

DATE IN 4/27/14	SUSPENSE	ENGINEER MAM	LOGGED IN 4/28/2014	TYPE DHC	APP NO. PMAM1409835266
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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



4659

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.

KRISTEN D. BABCOCK
 Print or Type Name

Kristen D. Babcock
 Signature

REGULATORY ANALYST
 Title

4/2/2014
 Date

Kristen.Babcock@xtoenergy.com
 e-mail Address

- DHC
 - XTO Energy
 5380
 well
 - WF Federal 11
 #1
 30-045-32268
 Pool
 - Basin Fruitland
 Coal
 71629
 - Harper Hill
 Sand Pictured
 Cliffs
 78160



382 CR 3100 Aztec, NM 87410
(505) 333-3100 FAX: (505) 333-3280

April 2, 2014

NMOCD
Phillip Goetze
1220 South St. Francis Dr.
Santa Fe, NM 87505

RE: Record Clean Up for Downhole Commingle
Harper Hill Fruitland Sand- Pictured Cliffs (78160) & Basin Fruitland Coal (71629) Pools
Area of T30N, R14W
San Juan County, NM

Dear Mr. Goetze,

XTO Energy Inc. and the NMOCD Aztec District Office reviewed all of the XTO operated wells within the Harper Hill Fruitland Sand / PC Pool – located predominately within T30N, R14W, San Juan County NM – that had downhole comingling permits filed and approved through the NMOCD Aztec District Office by previous operators. These wells should have been filed and approved through the Santa Fe NMOCD, due to the fact that they are not pre-approved pools. XTO Energy Inc will be submitting these 12 wells to the Santa Fe NMOCD office for the appropriate approval. Allocations will remain as they were before.

WELL NAME	API	DHC #	Year Approved	Operator that Submitted
1. WF Federal 11 #1	30-045-32268	DHC-1923AZ	"2005"	Lance Oil and Gas
2. WF Federal 25 #1	30-045-30681	DHC-2416AZ	"2007"	Lance Oil and Gas
3. WF Federal 25 #2	30-045-30713	DHC-1209AZ	"2003"	Richardson Operating
4. WF Federal 27 #3	30-045-30393	DHC-2138AZ	"2006"	Lance Oil and Gas
5. WF Federal 03 #1	30-045-30202	DHC-3214AZ	"2009"	XTO Energy
6. WF State 2 #3	30-045-30759	DHC-1896AZ	"2005"	Lance Oil and Gas
7. Coolidge #2	30-045-31221	DHC-1076AZ	"2003"	Calpine Operating
8. Coolidge Com #1	30-045-26184	DHC-1005AZ	"2002"	Calpine Operating
9. Morton #2	30-045-25766	DHC-1003AZ	"2002"	Calpine Operating
10. Morton #3	30-045-31215	DHC-1075AZ	"2003"	Calpine Operating
11. Mr Nona 15 #1	30-045-30318	DHC-2573AZ	"2007"	Lance Oil and Gas
12. Roosevelt #2	30-045-31222	DHC-1028AZ	"2003"	Calpine Operating

Sincerely,

Kristen D. Babcock
Regulatory Analyst
xc: Jackson Dean, Ft. Worth Land

District I
1625 N. French Drive, Hobbs, NM 88240

District II
811 S. First St., Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

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

Form C-107A
Revised August 1, 2011

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
WF Federal 11 #1 UNIT LETTER H, Sec 11, T30N, R14W SAN JUAN

Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 5380 Property Code 303671 API No. 30-045-32268 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	BASIN FRUITLAND COAL		HARPER HILL FRUITLAND SAND PICTURED CLIFFS
Pool Code	(71629)		(78160)
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	1489'-1663'		1672'-1686'
Method of Production (Flowing or Artificial Lift)	ROD/PUMP		ROD/PUMP
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	PRODUCING		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: 1/1/14 Rates: O:0/G:339 MCF/W:0	Date: Rates:	Date:1/1/14 Rates: O: 0/G:38 MCF/W:0
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 90 % 90 %	Oil Gas % %	Oil Gas 10 % 10 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ☒ No ☐
If not, have all working, royalty and overriding royalty interest owners 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 working, royalty and overriding royalty interests for uncommon interest cases.
Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

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 Kristen D. Babcock TITLE REGULATORY ANALYST DATE 4/2/14

TYPE OR PRINT NAME KRISTEN D. BABCOCK TELEPHONE NO. (505) 333-3206

E-MAIL ADDRESS kristen_babcock@xtoenergy.com

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
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. 30-045-32268
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. NMNM-102886
7. Lease Name or Unit Agreement Name WF Federal 11
8. Well Number #1
9. OGRID Number 229938
10. Pool name or Wildcat Basin Fruitland Coal/Harper Hill PC

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
Lance Oil & Gas Company, Inc.

3. Address of Operator
P. O. Box 70, Kirtland, NM 87417

4. Well Location
Unit Letter H : 1740' feet from the North line and 670 feet from the East line
Section 11 Township 30N Range 14W NMPM San Juan County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
5942'

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 <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>
PLUG AND ABANDON <input type="checkbox"/>	P AND A <input type="checkbox"/>
CHANGE PLANS <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>
MULTIPLE COMPL <input type="checkbox"/>	
OTHER: Application for Downhole Commingle <input checked="" type="checkbox"/>	OTHER: <input type="checkbox"/>

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.

Operator, Lance Oil & Gas Company, Inc. respectfully requests approval to downhole commingle Fruitland Coal and Pictured Cliffs production from the WF Federal 11 #1. The initial allocation of Fruitland Coal - 90% and Pictured Cliffs - 10% is preliminary and will be revised by August 31, 2005. Lance is continuing to evaluate an allocation methodology based upon offset production, reserves, open hole logs and zonal isolation.

The WF Federal 11 #1 is currently completed in the Fruitland Coal and Pictured Cliffs as follows:

Fruitland Coal (S9): 1489', 1518', 1523-25', 1573-74', 1577-83'; (S8): 1654-59', 1662-63'

Pictured Cliffs: 1672-86'

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 NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Jo Becksted TITLE Production Tech DATE 7/6/05

Type or print name Jo Becksted E-mail address: jbeckste@westerngas.com Telephone No. (505) 598-5601 Ext. 58

For State Use Only

APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 25 DATE JUN - 6 2005

Conditions of Approval (if any):

LANCE OIL AND GAS OPERATING, INC.

WF - Federal 11 #1
1,740' FNL & 670' FEL
E/2 Section 11, T30N - R14W
San Juan County, New Mexico

Application For Downhole Commingling

Lance Oil and Gas Company, Inc. (Lance) requests temporary approval to downhole commingle the Fruitland Coal and Pictured Cliffs production from the WF - Federal 11 #1 well located in the NE/4 Section 11, T30N - R14W, San Juan County, New Mexico. The WF - Federal 11 #1 is currently completed in the Fruitland Coal and Pictured Cliffs as follows:

<u>Formation</u>	<u>Perforated Intervals</u>	<u>Net (ft)</u>
Fruitland Coal (S - 9)	1,489'	1'
	1,518'	1'
	1,523' - 25'	3'
	1,573' - 74'	2'
	1,577' - 83'	7'
Fruitland Coal (S - 8)	1,654' - 59'	6'
	1,662' - 63'	2'
	Total Fruitland Coal	22'
Pictured Cliffs	1,672' - 86'	15'
	Total Pictured Cliffs	15'

The initial allocation is Fruitland Coal - 90% and Pictured Cliffs - 10% and will be revised as soon as possible but no later than August 31, 2005. The 90% / 10% split is a change from previously downhole commingled wells, but is representative of recent testing of Fruitland Coal and Pictured Cliffs wells. No notifications are required as the Fruitland Coal and Pictured Cliffs formations are both 100% Lance working interest, 100% MMS royalty with no overriding royalty interests.

Lance is continuing to collect field data and prepare a permanent allocation methodology. The allocation methodology is expected to be completed by July 31, 2005 with submittal to the BLM by August 31, 2005 pursuant to our letter during March, 2005.

