

DATE IN <u>12-9-09</u>	SUSPENSE	ENGINEER <u>Jones</u>	LOGGED IN <u>12-9-09</u>	TYPE <u>DHC</u>	APP NO. <u>0934356248</u>
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NEW MEXICO OIL CONSERVATION DIVISION

2009 DEC 9 PM 1 28

- Engineering Bureau -

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



XTO Energy

Federal Well #3

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.

WANETT MCCAULEY
Print or Type Name

Wanett McCauley
Signature

REGULATORY COMPLIANCE TECHNICIAN
Title

12/07/2009
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

APPLICATION FOR DOWNHOLE COMMINGLING

Form C-107A
Revised June 10, 2003

APPLICATION TYPE

☒ Single Well

☐ Establish Pre-Approved Pools

EXISTING WELLBORE

☒ Yes ☐ No

Operator XTO Energy Inc.

Address 382 CR 3100, Aztec, NM 87410

DHC-4237

Lease FEDERAL 8

Well No. #3

Unit Letter-Section-Township-Range UNIT #C SEC 8 T30N R12W

County SAN JUAN

OGRID No. 5380 Property Code 303828 API No. 30-045-30528 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	FLORA VISTA FS	BASIN FRUITLAND COAL	AZTEC PICTURED CLIFFS
Pool Code	76600	71629	71280
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	1,624' - 1,988'	2,032' - 2,044'	2,060' - 2,078'
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	SHUT-IN	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: Not producing due to ROW issues. 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: 12 %	Oil: 0 % Gas: 38 %	Oil: 100 % Gas: 50 %

Are all working, overriding, and royalty interests identical in all commingled zones? Yes ☒ No ☐
If not, have all working, overriding, and royalty interests been notified by certified mail? 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 REGULATORY COMPL TECH DATE 12/07/2009

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

E-MAIL wanett.mccauley@xtoenergy.com

Federal 8 #3
Allocation Percentages

The proposed gas and oil production allocation percentages are based on estimated average ultimate recovery per well of the 11 Pictured Cliff wells, 9 Fruitland Sand wells and 9 Fruitland Coal wells in the 9 sections surrounding Sec. 8, T30N R12W. Water allocation is based on E.U.R. water production per well. Please see attached Pictured Cliffs, Fruitland Sand, and Fruitland Coal E.U.R. analysis.

Proposed Allocation Percentages:

Pool	Oil	Water	Gas
Fruitland Coal	0%	19%	38%
Fruitland Sand	0%	29%	12%
Pictured Cliffs	100%	52%	50%

Basin Fruitland Coal Pool (Per well avg. est. ultimate gas, oil and water recovery prod.)

BO	BW	MCF
0	15,475	607,538

Flora Vista Fruitland Sand Pool (Per well avg. est. ultimate gas, oil and water recovery prod.)

BO	BW	MCF
0	24,506	193,047

Aztec Pictured Cliffs Pool (Per well avg. est. ultimate gas, oil and water recovery prod.)

BO	BW	MCF
0	42,798	786,317

	OIL	GAS	WATER
	EUR, Bbls	EUR, MCF	CUM, Bbls
Fruitland Coal	0	607538	15475
Fruitland Sand	0	193047	24506
Pictured Cliffs	0	786317	42798
Total	0	1586902	82779

	OIL	GAS	WATER
	%	%	%
Fruitland Coal	0%	38%	18.7%
Fruitland Sand	0%	12%	29.6%
Pictured Cliffs	100%	50%	51.7%
Total	100%	100%	100%

API	DB ID	LEASE NAME	NO.	RESERVOIR	SEC. LOCATION	FIELD	OPERATOR	1st PROD	LAST PRD	CUM OIL	REM OIL	CUM GAS	REM GAS	CUM WATER	EUR OIL	EUR GAS	DTY OIL	DTY GAS	DTY WAT	DECLINE
30045289270000	507693	FEDERAL 8	1	FRUITLAND COAL	8 30 N 12 W	BASIN	XTO ENERGY	19930430	20090801	0	0	1,391,654	538,882	35,962	0	1,930,536	0	275.7	0.8	7
30045289170000	507694	FEDERAL 8	2	FRUITLAND COAL	8 30 N 12 W	BASIN	XTO ENERGY	20090430	20090801	0	0	1,582,407	350,844	84,071	0	1,933,251	0	217	7.6	7
30045302370000	546898	TEXAKOMA-FEDERAL 6	1	FRUITLAND COAL	6 30 N 12 W	BASIN	XTO ENERGY	20009930	20090801	0	0	888,354	1,398,523	51,596	0	2,286,877	0	277.3	8	7
30045302360000	546899	TEXAKOMA-FEDERAL 7	1	FRUITLAND COAL	7 30 N 12 W	BASIN	XTO ENERGY	20009930	20090801	0	0	801,230	1,703,731	16,545	0	1,874,961	0	212.9	2.6	7
30045301880000	506823	KELLY, LC	7	FRUITLAND COAL	4 30 N 12 W	BASIN	XTO ENERGY	20010331	20090801	0	0	1,223,964	534,714	52,062	0	1,758,278	0	235.2	2.6	7
30045305450000	515793	MCKENZIE A	2	FRUITLAND COAL	9 30 N 12 W	BASIN	XTO ENERGY	20010831	20090801	0	0	1,166,809	731,902	27,877	0	1,898,707	0	370.5	0.8	7
30045305290000	507692	FEDERAL 8	4	FRUITLAND COAL	8 30 N 12 W	BASIN	XTO ENERGY	20010731	20090801	0	0	335,800	65,308	16,879	0	401,108	0	143.6	8.3	7
30045308090000	509956	FLOYD	6 (BPO)	FRUITLAND COAL	7 30 N 12 W	BASIN	BAYLESS, ROBERT L	20020228	20090701	0	0	375,505	572,421	80,118	0	947,926	0	113.5	15.9	7
30045306740000	509952	FEDERAL 18	1	FRUITLAND COAL	18 30 N 12 W	BASIN	XTO ENERGY	20020531	20090801	0	0	901,846	530,626	12,813	0	1,432,472	0	249.6	2.9	7
30045308100000	509957	FLOYD	7	FRUITLAND COAL	17 30 N 12 W	BASIN	BAYLESS, ROBERT L	20020630	20090701	0	0	891,247	1,090,374	91,510	0	1,981,621	0	216.2	20.1	7
30045308080000	509958	FLOYD	8	FRUITLAND COAL	17 30 N 12 W	BASIN	BAYLESS, ROBERT L	20020731	20090701	0	0	850,763	1,238,649	68,936	0	2,099,412	0	245.6	13.5	7
30045314120000	506882	KELLY, LC	16	FRUITLAND COAL	5 30 N 12 W	BASIN	XTO ENERGY	20030430	20090801	0	0	485,139	1,600,803	17,684	0	2,085,942	0	282.6	2	7
30045311400000	517383	KELLY, LC	11	FRUITLAND COAL	5 30 N 12 W	BASIN	XTO ENERGY	20030531	20090801	0	0	559,988	1,054,703	20,196	0	1,614,691	0	348.8	0	7
30045314110000	518362	KELLY, LC	15	FRUITLAND COAL	4 30 N 12 W	BASIN	XTO ENERGY	20030630	20090801	0	0	13,136	5,548	7,410	0	18,684	0	1.1	0.3	7
30045314390000	518363	MCKENZIE A	3	FRUITLAND COAL	9 30 N 12 W	BASIN	XTO ENERGY	20030630	20090801	0	0	942,283	920,403	56,015	0	1,862,666	0	196.8	13.8	7
30045299230000	509953	FLOYD	3	FRUITLAND COAL	17 30 N 12 W	BASIN	BAYLESS, ROBERT L	20030731	20090701	0	0	503,751	420,616	35,186	0	924,367	0	130.9	19.8	7
30045317930000	509952	LC KELLY COM	100	FRUITLAND COAL	4 30 N 12 W	BASIN	BURLINGTON RESOURCES O&G CO LP	20040901	20090801	0	0	227,736	660,176	2,125	0	887,912	0	83.9	1	7
30045329110000	FLOYD		10	FRUITLAND COAL	7 30 N 12 W	BASIN	BAYLESS ROBERT L PRODUCER LLC	20050501	20090201	0	0	354,394	1,231,588	11,884	0	1,585,982	0	244.2	0.5	7
30045329120000	FLOYD		9	FRUITLAND COAL	17 30 N 12 W	BASIN	BAYLESS ROBERT L PRODUCER LLC	20050601	20090201	0	0	508,782	1,354,646	48,501	0	1,863,428	0	268.6	18.3	7
30045328330000	LC KELLY COM		100S	FRUITLAND COAL	4 30 N 12 W	BASIN	BURLINGTON RESOURCES O&G CO LP	20051001	20080901	0	0	22,871	79,685	1,434	0	102,556	0	15.8	3.4	7
30045331230000	BIG BUCKS		1	FRUITLAND COAL	16 30 N 12 W	BASIN	MCELVAIN T H OIL & GAS PROPERT	20060201	20090201	0	0	614,065	809,134	34,376	0	1,423,199	0	196	7	7
30045331240000	BIG BUCKS		2	FRUITLAND COAL	16 30 N 12 W	BASIN	MCELVAIN T H OIL & GAS PROPERT	20060201	20090201	0	0	288,516	1,138,286	26,192	0	1,426,802	0	225.7	13.3	7
30045329230000	MCKENZIE B COM		100	FRUITLAND COAL	9 30 N 12 W	BASIN	BURLINGTON RESOURCES O&G CO LP	20060401	20090301	0	0	345,621	1,408,106	27,484	0	1,753,722	0	279.2	15.2	7
30045328900000	MCKENZIE B COM		100S	FRUITLAND COAL	9 30 N 12 W	BASIN	BURLINGTON RESOURCES O&G CO LP	20060401	20090301	0	0	121,319	96,328	879	0	217,647	0	19.1	1.1	7
30045336790000	546806	FEDERAL 8	2T	FRUITLAND COAL	8 30 N 12 W	BASIN	XTO ENERGY	20060601	20090801	0	0	7,556	69,094	647	0	76,630	0	13.7	0.9	7
30045336640000	546822	FEDERAL 18	1T	FRUITLAND COAL	18 30 N 12 W	BASIN	XTO ENERGY	20070531	20090801	0	0	2,113	34,425	9,985	0	36,538	0	3.3	7	7
30045341680000	552203	KELLY, LC	15R	FRUITLAND COAL	4 30 N 12 W	BASIN	XTO ENERGY	20071430	20090801	0	0	34,374	256,061	12,825	0	292,435	0	66.7	19.4	7
30045342420000	HOLDER A		100	FRUITLAND COAL	6 30 N 12 W	BASIN	BURLINGTON RESOURCES O&G CO LP	20080601	20090301	0	0	31,960	531,118	33,120	0	569,078	0	106.5	110.4	7
30045343800000	HOLDER A		100S	FRUITLAND COAL	6 30 N 12 W	BASIN	BURLINGTON RESOURCES O&G CO LP	20080701	20090301	0	0	32,917	614,785	269	0	647,702	0	121.9	1	7
30045097210000	BLANCO 30 12 C		9	FRUITLAND	9 30 N 12 W	FLORA V#	NORTHWEST PRODUCTION CORPORATI	19570301	20**1201	0	0	103,469	468,725	15,475	0	607,558	0	97	17	7
30045099870000	BLANCO 30 12		1	FRUITLAND	4 30 N 12 W	FLORA V#	BURLINGTON RESOURCES O&G CO LP	19570401	19851101	0	0	168,802	0	0	0	168,802	0	6.9	0	7
30045289170000	507698	FEDERAL 8	2	FRUITLAND SAND	8 30 N 12 W	FLORA V#	XTO ENERGY	19990930	20090801	0	0	269,224	64,707	20,005	0	333,931	0	39.3	7.6	7
30045302370000	546901	TEXAKOMA-FEDERAL 6	1	FRUITLAND SAND	6 30 N 12 W	FLORA V#	XTO ENERGY	20000930	20090801	0	0	339,413	227,373	48,604	0	566,786	0	106	8	7
30045302360000	546896	TEXAKOMA-FEDERAL 7	1	FRUITLAND SAND	7 30 N 12 W	FLORA V#	XTO ENERGY	20000930	20090801	0	0	154,047	0	8,553	0	154,047	0	37.4	2.6	7
30045289270000	507699	FEDERAL 8	1	FRUITLAND SAND	8 30 N 12 W	FLORA V#	XTO ENERGY	20001031	20090801	0	0	52,349	14,442	882	0	66,791	0	11.3	0.8	7
30045305260000	546895	TEXAKOMA-FEDERAL 6	2	FRUITLAND SAND	6 30 N 12 W	FLORA V#	XTO ENERGY	20010930	20090801	0	0	128,407	0	19,890	0	128,407	0	17	2.7	7
30045305270000	546894	TEXAKOMA-FEDERAL 7	2	FRUITLAND SAND	7 30 N 12 W	FLORA V#	XTO ENERGY	20010930	20090801	0	0	50,426	-1,224	44,599	0	49,202	0	6.3	2.1	7
							Fruitland Sand Post 2000 Average			0	0	144,928	48,118	24,506	0	193,047	0	36	7	7
30045096290000	BLANCO 30 12		5	PICTURED CLIFFS	9 30 N 12 W	SAN JUAN	NORTHWEST PRODUCTION CORPORATI	19570301	20**1201	0	0	70	0	0	0	70	0	0	0	7
30045097670000	BLANCO 30 12 D		11	PICTURED CLIFFS	9 30 N 12 W	SAN JUAN	NORTHWEST PRODUCTION CORPORATI	19570301	20**1201	0	0	5,649	0	0	0	5,649	0	0	0	7
30045602170000	30045602170000		12	PICTURED CLIFFS	4 30 N 12 W	SAN JUAN	NORTHWEST PRODUCTION CORPORATI	19570401	20**1201	0	0	42	0	0	0	42	0	0	0	7
30045295050000	509951	FLOYD	2	PICTURED CLIFFS	7 30 N 12 W	BASIN	BAYLESS, ROBERT L	19980228	20090701	0	0	925,212	926,969	135,613	0	1,852,181	0	183.8	11.1	7
30045299230000	509954	FLOYD	3	PICTURED CLIFFS	17 30 N 12 W	FULCHER	BAYLESS, ROBERT L	19991031	20090701	0	0	424,248	236,029	75,046	0	660,277	0	46.8	11.1	7
30045302240000	509955	FLOYD	4 (BPO)	PICTURED CLIFFS	17 30 N 12 W	FULCHER	BAYLESS, ROBERT L	20000930	20090701	0	0	453,822	649,585	72,168	0	1,103,407	0	128.8	21.1	7
30045301880000	506799	KELLY, LC	7	PICTURED CLIFFS	4 30 N 12 W	BASIN	XTO ENERGY	20001031	20090801	0	0	127,650	138,784	23,179	0	266,434	0	60	11.7	7
30045307600000	507148	KELLY, LC	10	PICTURED CLIFFS	5 30 N 12 W	AZTEC	XTO ENERGY	20011031	20090801	0	0	807,127	391,038	13,609	0	1,198,165	0	202.2	3.6	7
30045311300000	506881	KELLY, LC	12	PICTURED CLIFFS	5 30 N 12 W	AZTEC	XTO ENERGY	20030331	20090801	0	0	664,407	709,919	35,705	0	1,394,326	0	273	9.8	7
30045311400000	521290	KELLY, LC	11	PICTURED CLIFFS	5 30 N 12 W	BASIN	XTO ENERGY	20030330	20090801	0	0	29,135	1,034	110,874	0	30,169	0	15.6	18.1	7
30045305260000	566889	TEXAKOMA-FEDERAL 6	2	PICTURED CLIFFS	6 30 N 12 W	FULCHER	XTO ENERGY	20090101	20090801	0	0	32,950	692,453	655	0	725,403	0	137.3	2.7	7
							Pictured Cliffs Post 2000 Average			0	0	355,849	430,469	42,798	0	786,317	0	136	11	7