

DATE IN <u>5.16.11</u>	SUSPENSE	ENGINEER <u>DB</u>	LOGGED IN <u>5.16.11</u>	TYPE <u>DHC</u> <u>4389</u>	APP NO. <u>3632433</u>
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PT6-W

ABOVE THIS LINE FOR DIVISION USE ONLY

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



XTO Energy  
 RECEIVED OGD  
 5380  
 SCHWAB & ASSOCIATES #2E

**ADMINISTRATIVE APPLICATION CHECKLIST** 30-045-32230

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.

<u>WANETT MCCAULEY</u> Print or Type Name	<u>Wanett McCauley</u> Signature	<u>REGULATORY COMPLIANCE TECHNICIAN</u> Title	<u>5/12/2011</u> Date
		<u>wanett mccauley@xtoenergy.com</u> 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 O-1011  
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 **DHC-4389**

Lease SCHWERTFEGER 8 Well No. 2E Unit Letter-Section-Township-Range B SEC 08 T-27N R-11W County SAN JUAN

OGRID No. 5380 Property Code 30340 API No. 30-045-32230 Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<input checked="" type="checkbox"/> <b>BASIN MANCOS</b>		<input checked="" type="checkbox"/> <b>BASIN DAKOTA</b>
Pool Code	<b>97232</b>		<b>71599</b>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	<b>5605' - 6054'</b>		<b>6423' - 6638'</b>
Method of Production (Flowing or Artificial Life)	<b>ARTIFICIAL LIFE</b>		<b>ARTIFICIAL LIFE</b>
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)			<b>1.000</b>
Producing, Shut-In or New Zone	<b>NEW ZONE</b>		<b>PRODUCING</b>
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: <b>3/01/2011</b> Rates: <b>0 BO/3 MCF/0.4 BW</b>
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil: <b>100</b> % Gas: <b>92</b> %	Oil: % Gas: %	Oil: <b>0</b> % Gas: <b>8</b> %

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 REG COMPLIANCE TECHNICIAN DATE 5/12/2011

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

E-MAIL wanett.mccauley@xtoenergy.com

Allocations are based off of an average of uncommingled Gallup recoveries in th 9-section in proportion to the current Dakota recovery from the 8 #2E. Further Dakota production is expected to be minimal from the subject well. Since water production from the offset wells was not recorded during their productive periods, it was assumed that 75% of the water will come from the Gallup zone.

	<b>MBO</b>	<b>MMCF</b>	<b>MBW</b>
<b>Frontier B-2</b>	41	233	
<b>Frontier B-4</b>	49	177	
<b>Frontier C-2</b>	73	279	
<b>Santa Fe G-1</b>	31	116	
<b>Santa Fe G-2</b>	9	50	
<b>Gallup Average</b>	41	171	?
<b>Schwerdtfeger 8-2E</b>	0	16	5
<b>TOTAL (GP+DK)</b>	41	187	?

<b>% Production</b>			
	<b>Oil</b>	<b>Gas</b>	<b>Water</b>
<b>Dakota</b>	0%	8%	25%
<b>Gallup</b>	100%	92%	75%

P_DATE	OIL	GAS	WATER	PROD_WELLS	DAYS_ON	P_COMMENT
7/31/2002						ACQUIRED FROM MARATHON
10/31/2007	0	0	0	0	0	
11/30/2007	0	0	0	0	0	
12/31/2007	0	0	0	0	0	
1/31/2008	0	0	0	0	0	
2/29/2008	0	0	0	0	0	
3/31/2008	0	11	0	1	5	
4/30/2008	2	269	240	1	30	DRILL & COMPLETE
5/31/2008	2	119	100	1	31	ACIDIZE/SET CIBP @ 6618'/PWOP
6/30/2008	8	1534	320	1	30	
7/31/2008	18	1686	314	1	31	
8/31/2008	0	1001	246	1	31	
9/30/2008	15	625	227	1	30	
10/31/2008	15	477	554	1	31	
11/30/2008	9	455	313	1	30	
12/31/2008	1	60	0	1	31	PUMP CHANGE/REPAIR HOLE IN TUBING
1/31/2009	23	761	630	1	31	
2/28/2009	5	547	328	1	28	
3/31/2009	2	685	165	1	31	
4/30/2009	0	713	84	1	30	
5/31/2009	0	544	1	1	31	PRESSURE TEST TBG/CHECK PUMP ACTION
6/30/2009	0	675	240	1	30	D.O. CIBP/PUMP CHANGE/REPAIR H.I.T.
7/31/2009	8	476	80	1	31	
8/31/2009	7	368	160	1	31	PUMP CHANGE/REPAIR HOLE IN TUBING
9/30/2009	0	981	330	1	30	
10/31/2009	0	884	160	1	31	
11/30/2009	51	539	188	1	30	PUMP CHANGE/REP H.I.T./REP ROD PART
12/31/2009	1	401	250	1	31	
1/31/2010	0	326	164	1	31	
2/28/2010	10	613	88	1	28	
3/31/2010	0	195	0	1	31	PRESSURE TEST TBG/CHECK PUMP ACTION
4/30/2010	0	200	80	1	30	
5/31/2010	0	252	0	1	31	
6/30/2010	0	0	0	0	0	
7/31/2010	0	0	0	0	2	
8/31/2010	0	49	0	1	1	
9/30/2010	4	199	0	1	30	
10/31/2010	0	36	0	1	31	
11/30/2010	0	41	0	1	30	
	181	15722	5262			