

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:**

*Record Clean up*  
**[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



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

2014 APR - 7 10 2:09  
RECEIVED OOD

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

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107A  
Revised August 1, 2011

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

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  
WF STATE 2 #3 UNIT LETTER N, Sec 2, T30N, R14W SAN JUAN

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

OGRID No. 5380 Property Code 303691 API No. 30-045-30759 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)	1433'-1627'		1644'-1664'
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:1430MCF/ W:3915	Date: Rates:	Date: 1/1/14 Rates: O:0/G:159MCF/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 90 % Gas 90 %	Oil % Gas %	Oil 10 % Gas 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

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

Form C-103  
March 4, 2004

WELL API NO. 30-045-30759
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name WF State 2
8. Well Number 3
9. OGRID Number 229938
10. Pool name or Wildcat Harper Hill PC/Basin Fruitland Coal

SUNDRY NOTICES AND REPORTS FOR NEW 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-100 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  
#99 County Road 6500, P. O. Box 70, Kirtland, NM 87417

4. Well Location

Unit Letter N : 1237 feet from the South line and 1790' feet from the West line

Section 2 Township 30 Range 14W NMPM San Juan County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
5955' GR

Pit or Below-grade Tank Application (For pit or below-grade tank closures, a form C-144 must be attached)

Pit Location: UL      Sect      Twp      Rng      Pit type      Depth to Groundwater      Distance from nearest fresh water well     

Distance from nearest surface water      Below-grade Tank Location UL      Sect      Twp      Rng      ;

feet from the      line and      feet from the      line

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐  
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐  
PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐  
OTHER: Commingling ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐  
COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐  
CASING TEST AND CEMENT JOB ☐  
OTHER: ☐

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.

Please see attached "Application for Downhole Commingling."

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 Thomas M. Erwin TITLE Sr. Production Engineer DATE 5/19/05  
Type or print name Thomas M. Erwin E-mail address: terwin@westerngas.com Telephone No. (505) 5698-5601 Ext. 63

(This space for State use)

APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR DIST. 28 DATE MAY 20 2005  
Conditions of approval, if any: none 8 take land office See Riv 303C.

## **LANCE OIL AND GAS OPERATING, INC.**

**WF - STATE 2 #3  
1,237' FSL & 1,790' FWL  
S/2 Section 2, 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 - State 2 #3 well located in the SW/4 Section 2, T30N - R14W, San Juan County, New Mexico. The State 2 #3 is currently completed in the Fruitland Coal and Pictured Cliffs as follows:

<b><u>Formation</u></b>	<b><u>Perforated Intervals</u></b>	<b><u>Net (ft)</u></b>
Fruitland Coal	1,433' - 37'	5'
	1,462' - 63'	2'
	1,535' - 40'	6'
	1,618' - 27'	<u>10'</u>
<b>Total Fruitland Coal</b>		<b>23'</b>
Pictured Cliffs	1,644' - 48'	5'
	1,660' - 64'	<u>5'</u>
<b>Total Pictured Cliffs</b>		<b>10'</b>

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.

Lance operates the WF - State 2 #3 with a 100% working interest. The State of New Mexico has a 100% royalty interest in the Fruitland Coal and Pictured Cliffs. Overriding royalty interest owners are the same in the Fruitland Coal and Pictured Cliffs formations. The overriding interest owners have been notified with certified mail on May 5, 2005. A "Notification for Downhole Commingling" list is attached indicating each overriding interest owner, address and certified mail number.

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.

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

State of New Mexico  
Energy, Minerals & Natural Resources

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

Form C-104  
Revised June 10, 2003

Submit to Appropriate District Office  
5 Copies

☐ AMENDED REPORT

**I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT**

<sup>1</sup> Operator name and Address Lance Oil & Gas Company, Inc. P. O. Box 70 Kirtland, NM 87417		<sup>2</sup> OGRID Number 229938
		<sup>3</sup> Reason for Filing Code/ Effective Date Completion, November 29, 2004
<sup>4</sup> API Number 30 - 045-30759	<sup>5</sup> Pool Name Basin Fruitland Coal	<sup>6</sup> Pool Code 71629
<sup>7</sup> Property Code 24582	<sup>8</sup> Property Names WF State 2	<sup>9</sup> Well Number #3

**II. <sup>10</sup> Surface Location**

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West line	County
N	2	30N	14W		1237'	South	1790'	West	San Juan

**<sup>11</sup> Bottom Hole Location**

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

<sup>12</sup> Lse Code	<sup>13</sup> Producing Method Code	<sup>14</sup> Gas Connection Date	<sup>15</sup> C-129 Permit Number	<sup>16</sup> C-129 Effective Date	<sup>17</sup> C-129 Expiration Date

**III. Oil and Gas Transporters**

<sup>18</sup> Transporter OGRID	<sup>19</sup> Transporter Name and Address	<sup>20</sup> POD	<sup>21</sup> O/G	<sup>22</sup> POD ULSTR Location and Description
229938	Lance Oil & Gas Company, Inc.			



**IV. Produced Water**

<sup>23</sup> POD	<sup>24</sup> POD ULSTR Location and Description

**V. Well Completion Data**

<sup>25</sup> Spud Date 7/14/2003	<sup>26</sup> Ready Date 11/29/2004	<sup>27</sup> TD 1800'	<sup>28</sup> PBTD 1713'	<sup>29</sup> Perforations 1618-1627', 1433-1437', 1462-1463', 1535-1540'	<sup>30</sup> DHC, MC 1896
<sup>31</sup> Hole Size 12-1/4"	<sup>32</sup> Casing & Tubing Size 8-5/8" J-55, 24# weight	<sup>33</sup> Depth Set 126'	<sup>34</sup> Sacks Cement 100 sx Class B		
7-7/8"	5-1/2" J55, 17# weight	1758'	351 sx Class B		
	2-3/8" J55 4.7#	1660'			

**VI. Well Test Data**

<sup>35</sup> Date New Oil	<sup>36</sup> Gas Delivery Date	<sup>37</sup> Test Date SL, WOPL	<sup>38</sup> Test Length	<sup>39</sup> Tbg. Pressure	<sup>40</sup> Csg. Pressure
<sup>41</sup> Choke Size	<sup>42</sup> Oil	<sup>43</sup> Water	<sup>44</sup> Gas	<sup>45</sup> AOF	<sup>46</sup> Test Method Sundry of Test to Follow

<sup>47</sup> I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Thomas M. Erwin*

Printed name:  
Thomas M. Erwin  
Title:  
Senior Production Engineer  
E-mail Address:  
terwin@westerngas.com

Date: 5/19/05  
Phone: (505) 598-5601 Ext. 63

OIL CONSERVATION DIVISION

Approved by: *Charles L. ...*  
Title: SUPERVISOR DISTRICT # 3  
Approval Date: MAY 20 2005