

District I
1625 N. French Dr., 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
**If an earthen pit(s) will be utilized
in association with this work, a
permit must be obtained prior to
pit construction.**

RECEIVED

JUN 1 2 2006

OIL CONSERVATION

Form C-101
May 27, 2004

Submit to appropriate District Office

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Merit Energy Company 13727 Noel Road, Suite 500, Dallas, Texas 75240		² OGRID Number 14591
³ Property Code 007664	⁵ Property Name Collatt Estate Com	⁴ APN Number 30-015-20248
⁹ Proposed Pool 1 Carlsbad; Morrow, South (Pro Gas)		⁶ Well No. 1
¹⁰ Proposed Pool 2		

⁷ Surface Location

UL or lot no. J	Section 1	Township 23-S	Range 26-E	Lot Idn	Feet from the 1980	North/South line south	Feet from the 1980	East/West line east	County Eddy
--------------------	--------------	------------------	---------------	---------	-----------------------	---------------------------	-----------------------	------------------------	----------------

⁸ Proposed 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
---------------	---------	----------	-------	---------	---------------	------------------	---------------	----------------	--------

Additional Well Information

¹¹ Work Type Code P	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code	¹⁵ Ground Level Elevation 3223.9'
¹⁶ Multiple No	¹⁷ Proposed Depth 11,900'	¹⁸ Formation Morrow	¹⁹ Contractor Nabors	²⁰ Spud Date
Depth to Groundwater		Distance from nearest fresh water well		Distance from nearest surface water
Pit: Liner: Synthetic <input type="checkbox"/> _____ mils thick Clay <input type="checkbox"/> Pit Volume: _____ bbls Drilling Method: _____				
Closed-Loop System <input checked="" type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input checked="" type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
20"	16"	65 & 75	350'	350 sx Circ	Surface
13-3/4"	11-3/4"	60	1950'	1225 sx Circ	Surface
10-5/8"	8-5/8"	36	9659'	1840 sx	1400'
7-3/4"	5"	15	11,950'	730 sx (sqz top line w/250sx)	

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Currently completed in Carlsbad, South (Atoka). Has not produced since 08/2004. The proposed objective is to squeeze the Atoka interval (10,796' - 11,066') and re-complete the MORROW formation (11,470' - 11,740'). Operations will include drilling through the CIBP at 11,415' that is isolating the Morrow zone, adding new perforations (11,807 - 11,816') and fracture stimulating the new and existing Morrow perforations (11,470' - 11,816'). The Blowout prevention program includes a 5,000 psi blowout preventor on the 8-5/8" casing and tapered string of 2-7/8" and 3-1/2" hydril frac string.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines ☒ a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

Printed name: Larry M. Sanders

Title: Sr. Regulatory Analyst

E-mail Address: larry.sanders@meritenergy.com

Date: 06/09/2006

Phone: (972) 628-1610

OIL CONSERVATION DIVISION

Approved by:

BRYAN G. ARANT

Title:

DISTRICT II GEOLOGIST

Approval Date: JUN 19 2006

Expiration Date: JUN 19 2007

Conditions of Approval Attached ☐

16				<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>Larry M. Sanders</i> 6/9/06</p> <p>Signature Date</p> <p>Larry M. Sanders</p> <p>Printed Name</p>
		1980	1980	<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>8-9-1969</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>676</p> <p>Certificate Number</p>

RECEIVED

MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

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

AUG 22 1969

All distances must be from the outer boundaries of the Section.

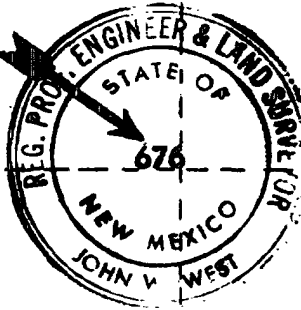
RECEIVED

Operator THE SUPERIOR OIL COMPANY			Lessee COLLATT ESTATE COM			Well No. ARTEBIA, OFFICE	JUN 12 2006
Unit Letter J	Section 1	Township 23 SOUTH	Range 26 EAST	County EDDY			
Actual Footage Location of Well:							
1980 feet from the SOUTH line and		1980 feet from the EAST line					
Ground Level Elev. 3223.9	Producing Formation Atoka and Morrow	Pool South Collatt	Dedicated Acreage: 320		Acres		

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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? **320.36 acres in E/2 Section 1, T-23-S, R-26-E is committed to operating agreement dated July 7, 1969. Leases covering E/2 Sec. 1 will be pooled in accordance with pooling provisions contained in said leases.**
☒ Yes ☐ No If answer is "yes," type of consolidation **July 7, 1969. Leases covering E/2 Sec. 1 will be pooled in accordance with pooling provisions contained in said leases.**
 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.

Pennsoll United; Statoil '68, Ltd.;
Gulf Oil Corp.; Mobil Oil Corp.

Fitz-Hugh Bull Marshall (Lessor)
of Lots 1 & 2 plus S/2 NE/4 Sec. 1
Containing 160.36 acres



Superior M-798
160 acres in SE/4 Section 1
M. O. Collatt Estate (Lessor)

1980'
1980'

CERTIFICATION

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

Name

T. D. Clay

Position

Production Engineer

Company

The Superior Oil Company

Date

August 19, 1969

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

8-9-1969

Registered Professional Engineer and/or Land Surveyor

John V. West

Certificate No.

676

