

ABOVE THIS LINE FOR DIVISION USE ONLY

*- Need
Lease
Commencing
Ownership*

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST 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

[D] Other: Specify _____

*DHC 4709
- XTO Energy
5380
Well
- Texas Koma Federal #7
30-045 #30527
Pool
- Basin Fruitland
Coal
71629
- Flow Vista
Fruitland Sand
(Gas)
76600*

[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] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

<u>KRISTEN D. BABCOCK</u> Print or Type Name	<u><i>Kristen D. Babcock</i></u> Signature	<u>REGULATORY ANALYST</u> Title	<u>10/20/14</u> Date
		<u>Kristen_babcock@xtoenergy.com</u> e-mail Address	

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410
DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

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

Form C-107A
Revised June 10, 2003

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

Operator XTO Energy Inc. Address 382 CR 3100, Aztec, NM 87410

Lease TEXACOMA FEDERAL 7 Well No. #2 Unit Letter-Section-Township-Range C SEC 07 T30N R12W County SAN JUAN

OGRID No. 5380 Property Code 304716 API No. 30-045-30527 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	FLORA VISTA FRUITLAND SD		BASIN FRUITLAND COAL
Pool Code	76600		71629
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	1743' - 1956' PERFORATED		2036' - 2052' PERFORATED
Method of Production (Flowing or Artificial Life)	FLOWING		FLOWING
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)			
Producing, Shut-In or New Zone	SHUT IN		SHUT IN
Date and Oil/Gas/Water Rates of Last Production (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 3/01/2014 Rates: BO.0/ BW 0/MCF 27	Date: Rates:	Date: 3/1/2014 Rates: BO 0/ BW. 0/ OMCF
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil: 100 % Gas: 13 %	Oil: % Gas: %	Oil: 0 % Gas: 87 %

Are all working, overriding, and royalty interests identical in all commingled zones? Yes No
 If not, have all working, overriding, and royalty interests been notified by certified mail? Yes No
 Are all produced fluids from all commingled zones compatible with each other? Yes No
 Will commingling decrease the value of production? Yes No
 If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No

NMOCD Reference Case No. applicable to this well: _____

- ATTACHMENTS:
- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
 - Production curve for each zone for at least one year. (If not available, attach explanation.)
 - For zones with no production history, estimated production rates and supporting data.
 - Data to support allocation method or formula.
 - Notification list of all offset operators.
 - Notification list of working, overriding, and royalty interests for uncommon interest cases.
 - Any additional statements, data, or documents required to support commingling.

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
 - List of all operators within the proposed Pre-Approved Pools
 - Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
 - Bottomhole pressure data.
- I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Kristen D. Babcock TITLE REGULATORY ANALYST DATE 10/20/2014

TYPE OR PRINT NAME KRISTEN D. BABCOCK TELEPHONE NO. (505) 333-3206

E-MAIL kristen_babcock@xtoenergy.com

**Texakoma Federal 7 #2
Allocation Percentages**

The proposed gas, oil, and water production allocation percentages are based on stabilized test period. The Fruitland Sand produced for ~2 years, and the Fruitland Coal produced for 3 months. Test rates were taken at Stabilized pumping periods. Please see attached Fruitland Coal and Fruitland Sand Test analysis.

Proposed Allocation Percentages:

Pool	Oil	Water	Gas
Fruitland Coal	0%	99%	87%
Fruitland Sand	100%	1%	13%

Basin Fruitland Coal (Per stabilized 3 month avg. gas, oil and water recovery prod.)

BW	MCF
1,097	2,439

Fruitland Sand Pool (Per stabilized 6 month avg. gas, oil and water recovery prod.)

BW	MCF
6	372

Texakoma Federal 7-2

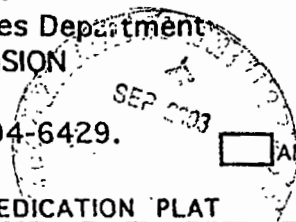
P_DATE	OIL	GAS	WATER
9/30/2001	0	903	33 Fruitland Sand Only
10/31/2001	0	961	67
11/30/2001	0	1715	63
12/31/2001	0	107	10
1/31/2002	0	1260	34
2/28/2002	0	1364	70
3/31/2002	0	1108	10
4/30/2002	0	806	5
5/31/2002	0	309	49
6/30/2002	0	432	0
7/31/2002	0	1182	0
8/31/2002	0	586	0
9/30/2002	0	477	0
10/31/2002	0	491	0
11/30/2002	0	385	0
12/31/2002	0	145	0
1/31/2003	0	544	0
2/28/2003	0	325	20
3/31/2003	0	374	0
4/30/2003	0	578	0
5/31/2003	0	466	0
6/30/2003	0	250	0
7/31/2003	0	241	15
6 mo Avg	0	372	6 Average Production from Fruitland Sand Prior to Commingling

	BO/mo	MCF/mo	BW/mo
Fruitland Sand Production	0	372	6
Fruitland Coal Production	0	2439	1997
Commingled Production	0	2811	1103
	% OIL	% GAS	% WATER
Fruitland Sand Production	0%	13%	1%
Fruitland Coal Production	0%	87%	99%
Commingled Production	0%	100%	100%

8/31/2003	0	61	59
9/30/2003	0	67	1844
10/31/2003	0	1087	3558 Fruitland Coal and Fruitland Sand
11/30/2003	0	789	1473
12/31/2003	0	814	1094
1/31/2004	0	1073	1553
2/29/2004	0	920	1146
3/31/2004	0	1360	1296 Stabilized Production Reached
4/30/2004	0	1224	754
5/31/2004	0	2062	1222
6/30/2004	0	1554	1222
7/31/2004	0	1542	803
8/31/2004	0	1194	837
9/30/2004	0	333	6 pump failure
10/31/2004	0	771	860
11/30/2004	0	2898	1218
12/31/2004	0	2761	1114
1/31/2005	0	2775	976
3 mo Avg	0	2811	1103 Average Stabilized Peak Commingled Production
2/28/2005	0	584	198
3/31/2005	0	608	409
4/30/2005	0	1266	924
5/31/2005	0	1029	526
6/30/2005	0	571	309
7/31/2005	0	571	423
8/31/2005	0	530	463
9/30/2005	0	261	347
10/31/2005	0	21	643
11/30/2005	0	154	704
12/31/2005	0	0	368
1/31/2006	0	0	274
2/28/2006	0	95	511
3/31/2006	0	367	494
4/30/2006	0	518	716
5/31/2006	0	291	153
6/30/2006	0	96	142
7/31/2006	0	0	483
8/31/2006	0	231	203
9/30/2006	0	169	70
10/31/2006	0	235	675
11/30/2006	0	320	720
12/31/2006	0	34	0
1/31/2007	0	49	0
2/28/2007	0	163	433
3/31/2007	0	103	316
4/30/2007	0	137	316
5/31/2007	0	242	1405
6/30/2007	0	88	748
7/31/2007	0	70	423
8/31/2007	0	223	372
9/30/2007	0	176	617
10/31/2007	0	216	869
11/30/2007	0	196	661
12/31/2007	0	142	495
1/31/2008	0	0	201
2/29/2008	0	140	102
3/31/2008	0	147	80
4/30/2008	0	55	0
5/31/2008	0	68	0
6/30/2008	0	2	80
7/31/2008	0	0	0
8/31/2008	0	79	0
9/30/2008	0	0	0
10/31/2008	0	111	0 Weak pump, production not indicative of potential.

State of New Mexico
 Energy, Minerals & Mining Resources Department
 OIL CONSERVATION DIVISION
 P. O. Box 6429
 Santa Fe, New Mexico 87504-6429.

Form C-102



AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-045-30527	Pool Code 71629	Pool Name BASIN FRUITLAND COAL
Property Code	Property (Well) Name Texakoma Federal 7	Well Number 2
OGRID No. 022521	Operator Name Texakoma Oil & Gas Corporation	Elevation 5920'

Surface Location

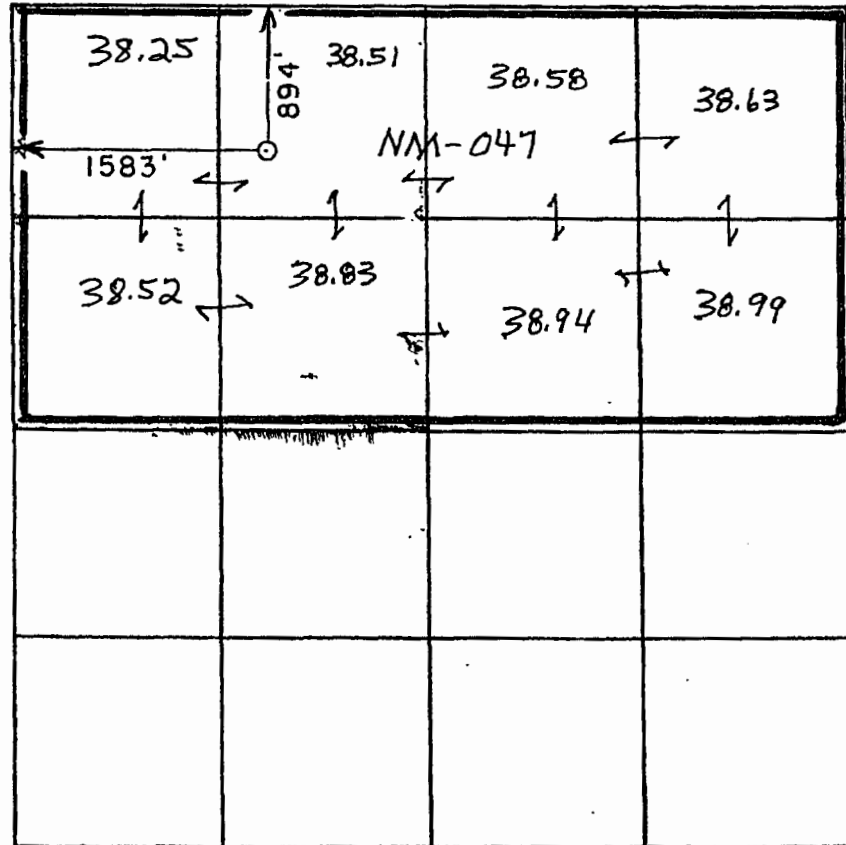
UL or Lot	Sec.	Twp.	Rge.	Lot ldn.	Feet from >	North/South	Feet from >	East/West	County
C	7	30 N	12 W		894	North	1583	West	San Juan

Bottom Hole Location if Different From Surface

UL or Lot	Sec.	Twp.	Rge.	Lot ldn.	Feet from >	North/South	Feet from >	East/West	County

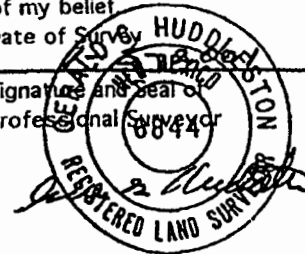
Dedication N/309.25	Joint? N	Consolidation	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.
 Signature: *Tom Sprinkle*
 Printed Name: TOM SPRINKLE
 Title: DRILLING MANAGER
 Date: September 23, 2003

SURVEYOR CERTIFICATION
 I hereby certify that the well location 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.
 Date of Survey: _____
 Signature and Seal of Professional Surveyor: *[Signature]*
 Certificate Number: _____



State of New Mexico
 Energy, Minerals & Mining Resources Department
OIL CONSERVATION DIVISION
 P. O. Box 6429
 Santa Fe, New Mexico 87504-6429.

Form C-102

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-045-30527	Pool Code 76600	Pool Name FLORA VISTA FRUITLAND SAND
Property Code	Property (Well) Name Texakoma Federal 7	Well Number 2
OGRID No. 022521	Operator Name Texakoma Oil & Gas Corporation	Elevation 5920'

Surface Location

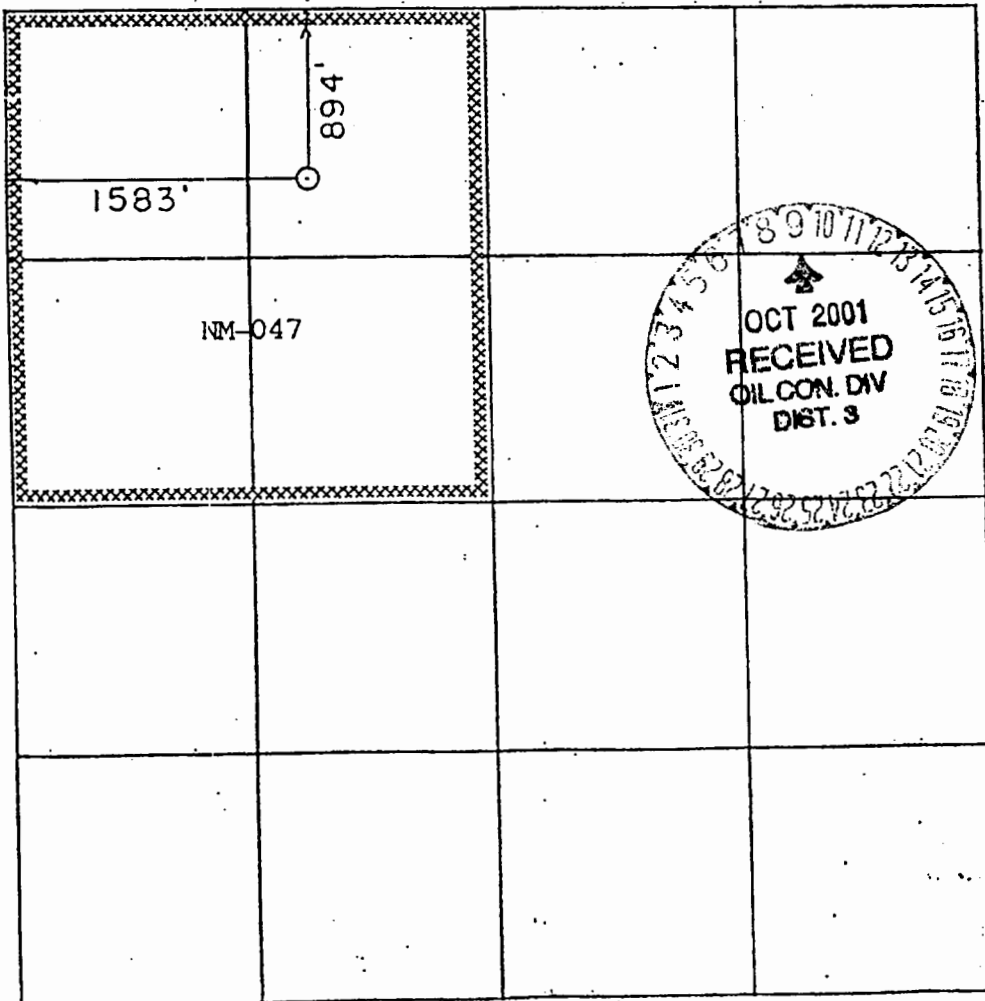
UL or Lot	Sec.	Twp.	Rge.	Lot Idn.	Feet from >	North/South	Feet from >	East/West	County
C	7	30 N	12 W		894	North	1583	West	San Juan

Bottom Hole Location If Different From Surface

UL or Lot	Sec.	Twp.	Rge.	Lot Idn.	Feet from >	North/South	Feet from >	East/West	County

Dedication 154.11	Joint? N	Consolidation	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



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

Signature: *Tom Sprinkle*
 Printed Name: TOM SPRINKLE
 Title: DRILLING MANAGER
 Date: 10-04-01

SURVEYOR CERTIFICATION
 I hereby certify that the well location 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.

Date of Survey: _____
 Signature and Seal of Professional Surveyor: *[Signature]*
 Registered Land Surveyor

Certificate Number: _____

EXHIBIT A

McMillan, Michael, EMNRD

From: Babcock, Kristen <Kristen_Babcock@xtoenergy.com>
Sent: Tuesday, October 21, 2014 4:37 PM
To: McMillan, Michael, EMNRD; Dean, David
Cc: Kardos, Kelly
Subject: RE: Texacoma Federal 7 Well No. 2

Michael,

This Downhole Commingle is part of a record clean up. XTO Energy Inc. discovered during well file review that well completion records filed by the original operator (Texacoma Oil & Gas Corp.) are not complete. This well was DHC in 2003 and appropriate fillings were not made at that time. XTO assumed operation in 2008. XTO inactivated this well in 2010. XTO is working to get the paperwork straightened out to have the proper approvals in place. The Texakoma 7 #2 which consists of the Flora Vista Fruitland Sand and the Basin Fruitland Coal are not in pre-approved pools. The ownership between the two zones is in fact common. If there is anything else that I can help you with to get this going let me know. Let me know if I need to do anything with the bottomhole pressures.

Thanks,

KRISTEN BABCOCK
REGULATORY ANALYST
SAN JUAN DISTRICT OFFICE, WESTERN DIVISION
382 CR 3100, AZTEC, NM 87410
OFFICE (505) 333-3206



From: McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]
Sent: Tuesday, October 21, 2014 4:13 PM
To: Babcock, Kristen
Subject: Texacoma Federal 7 Well No. 2

Ms. Babcock:

I received your application today for the Texacoma Federal 7 Well No. 2.

I need the following information

- Is this a pre-approved pool-when I looked at the preapproved pools, I did not see them
- Have you notified the affected parties, if none get a landman to state common ownership.
- You will need to provide a bottomhole pressure for the lower zone. You will need evidence to demonstrate that commingling will not result in shut-in or flowing well bore pressures in excess of any commingled pool's fracture parting pressure.

Thank You

Michael A. McMillan

Engineering and Geological Services Bureau, Oil Conservation Division
1220 South St. Francis Dr., Santa Fe NM 87505

RECEIVED

Form 3160-5
(September 2001)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

2003 AUG 25 AM 11:44

FORM APPROVED
OMB No. 1004-0135
Expires January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

070 Farmington, NM

5. Lease Serial No. **NM-047**

If Indian, Allottee or Tribe Name _____

7. Unit or CA/Agreement, Name and/or No. _____

8. Well Name and No. **Texakoma-Federal 7 #2**

9. API Well No. **30-045-30527**

10. Field and Pool, or Exploratory Area
BASIN FRUITLAND COAL & FLORA VISTA FRUITLAND SAND

11. County or Parish, State
SAN JUAN, NEW MEXICO

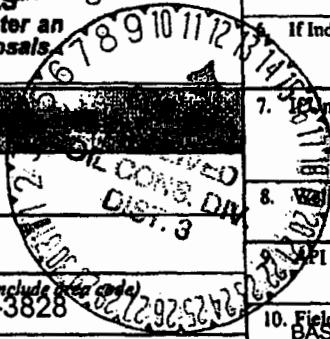
1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
TEXAKOMA OIL & GAS CORPORATION

3a. Address **5400 LBJ FWY, SUITE 500
DALLAS, TEXAS 75240**

3b. Phone No. (include area code)
972-764-3828

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
894' FNL & 1583' FWL, LOT C, SEC. 07, T30N, R12W, Mer NMP



12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input checked="" type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input checked="" type="checkbox"/> Recomplete	<input type="checkbox"/> Other _____
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

THIS WELL WAS COMPLETED ON 8/22/01 AS A FRUITLAND SAND GAS WELL IN THE FLORA VISTA FRUITLAND SAND FIELD THE FRUITLAND SAND PRODUCING INTERVAL IS FROM 1743' TO 1956', A 213' GROSS INTERVAL AND 54' OF NET INTERVAL PERFORATED, FOR A TOTAL OF 216 HOLES, AND FRACTURE STIMULATED WITH 223,000 LBS OF 20/40 PROPPANT. THE FRUITLAND SAND IS MARGINALLY ECONOMIC NOW. WE NOW PLAN TO COMPLETE THE FRUITLAND COAL INTERVAL FROM 2038' TO 2052' (16') WITH 96 HOLES AND FRACTURE STIMULATE WITH ABOUT 112,000 LBS OF 20/40 PROPPANT SAID DOWN 2 7/8" TUBING UNDER A PACKER SET AT 2000' IN THE 5 1/2" CASING AND BELOW THE LOWEST FRUITLAND SAND PERFORATION AT 1956'.

IF THE WELL IS SUCCESSFULLY RECOMPLETED IN THE FRUITLAND COAL AN APPLICATION WILL BE FILED WITH THE NE MEXICO OCD TO COMMINGLE THE FRUITLAND SAND AND THE FRUITLAND COAL ZONES WITH PRODUCTION SPLIT ON A RECOMMENDED ALLOCATION BASIS.

HOLD C104 FOR Fruitland coal FOR E102

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) **TOM SPRINKLE** Title **MANAGER DRILLING/COMPLETION**

Signature *Tom Sprinkle* Date **AUGUST 21, 2003**

Approved by **Original Signed: Stephen Mason** Title _____ Date **8/25/03**

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. Office _____

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

NM000



XTO Energy Inc.
810 Houston Street
Fort Worth, TX 76102-6298
(817) 870-2800
(817) 870-1671 Fax

October 30, 2014

VIA EMAIL

Michael A. McMillan
New Mexico Oil Conservatin Divison
1220 South St. Francis Dr.
Santa Fe, NM 87505

Re: Ownership Verification
Texacom Federal 7 #2 FC & PC
API: 30-045-30527
Sec 7-30N-12W
San Juan, New Mexico

Dear Mr. McMillan,

I have reviewed our records related to the subject well, and it my determination that ownership is common between the Fruitland Coal and Fruitland Sands zones. If you have any questions please contact me at 817-885-6676.

Yours truly,

A handwritten signature in black ink, appearing to read 'D. Jackson Dean', written over a horizontal line.

D. Jackson Dean
Associate Landman