

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

DHC 4100
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. 382 CR 3100 Aztec, NM 87410
Operator Address

KUTZ FEDERAL #10G SBC 18J T28N R10W SAN JUAN
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 5380 Property Code 22756 API No. 30-045-34380 Lease Type: X 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)	4604' - 5465'		6325' - 6594'
Method of Production (Flowing or Artificial Lift)	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)			
Producing, Shut-In or New Zone	NEW ZONE		NEW ZONE
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: Rates:
	Date: Rates:	Date: Rates:	Date: Rates:
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil: 75 % Gas: 50 %	Oil: % Gas: %	Oil: 25 % Gas: 50 %

Are all working, overriding, and royalty interests identical in all commingled zones? Yes _____ No X
If not, have all working, overriding, and royalty interests been notified by certified mail? Yes X No _____

Are all produced fluids from all commingled zones compatible with each other? Yes X No _____

Will commingling decrease the value of production? Yes _____ No X

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 X 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 Lorri D. Bingham TITLE REG COMPLIANCE TECH DATE 7/7/08

TYPE OR PRINT NAME LORRI D. BINGHAM TELEPHONE NO. (505) 333-3100

E-MAIL Lorri.bingham@xtoenergy.com

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on page 2

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

XTO Energy Inc.

3a. Address

382 CR 3100 AZTEC, NM 87410

3b. Phone No. (include area code)

505-333-3100

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1600' FSL & 1975' FEL SEC 18J-T28N-R10W

5. Lease Serial No.

NMSF047039B

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

KUTZ FEDERAL #10G

9. API Well No.

30-045-34380

10. Field and Pool, or Exploratory Area

BASIN DAKOTA

WILDCAT BASIN MANCOS

11. County or Parish, State

SAN JUAN

NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- | | | | |
|---|---|--|---|
| <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other <u>DOWNHOLE</u> |
| <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | <u>COMMINGLE</u> |
| <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompletable horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

XTO Energy Inc. requests approval for an exception to NMOCD Rule 303-C to permit DHC of production from the Basin Dakota & Wildcat Basin Mancos in the Kutz Federal #10G. XTO proposes to downhole commingle these pools upon completion of this well.

RCVD JUL 17 '08

Allocations are based upon average production from a nearby well and are calculated as follows:

Basin Dakota	Gas: 50%	Water: 67%	Oil: 25%
Wildcat Basin Mancos	Gas: 50%	Water: 33%	Oil: 75%

OIL CONS. DIV.

DIST. 3

Pools are not included in the New Mexico Oil Conservation Division pre-approved pool combination of downhole commingling in the San Juan Basin. Working interest, net royalty interest & overriding royalty interest owners have been notified by certified, return receipt mail on 6/17/08. The NMOCD has been notified of our intent by submission of a C-107A. Downhole commingling will offer an economical method of production while protecting against reservoir damage, waste of reserves & violation of correlative rights.

DHC 2913 AZ suspended pending Basin Mancos R-ord

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

LORRI D. BINGHAM

Title REGULATORY COMPLIANCE TECH

Signature

Date 7/7/08

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

GCD

Date

7-15-08

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

FFD

Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

NMOCD

Submit 3 Copies To Appropriate District
Office
District I
1625 N French Dr, Hobbs, NM 87240
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.
30-045-34380

5. Indicate Type of Lease
STATE ☐ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name:
KUTZ FEDERAL

8. Well Number
#10G

9. OGRID Number
5380

10. Pool name or Wildcat
BASIN DAKOTA ~~AND/OR~~ BASIN MANCOS

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
XTO Energy Inc.

3. Address of Operator
382 CR 3100 AZTEC, NM 87410

4. Well Location
Unit Letter J : 1500 feet from the SOUTH line and 1975 feet from the EAST line
Section 18 Township 28N Range 10W NMPM County SAN JUAN

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

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:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☐

PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐

OTHER: DOWNHOLE COMMINGLE ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER: ☐

RCVD JUL 9 '08
OIL CONS. DIV.
DIST. 3

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.

DHC 2913A 2
XTO Energy Inc. requests an exception to NMOC rule 303-C to permit DHC of production from the Basin Dakota pool (71599) and the Basin Mancos pool (97232). XTO proposes to DHC the two pools upon completion of the well. Proposed allocations are based on ave prod from a nearby well & are calculated as follows:

Basin Dakota Gas: 50% Water: 47 Oil: 70%
Basin Mancos Gas: 50% Water: 33 Oil: 25%

Ownership in pools is diverse & notification was made to owners by certified mail, return receipt on 6/17/08. DHC will offer an economical method of production while protecting against reservoir damage, waste of reserves & violation of correlative rights. Application for DHC was submitted to BLM 7/7/08.

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 Lorri D. Bingham TITLE REGULATORY COMPLIANCE TECH DATE 7/8/08

Type or print name LORRI D. BINGHAM E-mail address: lorri_bingham@xtoenergy.com Telephone No. 505-333-3100

Deputy Oil & Gas Inspector,
District #3

For State Use Only
APPROVED BY [Signature] TITLE [Signature] DATE JUL 10 2008

Conditions of Approval, if any:

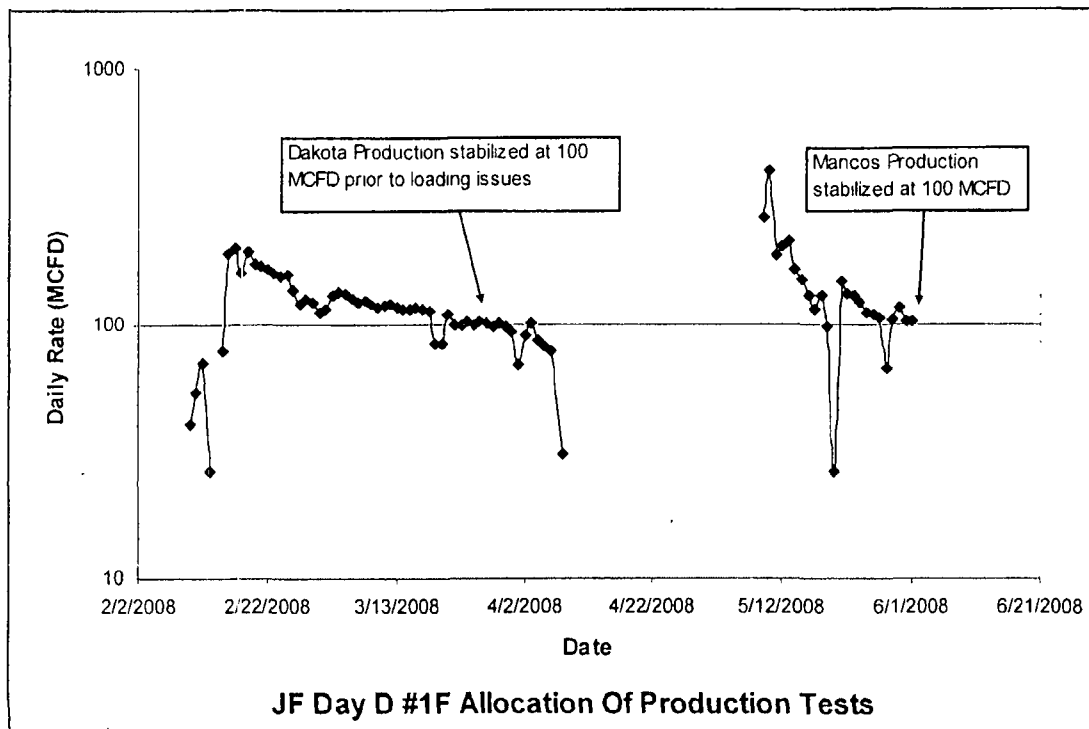
HUTZ FEDERAL #106

JF Day D #1F

This well was a new drill that XTO used as a test well to determine allocations for production. The Dakota and Mancos were both artificially lifted by plunger lift and put on compression. Each zones production stabilized at 100 MCFD before liquid loading issues were encountered.

Production			
	OIL	GAS	WATER
Mancos	3 BOPD	100 MCFD	2 BWPD
Dakota	1 BOPD	100 MCFD	4 BWPD

Allocations			
	OIL	GAS	WATER
Mancos	75%	50%	.333%
Dakota	25%	50%	.666%





2700 Farmington Avenue
Building K, Suite 1
Farmington, NM 87401

June 17, 2008

Interest Owners

Subject: Notice of Intent to Apply for Downhole Commingling
Kutz Federal #10G
Unit J, Sec 18, 28N, R10W

XTO Energy Inc is submitting an application to the New Mexico Oil Conservation Division (NMOCD) to downhole commingle production from the Basin Dakota and the Wildcat Basin Mancos pools in the Kutz Federal #10G. Commingling of these pools will minimize operating costs, add reserves and improve economics of the well.

The proposed allocation percentages for each pool are as follows:

Basin Mancos	Gas: 50%	Water: 33%	Oil: 75%
Basin Dakota	Gas: 50%	Water: 67%	Oil: 25%

NMOCD requires all interest owners be notified of intent to downhole commingle if ownership is different between zones. If you need additional information or have any questions, I may be contacted at (505) 333-3100. If you have any objections to our application, please contact me within twenty (20) days of the date of this letter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lorri D. Bingham', written over a horizontal line.

Lorri D. Bingham
Regulatory Compliance Tech

xc: well file