

DATE IN 5.16.11	SUSPENSE	ENGINEER DB	LOGGED IN 5.16.11	TYPE DHC 4389	APP NO. 3632433
-----------------	----------	-------------	-------------------	---------------	-----------------

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



XTO Energy
RECEIVED OCD

ADMINISTRATIVE APPLICATION CHECKLIST

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

Signature

Wanett McCauley

REGULATORY COMPLIANCE TECHNICIAN
 Title

5/12/2011
 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

APPLICATION FOR DOWNHOLE COMMINGLING

Form O-10.1
Revised June 10, 2003

APPLICATION TYPE

☒ Single Well

☐ Establish Pre-Approved Pools

EXISTING WELLBORE

☒ Yes ☐ No

Operator
XTO Energy Inc.

Address
382 CR 3100, Aztec, NM 87410

DHC-4389

Lease
SCHWEDTFEGER 8

Well No.
2E

Unit Letter-Section-Township-Range
B SEC 08 T-27N R-11W

County
SAN JUAN

OGRID No. **5380**

Property Code **30340**

API No. **30-045-32230**

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)	5605' - 6054'		6423' - 6638'
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)			1.000
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: 3/01/2011 Rates: 0 BO/3 MCF/0.4 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: 100 % Gas: 92 %	Oil: % Gas: %	Oil: 0 % Gas: 8 %

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 communized 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 **5/12/2011**

TYPE OR PRINT NAME

WANETT MCCAULEY

TELEPHONE NO. (**505**) **333-3630**

E-MAIL

wanett.mccauley@xtoenergy.com

Allocations are based off of an average of uncommingled Gallup recoveries in th 9-section in proportion to the current Dakota recovery from the 8 #2E. Further Dakota production is expected to be minimal from the subject well. Since water production from the offset wells was not recorded during their productive periods, it was assumed that 75% of the water will come from the Gallup zone.

	MBO	MMCF	MBW
Frontier B-2	41	233	
Frontier B-4	49	177	
Frontier C-2	73	279	
Santa Fe G-1	31	116	
Santa Fe G-2	9	50	
Gallup Average	41	171	?
Schwerdtfeger 8-2E	0	16	5
TOTAL (GP+DK)	41	187	?

% Production			
	Oil	Gas	Water
Dakota	0%	8%	25%
Gallup	100%	92%	75%

P_DATE	OIL	GAS	WATER	PROD_WELLS	DAYS_ON	P_COMMENT
7/31/2002						ACQUIRED FROM MARATHON
10/31/2007	0	0	0	0	0	
11/30/2007	0	0	0	0	0	
12/31/2007	0	0	0	0	0	
1/31/2008	0	0	0	0	0	
2/29/2008	0	0	0	0	0	
3/31/2008	0	11	0	1	5	
4/30/2008	2	269	240	1	30	DRILL & COMPLETE
5/31/2008	2	119	100	1	31	ACIDIZE/SET CIBP @ 6618'/PWOP
6/30/2008	8	1534	320	1	30	
7/31/2008	18	1686	314	1	31	
8/31/2008	0	1001	246	1	31	
9/30/2008	15	625	227	1	30	
10/31/2008	15	477	554	1	31	
11/30/2008	9	455	313	1	30	
12/31/2008	1	60	0	1	31	PUMP CHANGE/REPAIR HOLE IN TUBING
1/31/2009	23	761	630	1	31	
2/28/2009	5	547	328	1	28	
3/31/2009	2	685	165	1	31	
4/30/2009	0	713	84	1	30	
5/31/2009	0	544	1	1	31	PRESSURE TEST TBG/CHECK PUMP ACTION
6/30/2009	0	675	240	1	30	D.O. CIBP/PUMP CHANGE/REPAIR H.I.T.
7/31/2009	8	476	80	1	31	
8/31/2009	7	368	160	1	31	PUMP CHANGE/REPAIR HOLE IN TUBING
9/30/2009	0	981	330	1	30	
10/31/2009	0	884	160	1	31	
11/30/2009	51	539	188	1	30	PUMP CHANGE/REP H.I.T./REP ROD PART
12/31/2009	1	401	250	1	31	
1/31/2010	0	326	164	1	31	
2/28/2010	10	613	88	1	28	
3/31/2010	0	195	0	1	31	PRESSURE TEST TBG/CHECK PUMP ACTION
4/30/2010	0	200	80	1	30	
5/31/2010	0	252	0	1	31	
6/30/2010	0	0	0	0	0	
7/31/2010	0	0	0	0	2	
8/31/2010	0	49	0	1	1	
9/30/2010	4	199	0	1	30	
10/31/2010	0	36	0	1	31	
11/30/2010	0	41	0	1	30	
	181	15722	5262			