

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



2880

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET 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

[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] INFORMATION / DATA SUBMITTED IS COMPLETE - Certification

I hereby certify that I, or personnel under my supervision, have reviewed the applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common.

I understand that any omission of data (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Lynne Moon

Print or Type Name

Lynne Moon
Signature

Regulatory Analyst

Title

01/25/01

Date

e-mail Address

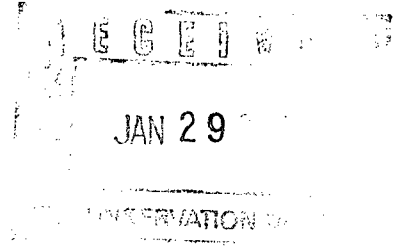


MERIT ENERGY COMPANY

12222 Merit Drive • Suite 1500 • Dallas, Texas 75251
Ph 972.701.8377 • Fx 972.960.1252 • www.meritenergy.com

January 25, 2001

Mr. David R. Catanach
State of New Mexico
Energy, Minerals & Natural Resources Dept.
1220 S. St. Francis Dr.
Santa Fe, New Mexico 87504



Re: Application for Downhole Commingling
Henry #2
Sec. 22-T22S-R27E
Eddy Co., New Mexico

Dear Mr. Catanach,

Merit Energy Company is applying to downhole commingle the Strawn and Morrow reservoirs on the above referenced well. I have enclosed the following information for your review. If you have any questions, I can be reached at 972-383-6569.

- 1) Administrative Application Coversheet
- 2) Form C-107A
- 3) Form C-102
- 4) Decline Curves
- 5) Allocation Formula Worksheet
- 6) Wellbore Schematics

Sincerely,

MERIT ENERGY COMPANY

Lynne Moon
Regulatory Analyst

District I
1625 N. French Drive, Hobbs, NM 88240

District II
811 South First Street, Artesia, NM 88218

District III
1000 Rio Grande Road, Artesia, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87504

State of New Mexico
Energy, Minerals and Natural Resources Department

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87504

Form C-107A
Revised May 15, 2000

APPLICATION TYPE
☒ Single Well
☐ Establish Pre-Approved Pools
EXISTING WELLBORE
☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

Merit Energy Company 12222 Merit Dr. Suite 1500 Dallas, Texas 75251

Operator Henry #2 Address I-Sec. 22-T22S-R27E Eddy
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 014591 Property Code API No. 30-015-25253 Lease Type: ☐ Federal ☐ State ☒ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Strawn 74040		Morrow South Caldwell - Pro -
Pool Code	Caldwell		73960
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	10496' - 10568'		11623' - 11819'
Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
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)	Shut-In		2000
Oil Gravity or Gas BTU (Degree API or Gas BTU)	57.5 deg.		1.01 BTU
Producing, Shut-In or New Zone	Shut-In		Producing
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: 05/1996 Rates: 1 BO, 89 MCF 7 BW	Date: Rates:	Date: 12/2000 Rates: 47 MCF
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 100 % Gas 65 %	Oil % Gas %	Oil 0 % Gas 35 %

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 Lynne Moon TITLE Regulatory Analyst DATE 01/25/01
TYPE OR PRINT NAME Lynne Moon TELEPHONE NO. (972) 383-6569

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section

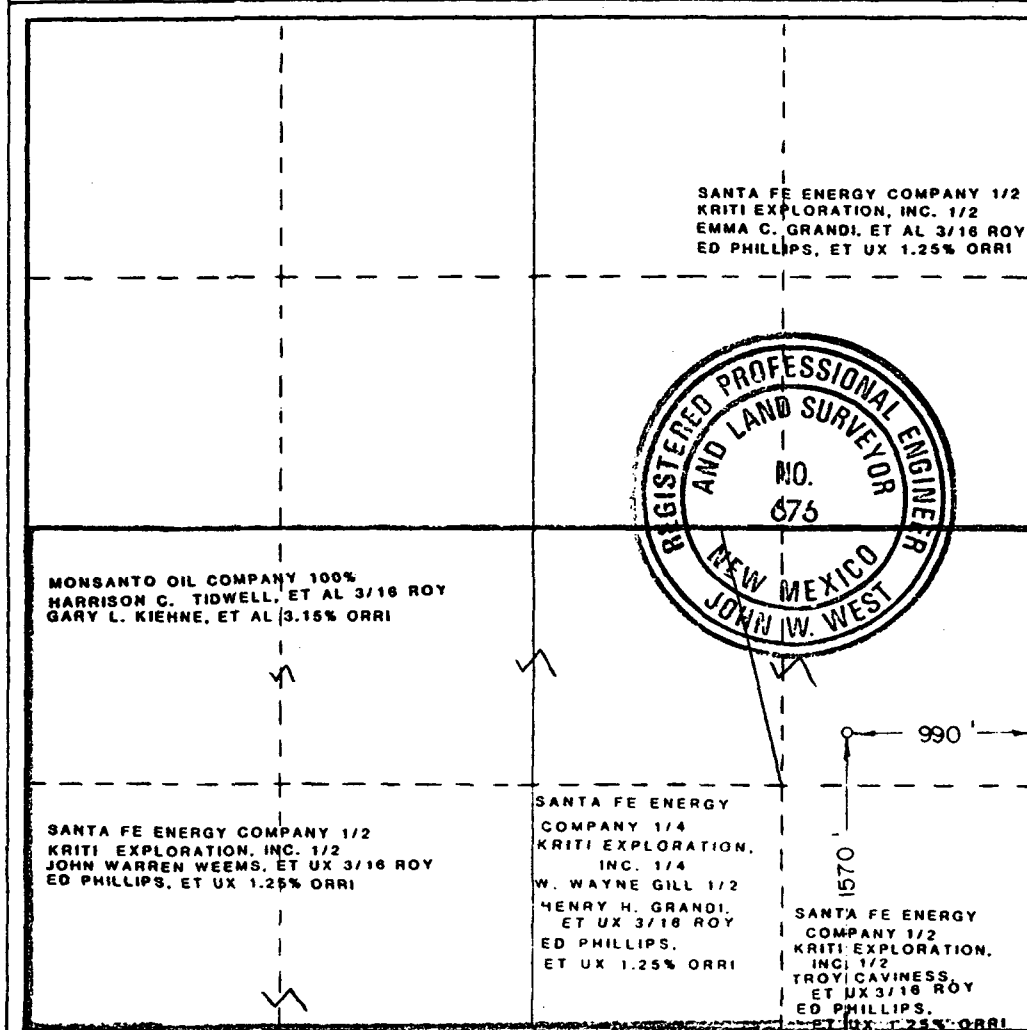
Operator SANTA FE ENERGY CO.		Lease HENRY		Well No. 2	
Unit Letter I	Section 22	Township 22S	Range 27E	County EDDY	
Actual Footage Location of Well: 1570 feet from the SOUTH line and 990 feet from the EAST line					
Ground Level Elev. 3098.3	Producing Formation Morrow		Pool Undes. S. Carlsbad Morrow		Dedicated Acreage: 320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes," type of consolidation Designation of consolidated gas leasehold estate

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Mike Burton

Name

Mike Burton

Position

Sr. Drilling Engineer

Company

Santa Fe Energy Co.

Date

2/13/85

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 knowledge and belief.

Date Surveyed

2/5/85

Registered Professional Engineer and/or Land Surveyor

John W. West

Certificate No. JOHN W. WEST,

676

RONALD J. EIDSON,

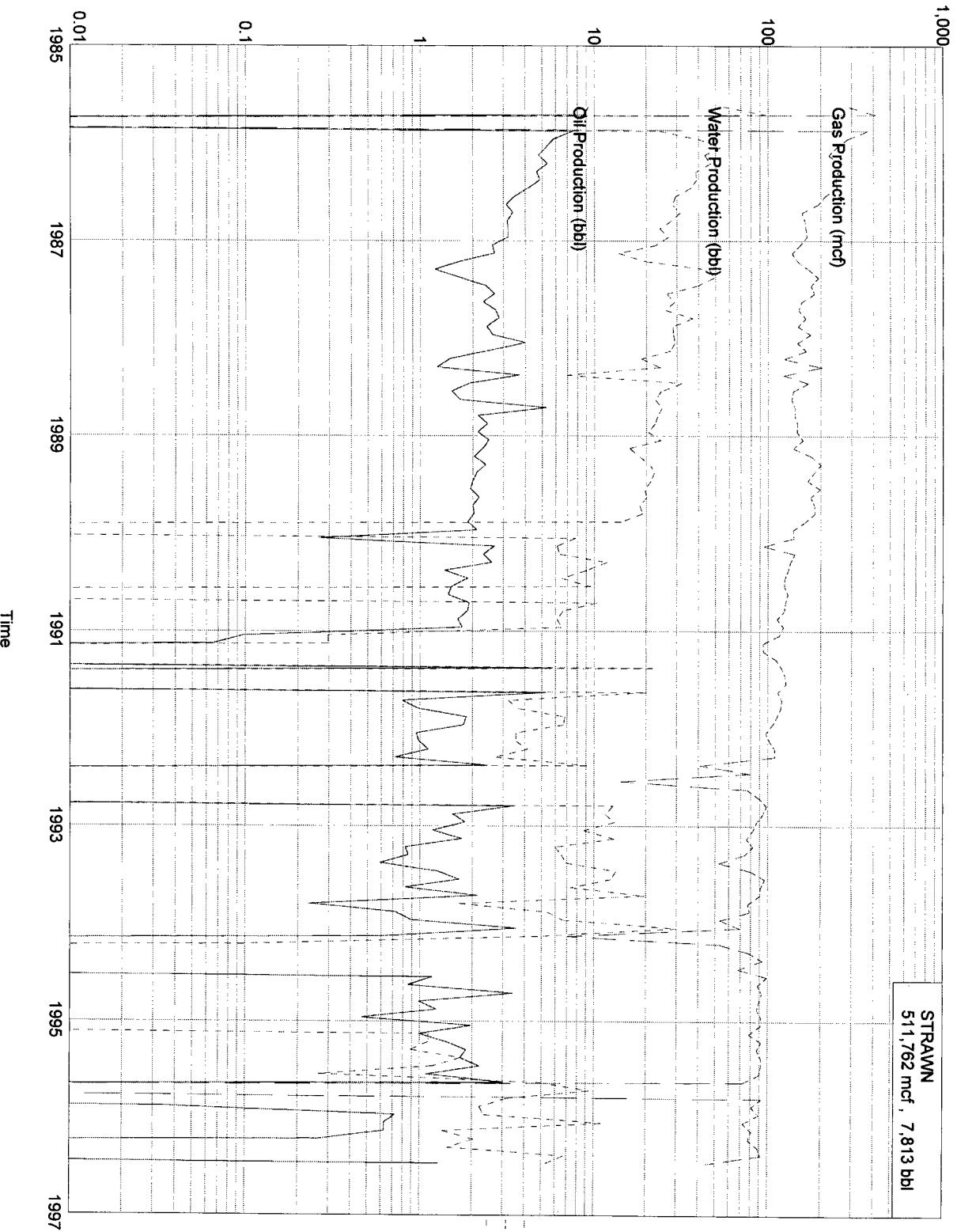
3239

Lease Name: HENRY
County, State: EDDY, NM
Operator: MERIT ENERGY COMPANY
Field: CARLSBAD
Reservoir: STRAWN
Location: 22 22S 27E

HENRY 002

STRAWN
511,762 mcf, 7,813 bbl

Oil Production (bbl) Daily
Gas Production (mcf) Daily
Water Production (bbl) Daily



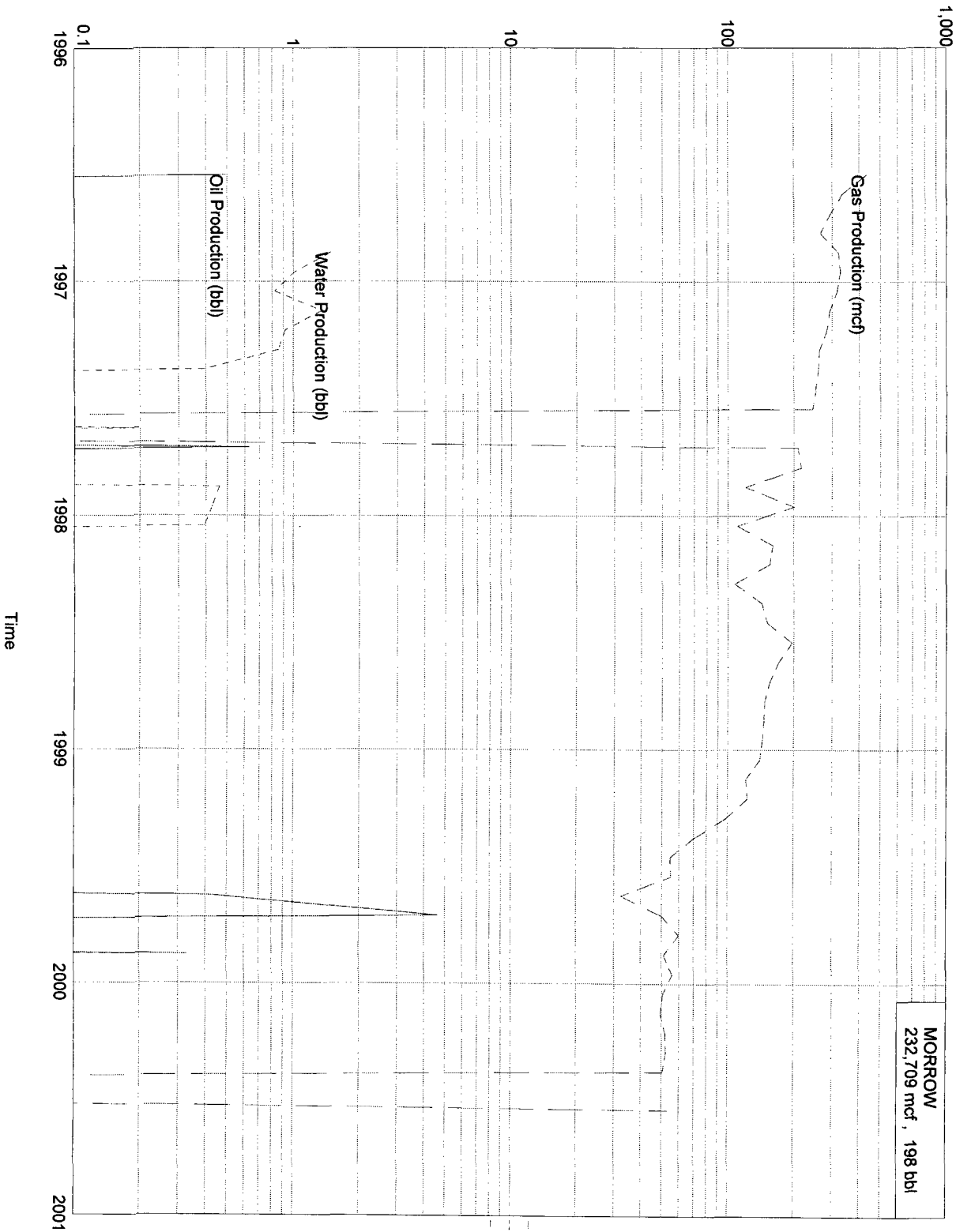
Production Rates - bbl/d & mcf/d

Lease Name: HENRY
County, State: EDDY, NM
Operator: MERIT ENERGY CORPORATION
Field: CARLSBAD SOUTH
Reservoir: MORROW
Location: 22 22S 27E

HENRY 2

MORROW
232,709 mcf, 198 bbl

Oil Production (bbl) Daily
Gas Production (mcf) Daily
Water Production (bbl) Daily



MERIT ENERGY COMPANY
HENRY #2
SEC. 22-T22S-R27E
EDDY COUNTY, NEW MEXICO

FORMULA ALLOCATION

Strawn	1 BOPD	89 MCFD
Morrow	<u>0</u> BOPD	<u>47</u> MCFD
TOTAL	1 BOPD	136 MCFD

Strawn	$\frac{1}{1} = 100\%$	$\frac{89}{136} = 65\%$
Morrow	$\frac{0}{1} = 0\%$	$\frac{47}{136} = 35\%$
TOTAL	100%	100%

The Henry #2 is currently flowing. The well will be placed on artificial lift if commingled.

Total production is estimated to increase above the sum of both zones due to artificial lift, while maintaining the given allocations.

MERIT ENERGY COMPANY

LEASE & WELL NO. Henry #2
FIELD NAME Carlsbad Strawn
LOCATION _____

FORMER NAME _____
COUNTY & STATE Eddy Co, NM
API NO. #

K.B. ELEV. 3130'
D.F. ELEV. _____
GROUND LEVEL 3098'
CORR. _____

SURFACE CASING

SIZE 13 3/8" WEIGHT 54.5# DEPTH 230'
GRADE k-55 SX. CMT. _____ TOC surf

INTERM CASING

SIZE 10 3/4" WEIGHT 51.# DEPTH 2120'
GRADE k55 SX. CMT. _____ TOC surf

WELL HISTORY

COMPLETION DATE: Jun-85

Core 10500-10665'. Produce 10585-594

Sep-85 SI due to watering out

Sep-85 Sqz orig. perms. Reperf Strawn 10496-568'.

Aug-92 Clean out & acdz. Analyzed solids by BJ

Jun-96 Sqz Strawn Perfs, Recomplete to morrow
Perf. 11623-11819. Acdz w/2000 gal NEFE

9/14/99 Treat w/ 1512 gal 15% gaswell acid
w/ ball sealers & flush w/ 73MCF N2.

CASING

SIZE 7 7/8" WEIGHT 29.7# DEPTH 2985'
GRADE JL95&S95 SX. CMT. _____ TOC @ 4,100

LINER

SIZE 5" WEIGHT 18.# DEPTH 12290'
GRADE N80 SX. CMT. _____ TOC @ _____

HOLE 17 1/2"
SIZE _____

HOLE 12 1/4"
SIZE _____

TUBING 2 3/8"
SIZE _____

Hole 9 1/2"
Size _____

TOC @ 4100'

Hole 6 1/2"
Size _____

Backside tested to 2000# (1/86)

On/Off Tool

Strawn Perfs

10496-504 sqz 1/96 over displaced
10512-518 sqz 1/96 over displaced
10564-568 sqz 1/96 over displaced

Guiberson Uni VI@11,569'

10584-594 SQZ'D 11/85

Morrow Perfs

11623-11819

PBTD @11875'
TD @ 12290

CIBP @ 11875

MERIT ENERGY COMPANY

Proposed

LEASE & WELL NO. Henry #2
FIELD NAME Carlsbad Strawn
LOCATION _____

FORMER NAME _____
COUNTY & STATE Eddy Co, NM
API NO. #

K.B. ELEV. 3130'
D.F. ELEV. _____
GROUND LEVEL 3098'
CORR. _____

SURFACE CASING

SIZE 13 3/8" WEIGHT 54.5# DEPTH 230'
GRADE k-55 SX. CMT. _____ TOC surf

INTERM CASING

SIZE 10 3/4" WEIGHT 51.# DEPTH 2120'
GRADE k55 SX. CMT. _____ TOC surf

WELL HISTORY

COMPLETION DATE: Jun-85

Core 10500-10665'. Produce 10585-594

Sep-85 SI due to watering out

Sep-85 Sqz orig. perms. Reperf Strawn 10496-568'.

Aug-92 Clean out & acdz. Analyzed solids by BJ

Jun-96 Sqz Strawn Perfs, Recomplete to morrow
Perf. 11623-11819. Acdz w/2000 gal NEFE

9/14/99 Treat w/ 1512 gal 15% gaswell acid
w/ ball sealers & flush w/ 73MCF N2.

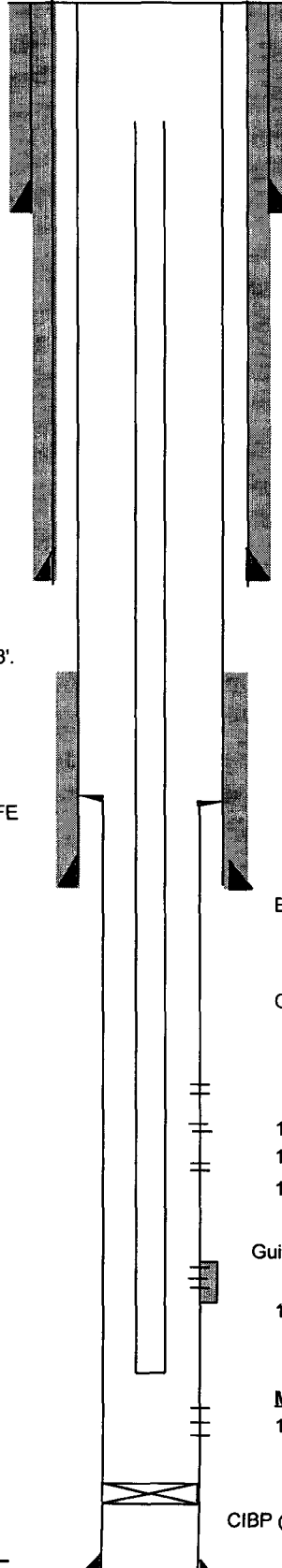
CASING

SIZE 7 7/8" WEIGHT 29.7# DEPTH 2985'
GRADE JL95&S95 SX. CMT. _____ TOC @ 4,100

LINER

SIZE 5" WEIGHT 18.# DEPTH 12290'
GRADE N80 SX. CMT. _____ TOC @ _____

PBTD @11875'
TD @ 12290



HOLE 17 1/2"
SIZE _____

HOLE 12 1/4"
SIZE _____

TUBING 2 3/8"
SIZE _____

Hole 9 1/2"
Size _____

TOC @ 4100'

Hole 6 1/2"
Size _____

Backside tested to 2000# (1/86)

On/Off Tool

Strawn Perfs

10496-504
10512-518
10564-568

Guiberson Uni VI@11,569'

10584-594 SQZ'D 11/85

Morrow Perfs

11623-11819

CIBP @ 11875