

DATE IN <u>9.22.11</u>	SUSPENSE	ENGINEER <u>WVT</u>	LOGGED IN <u>9.22.11</u>	TYPE <u>DHC</u>	APP NO <u>1126552842</u>
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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



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4473
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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

Signature

Wanett McCauley

REGULATORY COMPLIANCE TECHNICIAN
 Title

9/20/2011
 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

XTO Energy Inc.

Operator

382 CR 3100, Aztec, NM 87410

Address

DA C-4473

HUN NE PAH

Lease

#1

Well No.

E

Sec 10

T25N

R11W

SAN JUAN

County

OGRID No. 5380

Property Code 22748

API No. 30-045-21214

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)	4883' - 5390'		5904' - 5941'
Method of Production (Flowing or Artificial Life)	ARTIFICIAL LIFE		ARTIFICIAL LIFE
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)			1.262
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: 7/01/2011 Rates: 0 BO/256 MCF/3 BW
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil: 99 % Gas: 87 %	Oil: % Gas: %	Oil: 1 % Gas: 13 %

Are all working, overriding, and royalty interests identical in all commingled zones?
If not, have all working, overriding, and royalty interests been notified by certified mail?

Yes ☒ No ☐
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 9/20/2011

TYPE OR PRINT NAME WANETT MCCAULEY

TELEPHONE NO. (505) 333-3630

E-MAIL wanett.mccauley@xtoenergy.com

Average Monthly Production

	Oil	Gas	Water
Dakota	3	459	5
Mancos	467	2945	90
Total	470	3405	95

previous 6 month avg. in Huh Ne Pah 1

stabilized Mancos Production in 9 section area

% Production

	Oil	Gas	Water
Dakota	1%	13%	5%
Mancos	99%	87%	95%
Total	100%	100%	100%

Dakota Only, Past 6 mos. production

Date	Oil	Gas	Water
11/30/2010	.0	498.0	.0
12/31/2010	.0	447.0	13.0
1/31/2011	5.0	428.0	.0
2/28/2011	.0	536.0	.0
3/31/2011	10.0	490.0	15.0
4/30/2011	3.0	357.0	2.0
Average	3	459	5

There have been 3 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. The Canyon 5 is another Mancos producer recently added but it is not commingled with any other intervals.

Canyon 19

Added the Mancos in April 2006

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

Canyon 5

Added the Mancos in Nov 2010

Mancos Only Production				
BOPM		MCFPM		BWPM
Mancos		OIL	GAS	WATER
12/31/10	849	5024	210	123
1/31/11	907	5632	83	0
2/28/11	430	5269	160	115
3/31/11	904	5623		
4/30/11	503	5054		
Average	718	5320		

Canyon 8E

Added the Mancos in July 2010

Stabilized Mancos Only Production				
BOPM		MCFPM		BWPM
Mancos		OIL	GAS	WATER
11/30/2010	931	6294	-3	22
12/31/2010	440	5257	297	48
1/31/2011	393	3969	77	86
2/28/2011	207	4825		
3/31/2011	529	4244		
4/30/2011	224	3415		
Average	454	4658		

Canyon 7E

Added the Mancos in Dec 2008

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

Average Mancos			
OIL	GAS	WATER	
467	2945	90	

Mancos Allocated		Dakota Allocated		Total Allocated		Last Dakota production before Mancos add		Oil		Gas		Water	
11/30/2010	531	4158	0	0	2889	0	531	7047	0	10/31/2009	0	932	20
12/31/2010	440	3546	24	0	2464	1	440	6010	25	11/30/2009	0	904	0
1/31/2011	393	2786	285	0	1936	15	393	4722	300	12/31/2009	0	680	0
2/28/2011	207	3291	48	0	2287	3	207	5578	51	1/31/2010	0	927	0
3/31/2011	529	2948	76	0	2049	4	529	4957	80	2/28/2010	0	736	0
4/30/2011	224	2459	76	0	1709	4	224	4168	80	3/31/2010	0	338	0