

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.

Lorri D. Bingham Lorri D. Bingham REG COMPLIANCE TECH 9/18/08  
 Print or Type Name Signature Title Date  
 Lorri\_bingham@xtenergy.com  
 e-mail Address

2008 SEP 23 PM 2 44 RECEIVED

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

DHC 4100  
State of New Mexico  
Energy, Minerals and Natural Resources

Form C-107A  
Revised June 10, 2003

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

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

**APPLICATION FOR DOWNHOLE COMMINGLING**

XTO Energy Inc. 382 CR 3100 Aztec, NM 87410  
Operator Address

KUTZ FEDERAL #10G SEC 18J T28N R10W SAN JUAN  
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 5380 Property Code 22756 API No. 30-045-34380 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)	4604' - 5465'		6325' - 6594'
Method of Production (Flowing or Artificial Lift)	FLOWING		FLOWING
Bottomhole Pressure <small>(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)</small>			
Oil Gravity or Gas BTU <small>(Degree API or Gas BTU)</small>			
Producing, Shut-In or New Zone	NEW ZONE		NEW ZONE
Date and Oil/Gas/Water Rates of Last Production <small>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)</small>	Date: Rates:	Date: Rates:	Date: Rates:
	Date: Rates:	Date: Rates:	Date: Rates:
Fixed Allocation Percentage <small>(Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)</small>	Oil: 75 % Gas: 50 %	Oil: % Gas: %	Oil: 25 % Gas: 50 %

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

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPPLICATE - Other instructions on page 2

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. <b>NMSF047039B</b>
2. Name of Operator <b>XTO Energy Inc.</b>		6. If Indian, Allottee or Tribe Name
3a. Address <b>382 CR 3100 AZTEC, NM 87410</b>	3b. Phone No. (include area code) <b>505-333-3100</b>	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) <b>1600' FSL &amp; 1975' FEL SEC 18J-T28N-R10W</b>		8. Well Name and No. <b>KUTZ FEDERAL #10G</b>
		9. API Well No. <b>30-045-34380</b>
		10. Field and Pool, or Exploratory Area <b>BASIN DAKOTA WILDCAT BASIN MANCOS</b>
		11. County or Parish, State <b>SAN JUAN NM</b>

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal
			<input type="checkbox"/> Water Shut-Off
			<input type="checkbox"/> Well Integrity
			<input checked="" type="checkbox"/> Other <u>DOWNHOLE</u>
			<u>COMMINGLE</u>

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

XTO Energy Inc. requests approval for an exception to NMOCD Rule 303-C to permit DHC of production from the Basin Dakota & Wildcat Basin Mancos in the Kutz Federal #10G. XTO proposes to downhole commingle these pools upon completion of this well.

RCVD JUL 17 '08

Allocations are based upon average production from a nearby well and are calculated as follows:

Basin Dakota	Gas: 50%	Water: 67%	Oil: 25%
Wildcat Basin Mancos	Gas: 50%	Water: 33%	Oil: 75%

OIL CONS. DIV.

DIST. 3

Pools are not included in the New Mexico Oil Conservation Division pre-approved pool combination of downhole commingling in the San Juan Basin. Working interest, net royalty interest & overriding royalty interest owners have been notified by certified, return receipt mail on 6/17/08. The NMOCD has been notified of our intent by submission of a C-107A. Downhole commingling will offer an economical method of production while protecting against reservoir damage, waste of reserves & violation of correlative rights.

*DHC 2913 AZ suspended pending Basin Mancos R-ord*

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) <b>LORRI D. BINGHAM</b>		Title <b>REGULATORY COMPLIANCE TECH</b>
Signature <i>[Signature]</i>		Date <b>7/7/08</b>
THIS SPACE FOR FEDERAL OR STATE OFFICE USE		
Approved by <i>[Signature]</i>	Title <b>GCD</b>	Date <b>7-15-08</b>
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		Office <b>FFD</b>

Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**NMOCD**

Submit 3 Copies To Appropriate District Office  
 District I  
 1625 N French Dr, Hobbs, NM 87240  
 District II  
 1301 W Grand Ave, 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

Form C-103  
 May 27, 2004

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

WELL API NO.  
 30-045-34380

5. Indicate Type of Lease  
 STATE  FEE

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name:  
 KUTZ FEDERAL

8. Well Number  
 #10G

9. OGRID Number  
 5380

10. Pool name or Wildcat  
 BASIN DAKOTA ~~AND~~ BASIN MANCOS

SUNDRY NOTICES AND REPORTS ON WELLS  
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS)

1. Type of Well:  
 Oil Well  Gas Well  Other

2. Name of Operator  
 XTO Energy Inc.

3. Address of Operator  
 382 CR 3100 AZTEC, NM 87410

4. Well Location  
 Unit Letter J : 1600 feet from the SOUTH line and 1975 feet from the EAST line  
 Section 18 Township 28N Range 10W NMPM County SAN JUAN

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

Pit or Below-grade Tank Application  or Closure   
 Pit type \_\_\_\_\_ Depth to Groundwater \_\_\_\_\_ Distance from nearest fresh water well \_\_\_\_\_ Distance from nearest surface water \_\_\_\_\_  
 Pit Liner Thickness: \_\_\_\_\_ mil Below-Grade Tank: Volume \_\_\_\_\_ bbls; Construction Material \_\_\_\_\_

12. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data.

NOTICE OF INTENTION TO:

SUBSEQUENT REPORT OF:

PERFORM REMEDIAL WORK  PLUG AND ABANDON   
 TEMPORARILY ABANDON  CHANGE PLANS   
 PULL OR ALTER CASING  MULTIPLE COMPLETION   
 OTHER: DOWNHOLE COMMINGLE

REMEDIAL WORK  ALTERING CASING   
 COMMENCE DRILLING OPNS.  PLUG AND ABANDONMENT   
 CASING TEST AND CEMENT JOB   
 OTHER: RCVD JUL 9 '08 OIL CONS. DIV. DIST. 3

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

*DHC 2913A 2*

XTO Energy Inc. requests an exception to NMOC rule 303-C to permit DHC of production from the Basin Dakota pool (71599) and the Basin Mancos pool (97232). XTO proposes to DHC the two pools upon completion of the well. Proposed allocations are based on ave prod from a nearby well & are calculated as follows:

Basin Dakota Gas: 50% Water: 47 Oil: 70%  
 Basin Mancos Gas: 50% Water: 33 Oil: 25%

Ownership in pools is diverse & notification was made to owners by certified mail, return receipt on 6/17/08. DHC will offer an economical method of production while protecting against reservoir damage, waste of reserves & violation of correlative rights. Application for DHC was submitted to BLM 7/7/08.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOC guidelines  , a general permit  or an (attached) alternative OCD-approved plan

SIGNATURE Lorri D. Bingham TITLE REGULATORY COMPLIANCE TECH DATE 7/8/08  
 E-mail address: lorri\_bingham@xtoenergy.com  
 Telephone No. 505-333-3100

Type or print name LORRI D. BINGHAM  
 Deputy Oil & Gas Inspector,  
 District #3

For State Use Only  
 APPROVED BY [Signature] TITLE \_\_\_\_\_ DATE JUL 10 2008  
 Conditions of Approval, if any:

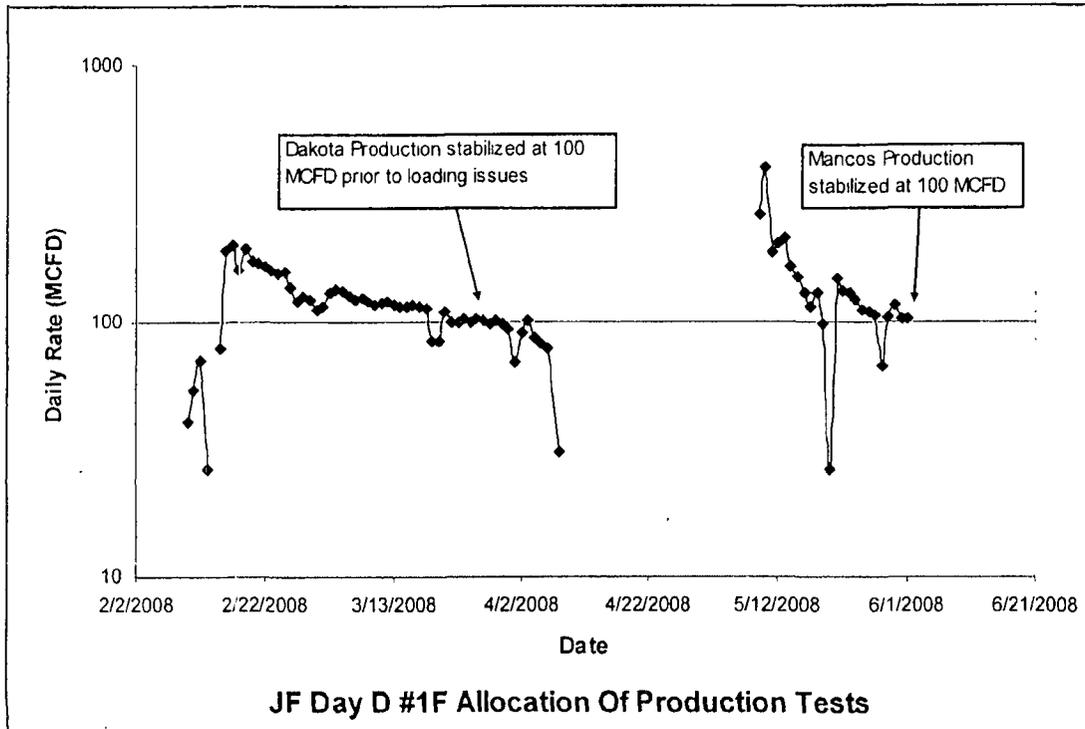
*80*

# HUTZ FEDERAL #106 JF Day D #1F

This well was a new drill that XTO used as a test well to determine allocations for production. The Dakota and Mancos were both artificially lifted by plunger lift and put on compression. Each zones production stabilized at 100 MCFD before liquid loading issues were encountered.

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

Allocations			
	OIL	GAS	WATER
Mancos	75%	50%	.333%
Dakota	25%	50%	.666%





2700 Farmington Avenue  
Building K, Suite 1  
Farmington, NM 87401

June 17, 2008

Interest Owners

Subject: Notice of Intent to Apply for Downhole Commingling  
Kutz Federal #10G  
Unit J, Sec 18, 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 #10G. 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: 50%	Water: 33%	Oil: 75%
Basin Dakota	Gas: 50%	Water: 67%	Oil: 25%

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 'Lorri D. Bingham', is written over a faint, larger version of the signature.

Lorri D. Bingham  
Regulatory Compliance Tech

xc: well file