

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.

Lynne Moon		Regulatory Manager	03/30/2016
Print or Type Name	Signature	Title	Date
		lynne.moon@meritenergy.com	
		e-mail Address	

- DHL 4792
 - merit Energy
 COMPANY, LLC
 14591
 Well
 - State A A/L #128
 30-025-34876
 POA
 - Langlie Lutton
 Tempubs - G -
 Grayburg
 37240
 - J. L. M. J. T. A. -
 Yates - Tempubs

District I
1625 N. French Dr., Hobbs. NM 88240
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd. Aztec, NM 87410
District IV
PO Box 2088, Santa Fe. NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Revised February 21, 1994
instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-025-34876		2 Pool Code 79240		3 Pool Name Jalmat Tansill Yates 7 Rvrs (Pro Gas)	
4 Property Code 24669		5 Property Name State A A/C 1			6 Well Number 128
7 OGRID No. 162791		8 Operator Name Raptor Resources			9 Elevation

10 Surface Location

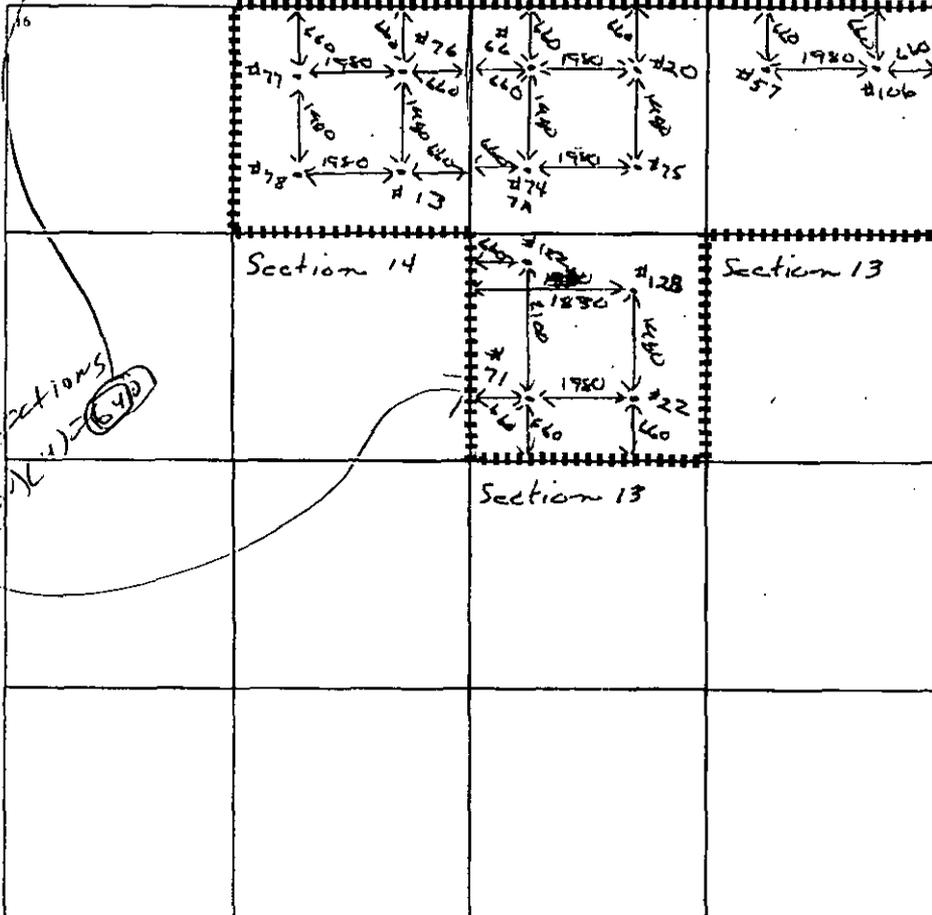
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	13	23S	36E		1480	South	1830	West	Lee

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 640	13 Joint or Infill	14 Consolidation Code	15 Order No. NSL-2730-D (SD) NSL-2874-E (SD)
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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



17 OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Bill R. Keathly
Signature
Bill R. Keathly
Printed Name
Regulatory Agent
Title
9-27-01
Date

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

District I
1615 N. French Drive, Hobbs, NM 88240

District II
111 E. First St., Artesia, NM 88101

District III
1000 Rio Bravo Road, Amos, NM 87410

District IV
1250 E. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised August 1, 2011

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

MERIT ENERGY COMPANY, 13727 NOEL ROAD, SUITE 1200, DALLAS, TX 75240

Operator STATE A A/C 1 128 K-13-23S-36E LEA
Address
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 14591 Property Code 24669 API No. 30-025-34876 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	JALMAT, YATES, 7 RIVERS		LANGUE, MATTIX, QUEEN, GRAYBURG
Pool Code	33820		37240
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2953-3432		3490-3720
Method of Production (Flowing or Artificial Lift)	pumping		pumping
Bottomhole Pressure <small>(Note: Pressure data will not be required if the bottom performance in the lower zone is within 150% of the depth of the top performance in the upper zone.)</small>	N/A		N/A
Oil Gravity or Gas BTU <small>(Degree API or Gas BTU)</small>	n/a		n/a
Producing, Shut-In or New Zone	PRODUCING		NEW ZONE
Date and Oil/Gas/Water Rates of Last Production. <small>(Note: For new zones with no production history, applicants shall be required to attach production estimates and supporting data.)</small>	Date: 01/24/2014 Rates: O: 0 G: 8 W: 0	Date: Rates:	Date: 4/11/15 Rates: O: 0.25 G: 40 W: 0
Fixed Allocation Percentage <small>(Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)</small>	Oil 0 % Gas 20 %	Oil % Gas %	Oil 100 % Gas 80 %

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

NMOC Reference Case No. applicable to this well: _____

Attachments:

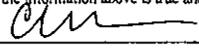
- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation 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  TITLE REGULATORY ANALYST DATE 4/15/2015
TYPE OR PRINT NAME CRISTY KENNEDYE TELEPHONE NO. (972) 628-1504
E-MAIL ADDRESS CRISTY.KENNEDYE@MERITENERGY.COM

District I
1621 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-6720
District II
311 S. Pine St., Azusa, NM 88218
Phone: (575) 748-1203 Fax: (575) 748-6720
District III
1000 Rio Bravo Blvd., Aztec, NM 87410
Phone: (505) 334-6174 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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 August 1, 2011
Submit one copy to appropriate
District Office
 AMENDED REPORT

AUG 11 2014

RECEIVED

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-34876		Pool Code 37240	Pool Name Langlie Mattix, 7 Rvrs-Q-Grayburg
Property Code 24669	Property Name State A A/C I		Well Number 128
OGRID No. 14591	Operator Name Merit Energy Company		Elevation 3391'

Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
K	13	23S	36E	1980	1830	South	West	Lea	✓

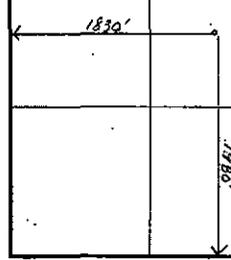
Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres -40	Joint or Infill	Consolidation Code	Order No.
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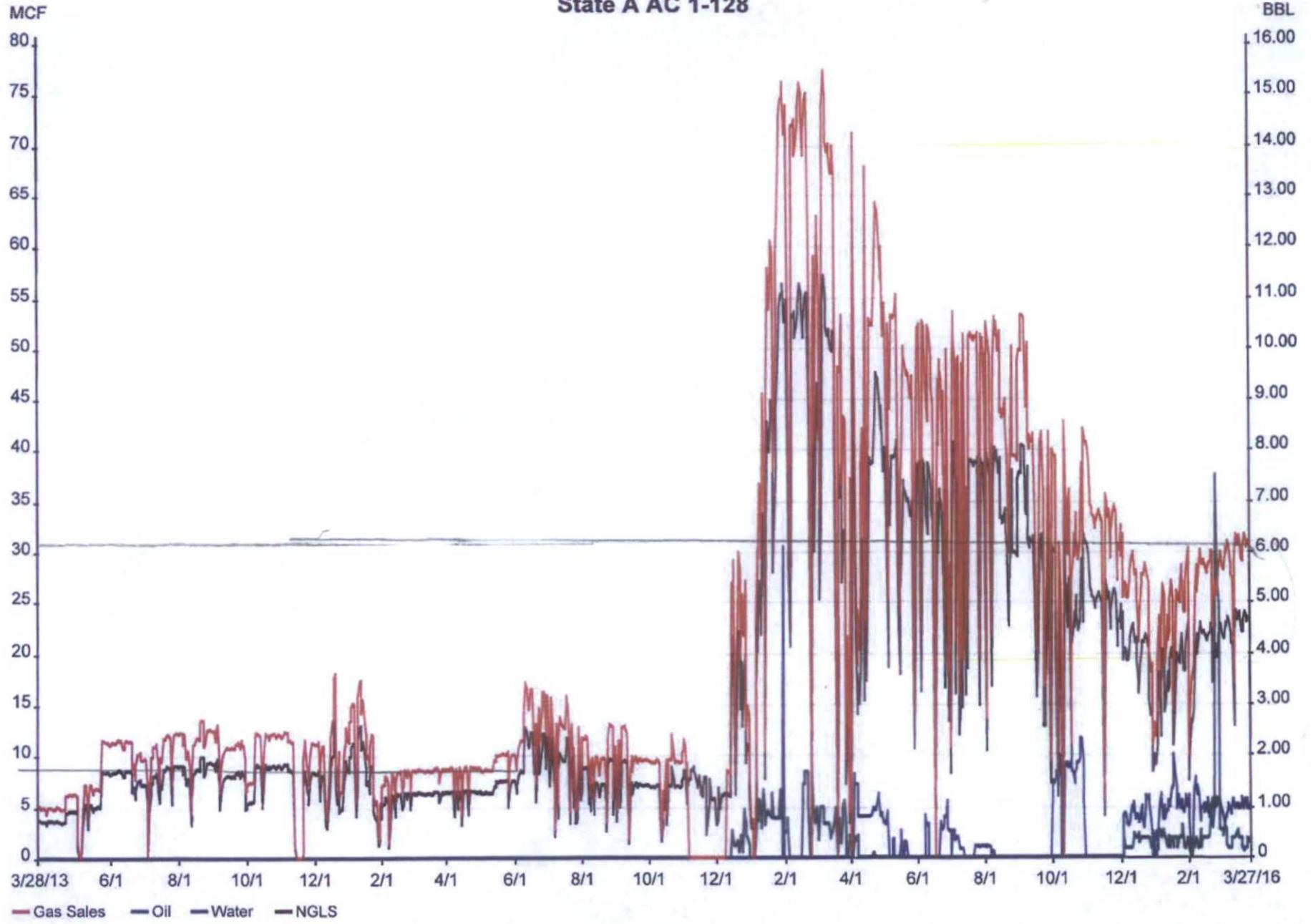
No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

				<p>"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 mineral interest in the land including the proposed bottom hole location or has a right to drill this well or the 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><i>Lynne Moon</i> 08/05/2014 Signature Date</p> <p>Lynne Moon Printed Name</p> <p>lynne.moon@meritenergy.com E-mail Address</p>
				<p>"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.</p> <p>Date of Survey Signature and Seal of Professional Surveyor</p> <p>Certificate Number</p>



OCT 09 2014

State A AC 1-128



JALMA

Submit 1 Copy To Appropriate District Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-1460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised July 18, 2013

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

WELL API NO. 30-025-34876
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name State TAG 1
9. OGRID Number 14591
10. Pool name or Wildcat Jalmet, Trist, Yates, 7-Rivers, Queen, Grayburg

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well Gas Well Other

2. Name of Operator
Merit Energy Company

3. Address of Operator
13727 Noel Rd. Suite 1200, Dallas, TX 75240

4. Well Location
Unit Letter **K** 1980 feet from the **S** line and 1830 feet from the **W** line
Section **13** Township **23S** Range **36E** NMPM County **LEA**

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3391

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL. <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
CLOSED-LOOP SYSTEM <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: ADD NEW FIELD <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

11-6-14 TO 12-10-14
CLEAN OUT & TAG @3584'
TAG 3625'
TAG 3615'
PERF @ 3600'-3708' 1 SPF 20 HOLES
PERF @ 3498'-3590' 1 SPF 20 HOLES
FRAC 5 STAGES WITH 4000 GAL 15% HCL & 404 BBLs 25# LINK GEL

SEE ATTACHED

Spud Date: Rig Release Date:

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

SIGNATURE: Cristy Kennedy TITLE: Reg. Analyst DATE: 6/25/15
 Type or print name: Cristy Kennedy E-mail address: Cristy.Kennedy@meritenergy.com PHONE: 972.628.5104
 For State Use Only
 APPROVED BY: _____ TITLE: _____ DATE: _____
 Conditions of Approval (if any): _____

District I
1645 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87305

State of New Mexico
Energy, Minerals & Natural Resources

Form C-104
Revised August 1, 2011

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit one copy to appropriate District Office

AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

¹ Operator name and Address MERIT ENERGY COMPANY		² OGRID Number 14591	
		³ Reason for Filing Code/ Effective Date NEW ZONE	
⁴ API Number 30 - 0	⁵ Pool Name 25-34876 JALMAT, LANGLEIE, MATTIX, 7 RIVERS, QUEEN	⁴ Pool Code 37240	
⁷ Property Code 24869	⁸ Property Name STATE A A/C 1	⁹ Well Number 128	

II. ¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	13	23S	36E		1980	S	1830	W	LEA

¹¹ Bottom Hole Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Lse Code S	¹³ Predicting Method Code P	¹⁴ Gas Connection Date	¹⁵ C-129 Permit Number	¹⁶ C-129 Effective Date	¹⁷ C-129 Expiration Date				

III. Oil and Gas Transporters

¹⁸ Transporter OGRID	¹⁹ Transporter Name and Address	²⁰ O/G/W
151618	ENTERPRISE CRUDE OIL, LLC	O
	SID RICHARDSON GASOLINE CO	G

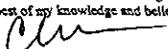
IV. Well Completion Data

²¹ Spud Date 3/17/2000	²² Ready Date 8/17/2000	²³ TD 3810'	²⁴ FBTD 3762'	²⁵ Perforations 2953-3708	²⁶ DHC, MC
²⁷ Hole Size 12 1/4"	²⁸ Casing & Tubing Size 8 5/8"	²⁹ Depth Set 627'		³⁰ Sacks Cement 240	
	7 7/8"	5 1/2"		3810'	
	2 3/8"	3174'		N/A	

V. Well Test Data

³¹ Date New Oil 12/15/2014	³² Gas Delivery Date 01/01/2015	³³ Test Date 4/11/15	³⁴ Test Length 24 HRS	³⁵ Tbg. Pressure	³⁶ Csg. Pressure 0
³⁷ Choke Size UNASSIGNED	³⁸ Oil 0.25	³⁹ Water 0	⁴⁰ Gas 29	⁴¹ Test Method PUMPING	

⁴² I hereby certify that the rules of the Oil Conservation Division have been compiled with and that the information given above is true and complete to the best of my knowledge and belief.

Signature: 

Approved by: _____

Printed name: CRISTY KENNEDYE

Title: REGULATORY ANALYST

E-mail Address: CRISTY.KENNEDYE@MERITENERGY.COM

Date: 4-16-15

Phone: 972-628-1504

OIL CONSERVATION DIVISION

Approval Date: _____

Lease & Well No. State A/C 1 # 128
 Field Name Jalmar
 Location Unit K, Sec. 13, T23S, R36E

Status Active
 County & State Lee County, NM
 APN No. 30-025-34876
 Pool Name Jalmar-Tansil Yates Seven Rivers

Well Information
 Spud: 3/17/00 Ground Elevation: 3,391' D.F. Elevation:
 Completed: 8/17/00 KB Elevation: Total Depth: 3,810'

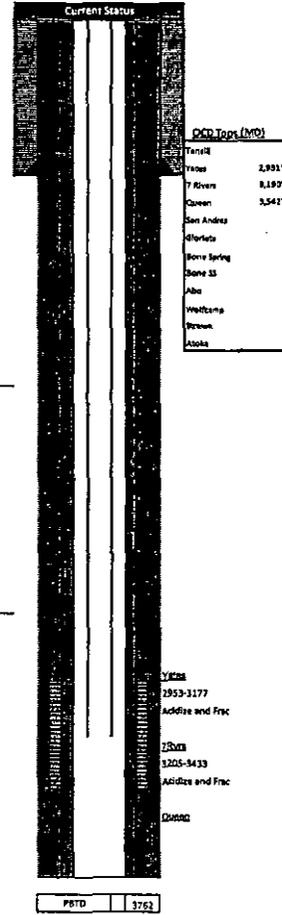
Pipe Data

Hole size	Depth	Size (OD)	Weight	Grade	In. Circ.	Comments
12-1/2"	87'	8-5/8"	24.00		340 in.	TOC @ surface
7-7/8"	1,810'	8-1/2"	17.00	J-85	750 in.	TOC @ surface

1.00 to 1-3/4" IP @ 3174'

Well History
 3/17/2000 Spud
 8/17/2000 Yates/7 Rivers Perfs: 2953-3433 / Acidized w/ 2000 gal acid / Frac w/ 46000 gal foam, 274 ton CO₂, 190800# sand.
 IP: 0 BOPD, 0 BWPD, 183 MCFD

Procedures



File Mode Option Tools Help

Acquire Mode
 Recall Mode



Select Liquid Level | Depth Determination | Casing Pressure BHP | Collars |

Production	Current	Potential	
Oil	0.25		BBL/D
Water	8		BBL/D
Gas	60.0		Mscf/D

IPR Method

PBHP/SBHP

Producing Efficiency %

Fluid Densities		
Oil	30	deg.API
Water	1.1	Sp.Gr.H2O
Gas Gravity	0.76	Air = 1

Acoustic Velocity ft/s

Pump Submergence

Total Gaseous Liquid Column HT (TVD) ft

Equivalent Gas Free Liquid HT (TVD) ft

Comment

2nd sht unit off

Casing Pressure psi (g)

Casing Pressure Buildup psi

min

Gas/Liquid Interface Pres. psi (g)

Liquid Level Depth
 MD ft

Pump Intake Depth
 MD ft

TVD

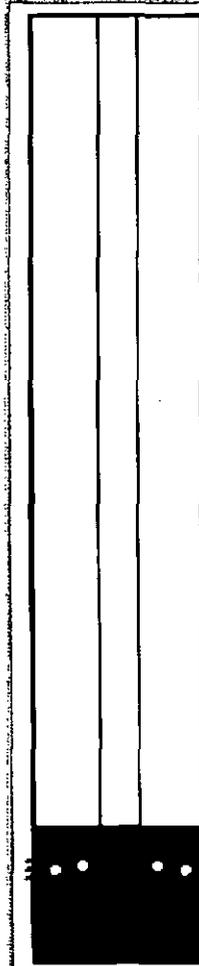
Formation Depth
 MD ft

Well State:

Annular

Gas Flow Mscf/D

% Liquid



Pump Intake Pressure psi (g)

PBHP psi (g)

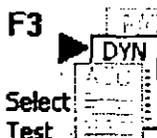
Reservoir Pressure (SBHP)

< Pg Up | Pg Dwn >

(1.10 SP WTR)

File Mode Option Tools Help

Acquire Mode
 Recall Mode



Select Liquid Level | Depth Determination |
 Production
 Oil 0 Current Potential BBL/D
 Water 5 BBL/D
 Gas 200.0 Mscf/D

IPR Method Vogel

PBHP/SBHP

Producing Efficiency 0.0 %

Fluid Densities

Oil 40 deg.API

Water 1.1 Sp.Gr.H2O

Gas Gravity 0.94 Air = 1

Acoustic Velocity 1048.57 ft/s

Pump Submergence

Total Gaseous Liquid Column HT (TVD) 13 ft

Equivalent Gas Free Liquid HT (TVD) 13 ft

Comment

Acoustic Test

Casing Pressure BHP | Collars

Casing Pressure

-5.7 psi (g)

Casing Pressure Buildup

0.013 psi

0.75 min

Gas/Liquid Interface Pres.

-4.7 psi (g)

Liquid Level Depth

MD 3160.93 ft

Pump Intake Depth

MD 3174.00 ft

TVD 3174.00

Formation Depth

MD 3432.00 ft

Well State:

Producing

Annular

Gas Flow

1 Mscf/D

% Liquid

100

EQUIP F/G/2000
 PERF + ACID
 100 JTS 3174 / SN
 31.74 AQL

PERF
 2953-3432

Pump Intake Pressure

1.5 psi (g)

PBHP 3432

124.4 psi (g)

Reservoir Pressure (SBHP)

psi (g)

< Pg Up

Pg Dwn >

(1.10 SG WTR)



Aubrey Dunn
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

May 6, 2015

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Attn: Ms. Cristy Kennedye

Re: Downhole Commingling Application
State A A/C 1 Well #128
API 30-025-34876 Sec 13-25S-36E Unit K
Jalmat; Yates, Seven Rivers (33820) Pool and Langlie; Mattix, Queen, Grayburg (34270) Pool
Lea County, New Mexico

2015 MAY 18 P 3:39
RECEIVED OCD

Dear Ms. Kennedye:

Thank you for your application to downhole commingle the Jalmat; Yates, Seven Rivers (33820) Pool and Langlie; Mattix, Queen, Grayburg (34270) Pool from the referenced well in Lea County, New Mexico.

Since it appears that all the New Mexico Oil Conservation's (OCD) rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your application is approved. Any deviation from the substance of your application will be cause for rescinding our approval, and approval is subject to like approval by the OCD.

Please send in your filing fee in the amount of \$30.00. When you provide a check as payment, you authorize the State of New Mexico to either use information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,


AUBREY DUNN
COMMISSIONER OF PUBLIC LANDS

AD/sk

Enclosure

xc: Reader File

OCD-Daniel Sanchez

McMillan, Michael, EMNRD

From: Moon, Lynne <Lynne.Moon@meritenergy.com>
Sent: Wednesday, March 30, 2016 8:03 AM
To: McMillan, Michael, EMNRD
Subject: RE: State A A/C 1 #128

OK. We'll work on getting this done.

From: McMillan, Michael, EMNRD [mailto:Michael.McMillan@state.nm.us]
Sent: Wednesday, March 30, 2016 9:01 AM
To: Moon, Lynne
Subject: RE: State A A/C 1 #128

Ms. Moon:

There are a series of requirements to get your DHC approved.

- First, a bottom-hole pressure is required for both zones, since the lower perf is not within 150 percent of the top of the top perforation in the upper zone. Engineer has discretion to determine the possible pressures.
- Next, you will need to get an Administrative application checklist. Under part A, check off DHC application.
- Since it is a state well you will need to go on the NMSLO(State Land Office), and fill out the form for commingle Pre-application. This is required for approval of a DHC.

Thank You

Michael A. McMillan

Engineering and Geological Services Bureau, Oil Conservation Division
1220 South St. Francis Dr., Santa Fe NM 87505
O: 505.476.3448 F. 505.476.3462
Michael.mcmillan@state.nm.us

From: Moon, Lynne [mailto:Lynne.Moon@meritenergy.com]
Sent: Tuesday, March 29, 2016 2:30 PM
To: McMillan, Michael, EMNRD
Subject: FW: State A A/C 1 #128

Mr. McMillan,

Please see response below to your question regarding the production split rates.

Also, we are going to be re-filing the production reports for the months concerning the workover to date. The allocation was not working correctly in our system.

Please let me know if you need any other additional information.

McMillan, Michael, EMNRD

From: Moon, Lynne <Lynne.Moon@meritenergy.com>
Sent: Tuesday, March 29, 2016 12:48 PM
To: McMillan, Michael, EMNRD
Subject: RE: From 11th Floor Color Scan

Still working on your answers.

I can verify that all WIO & NRI's are the same.

Thanks.

-----Original Message-----

From: McMillan, Michael, EMNRD [mailto:Michael.McMillan@state.nm.us]
Sent: Monday, March 28, 2016 3:51 PM
To: Moon, Lynne
Subject: RE: From 11th Floor Color Scan

Lynn:
However, Merit has not reported any oil production to the state.
Go to Go-Tech website on the link below http://gotech.nmt.edu/gotech/Petroleum_Data/General.aspx and look at the production for the well

Mike

-----Original Message-----

From: Moon, Lynne [mailto:Lynne.Moon@meritenergy.com]
Sent: Monday, March 28, 2016 2:47 PM
To: McMillan, Michael, EMNRD
Subject: RE: From 11th Floor Color Scan

There is oil production. It's the green on the graph. Begins around February 2015.

-----Original Message-----

From: McMillan, Michael, EMNRD [mailto:Michael.McMillan@state.nm.us]
Sent: Monday, March 28, 2016 3:43 PM
To: Moon, Lynne
Subject: RE: From 11th Floor Color Scan

Lynn:
Ask the engineer how he got the oil production allocation, since no oil production has been since March 1, 2011?

Thanks
Mike

-----Original Message-----

From: Lampard, Melissa
Sent: Tuesday, March 29, 2016 3:25 PM
To: Moon, Lynne
Subject: RE: State A A/C 1 #128

The % splits are:

Queen: Oil: 100%; Gas: 80%
7Rivers/Yates: Oil: 0%; Gas: 20%

In efforts to estimate the production splits for the gas phase, I forecasted the 7Rivers/Yates production to the life of the zone. Additionally, I forecasted the commingled production after the workover. I was able to determine that the Queen formation provides 80% of the gas production and the 7Rivers/Yates formations contribute 20% of the gas production. It is of note that the State A A/C 1 #128 did not make oil production prior to introducing the Queen. Therefore, the Queen contributes 100% of the oil production.

Melissa Lampard
Merit Energy Company
Permian Region Manager
13727 Noel Rd, Suite 1200
Dallas, TX 75240
O: 972-628-1462
F: 972-628-1762

From: Moon, Lynne
Sent: Tuesday, March 29, 2016 2:40 PM
To: Lampard, Melissa
Subject: RE: State A A/C 1 #128

I'm sorry I had gotten back with him and forgot to cc you. Let the State know. Do you have any answers yet?

From: Lampard, Melissa
Sent: Tuesday, March 29, 2016 2:39 PM
To: Rettke, Matt; Moon, Lynne
Cc: Boyer, Carolyn
Subject: RE: State A A/C 1 #128

That is the workover (AFE 34808) and it seems that we have the same WI/NRI in all zones. Joe wrote it up but Walker was the engineer over it when we did the work.

Thanks for looking into this!

Melissa Lampard
Merit Energy Company
Permian Region Manager
13727 Noel Rd, Suite 1200
Dallas, TX 75240
O: 972-628-1462
F: 972-628-1762

From: Rettke, Matt
Sent: Tuesday, March 29, 2016 1:46 PM
To: Moon, Lynne
Cc: Lampard, Melissa; Boyer, Carolyn
Subject: RE: State A A/C 1 #128

What AFE was this work associated with? I see an AFE for this well that Joe Cuadrando wrote up, but not Walker.

Carolyn provided the title clearance so there shouldn't be any issues regarding split ownership.

From: Moon, Lynne
Sent: Monday, March 28, 2016 2:38 PM
To: Rettke, Matt
Subject: State A A/C 1 #128
Importance: High

Matt,

We downhole commingled this well in 2014. Christi and Walker worked on it and they are both gone.

The State is calling and they want to know if WI & RI are identical in all zones. Can you please verify for me? Also, I need to get this information to him fairly quickly and he never received the application. Christi mailed to the wrong office.

Upper Zone: Jalmat, Yates, 7 Rivers

Lower Zone: Langlie, Mattix, Queen, Grayburg

Thanks!



MERIT ENERGY COMPANY

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April 21, 2016

Mr. Michael McMillan
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

Re: State A A/C 1 #128
Sec. 13-T23S-R36E
Lea Co., New Mexico

Mr. McMillan,

Per your request I am writing this letter to let you know that Merit Energy Company contacted the Hobbs District Office concerning the filing of corrected C-115's for the above referenced well due to the downhole commingling. We were told that without an approved commingling application that the corrected C-115's could not be processed. You indicated that this was a records clean-up. The effective date of the downhole commingling is December 15, 2014.

Please let me know if you need any additional information.

Sincerely,

MERIT ENERGY COMPANY

Lynne Moon
Regulatory Manager