

06/14/12 DATE IN	7/3/12 SUSPENSE	Jones, W ENGINEER	6/15/12 LOGGED IN	DHC TYPE	PJDO 1216733031 APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

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



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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

OGRID 5380
 API 30-045-21428
 Well Name Hanson
 Locat. D 5 25N 10W

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 _____

[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.

KRISTEN D. LYNCH
Print or Type Name

Kristen D. Lynch
Signature

REGULATORY ANALYST
Title

6/12/12
Date

kristen_lynch@xtoenergy.com
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

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

HANSON #3 "D" SEC 5 T25N R10W SAN JUAN
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 5380 Property Code 22732 API No. 30-045-21428 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	BASIN MANCOS		BASIN DAKOTA
Pool Code	97232		71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	5,441' - 5,832'		6,344' - 6,374'
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	NEW ZONE		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: Rates:	Date: Rates:	Date: 4/1/2012 Rates: BO 5/BW 3/MCF 945
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil: 0 % Gas: 25 %	Oil: % Gas: %	Oil: 100 % Gas: 75 %

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 commingling 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. Lynch TITLE REGULATORY ANALYST DATE 6/12/2012

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

E-MAIL kristen_lynch@xtoenergy.com

Average Monthly Production

	Oil	Gas	Water
Dakota	0	898	7
Mancos	477	2650	73
Total	477	3548	80

previous 6 month avg. in Hanson 3

stabilized Mancos Production in area

% Production

	Oil	Gas	Water
Dakota	0%	25%	8%
Mancos	100%	75%	92%
Total	100%	100%	100%

[illegible]

						6/1/2008	.0	.	819.0	501.	318.	0	0	0	.0	0	.0	1
						5/1/2008	.0	.	668.6	341.	327.6	0	0	0	.0	0	.0	1
						4/1/2008	.0	.	832.0	514.	318.	0	0	0	80.0	0	.0	1
						3/1/2008	5.8	.	694.6	366.	328.6	0	0	0	.0	0	.0	1
						2/1/2008	2.9	.	1275.4	968.	307.4	0	0	0	.0	0	.0	1
						1/1/2008	.0	.	613.6	285.	328.6	0	0	0	.0	0	.0	1
						12/1/2007	.0	.	452.6	124.	328.6	0	0	0	.0	0	.0	1
						11/1/2007	.0	.	885.0	567.	318.	0	0	0	.0	0	.0	1
						10/1/2007	.0	.	955.6	627.	328.6	0	0	0	50.0	0	.0	1
						9/1/2007	.0	.	920.0	602.	318.	0	0	0	.0	0	.0	1
						8/1/2007	.0	.	765.6	437.	328.6	0	0	0	.0	0	.0	1
						7/1/2007	.0	.	1206.6	878.	328.6	0	0	0	.0	0	.0	1
						6/1/2007	.0	.	807.0	489.	318.	0	0	0	80.0	0	.0	1
						5/1/2007	5.8	.	1013.6	685.	328.6	0	0	0	20.0	0	.0	1
						4/1/2007	2.3	.	485.0	455.	30.	0	0	0	.0	0	.0	1
						3/1/2007	8.7	.	528.4	363.	165.4	0	0	0	.0	0	.0	1
						2/1/2007	2.3	.	727.8	431.	296.8	0	0	0	.0	0	.0	1
						1/1/2007	.0	.	947.6	619.	328.6	0	0	0	.0	0	.0	1
						12/1/2006	3.5	.	798.6	470.	328.6	0	0	0	.0	0	.0	1

There have been 2 wells, Canyon 7E and Canyon 19, completed into the Mancos after having established production in the Dakota in this 9 section area of T25N R11W. These wells were used in establishing allocation factors for future commingling. The Canyon 8-E's production was also added since it is another data point and its production has been stable.

Canyon 19

Added the Mancos in April 2006

Stabilized Mancos Only Production

	BOPM	OIL	MCFCPM	GAS	BWPM	WATER
Mancos						
9/30/06		497		609		80
10/31/06		392		790		0
11/30/06		612		1095		0
12/31/06		366		904		0
1/31/07		309		777		0
2/28/07		429		760		0
Average		434		823		13

Canyon 8E

Added the Mancos in July 2010

Stabilized Mancos Only Production

	BOPM	OIL	MCFCPM	GAS	BWPM	WATER
Mancos						
12/1/10		440		5278		1
11/1/10		931		6335		-24
10/1/10		692		6773		46
9/1/10		530		5474		56
8/1/10		1039		6812		56
7/1/10		783		6266		226
Average		736		6157		60

Canyon 7E

Added the Mancos in Dec 2008

Stabilized Mancos Only Production

	BOPM	OIL	MCFCPM	GAS	BWPM	WATER
Mancos						
3/31/09		297		1074		211
4/30/09		363		990		176
5/31/09		258		1029		178
6/30/09		78		258		0
7/31/09		266		1422		192
8/31/09		297		1053		117
Average		260		971		146

Average Mancos		
OIL	GAS	WATER
477	2650	73

CANYON 08E DK						CANYON 08E MC						Total CANYON 8E Production			
	Oil Prod	Oil Sales	Gas Prod	Gas Sales	Water Prod		Oil Prod	Oil Sales	Gas Prod	Gas Sales	Water Prod		Oil Prod	Gas Prod	Water Prod
12/1/2010	.0	.	2513.7	2,513.71	1.3	12/1/2010	440.5	376.96	3617.3	3,617.29	23.8	12/1/2010	440	6,131	25.0
11/1/2010	.0	.	2947.1	2,947.08	.0	11/1/2010	930.7	756.59	4240.9	4,240.92	.0	11/1/2010	931	7,188	0.0
10/1/2010	.0	.	3126.7	3,126.66	3.5	10/1/2010	692.4	750.39	4499.3	4,499.34	66.5	10/1/2010	692	7,626	70.0
9/1/2010	.0	.	2594.1	2,594.07	4.0	9/1/2010	529.6	564.62	3732.9	3,732.93	76.0	9/1/2010	530	6,327	80.0
8/1/2010	.0	.	3142.7	3,142.65	4.0	8/1/2010	1039.0	945.91	4522.4	4,522.35	76.0	8/1/2010	1,039	7,665	80.0
7/1/2010	.0	168.67	2918.8	2,918.79	12.0	7/1/2010	782.6	757.53	4200.2	4,200.21	238.0	7/1/2010	783	7,119	250.0
6/1/2010	.0	.	.0	.	.0										
5/1/2010	.0	.	.0	.	.0										
4/1/2010	.0	.	.0	.	.0										
3/1/2010	.0	.	345.0	345.	45.0										
2/1/2010	.0	.	751.0	751.	.0										
1/1/2010	.0	.	946.0	946.	.0										
12/1/2009	.0	.	694.0	694.	.0										
11/1/2009	.0	.	922.0	922.	.0										
10/1/2009	.0	.	951.0	951.	120.0										
9/1/2009	.0	.	174.0	174.	86.7										
8/1/2009	.0	.	123.0	123.	.0										
7/1/2009	.0	.	276.0	276.	.0										
6/1/2009	.0	.	41.0	41.	.0										
5/1/2009	.0	.	528.0	528.	80.0										
4/1/2009	.0	.	813.0	813.	10.0										
3/1/2009	.0	.	426.0	426.	3.3										
2/1/2009	.0	.	473.0	473.	1.7										
1/1/2009	.0	.	631.0	631.	1.7										
12/1/2008	.0	.	207.0	207.	.0										
11/1/2008	.0	.	585.0	577.	80.0										
10/1/2008	.0	.	742.0	711.	.0										
9/1/2008	.0	.	446.0	416.	.0										
8/1/2008	.0	.	579.0	548.	.0										
7/1/2008	.0	.	533.0	502.	16.7										
6/1/2008	.0	.	526.0	496.	.0										
5/1/2008	.0	.	558.0	527.	.0										
4/1/2008	.0	.	579.0	549.	.0										
3/1/2008	.0	.	732.0	701.	80.0										
2/1/2008	.0	.	629.0	600.	.0										
1/1/2008	.0	.	143.0	112.	.0										
12/1/2007	1.7	.	660.0	629.	.0										
11/1/2007	.0	.	813.0	783.	.0										
10/1/2007	.0	.	921.0	890.	.0										
9/1/2007	.0	.	759.0	729.	.0										
8/1/2007	.0	.	583.0	552.	.0										
7/1/2007	.0	.	788.0	757.	.0										
6/1/2007	.0	.	685.0	655.	.0										
5/1/2007	.0	.	1054.0	1,023.	.0										
4/1/2007	.0	.	1027.0	997.	.0										
3/1/2007	.0	.	837.0	806.	.0										
2/1/2007	.0	.	856.0	828.	.0										
1/1/2007	73.5	.	893.0	862.	.0										
12/1/2006	11.7	.	550.0	519.	.0										

INCREMENTAL MC PRODUCTION			
12/1/2010	440	5,278	1
11/1/2010	931	6,335	-24
10/1/2010	692	6,773	46
9/1/2010	530	5,474	56
8/1/2010	1,039	6,812	56
7/1/2010	783	6,266	226
AVERAGE	736	6,157	60



382 CR 3100
Aztec, NM 87410

June 12, 2012

Interest Owners

Subject: Notice of Intent to Apply for Downhole Commingling
Hansen #3
Unit D, Sec 5, T25N, R10W

XTO Energy Inc is submitting an application to the New Mexico Oil Conservation Division (NMOCD) to downhole commingle production from the, Basin Dakota and the Basin Mancos pools in the Hansen #3. Commingling of these pools will minimize operating costs, add reserves and improve economics of the well.

The proposed allocation percentages for each pool are as follows:

Basin Dakota	Gas: 25%	Water: 8%	Oil: 0%
Basin Mancos	Gas: 75%	Water: 92%	Oil: 100%

NMOCD requires all interest owners be notified of intent to downhole commingle if ownership is different between zones. If you need additional information or have any questions, I may be contacted at (505) 333-3206. If you have any objections to our application, please contact me within twenty (20) days of the date of this letter.

Sincerely,

A handwritten signature in black ink that reads 'Kristen D. Lynch'.

Kristen D. Lynch
Regulatory Analyst

DORIS F FAMBRO
PO BOX 430
KIMBALL, NE 691450430

HANSON 03 DK DHC Reg Dept kdl

DORIS F FAMBRO
PO BOX 430
KIMBALL, NE 691450430

HANSON 03 DK DHC Reg Dept kdl

DORIS F FAMBRO
PO BOX 430
KIMBALL, NE 691450430

HANSON 03 DK DHC Reg Dept kdl

MCBRIDE OIL AND GAS CORP
PO BOX 1515
ROSWELL, NM 882021515

HANSON 03 DK DHC Reg Dept kdl

MCBRIDE OIL AND GAS CORP
PO BOX 1515
ROSWELL, NM 882021515

HANSON 03 DK DHC Reg Dept kdl

MCBRIDE OIL AND GAS CORP
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ROSWELL, NM 882021515

HANSON 03 DK DHC Reg Dept kdl

~~MMS XTO FEDERAL
C/O XTO ENERGY INC
810 HOUSTON STREET
FORT WORTH, TX 761026298~~

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