

DATE IN 11/26/01	SPONSOR 12/17/01	ENGINEER DC	LOGGED IN KV	TYPE CTB	APP NO 0133340133
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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 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

Surface commingling

01 NOV 26 PM 3:33

[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.

PENROC OIL CORP.

Print or Type Name

Mohammed Yamin Marchant

Signature

[Signature]

Title

President

Date

11/28/2001

e-mail Address

mymarchant@hotmail.com

PENROC Oil Corporation

P.O. Box: 5970 Hobbs, New Mexico 88241 U.S.A.

Ph : (505) 397-3596
Fax : (505) 393-7051

E-mail: ~~mymerch@penroc.com~~
mymerch@hotmail.com

November 23, 2001

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

Re: Surface Commingling of State Leases
W/2 Section 13-T-21-S, R-35-E
Lea County, New Mexico

Gentlemen:

Penroc Oil Corporation is requesting permission to surface commingle the State WEE A, State WEB 2, State WEE and State WEBB in the captioned section. All leases have common mineral and working interest ownerships. All the wells are stripper, which makes it almost impossible to exist on their own and be economical.

Following is the data on the wells that are being proposed to be surface commingled:

Penroc Oil Corporation is operator of all wells.

OGRID #: 017213

Well Names: WEE A #1 & 2, WEB 2 #1 & 2, WEE #1, WEBB #1 & 2

State Lease #: E-393 & E-395

API #s: 30-025-24863, 30-025-24934, 30-025-03461, 30-025-03462, 30-025-04353, 30-025-25039, & 30-025-25040

POD#'s: 2062810(oil) 2062830 (gas) for WEE A #1 & 2
2596910(oil) 2596930 (gas) for WEB 2 #1 & #2
2069210(oil) 2069230 (gas) for WEBB #1 & #2

Working Interest: Penroc Oil Corporation 96.875%
John Bryant 3.125%

Royalty Interest: 12.5% State of New Mexico
Field: Eumont Yates Seven Rivers Queen

Producing Zone: Eumont Yates Seven Rivers Queen

The allocation of production will be based on monthly test. All production will be disposed at POD 2596910 (oil), 2596930 (gas) & 2596950 (water).

Page 2

Application to Surface Commingle
W/2, Section 13-T-21-S, R-35-E
Lea County, New Mexico

A sketch of the surface facilities is attached for your review.

A copy of this application is being sent to the New Mexico Land Office with a request of their approval.

If any additional information is required, please contact the undersigned. Thanks.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Y. (Merch) Merchant".

M. Y. (Merch) Merchant
President

Attachments.

CC: New Mexico State Land Office (U.S. mail)
OCD-Hobbs (Hand Delivered)
John Bryant (Hand Deliverd)

P.S. Well tests for all the wells are on the attachments.

Page 3

Application to Surface Commingle
State WEE "A", WEB, WEE, WEBB
W/2 Section 13, T-21-S, R-35-E
Lea County, New Mexico

Current well tests:

WEE "A":

#1: 2 BO, 14 BW and 5 MCFD - *N*
#2: 2 BO, 3 BW and 8 MCFD - *L*

WEB 2 :

#1: 0 BO, 0 BW and 0 MCFD- Well shut in and scheduled for work over 1st Quarter '02. - *Q*
#2: 8 BO, 1 BW and 8 MCFD- well worked over in early November 2001. - *F*

WEE:

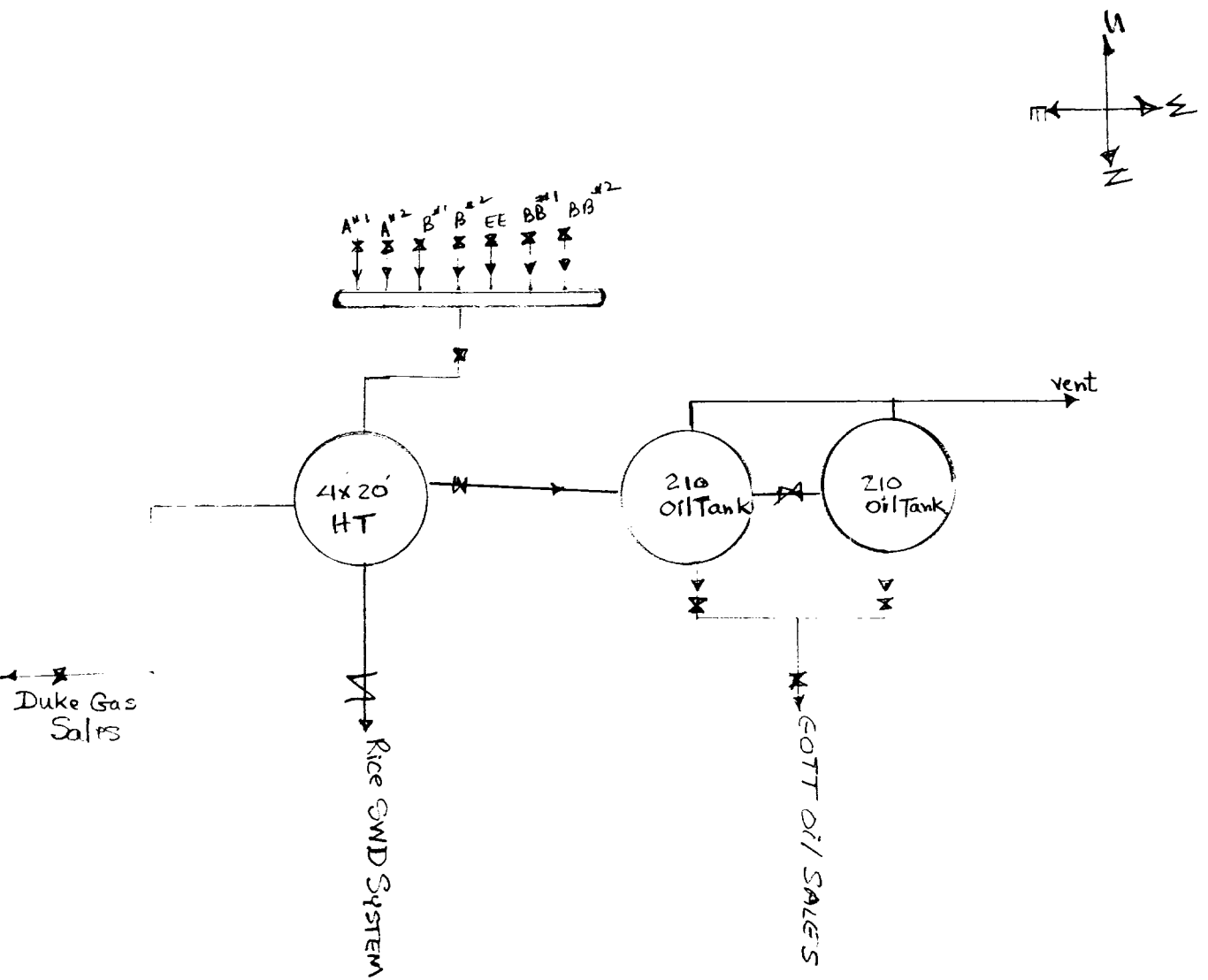
#1: 0 BO, 0 BW and 0 MCFD- Well shut in and scheduled for work over 1st Quarter 02. - *K*

WEBB:

#1: 0 BO, 0 BW and 0 MCFD- Well shut in and scheduled for work over 1st Quarter 02. - *Q*
#2: Same as above on Well #1. - *E*

Wells will be produced at the commingled battery State WEB 2 due to gas sales connection and Rice SWD connection there. They will be tested monthly.

PENROC OIL CORPORATION
 STATE WEE 'A', WEE B'2', WEE A WEE B
 W/2, Section 13, T-21-S, R-35-E
 LEA County, New Mexico
 SURFACE COMMINGLING



WELL TESTS TO BE CONDUCTED
 BY SHUTTING IN ALL BUT ONE
 WELL ONCE A MONTH UNTIL
 ALL ARE TESTED. WELLS
 ARE STRIPPER AND DO NOT
 SLIAGE IN PRODUCTION
 MONTH-TO-MONTH

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

ADMINISTRATION

Phone (505) 827-5700

Fax (505) 827-5853

GENERAL COUNSEL

Phone (505) 827-5713

Fax (505) 827-4262

PUBLIC AFFAIRS

Phone (505) 827-1245

Fax (505) 827-5766



**New Mexico State Land Office
Commissioner of Public Lands
Ray Powell, M.S., D.V.M.**

COMMERCIAL RESOURCES

Phone (505) 827-5724

Fax (505) 827-6157

MINERAL RESOURCES

Phone (505) 827-5744

Fax (505) 827-4739

ROYALTY MANAGEMENT

Phone (505) 827-5772

Fax (505) 827-4739

SURFACE RESOURCES

Phone (505) 827-5793

Fax (505) 827-5711

November 29, 2001

Penroc Oil Corporation
P. O. Box 5970
Hobbs, New Mexico 88241-5970

Attention: Mr. M. Y. (Merch) Merchant

Re: Commingling Application
Penroc Well Names: WEE A #1 & 2, WEB 2 #1 & 2, WEE #1, WEBB #1 & 2
W/2 Section 13, Township 21 South, Range 35 East
E00392-11, E00395-17
Lea County, New Mexico

Dear Mr. Merchant:

We are in receipt of your letter of November 23, 2001. In your letter you are requesting our approval to surface commingle the oil and gas production from the above captioned wells at the State WEB 2 battery located in the SE/4NE/4 of Section 13, Township 21 South, Range 35 East.

It is our understanding that all production is from the Eumont Yates Seven Rivers Queen pool and production will be allocated by monthly well tests.

Since it appears that all the New Mexico Oil Conservation Division's 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 request is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Please submit a \$30.00 filing fee.

Please contact Ms. Debbie Padilla at 505/827-5729 regarding a possible right-of-way through the S/2NE/4 of Section 13-21S-35E.

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

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY:

JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744
RP/JB/pm

pc: Reader File,
OCD-Attention: David Catanach, Ben Stone,
Debbie Padilla

CMD :
OG5SECTONGARD
INQUIRE LAND BY SECTION12/11/01 07:58:
OGOKRV -TP
PAGE NO:

Sec : 13 Twp : 21S Rng : 35E Section Type : NORMAL

D 40.00 CS E00392 0011 PENROC OIL CORP 06/11/55 A	C 40.00 CS E00392 0011 PENROC OIL CORP 06/11/55 A	B 40.00 CS B01167 0051 CITATION OIL & GA 09/15/42 A	A 40.00 CS B01167 0051 CITATION OIL & 09/15/4 A
E 40.00 CS E00392 0011 PENROC OIL CORP 06/11/55 A	F 40.00 CS E00392 0011 PENROC OIL CORP 06/11/55 A	G 40.00 CS B01167 0051 CITATION OIL & GA 09/15/42 A	H 40.00 CS B01167 0051 CITATION OIL & 09/15/4 A A

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07 BKWD	PF08 FWD	PF09 PRINT	PF10 SDIV	PF11	PF12

CMD :
OG5SECTONGARD
INQUIRE LAND BY SECTION12/11/01 07:58:
OGOKRV -TP
PAGE NO:

Sec : 13 Twp : 21S Rng : 35E Section Type : NORMAL

L 40.00 CS E00395 0017 PENROC OIL CORP 06/11/55 A	K 40.00 CS E00395 0017 PENROC OIL CORP 06/11/55 A	J 40.00 CS B01167 0051 CITATION OIL & GA 09/15/42 A	I 40.00 CS B01167 0051 CITATION OIL & 09/15/4 A A
M 40.00 CS E00395 0017 PENROC OIL CORP 06/11/55 A	N 40.00 CS E00395 0017 PENROC OIL CORP 06/11/55 A	O 40.00 CS B01167 0051 CITATION OIL & GA 09/15/42 A	P 40.00 CS B01167 0051 CITATION OIL & 09/15/4 A A

PF01 HELP
PF07 BKWDPF02
PF08 FWDPF03 EXIT
PF09 PRINTPF04 GoTo
PF10 SDIVPF05
PF11PF06
PF12