

Submit 3 Copies To Appropriate District
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District I
1625 N. French Dr., Hobbs, NM 87240
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811 South First, Artesia, NM 87210
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1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-103
Revised March 25, 1999

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.)		WELL API NO. 30-045-31217
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
2. Name of Operator XTO Energy, Inc.		6. State Oil & Gas Lease No.
3. Address of Operator 2700 Farmington Ave., Bldg. K. Ste 1 Farmington, NM 87401		7. Lease Name or Unit Agreement Name: Bruington Gas Com C
4. Well Location Unit Letter G : 1900 feet from the North line and 1480 feet from the East line Section 21 Township 30N Range 11W NMPM County San Juan		8. Well No. 1F
		9. Pool name or Wildcat Blanco Mesaverde / Basin Dakota
10. Elevation (Show whether DR, RKB, RT, GR, etc.) 5,808' GR		

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data	
NOTICE OF INTENTION TO: 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 COMPLETION <input type="checkbox"/> OTHER: Downhole commingle <input checked="" type="checkbox"/>	SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/> CASING TEST AND CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/>

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

XTO Energy, Inc requests an exception to Rule 303A to downhole commingle production from the Basin Dakota Pool (71599) and the Blanco Mesaverde Pool (72319). Both pools are included in Division Order R-11363 establishing pre-approved pool combinations for downhole commingling in the San Juan Basin. The APD for this well has been approved but the well has not been drilled. XTO requests approval to DHC prior to drilling so that both zones can be completed immediately after drilling is completed. Attachments 1 and 2 summarize the conditions and information required per Rules 303C(1) and 303C(3) (b). The proposed production allocation formula is based on production of offset Dakota and Mesaverde completions in the 9 sections around this well location. See attachments for supporting data.

Proposed Gas Allocation: Dakota - 61% & Mesaverde - 39%
Proposed Oil Allocation: Dakota - 79% & Mesaverde - 21%
Proposed Water Allocation: Dakota - 79% & Mesaverde - 21%

DHC 987AZ

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

SIGNATURE *Ray Martin* TITLE Operations Engineer DATE 11/20/02
Type or print name Ray Martin Telephone No. (505) 324-1090

(This space for State use)
Original Signed by STEVEN N. HAYDEN

APPROVED BY DEPUTY OIL & GAS INSPECTOR TITLE NOV 22 2002 DATE
Conditions of approval, if any:

Attachment 1
Bruington Gas Com C #1F
Sec 21G, T30W, R11W
API #30-045-31217
C-103 NOI Sundry to DHC
11/20/02

Required conditions per Rule 303C(1):

- (a) The fluids from both pools are compatible. These pools have been commingled together in other wells without fluid compatibility or formation damage problems and the two pools have been pre-approved for downhole commingling.
- (b) No secondary recovery operations are planned for this well.
- (c) Using the NMOCD fracture parting pressure gradient of 0.65 psig per foot of depth, the estimated bottomhole pressure to frac the Mesaverde (est. top 3,786') is 2,460 psig and to frac the Dakota (est. top 6,608') is 4,295 psig. Because of offset drainage neither zone's current bottom hole pressures are expected to exceed the frac parting pressure of either zone.
- (d) The well will be produced until both zones are at economic depletion, thus no permanent loss of reserves will occur due to cross-flow in the wellbore.
- (e) Neither zone is sensitive to produced fluids from the other zone. These pools are commonly downhole commingled.
- (f) XTO Energy, Inc will maintain the production below top allowable or other rate restriction set by the NMOCD for each Pool.
- (g) Downhole commingling will not reduce the value of the total remaining production. Increased ultimate recovery is expected due to a lower economic production limit for each pool resulting lower operating cost per zone due to the combined production. Also, the reserves will be recovered in less time by downhole commingling.
- (h) Correlative rights will not be violated by downhole commingling these zones. The only open zones will be the Mesaverde and Dakota. The production will be allocated between the Mesaverde and Dakota per the allocation percentages on Attachment #2.

Attachment 2
Bruington Gas Com C #1F
Sec 21G, T30W, R11W
API #30-045-31217
C-103 NOI Sundry to DHC
11/20/02

Additional information per Rule 303C(3)(b):

- (i) Division Order R-11363 established pre-approved pool combinations for downhole commingling.
- (ii) The pools to be commingled are:
Blanco Mesaverde Pool (72319)
Basin Dakota Pool (71599).
- (iii) Blanco Mesaverde perforations: 3,800' – 4,800' (est. perf interval)
Basin Dakota perforations: 6,600' – 6,900' (est. perf interval)
- (iv) The proposed gas and oil production allocation percentages are based on average estimated ultimate recovery per completion of the 25 Mesaverde & 21 Dakota completions in the 9 section area around the proposed well location. Water production will be allocated identical to the oil production allocation. See attached maps and production decline curves for the offset Mesaverde and Dakota wells.

Proposed Allocation Percentages:

	GAS	OIL	WATER
Blanco Mesaverde	39%	21%	21%
Basin Dakota	61%	79%	79%

Blanco Mesaverde Pool (Avg. per well est. ultimate gas & oil recovery)

BO	MMCF
3,322	1,104

Basin Dakota Pool (Avg. per well est. ultimate gas & oil recovery)

BO	MMCF
12,806	1,748

- (v) Downhole commingling will not reduce the value of the total remaining production. Increased ultimate recovery is expected due to a lower economic production limit for each pool resulting lower operating cost per zone due to the combined production. Also, the reserves will be recovered in less time by downhole commingling.
- (vi) XTO Energy, Inc sent a notice of our intent to downhole commingle the Dakota and Mesaverde in this well to all working and royalty interest owners (list attached) by certified mail (return receipt) on 10/30/02. No objections were received within the 20 day notification period.
- (vii) This well is on fee land and minerals. The Dakota and Mesaverde spacing units do not contain Federal or State lands or minerals. Thus, no notice to BLM or State Lands was required.