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|------------------------|----------|--------------------|--------------------------|-----------------|---------------------------|
| DATE IN <u>5.16.11</u> | SUSPENSE | ENGINEER <u>DB</u> | LOGGED IN <u>5.16.11</u> | TYPE <u>DHC</u> | APP NO. <u>1113632876</u> |
|------------------------|----------|--------------------|--------------------------|-----------------|---------------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



XTO Energy ⁵³⁸⁰

OHIO A GOUT

ADMINISTRATIVE APPLICATION CHECKLIST 30-045-24358

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATION 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 _____

San Juan Fed

[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.

 WANETT MCCAULEY
 Print or Type Name

Wanett McCauley
 Signature

 REGULATORY COMPLIANCE TECHNICIAN
 Title

 5/12/2011
 Date

 wanett mccauley@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

APPLICATION FOR DOWNHOLE COMMINGLING

☒ Yes ☐ No

Operator
XTO Energy Inc.

Address
382 CR 3100, Aztec, NM 87410

Lease
OHIO A GOVT

Well No.
2E

Unit Letter-Section-Township-Range
K SEC 23 T-28N R-11W

County
SAN JUAN

OGRID No. 5380

Property Code 30321

API No. 30-045-24358

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) | 5121' - 5544' | | 5996' - 6120' |
| Method of Production (Flowing or Artificial Life) | ARTIFICIAL LIFE | | ARTIFICIAL LIFE |
| 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) | | | 1.332 |
| Producing, Shut-In or New Zone | NEW ZONE | | PRODUCING |
| 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: 3/01/2011 Rates: 3.4 BO/548 MCF/40 BW |
| Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.) | Oil: 97 % Gas: 60 % | Oil: % Gas: % | Oil: 3 % Gas: 40 % |

Are all working, overriding, and royalty interests identical in all commingled zones?
If not, have all working, overriding, and royalty interests 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:

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 Wanett McCauley TITLE REG COMPLIANCE TECHNICIAN DATE 5/12/2011

TYPE OR PRINT NAME WANETT MCCAULEY TELEPHONE NO. (505) 333-3630

E-MAIL wanett.mccauley@xtoenergy.com

Allocations were determined by using the Ohio C Govt #2E Gallup add as an offset for the production increase that XTO would expect to see. All other Gallup producers in the 9-section either were commingled with the Dakota from initial production or were never commingled with the Dakota.

Monthly Production Rates

| | OIL (Bbl/mo.) | GAS (KCF/mo.) | Water (Bbl/mo.) |
|--------|---------------|---------------|-----------------|
| Dakota | 1 | 486 | 74 |
| Gallup | 42 | 737 | 137 |
| Total | 43 | 1223 | 211 |

Average production for last 6 months in Ohio A Govt 2E
6-month average production increase from adding Gallup production in Ohio C Govt 2E

| Percent Production | OIL | GAS | Water |
|--------------------|------|------|-------|
| Dakota | 3% | 40% | 35% |
| Gallup | 97% | 60% | 65% |
| Total | 100% | 100% | 100% |

| Date | Oil | Gas | Water |
|------------|-----|-----|-------|
| 9/30/2010 | 3 | 483 | 160 |
| 10/31/2010 | 2 | 598 | 120 |
| 11/30/2010 | 0 | 649 | 2 |
| 12/31/2010 | 2 | 867 | 0 |
| 1/31/2011 | 0 | 93 | 40 |
| 2/28/2011 | 0 | 223 | 120 |

Ohio C Govt 2E
Before Gallup Add

After Gallup Add

| | BO/Mo. | KCF/Mo. | BW/Mo. | | BO/Mo. | KCF/Mo. | BW/Mo. | |
|---|---------|---------|--------|----------|---------|---------|--------|-----|
| Exluded 3 months due to well loading | Oct-08 | 2 | 775 | 0 | Feb-10 | 30 | 1534 | 18 |
| | Nov-08 | 7 | 839 | 0 | Mar-10 | 0 | 1448 | 80 |
| | Dec-08 | 5 | 651 | 80 | Apr-10 | 77 | 1291 | 135 |
| | Apr-09 | 7 | 923 | 84 | May-10 | 81 | 1682 | 270 |
| | May-09 | 3 | 1000 | 0 | Jun-10 | 55 | 1854 | 306 |
| | Jun-09 | 2 | 907 | 3 | Jul-10 | 35 | 1709 | 180 |
| | AVERAGE | 4 | 849 | 28 | AVERAGE | 46 | 1586 | 165 |
| | | | | Increase | 42 | 737 | 137 | |

| P_DATE | OIL | GAS | WATER | P_DATE | OIL | GAS | WATER |
|------------|-----|------|-------|------------|-----|------|-------|
| 1/31/2007 | 2 | 758 | 0 | 1/31/2010 | 0 | 0 | 0 |
| 2/28/2007 | 13 | 406 | 0 | 2/28/2010 | 0 | 1640 | 0 |
| 3/31/2007 | 8 | 1023 | 35 | 3/31/2010 | 138 | 1787 | 13 |
| 4/30/2007 | 7 | 1155 | 0 | 4/30/2010 | 30 | 1534 | 18 |
| 5/31/2007 | 8 | 1144 | 0 | 5/31/2010 | 0 | 1448 | 80 |
| 6/30/2007 | 2 | 818 | 0 | 6/30/2010 | 75 | 994 | 115 |
| 7/31/2007 | 5 | 1139 | 80 | 7/31/2010 | 79 | 1295 | 229 |
| 8/31/2007 | 2 | 852 | 0 | 8/31/2010 | 54 | 1428 | 247 |
| 9/30/2007 | 3 | 1098 | 0 | 9/30/2010 | 34 | 1316 | 150 |
| 10/31/2007 | 7 | 1001 | 80 | 10/31/2010 | 36 | 979 | 161 |
| 11/30/2007 | 3 | 610 | 0 | 11/30/2010 | 0 | 512 | 0 |
| 12/31/2007 | 3 | 1039 | 30 | 12/31/2010 | 0 | 287 | 122 |
| 1/31/2008 | 0 | 740 | 0 | 1/31/2011 | 1 | 552 | 149 |
| 2/29/2008 | 15 | 823 | 0 | 2/28/2011 | 0 | 830 | 0 |
| 3/31/2008 | 3 | 1141 | 0 | | | | |
| 4/30/2008 | 3 | 934 | 80 | | | | |
| 5/31/2008 | 7 | 467 | 0 | | | | |
| 6/30/2008 | 5 | 856 | 0 | | | | |
| 7/31/2008 | 2 | 1049 | 0 | | | | |
| 8/31/2008 | 2 | 618 | 2 | | | | |
| 9/30/2008 | 2 | 728 | 56 | | | | |
| 10/31/2008 | 2 | 775 | 0 | | | | |
| 11/30/2008 | 7 | 839 | 0 | | | | |
| 12/31/2008 | 5 | 651 | 80 | | | | |
| 1/31/2009 | 3 | 322 | 0 | | | | |
| 2/28/2009 | 0 | 91 | 0 | | | | |
| 3/31/2009 | 5 | 390 | 0 | | | | |
| 4/30/2009 | 7 | 923 | 84 | | | | |
| 5/31/2009 | 3 | 1000 | 0 | | | | |
| 6/30/2009 | 2 | 907 | 3 | | | | |
| 7/31/2009 | 5 | 573 | 80 | | | | |
| 8/31/2009 | 0 | 0 | 0 | | | | |
| 9/30/2009 | 0 | 0 | 0 | | | | |
| 10/31/2009 | 0 | 0 | 0 | | | | |
| 11/30/2009 | 0 | 0 | 0 | | | | |
| 12/31/2009 | 0 | 0 | 3 | | | | |
| 1/31/2010 | 0 | 0 | 0 | | | | |
| 2/28/2010 | 98 | 0 | 97 | | | | |
| 3/31/2010 | 0 | 0 | 0 | | | | |
| 4/30/2010 | 0 | 0 | 0 | | | | |
| 5/31/2010 | 0 | 0 | 0 | | | | |
| 6/30/2010 | 2 | 297 | 20 | | | | |
| 7/31/2010 | 2 | 387 | 41 | | | | |
| 8/31/2010 | 1 | 426 | 59 | | | | |
| 9/30/2010 | 1 | 393 | 30 | | | | |
| 10/31/2010 | 1 | 292 | 21 | | | | |
| 11/30/2010 | 0 | 153 | 0 | | | | |
| 12/31/2010 | 0 | 86 | 38 | | | | |
| 1/31/2011 | 0 | 165 | 30 | | | | |
| 2/28/2011 | 0 | 248 | 0 | | | | |