

District I
1625 N. French Dr., Hobbs, NM 88240
Phone (575) 393-6161 Fax (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone (575) 748-1283 Fax (575) 748-9720
District III
1000 Rio Brazos Road Aztec NM 87410
Phone (505) 334-6178 Fax (505) 334-6170
District IV
1220 S. St. Francis Dr. Santa Fe NM 87505
Phone (505) 476-3460 Fax (505) 476-3462

HOBBS OCD
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State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-101
Revised August 1, 2011

Permit

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 14591
		³ API Number 025-29121
⁴ Property Code 307232 39448	⁵ Property Name Peoples 32 State	⁶ Well No 1

⁷ Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
P	32	18S	35E		660	South	660	East	Lea

⁸ Pool Information

Scharb; Queen	
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Additional Well Information

⁹ Work Type Re-Enter	¹⁰ Well Type Oil	¹¹ Cable/Rotary Rotary	¹² Lease Type State	¹³ Ground Level Elevation 3920
¹⁴ Multiple	¹⁵ Proposed Depth 6907	¹⁶ Formation Queen	¹⁷ Contractor	¹⁸ Spud Date 09/27/2012
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

¹⁹ Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	54.5	395	400	Surf.
Intl	12.25	8.625	28	3900	1550	Surf.
Prod	7.875	5.5	17	6907	0	

Casing/Cement Program: Additional Comments

Permit Expires 2 Years From Approval Date Unless Drilling Underway

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	3000	5000	Townsend

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 NMOC guidelines <input checked="" type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative. OCD-approved plan <input type="checkbox"/> .		OIL CONSERVATION DIVISION	
Printed name: Matt Ogden			
Title: Regulatory Analyst		Title: Petroleum Engineer	
E-mail Address: matt.ogden@meritenergy.com		Approved Date: SEP 20 2012	Expiration Date:
Date: 09/17/2012	Phone (972)628-1603	Conditions of Approval Attached	

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Energy, Minerals & Natural Resources Department

1220 South St. Francis Dr.

Santa Fe, NM 87505

District Office

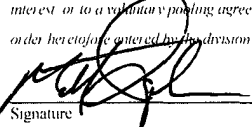
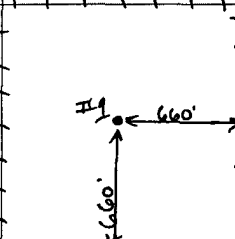
☐ AMENDED REPORT

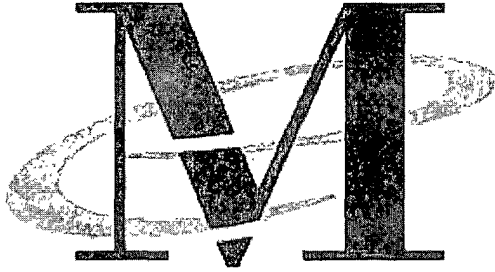
¹ API Number		² Pool Code	³ Pool Name
30-025-29121		55630	Scharb; Queen
⁴ Property Code	⁵ Property Name		⁶ Well Number
307232	Peoples 32 State		1
⁷ OGRID No.	⁸ Operator Name		⁹ Elevation
14591	Merit Energy Company		3920

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	32	18S	35E		660	South	660	East	Lea

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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 this division</i></p> <p></p> <p>Signature _____ Date <u>09/17/2012</u></p> <p><u>Matt Ogden</u> Printed Name</p> <p><u>matt.ogden@meritenergy.com</u> 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>_____</p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor. _____</p>
			<p>_____</p> <p>Certificate Number _____</p>



*Merit Energy Company
13727 Noel Road, Suite 500
Dallas, TX 75240*

Date: September 17, 2012
To: New Mexico Oil Conservation Division
Attention: Donna Mull
**RE. Drilling Permit to Re-Enter – Location Never Released
Lea County, New Mexico**

Merit Energy Company has requested approval to Re-Enter the Peoples 32 State, API # 30-025-29121, located in Lea County, NM, Sec 32 18S 35E. The well was plugged in 2005 by Forest Oil, but the location was never released. We accept responsibility of remediating the surface location when the well is plugged at a future date.

Please let me know if you have any questions.

Sincerely,

Matt Ogden
Regulatory Analyst
Phone: 972-628-1603
Fax: 972-682-1903

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State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION

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<p>SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)</p>		<p>WELL API NO. 30-025-29121</p>
<p>1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/></p>		<p>5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/></p>
<p>2. Name of Operator Merit Energy Company</p>		<p>6. State Oil & Gas Lease No. 307232</p>
<p>3. Address of Operator 13727 Noel Road, Ste. 500 Dallas, TX 75240</p>		<p>7. Lease Name or Unit Agreement Name Peoples 32 State</p>
<p>4. Well Location Unit Letter P : 660 feet from the S line and 660 feet from the E line Section 32 Township 18S Range 35E NMPM County Lea</p>		<p>8. Well Number 1</p>
<p>11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3920' GR</p>		<p>9. OGRID Number 14591</p>
		<p>10. Pool name or Wildcat Scharb; Queen</p>

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

<p>NOTICE OF INTENTION TO:</p> <p>PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> DOWNHOLE COMMINGLE <input type="checkbox"/></p>		<p>SUBSEQUENT REPORT OF:</p> <p>REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/></p>	
<p>OTHER: Re-Enter <input checked="" type="checkbox"/></p>		<p>OTHER: <input type="checkbox"/></p>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

The was plugged in 2005 by Forest Oil. The 5-1/2" casing was cut @ 4050', and several cement plugs were pumped from there to surface. We plan to drill out all cement plugs using a workover rig, clean down to the cement above the retainer @ 6907', then run 5-1/2" casing down to where the casing was cut. We'll latch on with a lead-style casing patch and the final wellbore configuration is attached.

After we have 5-1/2" casing in place, we'll squeeze cement behind the casing, then run a CBL to ensure good cement integrity, then perforate and frac the Queen formation.

Spud Date:

Rig Release Date:

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

SIGNATURE

TITLE Regulatory Analyst

DATE 09/17/2012

Type or print name Matt Ogden

E-mail address: matt.ogden@meritenergy.com

PHONE: (972)628-1603

For State Use Only

APPROVED BY:

TITLE

DATE

Conditions of Approval (if any):