

DATE IN 5.16.11	SUSPENSE	ENGINEER WVJ	LOGGED IN 5.16.11	TYPE DHC	APP NO. 1113655077
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PTG-W

4401

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



Merit 14591

State 1576 #2

ADMINISTRATIVE APPLICATION CHECKLIST 30-025-08787

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.

<u>Matt Ogden</u> Print or Type Name	<u>Matt Ogden</u> Signature	<u>Regulatory Analyst</u> Title	<u>5/12/11</u> Date
		<u>Matt.ogden@nmtenergy.com</u> 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

DHC-8401

Merit Energy Company 13727 Noel Rd Ste 500 Dallas, TX 75240
Operator Address

State 157 G 2 Unit G - Sect. 5G - T2S - R36E Lea
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 14591 Property Code 24670 API No. 30-025-08787 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Jalmat - Tan Yates 7 Rivers <i>801 DFE</i>		Langlic Mattix - Queen <i>J. EUNICE TRIVISON</i>
Pool Code	79240		24130
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3224'-3670'		3814'-3877'
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: 17mcf/1bwpd	Date: Rates:	Date: Rates: 10mcf/2bopd
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 % 75 %	Oil Gas % %	Oil Gas 100 % 25 %

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

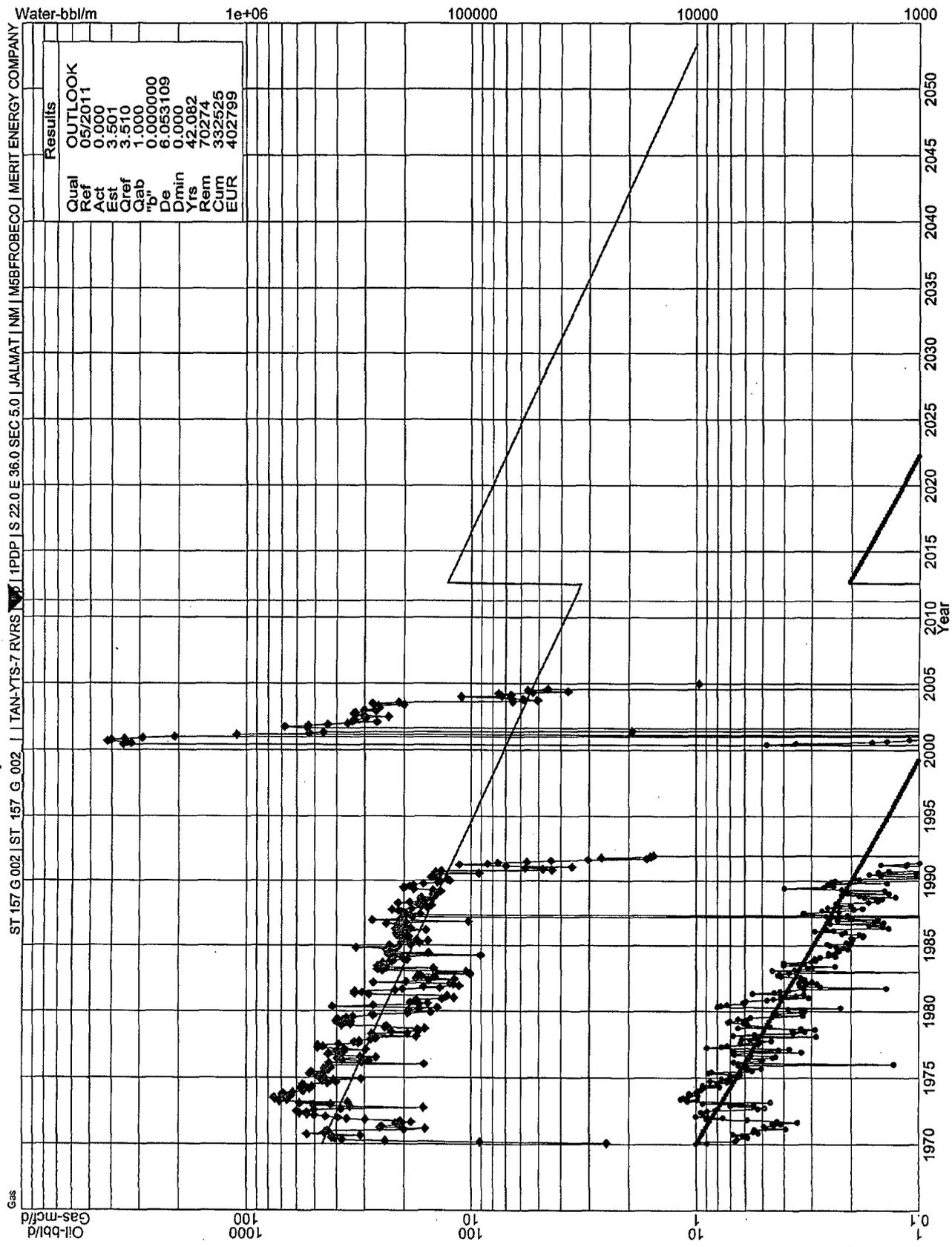
TYPE OR PRINT NAME Matt Ogden TELEPHONE NO. () (972)628-1603

E-MAIL ADDRESS matt.ogden@meritenergy.com

Est QUEEN
28000
100000

CHESTER LEAS
170000

QUEEN → 70000 - YEARS



DIL 100% QUEEN
GAS 25% QUEEN
75% 70000 - YEARS

FORM TOP

STATE 157 G#2

**CURRENT WELLBORE DIAGRAM
RAPTOR RESOURCES INC**

SU-T-R	5G-22S-36E	API #:	30-025-08787
POOL:	JALMAT;TAN-YATES-7 RVRS (Gas)		
CO, ST:	LEA, NM	LAND TYPE:	STATE
STATUS:	Active	ACREAGE	120
LATEST RIG WORKOVER:	5/2/2000		
DIAGRAM REVISED:	1/21/04 BY J. Nicholson		

8-5/8" @ 348'
w/ 150 sxs cmt.

Jan-01
Multiple casing leaks 657' to 1931'
Required two squeeze jobs to repair.

LOG ELEVATION:	
GROUND ELEVATION:	3598'

	CASING			TUBING
Hole	12-1/4"	7-3/4"	4-3/4"	
Pipe	8-5/8"	5-1/2"	OH	2-3/8"
Weight	14#			
Grade	J55			
Thread				
Depth	348	3,835		3,147
Mud wt				
Cmt	150	250		

LOGS	
Lane Radioactivity Log	5/5/51
Lane Perforating	10/21/58
Halliburton CBL	4/24/00

*File Pick

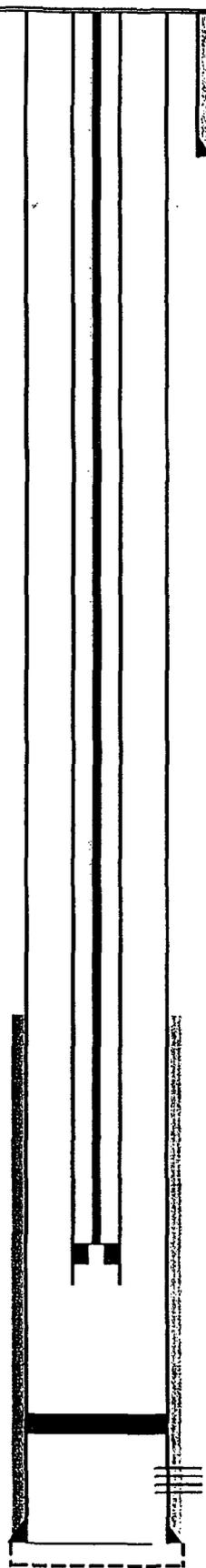
TANSILL 3,088'

YATES 3,194'

7 RVRS 3,383'

QUEEN 3,788'

GB



SELECT PERFS: 4/22/2000
3224,3232,3243,3265,3272,3287,
3295,3299,3309,3321,3333,3346,
3359,3364,3376,3492,3515,3568,
3584,3597,3604,3611,3615,3619,
3643,3648,3664,3670
30 holes @ 1SPF

CIBP @ 3,800' 4/22/2000

SELECT PERFS:
3814-3824 40 shots 10/21/1958

5-1/2" @ 3,835' w 250 sx Cmt
Complete OH 5/18/1951

TAN-YATES-7 RVRS ZONE HISTORY

4/22/00 to 5/2/00 Recompleted from Queen
Set CIBP at 3800'

Perforated select 30 holes 3224'-3670', 1 SPF
Acidized w/2000g

Frac w/ 46,000 g 40# linear gel foamed to 65 quality
w/ 248T CO2 & 15000# 20/40 and 175,000#
12/20 Brady

5/21/2000 Tested at 479 MCFD, 1 BOPD, 2 BWPD
pumping.

8/13/2001 Flush perfs w/ 119 bbis Halliburton Mud Flush

10/03 producing 182 MM

OPPORTUNITY

QUEEN ZONE HISTORY

4/13/51 Spud 5/18/51 Initial Completion
Pool EUNICE;SEVEN RIVERS-QUEEN, SOUTH
Perf: Initially openhole 3835 - 3877
Producing zone at 3855-3877
Acidized 8,000 gal acid
IP 18 BOPD ? MCFD ? BWD 10 hr test
Flowing with 350psi WHP
4/18/1956 SOT 6000g oil and 6000# sand
Post frac @ top allow of 40 BOPD

10/58 Set Retainer @ 3828
Add pers 3814-3824. Acidiza w/500gal
SOT w/15,000 g oil and 15,000# sand.
Pulled retainer.
Tested at 264 BOPD with 1140GOR. Allow 34 BOPD

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

Form C-102

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

API Number 30-025-08787	2 Pool Code 79240	3 Pool Name Jalmat: Tan-Yates-7 rvrs (Pro Gas)
4 Property Code 24670	5 Property Name State 157 G	6 Well Number 2
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
G	5	22S	36E		1980	North	1980	East	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 120.14	13 Joint or Infil	14 Consolidation Code	15 Order No. NSP-183 (SD) A
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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

16			<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Bill R. Keathly</i></p> <p>Signature Bill R. Keathly</p> <p>Printed Name Regulatory Agent</p> <p>Title 6-13-00</p> <p>Date</p>
			<p>18 SURVEYOR CERTIFICATION</p> <p>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</p> <p>Signature and Seal of Professional Surveyor:</p>
			<p>Certificate Number</p>

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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 July 16, 2010
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-08787		² Pool Code 24130		³ Pool Name Eunice 7 Rivers Queen, South	
⁴ Property Code 24670		⁵ Property Name State 157 G			⁶ Well Number 2
⁷ OGRID No. 14591		⁸ Operator Name Merit Energy Company			⁹ Elevation 3598'

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
G	5	22S	36E		1980	N	1980	W	Lea

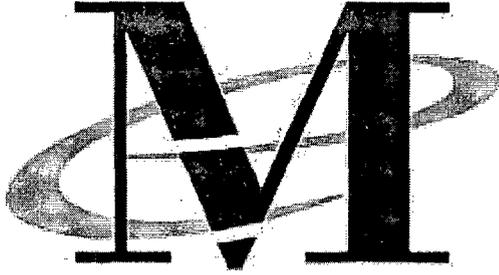
¹¹ Bottom Hole Location If Different From Surface

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 Infill	¹⁴ Consolidation Code	¹⁵ 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>¹⁶</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>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.</i></p> <p><i>[Signature]</i> 05/24/2011 Signature Date</p> <p>Matt Ogden Printed Name</p> <p>matt.ogden@meritenergy.com E-mail Address</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Date of Survey Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>



*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