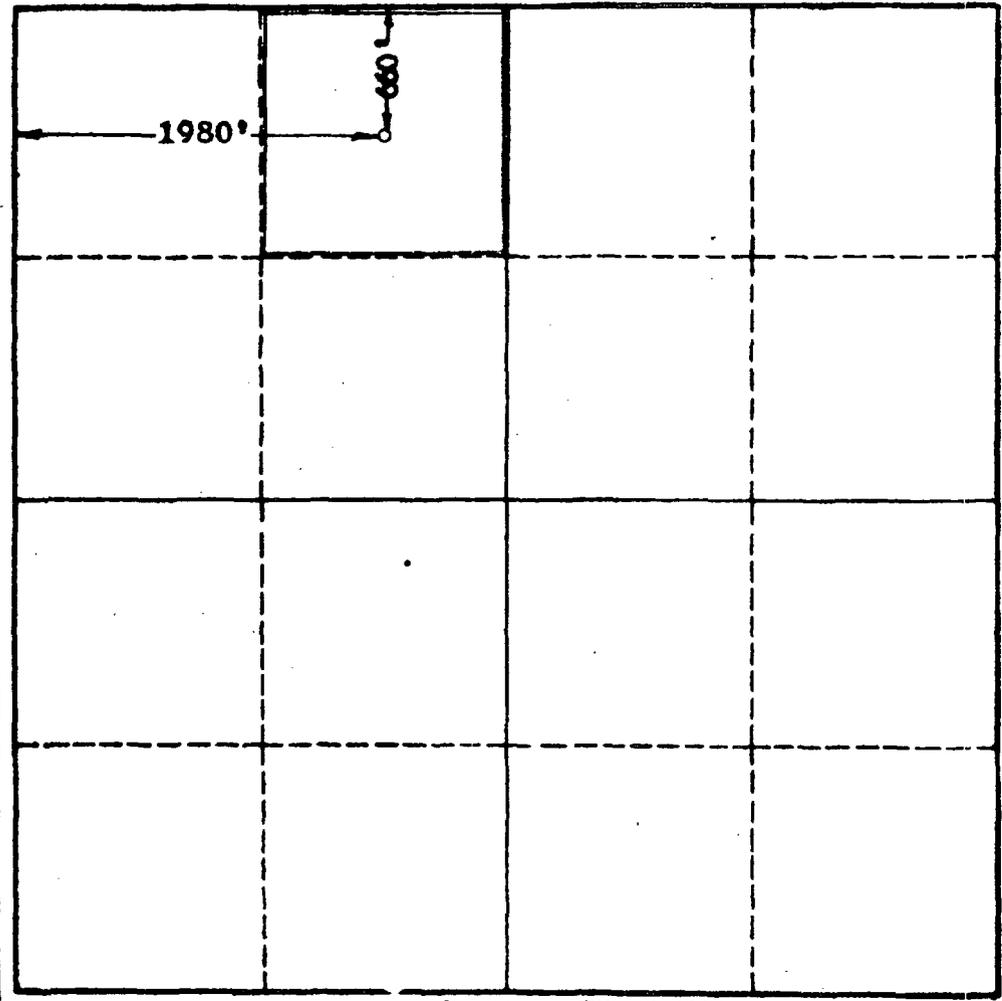
SECTION A

Operator Texas Pacific Coal & Oil Co.		Lease St. of N.M. 31st Acct. 56		Well No. 47
Unit Letter C	Section 5	Township 22S	Range 36E	County Lea
Actual Footage Location of Well: 660 feet from the North line and 1980 feet from the West line				
Ground Level Elev.	Producing Formation Queen	Pool South Burles		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

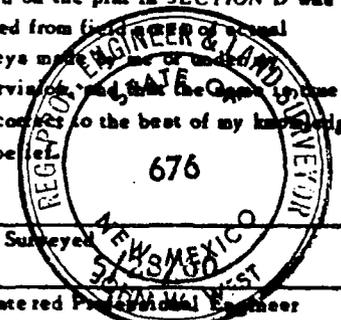


CERTIFICATION

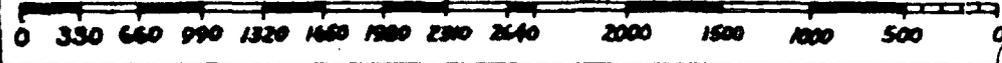
I hereby certify that the information in SECTION A above is true and complete to the best of my knowledge and belief.

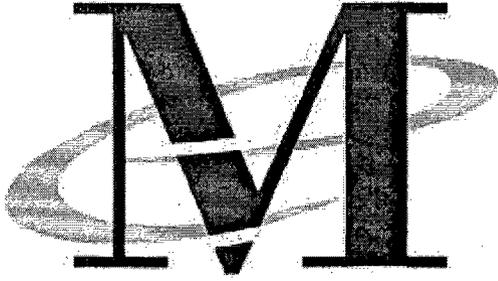
Name *[Signature]*
 Position **Manager of Production**
 Company **Texas Pacific Coal & Oil Co.**
 Date **June 1, 1960**

I hereby certify that the well location shown on the plat in SECTION B was plotted from first order of equal 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 **5/23/60**
 Registered Professional Engineer and/or Land Surveyor, **JOHN W. WEST**
[Signature]
 Certificate No. _____
 N.M. - P.E. & L.S. NO. 676





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

Date: May 12, 2011
To: New Mexico Oil Conservation Division
Attention: William V Jones P.E.
**RE. Jalmat Field: 12 Commingling Applications
Lea County, New Mexico**

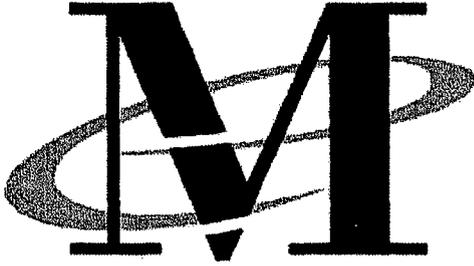
Merit Energy Company has requested approval to commingle the Queen formation (Langlie Mattix Pool) with the Tansill-Yates-Seven Rivers formation (Jalmat Pool).

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 12 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



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

Date: May 12, 2011
To: New Mexico Oil Conservation Division
Attention: William V Jones P.E.
RE. **Jalmat Field: State 157 G#2 & G#4, State A A/C 2 #1, State AAC-2 #2, #4, #7, #31, #34, #46, #47, & #70 Yates-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