

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

N.M. Oil Cons. Division
811 S. 1st Street
Alameda, NM 88210-2834

Division

NM0517342

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

Federal 4 #2

9. API Well No.

30-015-29422

10. Field and Pool, or Exploratory Area

La Huerta, Delaware

11. County or Parish, State

Eddy Co., New Mexico

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Merit Energy Company

3a. Address

12222 Merit Dr., Suite 1500, Dallas, TX. 75251

3b. Phone No. (include area code)

972-383-6569

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

660' FNL & 1980' FEL

Sec. 4-T21S-R27E

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize <input type="checkbox"/> Deepen <input type="checkbox"/> Production (Start/Resume) <input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing <input type="checkbox"/> Fracture Treat <input type="checkbox"/> Reclamation <input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair <input type="checkbox"/> New Construction <input type="checkbox"/> Recomplete <input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon <input type="checkbox"/> Downhole commingling
	<input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 day following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once Testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Merit Energy Company proposes to downhole commingle the Delaware & Bone Springs reservoirs upon approval from the New Mexico Oil Conservation Division.

- 1) MIRU Workover rig.
- 2) Tag fill (Cement on top of CIBP @ 5200').
- 3) Tag fill & verify PBTD below Bone Springs. Clean out to verify that perforations are uncovered in necessary.
- 4) RIH w/production equipment. Put well on production.

See attached Form C-107-A which was filed with the State of New Mexico

SUBJECT TO
LIKE APPROVAL
BY [REDACTED] NMOC

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Lynne Moon

Title

Regulatory Analyst

Signature

Date

9/17/99

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

JOHN RGL LES BABYAK

PETROLEUM ENGINEER

Office

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject less which would entitle the applicant to conduct operations thereon.

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

1. A low impact area is located in the
south of downtown, comprising 1500
acres of land.

P.O. Box 1980, Hobbs, NM 88241-1980

811 South First St., Artesia, NM 88210-2835

1000 Rio Brazos Rd, Aztec, NM 87410-1693

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

Form C-107-A
New 3-12-96

APPROVAL PROCESS:

Administrative Hearing

EXISTING WELLBORE

 YES NO

APPLICATION FOR DOWNHOLE COMMINGLING

Merit Energy Company 12222 Merit Drive Suite 1500 Dallas, Texas 75251
Operator

Operator

Address

Federal 4 Com

2

B-4-21S-27E

Eddy

Lease

Well No.

Unit Ltr. - Sec - Twp - Rge

County

OGRID NO. 014591 Property Code 7669 API NO. 30-015-29422

Spacing Unit Lease Types: (check 1 or more)
Federal ☒ , State ☐ , (and/or) Fee ☐

The following are to be submitted in duplicate or electronically communicating		Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Delaware			Bone Springs
2. Top and Bottom of Pay Section (Perforations)	4955' - 5022'			6310' - 6381' 6497'
3. Type of production (Oil or Gas)	Oil			Oil
4. Method of Production (Flowing or Artificial Lift)	Artificial Lift			Flowing
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) 2550 psi b. (Original)	a. b.	a. 3300 psi b.	
6. Oil Gravity (°API) or Gas BTU Content	43 deg.			42.6 deg.
7. Producing or Shut-In?	Producing			Shut-In
Production Marginal? (yes or no)	No			No
* If Shut-In, give date and oil/gas/ water rates of last production Notes: For new zones with no production history, applicant shall be required to attach production estimates and supporting data	Date: Rates:	Date: Rates:	Date: July, 1999 Rates: 10 BOPD, 14 BWPD 60 MCFD	
* If Producing, give date and oil/gas/ water rates of recent test (within 60 days)	Date: 09/12/99 Rates: 11 BOPD, 97 BWPD, 41 MCFD	Date: Rates:	Date: Rates:	
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 52% Gas: 41%	Oil: % Gas: %	Oil: 48% Gas: 59%	

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones? ☒ Yes ☐ No
If not, have all working, overriding, and royalty interests been notified by certified mail? ☐ Yes ☐ No
Have all offset operators been given written notice of the proposed downhole commingling? ☐ Yes ☐ No

11. Will cross-flow occur? ☐ Yes ☒ No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. ☐ Yes ☐ No (If No, attach explanation)

12. Are all produced fluids from all commingled zones compatible with each other? X Yes No

13. Will the value of production be decreased by commingling? Yes X No (If Yes, attach explanation)

14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. X Yes No

15. NMOCD Reference Cases for Rule 303(D) Exceptions:

16. 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 all offset operators.
- * Notification list of working, overriding, and royalty interests for uncommon interest cases.
- * Any additional statements, data, or documents required to support commingling.

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

SIGNATURE *[Signature]* TITLE Regulatory Analyst DATE 09/16/99

TYPE OR PRINT NAME Lynne Moon

TELEPHONE NO (973) 383-6569