

12/9/03

PWTJ0334350871



DHC-3224

RECEIVED

December 5, 2003

DEC 09 2003

OIL CONSERVATION
DIVISION

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

RE: Application for Exception to Rule 303-C Downhole Commingle
Blanco LS #14
Unit G, Sec. 01, T 27 N, R 08 W
San Juan County, New Mexico

Dear Ms. Wrotenberry,

XTO Energy Inc. respectfully request approval to downhole commingle production from the South Blanco Pictured Cliffs, Otero Chacra, and the Blanco Mesaverde pools in the Blanco LS #14. It is proposed to complete the Menefee section of the Mesaverde, the Otero Chacra and the South Blanco Pictured Cliffs formations and downhole commingle with the existing Point Lookout section of the Mesaverde formation. Upon approval of the downhole commingling application, the pools will be completed and downhole commingled. The working interest, NRI and ORRI ownership are common. Downhole commingling will offer an economic method of production, will improve recovery of liquids, eliminating redundant surface equipment and maximize compressor efficiency.

The allocation percentage's for gas and oil were based upon the surrounding average 9 section EUR's for each pool. Attached is the curves for this area EUR's and allocation calculations.

XTO Energy Inc. request your approval to downhole commingle the South Blanco Pictured Cliffs, Otero Chacra, and the Blanco Mesaverde pools. Should you need any additional information please contact me at (505) 324-1090.

Sincerely,

A handwritten signature in cursive script that reads "Loren W. Fothergill".

Loren W. Fothergill
Production Engineer

Enclosures

Cc: GLM

TDL

LWF

George Cox - FTW Land
Well File

BLANCO LS #14

Allocation Percentages.

See attached curves.

Zone	Cum Gas to date MMCF	Remaining MMCF	EUR	# Wells	EUR/Well
Pictured Cliffs	13018	1180	14198	23	617
Chacra	990	2980	3790	8	496
Mesaverde	16599	7716	24315	27	901

The EUR for the Blanco #14 Mesaverde is 279 MMCF. Therefore the EUR associated with the Blanco LS #14 equals $901 - 279 = 622$ MCF.

Percentage Allocation

Pictured Cliffs $617/1735 = 36\%$
Chacra $496/1735 = 28\%$
Mesaverde $622/1735 = 36\%$

100% of the oil and water is associated with the Mesaverde.

Oil (bbls/mo)		Gas (mcf/mo)		Oil (bbls)		Gas (mcf)		Res. Cat. Life	
Oil	0	Gas	0	Gross Cum @07/03	68,952	Gross Cum @07/03	16,599,737	Life	0.000
Decl	0	Decl	0	Gross Remaining	0	Gross Remaining	0	As-of-Date	
Decline	0.0 %	Decline	0.0 %	Gross Ultimate	68,952	Gross Ultimate	16,599,737	Settings	
				Net Remaining	0	Net Remaining	0	Scenario	CTOC
								DBS	RWTFUD3

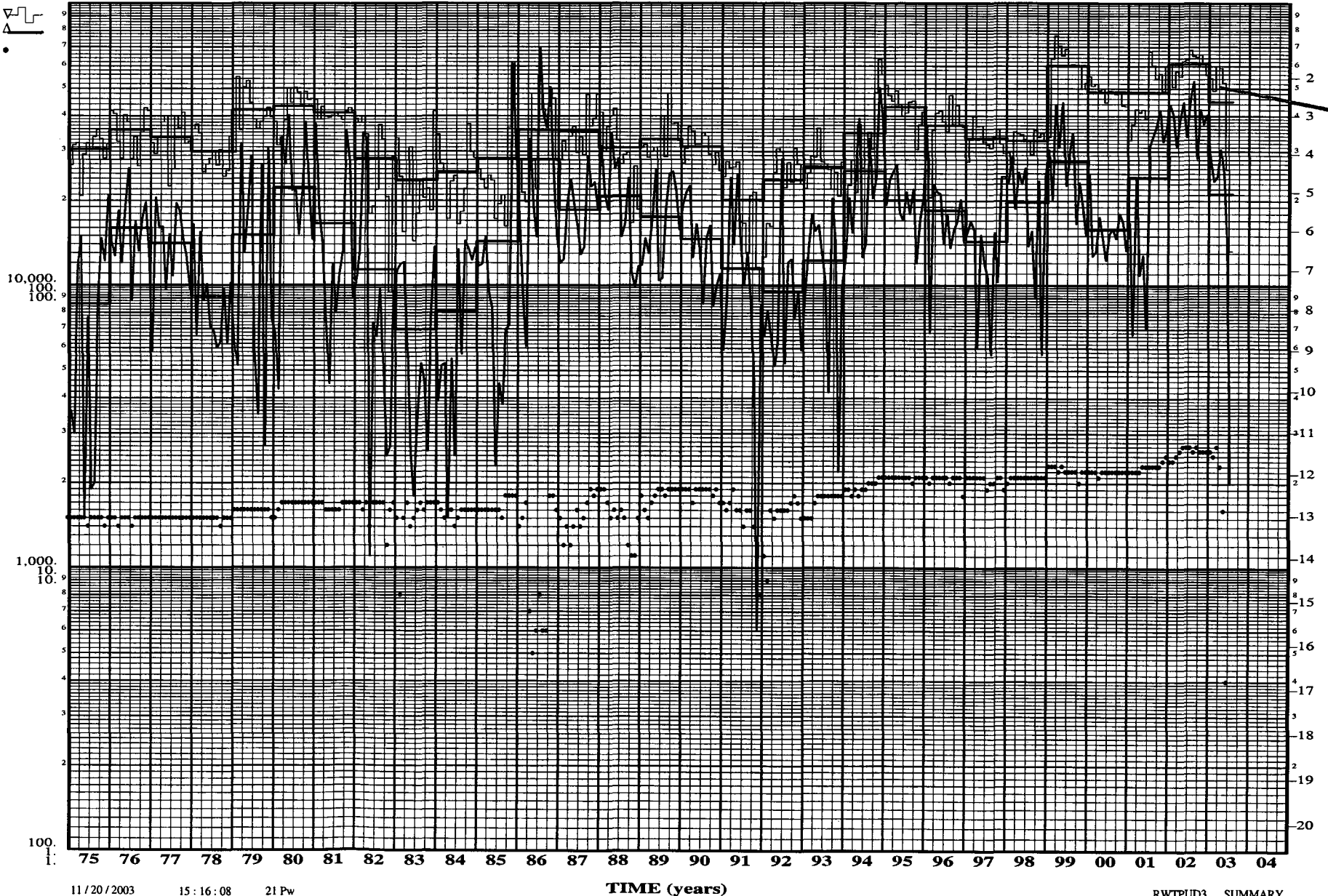
Oil Price (\$/bbl)	Gas Price (\$/mcf)	OPC (\$/bbl)	Flat Life (years)	First Last Production	Net Cash Flow	P.W. @ 0.0 %
0.00	0.00	0.00	0.0	7 07/03	\$ 0	\$ 0

SUMMARY OF MESAVERDE WELLS
SEC 1 T27N R8W
SAN JUAN CO., NM.

Run Date:
Run Time:

GAS (mcf/mo) ▽
OIL (bbls/mo) Δ
Well Count •

M & L - FORECAST



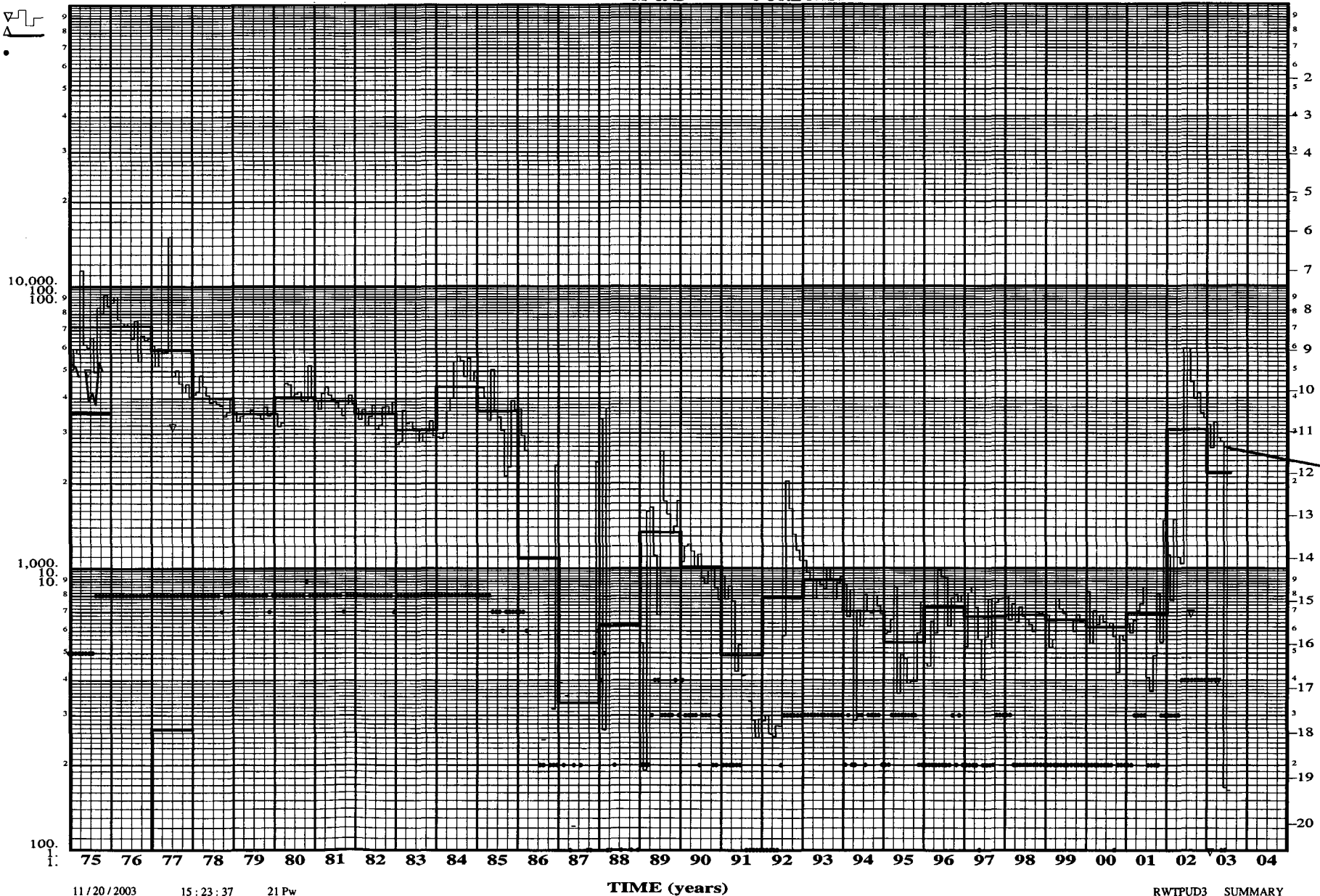
Oil (bbls/mo)		Gas (mcf/mo)		Oil (bbls)		Gas (mcf)		Res. Cat.	0.000
Qi	0	0		Gross Cum @07/03	2,456	989,888		Life	
Qel	0	0		Gross Remaining	0	0		As-of-Date	
Decline	0.0 %	0.0 %		Gross Ultimate	2,456	989,888		Settings	
				Net Remaining	0	0		Scenario	
								DBS	CTOC
									RWTPUD3
Oil Price (\$/bbl)		Gas Price (\$/mcf)		OPC (\$/bbl)		Flat Life (years)		First Last Production	
0.00		0.00		0.00		0.0		/ 07/03	
								Net Cash Flow	
								\$ 0	
								P.W. @ 0.0 %	
								\$ 0	

SUMMARY OF CHACRA WELLS
SEC 1 T27N R8W
SAN JUAN CO., NM.

Run Date :
Run Time :

GAS (mcf/mo) ▽
OIL (bbls/mo) Δ
Well Count •

M & L - FORECAST



SUMMARY OF PICTURED CLIFFS WELLS

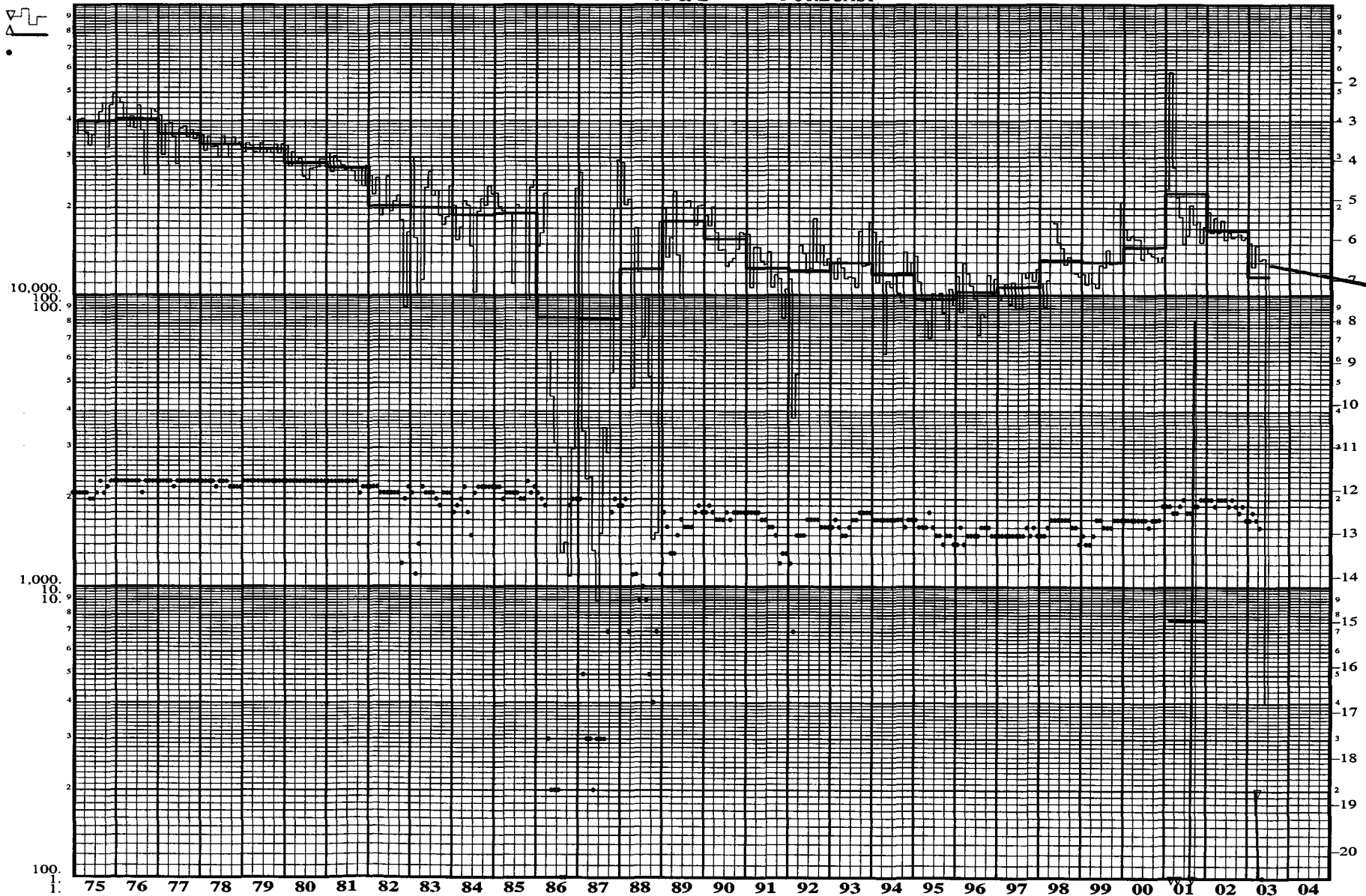
SEC 1 T27N R8W
SAN JUAN CO., NM.

Oil (bbls/mo)		Gas (mcf/mo)		Oil (bbls)		Gas (mcf)		Res. Cat.	Life
Qi	0	0		Gross Cum @06/03	126	13,018,259		As-of-Date	0.000
Qel	0	0		Gross Remaining	0	0		Settings	
Decline	0.0 %	0.0 %		Gross Ultimate	126	13,018,259		Scenario	CTOC
				Net Remaining	0	0		DBS	RWTPUD3
Oil Price (\$/bbl)		Gas Price (\$/mcf)		OPC (\$/bbl)		Flat Life (years)		First Last Production	
0.00		0.00		0.00		0.0		/ 06/03	
						Net Cash Flow		P.W. @ 0.0 %	
						\$ 0		\$ 0	

Run Date :
Run Time :

GAS (mcf/mo) ▽
OIL (bbls/mo) Δ
Well Count •

M & L - FORECAST



Oil (bbls/mo)		Gas (mcf/mo)		Oil (bbls)		Gas (mcf)		Res. Cat.	PDP
Oil	9	369		Gross Cum @ 12/02	1,125	279,407		Life	0.083
Qel	9	369		Gross Remaining	8	369		As-of-Date	01/2003
Decline	6.0 %	6.0 %		Gross Ultimate	1,133	279,776		Settings	RR03SEC
				Net Remaining (0.78)	6	193		Scenario	CTOC
								DBS	SANJUAN
WT -	100.00000 %	Oil Price (\$/bbl)	Gas Price (\$/mcf)	OPC (\$/bbl)	Flat Life (years)	First / Last Production	2003 Net Cash Flow	P.W. @	10.0 %
NRI -	67.50000 %	44.44	2.88	44.44	60	01/01/2003 - 01/01/2004	\$ -400	\$	400

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised May 15, 2000

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

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

APPLICATION FOR DOWNHOLE COMMINGLING

XTO Energy Inc. 2700 Farmington Ave, Bldg K, Ste. 1 Farmington, NM 87402

Operator	Address		
Blanco LS	14	Unit G, Sec 1, T27N, R8W	San Juan
Lease	Well No.	Unit Letter-Section-Township-Range	County
OGRID No. 167067 Property Code API No. 30-045-06856 Lease Type: X Federal State Fee			

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	S. Blanco Pictured Cliffs	Otero Chacra	Blanco Mesaverde
Pool Code	72439	82329	72319
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3,316' – 3,330' Perforated	4,265' – 4,280' Perforated	5,275' – 5,674' Perforated
Method of Production (Flowing or Artificial Lift)	Flowing	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)	1,405 BTU	1,120 BTU (est)	1,403 BTU
Producing, Shut-In or New Zone	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: 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 Water 0 % 36 % 0 %	Oil Gas Water 0 % 28 % 0 %	Oil Gas Water 100 % 36 % 100 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes X No
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No

Are all produced fluids from all commingled zones compatible with each other? Yes X No

Will commingling decrease the value of production? Yes No X

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 X 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 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 Darrin Steed TITLE Regulatory Supervisor DATE 12/5/2003

TYPE OR PRINT NAME Darrin Steed TELEPHONE NO. (505) 324-1090

1625 N. French Dr., Hobbs, NM 88240

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State of New Mexico
Energy, Minerals & Natural Resources Department

Revised Aug

Submit to Appropriate D

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-06856	² Pool Code 82329	³ Pool Name Otero Chacra
⁴ Property Code	⁵ Property Name Blanco LS	⁶ Well Number 14
⁷ OGRID No. 167067	⁸ Operator Name XTO Energy Inc	⁹ Elevation 6,890' GL

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	1	27N	8W		1650'	North	1650'	East	San Juan

¹¹ Bottom Hole Location If Different From Surface

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 160	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

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.</i></p> <p><u>Loren W. Fothergill</u></p> <p>Signature</p> <p>Loren W. Fothergill</p> <p>Printed Name</p> <p>Production Engineer</p> <p>Title</p> <p><u>12-03-03</u></p> <p>Date</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>04/01/58.</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Original signed by David O Vilven</p> <p>1760</p> <p>Certificate Number</p>

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State of New Mexico
Energy, Minerals & Natural Resources Department

Revised Aug

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505Submit to Appropriate D
State Lea
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WELL LOCATION AND ACREAGE DEDICATION PLAT

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⁴ Property Code	⁵ Property Name Blanco LS		⁶ Well Number 14
⁷ OGRID No. 167067	⁸ Operator Name XTO Energy Inc		⁹ Elevation 6,890' GL

¹⁰ Surface Location

UL or lot no. G	Section 1	Township 27N	Range 8W	Lot Idn	Feet from the 1650'	North/South line North	Feet from the 1650'	East/West line East	County San Juan
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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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¹⁶ 	¹⁷ 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 Loren W. Fothergill Printed Name Production Engineer Title 12-03-03 Date

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