

DATE 12.14.10	SUSPENSE	ENGINEER DKB	LOGGED IN 12.14.10	TYPE DHC	APP NO. 1034934062
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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



XTO 5380

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ADMINISTRATIVE APPLICATION CHECKLIST

30-045-34364

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATION 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

Wanett McCauley
 Signature

REGULATORY COMPLIANCE TECHNICIAN
 Title

12/14/2010
 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

APPLICATION FOR DOWNHOLE COMMINGLING

Form C-107A
Revised June 10, 2003

RECEIVED
2010 DEC 14
APPLICATION TYPE
Single Well
Establish Pre-Approved Pools
EXISTING WELLBORE
No
8.29

Operator XTO Energy Inc. Address 382 CR 3100, Aztec, NM 87410

Lease CANYON Well No. 5E Unit Letter-Section-Township-Range H SEC-03 T-25N R-11W County SAN JUAN

OGRID No. 5380 Property Code 22669 API No. 30-045-34364 Lease Type: X Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<u>BASIN MANCOS</u>		<u>BASIN DAKOTA</u>
Pool Code	<u>97232</u>		<u>71599</u>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	<u>4800' - 5100'</u>		<u>5700' - 5900'</u>
Method of Production (Flowing or Artificial Life)	<u>FLOWING</u>		<u>FLOWING</u>
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	<u>NEW ZONE</u>		<u>NEW ZONE</u>
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: <u> </u> Rates: <u> </u>	Date: <u> </u> Rates: <u> </u>	Date: <u> </u> Rates: <u> </u>
	Date: <u> </u> Rates: <u> </u>	Date: <u> </u> Rates: <u> </u>	Date: <u> </u> Rates: <u> </u>
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil: <u>98</u> % Gas: <u>30</u> %	Oil: <u> </u> % Gas: <u> </u> %	Oil: <u>2</u> % Gas: <u>70</u> %

Are all working, overriding, and royalty interests identical in all commingled zones? Yes X 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 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 Wanett McCauley TITLE REGULATORY COMP TECH DATE 12/09/2010

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

E-MAIL wanett.mccauley@xtoenergy.com

Average Monthly Production

	Oil	Gas	Water
Dakota	6	2080	0
Mancos	347	897	80
Total	353	2977	80

previous 6 month avg. in Canyon 6

stabilized Mancos Production in 9 section area

% Production

	Oil	Gas	Water
Dakota	2%	70%	0%
Mancos	98%	30%	100%
Total	100%	100%	100%

Dakota Only, Past 6 mos. Production in Canyon 6

Date	Oil	Gas	Water
8/31/2009	5	2652	0
9/30/2009	0	2247	0
10/31/2009	15	2256	0
11/30/2009	3	2228	0
12/31/2009	12	1145	0
1/31/2010	2	1954	0
Average	6	2080	0

There have been 2 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.

Canyon 19

Added the Mancos in April 2006

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

Canyon 7E

Added the Mancos in Dec 2008

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

Average Mancos			
OIL	GAS	WATER	
347	897	80	