

DATE IN 5/16/11	SUSPENSE	ENGINEER WVT	LOGGED IN 5/16/11	TYPE DHC 4403	APP NO. 1113654478
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PTGW

ABOVE THIS LINE FOR DIVISION USE ONLY

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



Meritt 14377

State A AK #7

**ADMINISTRATIVE APPLICATION CHECKLIST** 30-025-18830

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></u> Signature	<u>Regulatory Analyst</u> Title	<u>5/24/11</u> Date
		<u>Matt.Ogden@meritenergy.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**

APPLICATION TYPE

District III  
1000 Rio Brazos Road, Aztec, NM 87410

1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

Single Well

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

**APPLICATION FOR DOWNHOLE COMMINGLING**

Establish Pre-Approved Pools

EXISTING WELLBORE

Yes  No

*DAC-4403*

Merit Energy Company

13727 Noel Rd Ste 500 Dallas, TX 75240

Operator

Address

State A A/C 2

7

Unit D - Sect. 8D - T22S - R36E

Lea

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 14591 Property Code. 24671 API No. 30-025-08830 Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Jalpat - Tan Yates 7 Rivers <i>✓ Gov</i>		<del>Langlie-Mattix-Queens</del> <i>S. Brian 7 RIVERS Queen</i>
Pool Code	<del>79240</del> <i>79240</i> <del>3388</del>		<del>24130</del> <i>24130</i>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3151'-3398'		3740'-3875'
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		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: 25mcf/1bopd	Date: Rates:	Date: Rates: 1.5bopd
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 80 % Gas 100 %	Oil % Gas %	Oil 20 % Gas 0 %

**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

## Jones, William V., EMNRD

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**From:** Ogden, Matt [Matt.Ogden@meritenergy.com]  
**Sent:** Thursday, May 26, 2011 12:54 PM  
**To:** Jones, William V., EMNRD  
**Cc:** Keener, Brett; Mull, Donna, EMNRD; Kautz, Paul, EMNRD; Gonzales, Elidio L, EMNRD  
**Subject:** RE: Downhole Commingle Applications from Merit Energy Company

Mr. Jones,

I believe your records are incorrect and the #7 well is Jalmat Gas. The well does not produce any oil and only produces gas.

I will notify the district office of the same.

Please let me know if there is anything additional needed.

Thank you,

Matt Ogden  
Regulatory Analyst/South Division  
Merit Energy Company  
972-628-1603 (Direct)  
972-628-1903 (Fax)



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**From:** Jones, William V., EMNRD [<mailto:William.V.Jones@state.nm.us>]  
**Sent:** Tuesday, May 24, 2011 6:00 PM  
**To:** Ogden, Matt  
**Cc:** Mull, Donna, EMNRD; Kautz, Paul, EMNRD; Gonzales, Elidio L, EMNRD  
**Subject:** RE: Downhole Commingle Applications from Merit Energy Company

Matt:  
Thanks for this – I have substituted the correct South Eunice Seven Rivers Queen Oil pool C-102's.

Our records show the #7 well is Jalmat Oil instead of Jalmat Gas. If this is not correct let me know and our district office.

If it truly is Jalmat Oil, then please email me another C-102 for that horizon showing the 40 acre spacing. The Jalmat rules say "oil" is spaced on 40 acres. If there is any nonstandard spacing unit permit for this #7 well allowing more than 40 acres let me know.

Regards,

Will Jones  
New Mexico  
Oil Conservation Division  
[Images](#) [Contacts](#)

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**From:** Ogden, Matt [<mailto:Matt.Ogden@meritenergy.com>]  
**Sent:** Tuesday, May 24, 2011 2:55 PM  
**To:** Jones, William V., EMNRD  
**Cc:** Van Eaton, Matt; Keener, Brett  
**Subject:** RE: Downhole Commingle Applications from Merit Energy Company

Mr. Jones,

My apologies for the delay in responding to you. I have attached the corrected C-102 forms for your review.

The originals are also being mailed to your office.

Thank you,

Matt Ogden  
Regulatory Analyst/South Division  
Merit Energy Company  
972-628-1603 (Direct)  
972-628-1903 (Fax)



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**From:** Jones, William V., EMNRD [<mailto:William.V.Jones@state.nm.us>]  
**Sent:** Tuesday, May 17, 2011 6:31 PM  
**To:** Ogden, Matt; Van Eaton, Matt  
**Cc:** Brooks, David K., EMNRD; Ezeanyim, Richard, EMNRD; Mull, Donna, EMNRD; Kautz, Paul, EMNRD  
**Subject:** Downhole Commingle Applications from Merit Energy Company

Hello Matt and Matt:

We have several pending apps here from Merit for Sections 5, 8, 9 of T22S, R36E  
These ask to downhole commingle the Jalmat Gas with the "Langlie Mattix-Queen"

According to my records, the three Sections involved are actually within the Jalmat Oil Pool or Jalmat Gas Pool for shallower than Queen production and in the South Eunice-Seven Rivers Queen Oil Pool for Queen production. It appears that all are in the Jalmat Gas except the State A A/C 2 #7 is producing from the Jalmat Oil – so the acreage plat for that well may be 40 acres instead of bigger – please send another C-102 or let me know why it is greater than 40 acres.

The South Eunice-Seven Rivers Queen Oil Pool should be spaced on 40 acres – if I am incorrect on that, let me know?

Please correct the C-102 plats for these applications to show the correct number of acres in each spacing unit and outline the acreage on the C-102.

If you have any documentation showing why these acreages are bigger than 40 acres for oil wells please send copies.

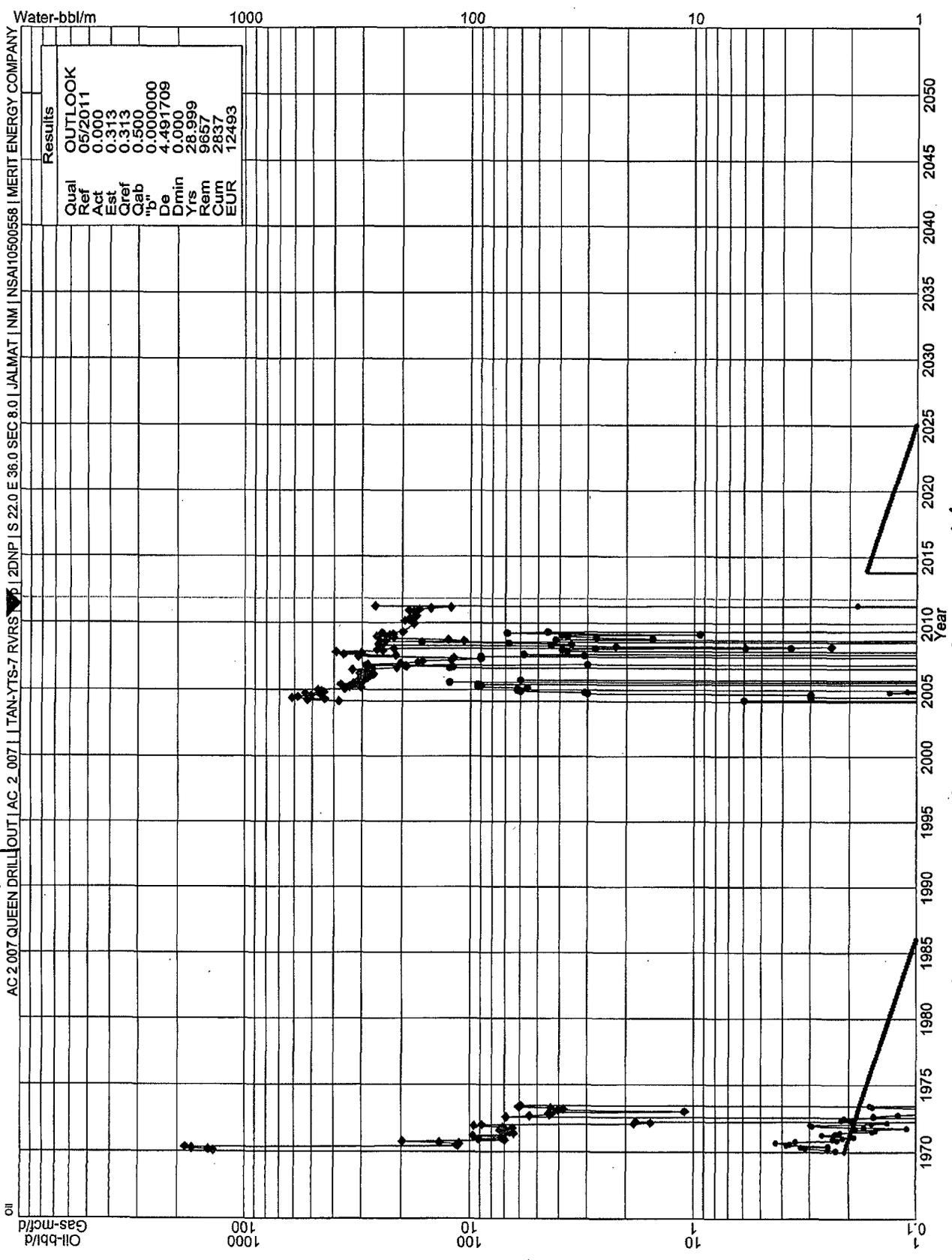
Frequently if acreage dedications vary, there is different royalty owners and therefore the interests would not be considered "identical".

Since the acreage dedications were not always correct on your applications, after the C-102's are corrected or checked, please re-check with your Landman as to whether the ownership is identical from the 7 rivers to the Queen.

EST QUEEN  
1.75 BOLD

CURRENT PROD  
25 MCFD  
5 BOLD

QUEEN  
← 7 YRS - YATES  
→ 7 YRS - YATES

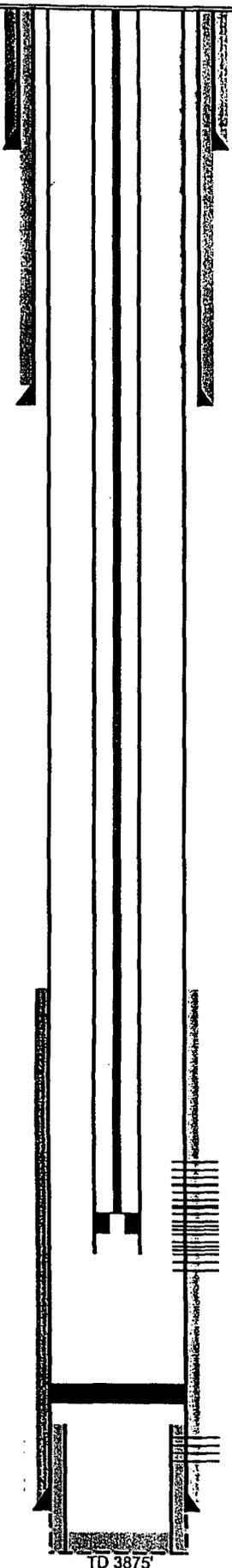


GAS 100% 7 YRS - YATES

OIL 20% QUEEN  
80% 7 YRS - YATES

FORM	TOP
TANSILL	3,075'
YATES	3,250'
7 RVRS	3,416'
QUEEN	NDE
GB	

\*FILE PICK



12-1/2" @ 226'  
w 200 sx Cmt

9-5/8" @ 1,439' w/600 sxs

Reported hole in casing 7773.  
Producing under a pkr.at that time.  
Casing tested OK 10/03.

**SELECT PERFS:** 10/03  
3151, 3198, 3206, 3217, 3222, 3232,  
3242, 3254, 3260, 3283, 3288, 3295,  
3310, 3316, 3324, 3336, 3355, 3366,  
3382, 3398

2-3/8" Tubing @ 3372'

CIBP @ 3623' 10/6/2003

**SELECT PERFS:**  
3740, 3766, 3786, 3798, 3807,  
3826, 3836, 3864  
7" @ 3,750' w 200 sx Cm 1/38  
5-1/2" Liner 3695-3875' 4/64

<b>STATE A/C 2 #7</b>	
<b>CURRENT WELLBORE DIAGRAM</b>	
<b>RAPTOR RESOURCES INC</b>	
SU-T-R 8D-22S-36E	API #: 30-025-08830
POOL: JALMAT;TAN-YATES-7 RVRS (Oil)	
CO, ST: LEA, NM	LAND TYPE: STATE
STATUS: ACTIVE	ACREAGE 40.00
LATEST RIG WORKOVER: 10/2003	
DIAGRAM REVISED: 1/29/2004 BY J. Nicholson	

LOG ELEVATION:	
GROUND ELEVATION:	3610'

	CASING			TUBING
Hole				
Pipe	12-1/2"	9-5/8"	7"	2-3/8"
Weight	50#	36#	24#	
Grade				
Thread				
Depth	226'	1439	3750'	3372'
Mud wt				
Cmt	200 sxs	600 sxs	200 sxs	

LOGS	
No record of original logs in the file.	
Welex GR-Neutron	4/5/64

TAN-YATES-7 RVRS ZONE HISTORY
Re-enter well 10-2-03 Set CIBP @ 3623'. 7" casing tested OK. Ran CBL TOC @ 2920'. Perf 3151-3398'. Acidized: Treat each perf w/PPI tool and total of 2000g 15% Ferchek acid Frac: w/ 1049 bbls gel foamed to 70 quality w/ 270T CO2 carrying 14,677# 20/40 and 160,550# 12/20 Brady Initial gas 20 to 25% CO2 Test: 11/6/03 1 BO, 63 MCFD, 6 BWPD, 6% CO2.

OPPORTUNITY
7R not completed. However, zone low on structure and Yates had modern, large frac.

QUEEN ZONE HISTORY
12/11/37 Spud. 1/20/38 Initial Completion Completed openhole - 3750'-3875'. Acid: 3000g on 1/20/38 Flowing initially @ 300 BOPD per '64 summary. Well dead on 2/64. Not on pump. 4/64 Set 4-1/2" hydril flush joint liner 3695-3875'. 28 sxs cmt. Perf 3740 to 3864'. Spot acid on perfs. SOT w/20,000 gals oil & 40,000# sand & 1/40# adomite. Tested 4/22/64 18 BOPD, 18 BWPD, 554 MCFD.

District I  
 PO Box 1980, Hobbs, NM 88241-1980  
 District II  
 811 South First, Artesia, NM 88210  
 District III  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV  
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
 2040 South Pacheco  
 Santa Fe, NM 87505

Form C-102  
 Revised October 18, 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 08830		Pool Code 79240	Pool Name JALMAT TNSL YTS 7-RVRS (PRO-GAS)
Property Code 011793 24671	Property Name STATE A A/C 2		Well Number 7
OGRID No. 162791	Operator Name RAPTOR RESOURCES, INC.		Elevation

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	8	22S	36E		660	N	600	W	LEA

<sup>11</sup> 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

<sup>12</sup> Dedicated Acres 160	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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

<sup>16</sup> 	<sup>17</sup> OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i>  Signature RUSSELL DOUGLASS Printed Name PRESIDENT Title 6-3-99 Date
	<sup>18</sup> SURVEYOR CERTIFICATION <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> Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

5

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**

<sup>1</sup> API Number 30-025-08830		<sup>2</sup> Pool Code 24130		<sup>3</sup> Pool Name Eunice 7 Rivers Queen, South	
<sup>4</sup> Property Code 302433		<sup>5</sup> Property Name State A A/C 2			<sup>6</sup> Well Number 7
<sup>7</sup> OGRID No. 14591		<sup>8</sup> Operator Name Merit Energy Company			<sup>9</sup> Elevation 3610'

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	8	22S	36E		660	N	600	W	Lea

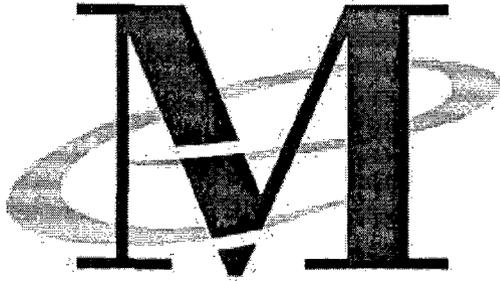
<sup>11</sup> Bottom Hole Location If Different From Surface

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

<sup>12</sup> Dedicated Acres 40	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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><b><sup>17</sup> OPERATOR CERTIFICATION</b></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><b><sup>18</sup> SURVEYOR CERTIFICATION</b></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</p> <p>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**

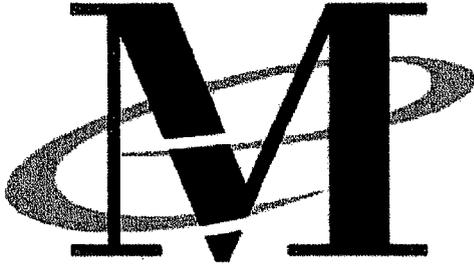
Merit Energy Company has requested approval to commingle the Queen formation (Langlie Mattix Pool) with the Tansill-Yates-Seven Rivers formation (Jalmat Pool).

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](mailto: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](mailto:matt.vaneaton@meritenergy.com)  
Phone: 972-628-1557  
Fax: 972-682-1857