

DATE IN 11/7/08	SUSPENSE	ENGINEER WVS	LOGGED IN 11/7/08	TYPE PHE	APPROVAL 11/7/08 31465017
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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
☒ 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.

Print or Type Name LORRI D. BINGHAM Signature [Signature] Title REG. COMPLIANCE TECH Date 6/30/08
 e-mail Address Lorri-Bingham@xtenergy.com

DISTRICT I
1425 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

CANYON
Lease

#7E
Well No

G SEC 15 T25N R11W
Line Section-Township-Range

SAN JUAN
County

OGRID No **5380**

Property Code **22669**

API No. **30-045-29710**

Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	INTERMEDIATE BASIN MANCOS		BASIN DAKOTA
Pool Code	97232		71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	4744' - 4978'		5783' - 5817'
Method of Production (Flowing or Artificial Life)	FLOWING		FLOWING
Bottomhole Pressure (Note: Pressure data will not be required if the bottomhole performance 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)			1.266
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: 5/08 Rates: 0 BO/155 BW/2041 MCF
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil: 98 % Gas: 39 %	Oil: % Gas: %	Oil: 2 % Gas: 61 %

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 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

Lois D. Bingham

TITLE **REG COMPLIANCE TECH**

DATE **6/19/08**

TYPE OR PRINT NAME

LOIS D. BINGHAM

TELEPHONE NO. (**505**) **333-3100**

E-MAIL

Lois.bingham@xtoenergy.com

There have been 2 wells, Canyon 17 and Canyon 19, completed into the Gallup after having established production in the Dakota in T25N R11W. These wells were used in establishing allocation factors for future commingling.

Canyon 17

Added the Gallup in July 2006

Stabilized Gallup Only Production

BOPM	MCPPM	BWPM
OIL	GAS	WATER
9/30/06	13	425
10/31/06	206	260
11/30/06	113	208
12/31/06	303	641
1/31/07	170	635
2/28/07	124	124
3/31/07	67	81
Average	142	339

Percent Gallup	Percent Dakota
OIL	GAS
97%	45%

Canyon 19

Added the Gallup in April 2006

Stabilized Gallup Only Production

BOPM	MCPPM	BWPM
OIL	GAS	WATER
9/30/06	497	609
10/31/06	392	790
11/30/06	612	1095
12/31/06	366	904
1/31/07	309	777
2/28/07	429	760
Average	434	823

Percent Gallup	Percent Dakota
OIL	GAS
99%	33%

Average Gallup-Dakota Allocation in T25N R11W

Percent Gallup	Percent Dakota
OIL	GAS
98%	39%

Dakota Only Production	Gallup Only Production
OIL	GAS
12/31/2005	8
1/31/2006	0
2/28/2006	8
3/31/2006	2
4/30/2006	5
5/31/2006	2
Average	4

Dakota Only Production	Gallup Only Production
OIL	GAS
10/31/2005	14
11/30/2005	8
12/31/2005	2
1/31/2006	5
2/28/2006	3
3/31/2006	7
Average	7