

|                     |                   |                     |                       |                 |                              |
|---------------------|-------------------|---------------------|-----------------------|-----------------|------------------------------|
| DATE IN <u>7/14</u> | SUSPENSE <u>—</u> | ENGINEER <u>WJS</u> | LOGGED IN <u>7/19</u> | TYPE <u>DEF</u> | APP NO <u>PW051120057802</u> |
|---------------------|-------------------|---------------------|-----------------------|-----------------|------------------------------|

4434

ABOVE THIS LINE FOR DIVISION USE ONLY

**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 \_\_\_\_\_
- [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.**

|                                                |               |                                                    |                                                          |
|------------------------------------------------|---------------|----------------------------------------------------|----------------------------------------------------------|
| _____<br>WANETT MCCAULEY<br>Print or Type Name | <br>Signature | _____<br>REGULATORY COMPLIANCE TECHNICIAN<br>Title | _____<br>7/13/2011<br>Date                               |
|                                                |               |                                                    | _____<br>wanett mccauley@xtoenergy.com<br>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

APPLICATION FOR DOWNHOLE COMMINGLING

Form C-107A  
Revised June 10, 2003

APPLICATION TYPE

☒ Single Well

☐ Establish Pre-Approved Pools

EXISTING WELLBORE

☐ Yes ☒ No

XTO Energy Inc.

Operator

382 CR 3100, Aztec, NM 87410

Address

Breech C

Lease

#323F

Well No

J

Unit

Sec 14

T26N

R06W

County

Rio Arriba

County

OGRID No 5380

Property Code 304751

API No 30-039-30661

Lease Type

☒ Federal ☐ State

Fee

| DATA ELEMENT                                                                                                                                                                                 | UPPER ZONE                 | INTERMEDIATE ZONE          | LOWER ZONE                 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|----------------------------|
| Pool Name                                                                                                                                                                                    | Blanco Mesaverde           | Basin Mancos               | Basin Dakota               |
| Pool Code                                                                                                                                                                                    | 72319                      | 97232                      | 71599                      |
| Top and Bottom of Pay Section<br>(Perforated or Open-Hole Interval)                                                                                                                          | 5200' - 5550'<br>estimated | 6590' - 6830'<br>estimated | 7150' - 7600'<br>estimated |
| Method of Production<br>(Flowing or Artificial Life)                                                                                                                                         | Flowing                    | Flowing                    | Flowing                    |
| Bottomhole Pressure<br>(Note: Pressure data will not be required if the bottom<br>perforation in the lower zone is within 150% of the<br>depth of the top perforation in the upper zone)     | 681                        | 989                        | 1442                       |
| Oil Gravity or Gas BTU<br>(Degree API or Gas BTU)                                                                                                                                            |                            |                            |                            |
| Producing, Shut-In or<br>New Zone                                                                                                                                                            | New Zone                   | New Zone                   | New Zone                   |
| Date and Oil/Gas/Water Rates of<br>Last Production<br>(Note: For new zones with no production history,<br>applicant shall be required to attach production<br>estimates and supporting data) | Date<br>Rates              | Date<br>Rates              | Date<br>Rates              |
|                                                                                                                                                                                              | Date<br>Rates              | Date<br>Rates              | Date<br>Rates              |
| Fixed Allocation Percentage<br>(Note: If allocation is based upon something other<br>than current or past production, supporting data or<br>explanation will be required)                    | Oil 26 % Gas 20 %          | Oil 58 % Gas 38 %          | Oil 16 % Gas 42 %          |

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 ☐

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 Wanett McCauley TITLE Reg Compliance Technician DATE 7/13/2011

TYPE OR PRINT NAME Wanett McCauley

TELEPHONE NO ( 505 ) 333-3630

E-MAIL wanett.mccauley@xtoenergy.com

**Breech C 323F - Allocations (Using XTO Wells in 26N 6W and 27N 6W)**

*Modern Dakota Wells Drilled after 1990*

| LEASE NAME  | NO.        | RESERVOIR | SECTION | TOWNSHIP | RANGE | FIELD | OPERATOR   | 1st PROD | LAST PROD | DAYS ON | CUMUL     | CUMUL     | CUMUL       | EUR       | EUR        | AVERAGE       |
|-------------|------------|-----------|---------|----------|-------|-------|------------|----------|-----------|---------|-----------|-----------|-------------|-----------|------------|---------------|
|             |            |           |         |          |       |       |            |          |           |         | OIL (BBL) | GAS (MCF) | WATER (BBL) | OIL (MBO) | GAS (MMCF) | WATER (BBL/D) |
| BREECH F    | 8M (NPI)   | DAKOTA    | 34      | 27 N     | 6 W   | BASIN | XTO ENERGY | 19980531 | 20101201  | 4378    | 2562      | 440750    | 797         | 3 05      | 595 04     | 0 18          |
| STATE B COM | 233R (NPI) | DAKOTA    | 16      | 26 N     | 6 W   | BASIN | XTO ENERGY | 19940731 | 20101201  | 5296    | 2570      | 780973    | 1020        | 3 24      | 1034 18    | 0 19          |
| BREECH F    | 1F (NPI)   | DAKOTA    | 33      | 27 N     | 6 W   | BASIN | XTO ENERGY | 19990228 | 20101201  | 4116    | 1628      | 663885    | 2088        | 2 23      | 1059 07    | 0 51          |
| BREECH A    | 132R (NPI) | DAKOTA    | 9       | 26 N     | 6 W   | BASIN | XTO ENERGY | 20010531 | 20101201  | 3087    | 1454      | 1128535   | 48449       | 2 14      | 2663 71    | 15 69         |
| BREECH A    | 136F (NPI) | DAKOTA    | 10      | 26 N     | 6 W   | BASIN | XTO ENERGY | 20010531 | 20101201  | 3445    | 2698      | 853163    | 33820       | 4 08      | 1913 61    | 9 82          |
| BREECH C    | 144E (NPI) | DAKOTA    | 12      | 26 N     | 6 W   | BASIN | XTO ENERGY | 19901231 | 20101201  | 5998    | 849       | 489660    | 652         | 0 97      | 648 45     | 0 11          |
| BREECH B    | 147 (NPI)  | DAKOTA    | 7       | 26 N     | 6 W   | BASIN | XTO ENERGY | 20030831 | 20101201  | 1281    | 1276      | 174534    | 910         | 6 07      | 799 67     | 0 71          |
| BREECH C    | 303 (NPI)  | DAKOTA    | 13      | 26 N     | 6 W   | BASIN | XTO ENERGY | 20040930 | 20101201  | 2200    | 1108      | 345665    | 723         | 3 42      | 954 24     | 0 33          |
| BREECH E    | 850 (NPI)  | DAKOTA    | 5       | 26 N     | 6 W   | BASIN | XTO ENERGY | 20040930 | 20101201  | 2139    | 1071      | 267866    | 624         | 2 17      | 503 42     | 0 29          |
| BREECH E    | 65 (NPI)   | DAKOTA    | 5       | 26 N     | 6 W   | BASIN | XTO ENERGY | 20060331 | 20101201  | 1709    | 227       | 183675    | 884         | 0 41      | 405 40     | 0 52          |
| BREECH E    | 79 (NPI)   | DAKOTA    | 1       | 26 N     | 6 W   | BASIN | XTO ENERGY | 20060131 | 20101201  | 1601    | 169       | 68581     | 435         | 0 17      | 177 89     | 0 27          |
| BREECH C    | 392 (NPI)  | DAKOTA    | 13      | 26 N     | 6 W   | BASIN | XTO ENERGY | 20060228 | 20101201  | 1761    | 4304      | 609403    | 1582        | 8 78      | 1632 76    | 0 90          |
| BREECH C    | 828 (NPI)  | DAKOTA    | 13      | 26 N     | 6 W   | BASIN | XTO ENERGY | 20060228 | 20101201  | 1786    | 1149      | 218741    | 742         | 3 26      | 643 87     | 0 42          |
| BREECH A    | 158 (NPI)  | DAKOTA    | 10      | 26 N     | 6 W   | BASIN | XTO ENERGY | 20070531 | 20101201  | 1308    | 176       | 154887    | 593         | 0 18      | 649 91     | 0 45          |
| BREECH F    | 16 (NPI)   | DAKOTA    | 33      | 27 N     | 6 W   | BASIN | XTO ENERGY | 20070630 | 20101201  | 1036    | 438       | 133802    | 373         | 0 44      | 743 06     | 0 36          |
| BREECH F    | 2 (NPI)    | DAKOTA    | 33      | 27 N     | 6 W   | BASIN | XTO ENERGY | 20070531 | 20100801  | 1167    | 1315      | 200477    | 955         | 4 00      | 872 14     | 0 82          |
| STATE A     | 77 (NPI)   | DAKOTA    | 2       | 26 N     | 6 W   | BASIN | XTO ENERGY | 20071130 | 20101201  | 1101    | 374       | 206370    | 791         | 1 27      | 851 74     | 0 72          |
| BREECH      | 228M (NPI) | DAKOTA    | 18      | 26 N     | 6 W   | BASIN | XTO ENERGY | 19991231 | 20101201  | 3855    | 1691      | 479453    | 1032        | 2 70      | 891 54     | 0 27          |
| BREECH      | 812M (NPI) | DAKOTA    | 18      | 26 N     | 6 W   | BASIN | XTO ENERGY | 19991231 | 20101201  | 3930    | 1480      | 480166    | 780         | 2 31      | 906 44     | 0 20          |
| Average     |            |           |         |          |       |       |            |          |           |         |           |           |             | 2.68      | 944 53     | 1.72          |

*Modern Mesaverde Wells Drilled after 1990*

| LEASE NAME | NO.        | RESERVOIR | SECTION | TOWNSHIP | RANGE | FIELD  | OPERATOR   | 1st PROD | LAST PROD | DAYS ON | CUMUL     | CUMUL     | CUMUL       | EUR       | EUR        | AVERAGE       |
|------------|------------|-----------|---------|----------|-------|--------|------------|----------|-----------|---------|-----------|-----------|-------------|-----------|------------|---------------|
|            |            |           |         |          |       |        |            |          |           |         | OIL (BBL) | GAS (MCF) | WATER (BBL) | OIL (MBO) | GAS (MMCF) | WATER (BBL/D) |
| BREECH     | 812M (NPI) | MESAVERDE | 18      | 26 N     | 6 W   | BLANCO | XTO ENERGY | 19991231 | 20101201  | 3928    | 4684      | 261521    | 1210        | 7 10      | 479 72     | 0 31          |
| BREECH     | 228M (NPI) | MESAVERDE | 18      | 26 N     | 6 W   | BLANCO | XTO ENERGY | 19991231 | 20101201  | 3857    | 3588      | 250402    | 1261        | 5 59      | 450 24     | 0 33          |
| BREECH E   | 850 (NPI)  | MESAVERDE | 5       | 26 N     | 6 W   | BLANCO | XTO ENERGY | 20060630 | 20101201  | 1574    | 681       | 73056     | 60          | 2 25      | 166 20     | 0 04          |
| BREECH F   | 8M (NPI)   | MESAVERDE | 34      | 27 N     | 6 W   | BLANCO | XTO ENERGY | 19980531 | 20101201  | 4378    | 781       | 125566    | 512         | 0 91      | 157 81     | 0 12          |
| BREECH E   | 118E (NPI) | MESAVERDE | 1       | 26 N     | 6 W   | BLANCO | XTO ENERGY | 19961031 | 20101201  | 5048    | 2606      | 540226    | 656         | 4 95      | 1111 10    | 0 13          |
| BREECH C   | 144E (NPI) | MESAVERDE | 12      | 26 N     | 6 W   | BLANCO | XTO ENERGY | 19971231 | 20101201  | 4462    | 1890      | 246010    | 860         | 2 77      | 398 08     | 0 19          |
| BREECH C   | 144 (NPI)  | MESAVERDE | 12      | 26 N     | 6 W   | BLANCO | XTO ENERGY | 19981231 | 20101201  | 4313    | 3851      | 197881    | 925         | 6 73      | 336 72     | 0 21          |
| Average    |            |           |         |          |       |        |            |          |           |         |           |           |             | 4.33      | 442 84     | 0.19          |

Modern Mancos Wells Drilled after 1990

| LEASE NAME  | NO.        | RESERVOIR | SECTION | TOWNSHIP | RANGE | FIELD  | OPERATOR   | 1st PROD | LAST PROD | DAYS ON | CUMUL     | CUMUL     | CUMUL       | EUR       | EUR        | AVERAGE       |
|-------------|------------|-----------|---------|----------|-------|--------|------------|----------|-----------|---------|-----------|-----------|-------------|-----------|------------|---------------|
|             |            |           |         |          |       |        |            |          |           |         | OIL (BBL) | GAS (MCF) | WATER (BBL) | OIL (MBO) | GAS (MMCF) | WATER (BBL/D) |
| BREECH F    | 1F (NPI)   | MANCOS    | 33      | 27 N     | 6 W   | BLANCO | XTO ENERGY | 19990228 | 20101201  | 4136    | 10610     | 558552    | 16160       | 13.657    | 911 895    | 3.91          |
| STATE B COM | 233R (NPI) | MANCOS    | 16      | 26 N     | 6 W   | BLANCO | XTO ENERGY | 19940731 | 20101201  | 5266    | 6644      | 1004217   | 98          | 8.849     | 1406.868   | 0.02          |
| STATE COM   | 113 (NPI)  | MANCOS    | 2       | 26 N     | 6 W   | BLANCO | XTO ENERGY | 19971130 | 20101201  | 3985    | 12844     | 275036    | 363         | 15.136    | 493 912    | 0.09          |
| BREECH A    | 136 (NPI)  | MANCOS    | 10      | 26 N     | 6 W   | BLANCO | XTO ENERGY | 19980331 | 20101201  | 4339    | 11417     | 133010    | 269         | 12.144    | 250 247    | 0.06          |
| BREECH C    | 144E (NPI) | MANCOS    | 12      | 26 N     | 6 W   | BLANCO | XTO ENERGY | 19901130 | 20101201  | 6270    | 1118      | 190895    | 42          | 1.118     | 228 704    | 0.01          |
| BREECH E    | 79 (NPI)   | MANCOS    | 1       | 26 N     | 6 W   | BLANCO | XTO ENERGY | 20061130 | 20101201  | 1377    | 141       | 37084     | 41          | 0.141     | 159.726    | 0.03          |
| BREECH D    | 240E (NPI) | MANCOS    | 15      | 26 N     | 6 W   | BLANCO | XTO ENERGY | 20050930 | 20101201  | 1859    | 2529      | 288675    | 75          | 6.969     | 910 33     | 0.04          |
| BREECH E    | 65 (NPI)   | MANCOS    | 5       | 26 N     | 6 W   | BLANCO | XTO ENERGY | 20071031 | 20101201  | 1180    | 686       | 73005     | 74          | 2.116     | 311 944    | 0.06          |
| STATE COM   | 113E (NPI) | MANCOS    | 2       | 26 N     | 6 W   | BLANCO | XTO ENERGY | 20060430 | 20101201  | 1573    | 236       | 80802     | 240         | 0.614     | 244        | 0.15          |
| BREECH E    | 850 (NPI)  | MANCOS    | 5       | 26 N     | 6 W   | BLANCO | XTO ENERGY | 20051031 | 20101201  | 1762    | 687       | 96407     | 510         | 1.169     | 302 888    | 0.29          |
| BREECH D    | 685E (NPI) | MANCOS    | 11      | 26 N     | 6 W   | BLANCO | XTO ENERGY | 20060131 | 20101201  | 1802    | 3794      | 276060    | 171         | 8.836     | 863 72     | 0.09          |
| BREECH C    | 244E (NPI) | MANCOS    | 14      | 26 N     | 6 W   | BLANCO | XTO ENERGY | 20060228 | 20101201  | 1786    | 4089      | 317459    | 88          | 12.733    | 934.921    | 0.05          |
| BREECH A    | 136F (NPI) | MANCOS    | 10      | 26 N     | 6 W   | BLANCO | XTO ENERGY | 20040731 | 20101201  | 2311    | 14249     | 1288401   | 2352        | 27.434    | 3476.366   | 1.02          |
| BREECH B    | 147 (NPI)  | MANCOS    | 7       | 26 N     | 6 W   | BLANCO | XTO ENERGY | 20041031 | 20101201  | 2258    | 2460      | 280919    | 411         | 6.146     | 683.735    | 0.18          |
| BREECH E    | 58M (NPI)  | MANCOS    | 3       | 26 N     | 6 W   | BLANCO | XTO ENERGY | 20030731 | 20101201  | 2653    | 5103      | 298295    | 86          | 8.357     | 937 712    | 0.03          |
| BREECH D    | 140M (NPI) | MANCOS    | 11      | 26 N     | 6 W   | BLANCO | XTO ENERGY | 20051130 | 20101201  | 1872    | 6009      | 392203    | 376         | 10.474    | 1136 386   | 0.20          |
| BREECH E    | 50E (NPI)  | MANCOS    | 5       | 26 N     | 6 W   | BLANCO | XTO ENERGY | 20040131 | 20101201  | 2322    | 5140      | 260727    | 127         | 10.275    | 740 29     | 0.05          |
| STATE A     | 62M (NPI)  | MANCOS    | 2       | 26 N     | 6 W   | BLANCO | XTO ENERGY | 20021130 | 20101201  | 2656    | 3422      | 205832    | 216         | 11.985    | 654 375    | 0.08          |
| BREECH C    | 689M (NPI) | MANCOS    | 12      | 26 N     | 6 W   | BLANCO | XTO ENERGY | 20031130 | 20101201  | 2668    | 905       | 177330    | 112         | 1.22      | 269 058    | 0.04          |
| BREECH F    | 8M (NPI)   | MANCOS    | 34      | 27 N     | 6 W   | BLANCO | XTO ENERGY | 20021231 | 20101201  | 2810    | 2484      | 220946    | 120         | 4.494     | 491.283    | 0.04          |
| BREECH A    | 132R (NPI) | MANCOS    | 9       | 26 N     | 6 W   | BLANCO | XTO ENERGY | 20040930 | 20101201  | 2246    | 20885     | 727681    | 4069        | 41.484    | 2138.046   | 1.81          |
|             |            |           |         |          |       |        |            |          |           |         |           |           | Average     | 9.78      | 865.54     | 0.39          |

Allocations

|           | Oil | Gas | Water |
|-----------|-----|-----|-------|
| Dakota    | 16% | 42% | 75%   |
| Mesaverde | 26% | 20% | 8%    |
| Mancos    | 58% | 38% | 17%   |

**Breech C 323F - Downhole Commingle (BHP and Fracture Parting Pressure Calculation)**

|                                         | Mesaverde   | Mancos      | Dakota      |
|-----------------------------------------|-------------|-------------|-------------|
| Gas Specific Gravity                    | 0.694       | 0.681       | 0.698       |
| Depth to Mid Perf (ft)                  | 5375        | 6710        | 7375        |
| Shut in Casing Pressure (psia)          | 600         | 840         | 1200        |
| Surface Temperature (deg F)             | 60          | 60          | 60          |
| Bottom Hole Temperature (deg F)         | 138         | 147         | 162         |
|                                         |             |             |             |
| <b>Static BHP (psia)</b>                | <b>681</b>  | <b>989</b>  | <b>1442</b> |
|                                         |             |             |             |
| <b>Fracture Parting Pressure (psia)</b> | <b>3494</b> | <b>4362</b> | <b>4794</b> |