

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
Energy Minerals and Natural Resources



Form C-10
May 27, 2008

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

Submit to appropriate District Office

AMENDED REPORT

FEB 26 2008
OCD-ARTESIA

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

¹ Operator Name and Address Merit Energy Company 13727 Noel Rd. Ste 500 Dallas, TX 75240		² OGRID Number 014591
		³ API Number 30 - 01520246
³ Property Code	⁵ Property Name Collatt Estate	⁶ Well No. 1
⁹ Proposed Pool 1 Canyon		¹⁰ Proposed Pool 2

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	1	23S	26E		1980	S	1980	E	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	¹² Well Type Code G	¹³ Cable/Rotary	¹⁴ Lease Type Code	¹⁵ Ground Level Elevation 3243
¹⁶ Multiple	¹⁷ Proposed Depth	¹⁸ Formation	¹⁹ Contractor	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: Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>		
Closed-Loop System <input type="checkbox"/>				

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC

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.

Please see attached paper work.

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 .

Signature:

Printed name: Kristin Hodge

Title: Regulator Analyst

E-mail Address: Kristin.Hodge@meritenergy.com

Date:

Phone: 9726281467

OIL CONSERVATION DIVISION

Approved by:

BRYAN G. ARRANT
DISTRICT II GEOLOGIST

Title:

Approval Date: 2-26-08

Expiration Date: 2-26-10

Conditions of Approval Attached

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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 October 12, 2005
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

FEB 26 2008
OCD-ARTESIA

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-20246	² Pool Code	³ Pool Name Canyon
⁴ Property Code	⁵ Property Name Collatt Estate	
⁷ OGRID No. 014591	⁸ Operator Name Merit Energy Company	⁶ Well Number 1
		⁹ Elevation 3243

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
J	1	23-S	26-E		1980	S	1980	E	Eddy

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 320	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.

16	/			<p>¹⁷ OPERATOR CERTIFICATION <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>Signature: <i>Kristin Hodge</i> Date: 2/21/08</p> <p>Kristin Hodge Printed Name</p>
	/			
	/			
	/			
<p>¹⁸ 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></p> <p>Date of Survey: _____ Signature and Seal of Professional Surveyor: _____</p> <p>Certificate Number: _____</p>				

1980' E

1580 S

Date: January 10, 2008
Well: Collatt Estate #1
API: 30-015-20246
Field: Morrow
Location: 1980' FSL & 1980' FEL, SEC. 1, T23S-R26E
Lea County, NM
Formation: Current: Strawn
Proposed: Canyon
Elevation: GL = 3,225'
KB = UNK
PBSD = 11,900'
TD = 11,950'
Engineer: Justin Findley

Subject: Perforate and Acid Stimulate

Well Data

Tubing: 2-3/8" 4.7# N-80 & A-95, 243 JTS
Liner: 5" 15# N-80 LT&C 9,481'-11,950' w/ 730 sx class "H" – no cmt
encountered @ top of liner
Casing: 8-5/8" 36# N-80 & S-95 ST&C and LT&C 0 – 9,643'
11-3/4" 60# N-80 & S-95 Buttress, ST&C 0 – 1,950'
16" 75, 65# H-40 ST&C 0 – 350'
Perforations: Strawn: 10,453' – 10,493' (squeezed)
Atoka: 10,796' – 11,066' (squeezed)
CIBP @ 11,415
Morrow: 11,470' – 11,740'
See wellbore schematic for details.

Objective

1. Set CIBP @ 10,450'
2. Test Canyon formation (10,250' – 10,380')
 - a. If formations does not test, TA

Procedure

1. MIRU pulling unit. NU BOP with 2-3/8" pipe rams on top.
2. Unload, rack and strap 10,450' of 2-3/8", 4.7 ppf N-80 workstring.
3. Pick up 3.75" bit and 3.75" casing scraper on workstring and TIH to +/- 10,450'. POOH with same.

4. MIRU E-line unit. RIH w/ 3.75" OD gauge ring and junk basket to 10,450' and POOH. Pick up a 3.71" CIBP, RIH and set at 10,450'. POOH. Pick up bailer and TIH and dump bail a 35' cement cap on CIBP. POOH.
5. Load hole with produced water, if available, or 4% KCl water. RIH with GR/CCL/CBL and log from 9,500' to 10,410' with no pressure and one pass with 1000 psig on casing and correlate to Schlumberger Borehole Compensated Sonic Log-Gamma Ray (9-28-1969).
6. TIH with bit on workstring to 10,400 and circulate wellbore clean with 4% KCL water. POOH.
7. TIH w/ 3-1/8" gun (38.87" penetration, 0.40" entry hole, 120 degree phasing) and perforate the following Canyon zones at the specified shot density:

Interval

3 SPF 10,260' – 10268' (8', 27 shots)

3 SPF 10,364' – 10,374' (10', 33 shots) w/casing guns

(114' Gross, 18' Net, 60 shots)

8. POOH, record any fluid level change and guns for misfires. RDMO wireline unit.
9. Pick up 3.71" treating packer on 2-3/8" workstring, TIH while hydro-testing. Set packer at +/- 10,175'. Load and pressure test annulus to 500 psig. Pick up swabbing tools, swab for entry and monitor fluid levels while swabbing back. RD swabbing tools.
10. MIRU treating company. Pressure test and hold 500 psig on annulus with pump truck. Pressure test lines to 3,000 psig.
11. Establish injection rate and pressure into perforated interval from 10,250' – 10,380' with 4% KCl followed by 1,500 gallons of 15% HCL acid and additives, divert with 100 ball sealers (100% excess) and displace to bottom perf with 4 % KCl.

15% HCL	1,500 gal
ACI-256	5 gal
NE-150	2.5 gal
Fe Reducer	7.5 gal
LST-WRS	5 gal
CS-302	5 gal
Ball Sealers	100

12. RDMO treating company. Pick up swabbing tools, swab for entry and monitor fluid levels while swabbing back all load water. RD swabbing tools.
13. Turn to sales.

Contacts

Operations Manager:	David Hertel	(806) 229-6300 - Office
Foreman:	Dwain Wall	(505) 677-2327 - Office

Region Manager:
Ops. Engineer:

Cruz Abila
Justin Findley

(972) 628-1552 - Office
(972) 628-1493 / (214) 577-9784