

7/7/05 — WTS
District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Artesia, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

DHC-3503
State of New Mexico
Energy, Minerals and Natural Resources Department

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

APPLICATION FOR DOWNHOLE COMMINGLING

PWJ 0518832553
DHC-3503
Form C-107A
Revised June 10, 2003

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

XTO ENERGY INC. 2700 FARMINGTON AVENUE, SUITE K-1 FARMINGTON, NM 87401
Operator Address
DAWSON A #1G L SEC 04-T27N-R08W SAN JUAN COUNTY
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 167067 Property Code API No. 30-045-31128 Lease Type ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	OTERO CHACRA	BLANCO MESAVERDE	BAŞIN DAKOTA
Pool Code	82329	72319	71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3623' - 3757'	4328' - 5085'	7044' - 7179'
Method of Production (Flowing or Artificial Lift)			
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)	300	325	400
Oil Gravity or Gas BTU (Degree API or Gas BTU)			
Producing, Shut-In or New Zone			
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: Rates:
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 0 % 22 %	Oil Gas 51 % 56 %	Oil Gas 49 % 22 % 21 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes ☒ No ☐
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 ☒

NMOC Reference Case No. applicable to this well: DHC-925AZ

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 working, royalty and overriding royalty interests for uncommon interest cases.
Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

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 Holly C. Perkins TITLE REGULATORY COMPLIANCE TECH DATE 7/6/05

TYPE OR PRINT NAME HOLLY C. PERKINS TELEPHONE NO. (505) 324-1090

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires March 31, 2007

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.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. AMNM5791
2. Name of Operator KTO Energy Inc.		6. If Indian, Allottee or Tribe Name
3a. Address 2700 Farmington Ave., Bldg. K, Ste 1 Farmington,	3b. Phone No. (include area code) 505-324-1090	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec. T., R., M., or Survey Description) 1500' FSL & 475' FWL		8. Well Name and No. DAWSON A #1G
		9. API Well No. 30-045-31128
		10. Field and Pool, or Exploratory Area BLANCO MESAVERDE/BASIN
		DAKOTA/OTERO CHACRA
		11. County or Parish, State SAN JUAN NM

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 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 checked="" type="checkbox"/> Other AMEND DEC
	<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 final site is ready for final inspection.)

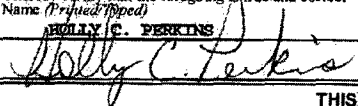
KTO Energy Inc. proposes to recomplete this well to the Otero Chacra and amend DEC-925AZ to include the Otero Chacra in the downhole commingle. Please see the attached documents for reference:

Procedure to recomplete to Otero Chacra

Plat (Otero Chacra)

NMCD Form C103 (Amendment of DEC & installation of pit)

Revised allocations

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) MOLLY C. PERKINS		Title REGULATORY COMPLIANCE TECH
		Date 6/6/2005
THIS SPACE FOR FEDERAL OR STATE OFFICE USE		
Approved by	Title	Date
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, makes 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.		

DAWSON A #1G
SEC 4 T 27N, R 08W
SAN JUAN COUNTY NEW MEXICO
Open Additional Pay in Chacra
Revised

Formation: Dakota / Mesaverde
Surface csg: 9-5/8", 36#, J-55 csg @ 286'. Circ cmt to surf.
Intermediate csg: 7", 20#, J-55 csg @ 3,097'. Circ cmt to surf.
Production csg: 4-1/2", 10.5#, J-55 csg @ 7,482'. TOC @ 2,300' by TS.
Tbg: 221 jts 2-3/8" tbg, SN & Knight mill coupling. EOT @ 6,993'. SN @ 6,989'.
Perfs: MV: CH: 4,328'-4,352' W/1 JSPF.
ME: 4,773', 4,768', 4,762', 4,753', 4,749', 4,745', 4,733', 4,721',
4,716', 4,708' & 4,701' W/2 JSPF.
PL: 5,085', 5,072', 5,068', 5,064', 5,037', 5,022', 5,017', 4,999',
4,991', 4,987', 4,980', 4,971', 4,964', 4,950', 4,934', 4,927', 4,915',
4,903', 4,899', 4,867' & 4,854' W/1 JSPF.
DK @ 7,179', 7,175', 7,172', 7,167', 7,163', 7,157', 7,063', 7,058', 7,055',
7,051' & 7,044' W/2 JSPF.
Current Status: PL: 2.9 BOPD, 0 BWPD, 219 MCFPD

1. MI & set C-160-200-74 unit with jack shaft and a min ECB 15,965 lbs and a C-96 gas engine or equivalent Kohler gas engine.
2. MIRU PU. Check and record tubing, casing, and bradenhead pressures.
3. Blow well down and kill well with 2% KCl water.
4. ND WII. NU and pressure test BOP.
5. TIH with 2-3/8" tubing to PBTD at 7,430' and tag fill. Report any fill to Loren Fothergill.
6. TOH with 2-3/8" tubing.
7. MIRU Wireline truck. RIH with 4-1/2" CBP. Set CBP at 4,000'. POH. Blow well down.
8. MI and set Stinger 5,000 psig WP frac valve.
9. MIRU Acid truck. Load hole with 2% KCl water. Pressure test casing and CBP to 1,500 psig for 10 minutes. Increase pressure to 3,800 psig for 10 minutes.
10. Perforate Chacra with 3-1/8" casing guns from 3,623'-32', 3,752'-57' and 3,765'-68' w/2 JSPF (Owen HSC 3125-302, 10 gm charges, 0.34" dia., 21.42" pene., 34 holes). RDMO Wireline trucks.

11. TIH with 4-1/2" RBP with ball catcher, packer and tubing. Set RBP at 3,800' and packer at 3,700'. BD Chacra perforations from 3,752'-68' with 750 gals 15% HCl acid and 39 RCN balls. Over displace acid by 2 bbls. Record ISIP, 5", 10" and 15" SIP's. Release packer and RBP. Set RBP at 3,700' and packer at 3,500'. BD Chacra perforations from 3,623'-32' with 500 gals 15% HCl acid. Over displace acid by 2 bbls. Record ISIP, 5", 10" and 15" SIP's. RDMO Acid truck.
12. MIRU Halliburton frac equipment. Frac the Chacra perforations from 3,623'-3,768' down 4-1/2" casing at 40 BPM with 50,000 gals 70Q N2 foamed, 12# Delta Foam (12# XL foam to obtain 40cp), gelled 2% KCl water and 69,000# 16-30 Brady sand with 21,000# 16-30 Expedite sd in 3 ppg stage as follows:

Stage	BPM	Fluid	Vol Gals	Prop Conc	Prop
Pad	40	12# 70Q XL foam	10,000		
2	40	12# 70Q XL foam	10,000	1	10,000# 16/30 Brady sd
3	40	12# 70Q XL foam	10,000	2	20,000# 16/30 Brady sd
4	40	12# 70Q XL foam	13,000	3	39,000# 16/30 Brady sd
5	40	12# 70Q XL foam	7,000	3	21,000# 16/30 Expedite sd
Flush	40	12# 70Q XL foam	2,300		

13. RDMO frac equipment. SWI for a minimum of 3 hours.
14. Open well up and flow back well thru a choke manifold to flowback tank. Start with 8/64" ck. Increase choke size as appropriate.
15. Upon well loading up, ND 5,000 psig frac valve. ND WH, NU BOP. MIRU AFU. TIH with 3-7/8" mill, SN and 2-3/8" tubing. CO sand to CBP at 4,000'. DO CBP at 4,000'. TIH and CO to PBTD at 6,720'. RDMO AFU.
16. TOH with mill and tubing. TIH with NC, SN and 2-3/8" tubing to 6,700'. Swab well until clean fluid is obtained.
17. TOH and LD notched collar.
18. TIH with 30' x 2-3/8" OEMA with 1/8" weep hole, SN and ±228 jts 2-3/8" tubing to surface. Land tubing at ±7,230'. SN at ±7,200'.
19. TIH with 2" x 1-1/2" x 16' RWAC-DV pump with 4' x 3/4" GA, spiral rod guide, RHBO tool, 1" x 1' lift sub, 12 - 7/8" grade "D" rods, 166 - 3/4" grade "D" rods and 110 - 7/8" grade "D" rods to surface.
20. RDMO PU.
21. Flow and test well as necessary. Report rates and pressures to Loren Fothergill.

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1000 Rio Brazos Rd., Aztec, NM 87410
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1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED
REPORT

¹ API Number 30-045-31128	² Pool Code 82329	³ Pool Name OTERO CHACRA
⁴ Property Code	⁵ Property Name DAWSON A	⁶ Well Number 1G
⁷ OGRID No. 167067	⁸ Operator Name XTO ENERGY INC.	⁹ Elevation 6472'

¹⁰ Surface Location

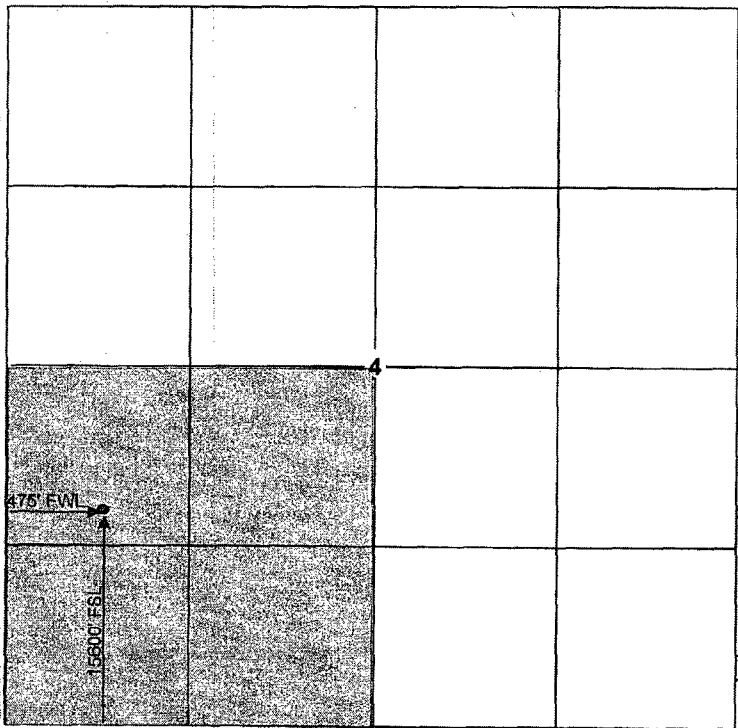
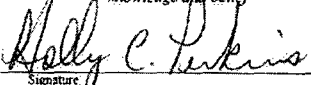
UL or lot no.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
L	4	27N	08W		1500	SOUTH	475	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 160 ac	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

	OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature
	HOLLY C. PERKINS Printed Name
	REGULATORY COMPLIANCE TECH Title
	6/7/2005 Date
	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> 10/9/2001 Date of Survey Original signed by DAVID A JOHNSON
	Certificate Number 14827

Offset Reserve Analysis: Chacra

API	LEASE NAME	NO.	RESERVOIR	Section	T-R	OPERATOR	1st PROD	LAST PROD	CUM GAS	Monthly Gas	Rem. Gas	EUR Gas
30045209090000	GRAHAM	51	CHACRA		10/27 N 8 W	R & G DRILLING COMPANY	19721001	19851101	205,374	1238	212,280	417,654
30045220270000	GRAHAM	1A	CHACRA		4/27 N 8 W	M & G DRILLING COMPANY	19760701	20041101	188,529	308	52,809	241,338
30045224850000	GRAHAM	3	CHACRA		3/27 N 8 W	M & G DRILLING COMPANY	19770801	20041101	161,161	229	39,214	200,375
30045225160000	GRAHAM CWN FEDER A	1A	CHACRA		9/27 N 8 W	CONOCOPHILLIPS COMPANY	19780301	20041101	321,595	659	112,937	434,532
30045241830001	FEDERAL	21	CHACRA		9/27 N 8 W	CONOCOPHILLIPS COMPANY	19811101	20041101	245,990	412	70,566	316,576
30045255280000	GRAHAM	96	CHACRA		10/27 N 8 W	M & G DRILLING COMPANY	19831201	20040201	176,510	543	93,069	269,579
30045255550000	FEDERAL M	2	CHACRA		3/27 N 8 W	PHOENIX HYDROCARBONS	18840501	20041201	87,947	204	35,031	102,978
30045258880000	FEDERAL M	3	CHACRA		3/27 N 8 W	PHOENIX HYDROCARBONS	18840501	20041201	72,423	238	40,783	113,206
30045203550000	FLAN	6	CHACRA		5/27 N 8 W	BURLINGTON RESOURCES	20020101	20031201	59,091	2068	354,497	413,588
30045310940000	SCHWERTFEGER A	13B	CHACRA		8/27 N 8 W	XTO ENERGY	20021031	20030101	20,030	531	90,977	111,007
30045264440001	HOWELL	3A	CHACRA		34/28 N 8 W	BURLINGTON RESOURCES	20030501	20041101	25,333	1171	200,777	226,110
30045311230000	DAWSON A	1F	CHACRA		4/27 N 8 W	XTO ENERGY	20030731	20050101	18,919	531	90,977	109,898
30045265600000	RIDDLE FLS	5A	CHACRA		32/28 N 8 W	BP AMERICA PRODUCTION	20030901	20041101	39,965	2419	414,626	454,591
300453070190000	BOLACK BLS	1	CHACRA		33/28 N 8 W	BP AMERICA PRODUCTION	20031001	20041101	33,195	2391	409,920	443,115
30045265600000	BOLACK BLS	1A	CHACRA		33/28 N 8 W	BP AMERICA PRODUCTION	20040301	20041101	32,598	3681	631,089	663,687
30045009460000	BOLACK BLS	3	CHACRA		33/28 N 8 W	BP AMERICA PRODUCTION	20040301	20041101	34,074	3849	659,846	693,920
AVERAGE Post 2003									106,421	1,279	219,339	325,759
												2,340

EUR	MCF/MO	Allocation by EUR	Allocation by Current Rate
DAKOTA	307	1900	21%
MESAVERDE	817	5000	54%
CHACRA	325	2340	25%
Total	1449	9240	100%

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 87240
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District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
May 27, 2004

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO.
30-045-31128

5. Indicate Type of Lease
STATE ☐ FEE ☐

6. State Oil & Gas Lease No.
NMMO5791

7. Lease Name or Unit Agreement Name:
DAWSON A

8. Well Number
#1G

9. OGRID Number

10. Pool name or Wildcat
BASIN DAKOTA / BLANCO MESAVERDE

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.)

1. Type of Well:
Oil Well ☐ Gas Well ☒ Other

2. Name of Operator
XTO Energy Inc.

3. Address of Operator
2700 Farmington Ave., Bldg. K, Ste 1 Farmington, NM 87401

4. Well Location
Unit Letter L : 1500 feet from the SOUTH line and 475 feet from the WEST line
Section 04 Township 27N Range 08W NMPM County SAN JUAN

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
6472' GR

Pit or Below-grade Tank Application ☒ or Closure ☐

Pit type WKO Depth to Groundwater >100' Distance from nearest fresh water well >1000' Distance from nearest surface water >1000'

Pit Liner Thickness: 12 mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐

OTHER: AMEND DHC-925AZ ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐
CASING TEST AND CEMENT JOB ☐

OTHER: ☐

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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

XTO Energy Inc. plans recomplete this well to the Otero Chacra and Amend DHC-925AZ per attached documents: Procedure to recomplete to Otero Chacra, Plat for Otero Chacra, BLM Form 3160-5, Revised Allocations. XTO Energy Inc. proposes to install a workover pit for recompletion of this well. the pit will be closed in compliance with NMOCD Rule 19.15.2.50 when work is completed.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been, will be constructed or closed according to NMOCD guidelines ☐ , a general permit ☐ or an (attached) alternative OCD-approved plan ☐

SIGNATURE Holly C. Perkins TITLE REGULATORY COMPLIANCE TECH DATE 6/7/2005

Type or print name: HOLLY C. PERKINS

E-mail address: Regulatory@xtoenergy.com
Telephone No. 505-324-1090

For State Use Only

APPROVED BY _____ TITLE _____ DATE _____

Conditions of Approval, if any: