



T O R C H
E N E R G Y S E R V I C E S , I N C .
A Subsidiary of Torch Energy Advisors

September 3, 2008

New Mexico Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505
Attention: Mr. Mark Fesmire

Re: Application to Downhole Commingle
Jalmat/Langlie Mattix Pools
Cooper Jal Unit #511, 512, 514, 515, 516, 517
Unit Letter A, B, C, F, H; Sec. 24, 25; T24S, R36E
Lea County, New Mexico

Mr. Fesmire,

Torch Energy Services, Inc. respectfully requests administrative approval to downhole commingle the Jalmat and the Langlie Mattix Pools with the subject wellbores. Currently, the wells are in the process of being drilled. Notification of offset operators is not an issue given the fact that Torch offsets all of the wells.

Downhole Commingling these wells will provide a more economical and efficient means of production. It will allow complete development of the productive capacity on the subject lease by allowing both pools to be artificially lifted simultaneously. This will extend the life of both completions, thereby preventing waste.

The subject wells meet all of the requirements of Rule 303 (C). All produced fluids from other downhole commingled wells have entered a common production facility with no fluid compatibility problems.

Torch also requests the allocation of production for each pool be deferred until a stabilized production rate is established. Production will then be allocated to the Jalmat and Langlie Mattix Pools. If you have any questions, please contact Melanie Reyes at (432) 580-8500.

Sincerely,

Melanie Reyes
Engineer Assistant

cc: Chris Williams/NMOCD/Hobbs

District I
4625 N. French Drive, Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

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

Torch Energy Services, Inc. 1331 Lamar, Suite 1450 Houston, TX 77010

DAE-4093

Operator Address
Cooper Jal Unit 516 A-25-T24S-R36E Lea

Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 241401 Property Code 302966 API No. 30-025-39100 Lease Type: Federal State Fee

| DATA ELEMENT | UPPER ZONE | INTERMEDIATE ZONE | LOWER ZONE |
|--|--|--|--|
| Pool Name | Jalmat | | Langlie Mattix |
| Pool Code | 33820 | | 37240 |
| Top and Bottom of Pay Section (Perforated or Open-Hole Interval) | Not Completed Yet | | Not Completed Yet |
| 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) | | | |
| Oil Gravity or Gas BTU (Degree API or Gas BTU) | 37.7 Degree API | | 37.7 Degree API |
| Producing, Shut-In or New Zone | New Zone | | New Zone |
| 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: Rates: | Date: Rates: | Date: Rates: |
| 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 % % | Oil Gas % % | Oil Gas % % |

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

NMOCDC 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 Melanie Reyes TITLE Engineer Assistant DATE 8/28/08

TYPE OR PRINT NAME Melanie Reyes TELEPHONE NO. (432) 580-8500

E-MAIL ADDRESS reyesm@odessa.teai.com

DISTRICT I
1825 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Ave., Artesia, NM 88210

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1000 Rio Brazos Rd., Artesia, NM 87410

DISTRICT IV
1220 St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Drive
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 | | 2 Pool Code | | 3 Pool Name Jalmat; Langlie Mattix | | | | | |
| Property Code | | 5 Property Name Cooper Jal Unit | | | | 6 Well Number 516 | | | |
| 7 GRID No. 193003 | | 8 Operator Name TORCH ENERGY SERVICES, INC. | | | | 9 Elevation 3280' | | | |
| 10 Surface Location | | | | | | | | | |
| UL or lot no. A | Section 25 | Township 24-S | Range 36-E | Lot Idn | Feet from the 1049.6' | North/South line North | Feet from the 222.6' | East/West line East | County Lea |
| 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 40 | | 13 Joint or In/In | | 14 Consolidation Code | | 15 Order No. | | | |

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.

Jim Kidd 6-30-08
Signature Date

Jim Kidd
Printed Name

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 knowledge and belief.

January 14, 2008
Date of Survey

John D. [Signature]
Signature & Seal of Professional Surveyor

Certificate No. 7254

- = Staked Location ● = Producing Well ↗ = Injection Well ◊ = Water Supply Well ✖ = Plugged & Abandon Well
- ⊙ = Found Section Corner, 2 or 3" Iron Pipe & GLO B.C. ○ = Found 1/4 Section Corner, 1" Iron Pipe & GLO B.C.

ADDITIONAL INFORMATION ON THE LOCATION

| | | | | | |
|-------------------------|----------------------|--------------------------------------|-----------------|-------------------------------------|--|
| State Plane Coordinates | | Northing 435656.34 (1927= 435597.74) | | Easting 888540.29 (1927= 847353.44) | |
| Latitude 32°11'33.776" | | Longitude 103°12'39.451" | | | |
| Zone | North American Datum | Combined Grid Factor | Coordinate File | | |
| East | 1983/86 | 0.99989039 | Coop_Jal.Crd | | |
| Drawing File | Field Book | | Lea #24, Pg. 25 | | |
| Coop_Jal.Dwg | | | | | |