

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
 RECEIVED OGD - Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



XTO  
Canyon #6

2010 APR - 9 P 1:42

**ADMINISTRATIVE APPLICATION CHECKLIST**

4270

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

4/08/2010  
 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

Form C-107A  
Revised June 10, 2003

APPLICATION TYPE

Single Well

Establish Pre-Approved Pools

EXISTING WELLBORE

Yes  No

APPLICATION FOR DOWNHOLE COMMINGLING

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

Lease CANYON Well No. 6 Unit Letter-Section-Township-Range M SEC 11 T-25N R-11W County SAN JUAN

OGRID No. 5380 Property Code 22669 API No. 30-045-21300 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)	4,810' - 5,324'		5,855' - 5,890'
Method of Production (Flowing or Artificial Life)	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)	1.291		
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: <u>2/01/2010</u> Rates: <u>20 BO/2,051 MCF/0 BW</u>
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil: <u>98</u> % Gas: <u>30</u> %	Oil: % Gas: %	Oil: <u>2</u> % Gas: <u>70</u> %

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 4/08/2010

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

E-MAIL wanett\_mccauley@xtoenergy.com

Average Monthly Production

	Oil	Gas	Water
Dakota	6	2080	0
Gallup	347	897	80
<b>Total</b>	<b>353</b>	<b>2977</b>	<b>80</b>

previous 6 month avg. in Canyon 6

stabilized Mancos Production in 9 section area

% Production

	Oil	Gas	Water
Dakota	2%	70%	0%
Gallup	98%	30%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Dakota Only, Past 6 mos. production

Date	Oil	Gas	Water
8/31/2009	5	2652	0
9/30/2009	0	2247	0
10/31/2009	15	2256	0
11/30/2009	3	2228	0
12/31/2009	12	1145	0
1/31/2010	2	1954	0
<b>Average</b>	<b>6</b>	<b>2080</b>	<b>0</b>

There have been 2 wells, Canyon 7E and Canyon 19, completed into the Mancos after having established production in the Dakota in this 9 section area of T25N R11W. These wells were used in establishing allocation factors for future commingling.

## Canyon 19

Added the Mancos in April 2006

### Stabilized Mancos Only Production

Mancos	BOPM	MCFPM		BWPM
		OIL	GAS	WATER
9/30/06		497	609	80
10/31/06		392	790	0
11/30/06		612	1095	0
12/31/06		366	904	0
1/31/07		309	777	0
2/28/07		429	760	0
Average		434	823	13

## Canyon 7E

Added the Mancos in Dec 2008

### Stabilized Mancos Only Production

Mancos	BOPM	MCFPM		BWPM
		OIL	GAS	WATER
3/31/09		297	1074	211
4/30/09		363	990	176
5/31/09		258	1029	178
6/30/09		78	258	0
7/31/09		266	1422	192
8/31/09		297	1053	117
Average		260	971	146

Average Mancos		
OIL	GAS	WATER
347	897	80