

7/10/08 DATE IN	SUSPENSE	W Jones ENGINEER	7/10/08 LOGGED IN	DHC TYPE 4042	PKVR0819251875 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



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
 X 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] X Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] X Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] X For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

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[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.

LORRI D. BINGHAM
Print or Type Name

Signature

REGULATORY COMPLIANCE TECH
Title

7/8/08
Date

Lorri_bingham@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 Chazos 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

XTO Energy Inc.
Operator

382 CR 3100 Aztec, NM 87410
Address

KUTZ FEDERAL
Lease

#12F
Well No.

SEC 21N T28N R10W
Unit Letter-Section-Township-Range

SAN JUAN
County

OGRID No. 5380 Property Code 22756 API No. 30-045-34383 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	OTERO CHACRA	WILDCAT BASIN MANCOS	BASIN DAKOTA
Pool Code	82329	97232	71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3051' - 3655'	4734' - 5585'	6453' - 6730'
Method of Production (Flowing or Artificial Life)	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)			
Producing, Shut-In or New Zone	NEW ZONE	NEW ZONE	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:
	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: 0 % Gas: 17 %	Oil: 75 % Gas: 41.4 %	Oil: 25 % Gas: 42.5 %

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 Lorri D. Bingham TITLE REG COMPLIANCE TECH DATE 7/7/08

TYPE OR PRINT NAME LORRI D. BINGHAM TELEPHONE NO. (505) 333-3100

E-MAIL Lorri_bingham@xtoenergy.com

Kutz Federal #12F

Allocations for the Dakota and Mancos were taken from those used on the JF Day D #1F, an offset Dakota/Mancos test well. The stabilized rates for the JF Day D #1F are shown in table 1 below. Wells within a nine section area of the Kutz Federal #12F that were completed in the Chacra after the year 2000 were used to determine Chacra allocations. Table 3 lists those wells, their location, and average production volumes for the area. Table 2 shows the final allocations for the Kutz Federal #12F, a Dakota/Mancos/Chacra well.

Table 1: JF Day D #1F Rates

	OIL	GAS	WATER
Mancos	3 BOPD	100 MCFD	2 BWPD
Dakota	1 BOPD	100 MCFD	4 BWPD

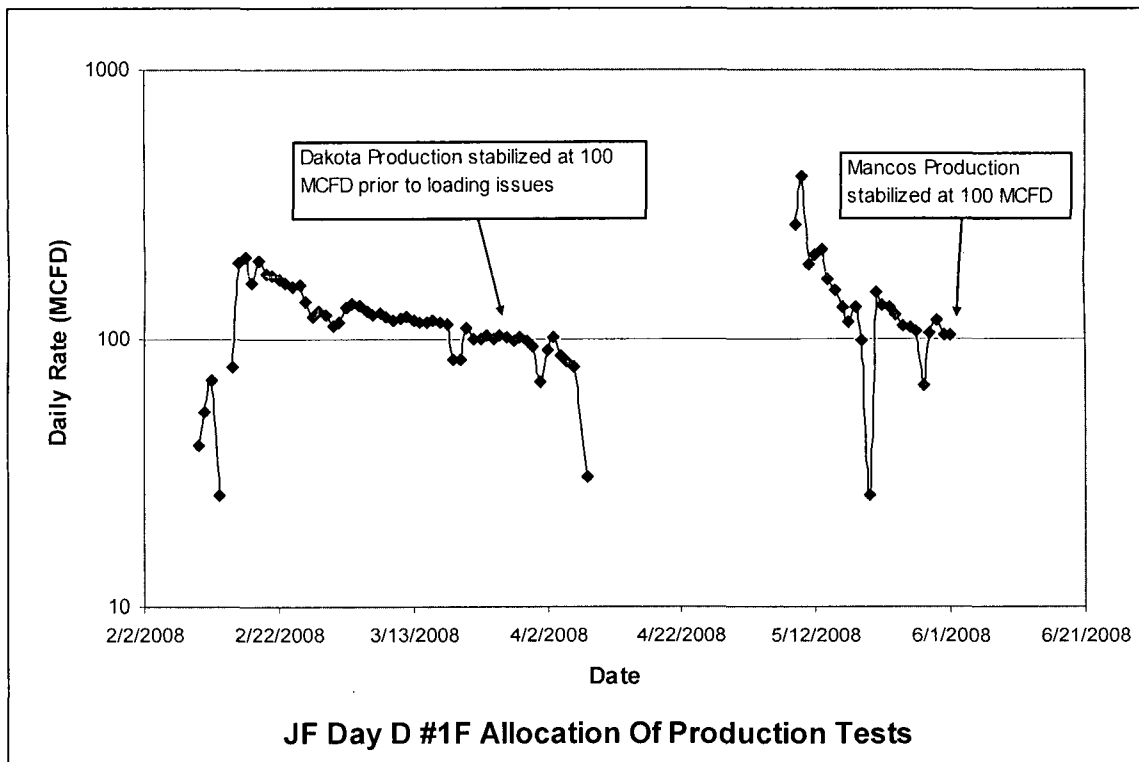


Table 2: Allocations

	OIL	GAS	WATER
Mancos	75%	41.5%	29%
Dakota	25%	41.5%	57%
Chacra	0 %	17%	14%



382 CR 3100
Aztec, NM 87410

June 17, 2008

Interest Owners

Subject: Notice of Intent to Apply for Downhole Commingling
Kutz Federal #12F
Unit N, Sec 21, 28N, 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 Wildcat Basin Mancos pools in the Kutz Federal #12F. 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 Mancos	Gas: 41.5%	Water: 29%	Oil: 75%
Basin Dakota	Gas: 41.5%	Water: 57%	Oil: 25%
Otero Chacra	Gas: 17%	Water: 14%	Oil: 0%

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) 333-3100. 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, appearing to read 'Lorn D. Bingham', written over a horizontal line.

Lorn D. Bingham
Regulatory Compliance Tech

xc: well file



B.B.L., LTD.
P.O. BOX 911
BRECKENRIDGE, TX 764240911
KUTZ FEDERAL 12F CH (BPO) DHC

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FRISCO, TX 750340000
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REMAINDERMAN: WILLIA
2827 GREENSBORO DRIVE
AMES, IA 500144530
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TIGNER, TRUSTEE
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KEG, A TEXAS PARTNERSHIP C/O
ERIC K. HANSON, PARTN
PO BOX 1212
MIDLAND, TX 797020000
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RITA MAE DUCHARME &
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LAKEWOOD, CO 802273220
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MARY JO WELSH
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FORT WORTH, TX 761026298**
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