

2/3/05

2/9/05

DWVJ0504134254



DHE-3397

2700 Farmington Ave, K-1 Farmington, NM 87401
Phone: (505) 324-1090 FAX: (505) 564-6700

February 2, 2005

Mr. Will Jones
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Subject: Application for Exception to Rule 303A
Downhole Commingle Sullivan RB #4
30-045-32300 Unit H Sec 11-T27N- R10W
Basin Dakota, Wilcat Basin Mancos
San Juan, NM

Dear Mr. Jones:

Enclosed please find an administrative application form (C107A) and attachments for downhole commingling for the captioned well. This well is currently being drilled and we wish to downhole commingle at time of completion. XTO Energy Inc. requests approval for an exception to Rule 303-C to permit downhole commingling of production from the Basin Dakota (71599) and Wildcat Basin Mancos (97232) pools in the RB Sullivan #4. XTO Energy proposes to complete & flow test the Basin Dakota and then the Basin Mancos as per the following description. After testing & establishing a production base for each interval. XTO Energy proposes to downhole commingle the production. We will perforate, fracture treat & flow test the Dakota interval in this well for a period of at least one month to establish a production baseline for gas & oil allocations. After a period of no less than one month, XTO plans to temporarily plug back the Dakota interval & then perforate, fracture treat & flow test the Mancos interval for a period of at least one month to establish a production baseline for gas & oil allocations. Following each test, the well will be cleaned out & placed on production as a downhole commingle Basin Dakota / Wildcat Basin Mancos with gas & oil allocated from test baselines established above. All interests are common in all zone's spacing units. Downhole commingling will offer an economic method of production while protecting against reservoir damage, waste of reserves and violation of correlative rights. Any questions pertaining to this matter, please call me at (505) 324-1090.

Sincerely,

A handwritten signature in cursive script that reads 'Kelly K. Small'.

Kelly K. Small
Drilling Assistant

xc: Wellfile
OCD, Aztec Office

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

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

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

State of New Mexico
Energy, Minerals and Natural Resources Department

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. 2700 FARMINGTON AVE, SUITE K-1 FARMINGTON, NM 87401

Operator Address
SULLIVAN RB #4 SEC H11, T27N, R10W SAN JUAN

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

OGRID No. 167067 Property Code API No. 30-045-32300 Lease Type: Federal State ☒ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	WILDCAT BASIN MANCOS		BASIN DAKOTA
Pool Code	97232		71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	5,536' – 5,833'		6,304' – 6,523'
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:
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas Water	Oil Gas Water	Oil Gas Water

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 Kelly K. Small TITLE DRILLING ASSISTANT DATE 02/03/05

TYPE OR PRINT NAME KELLY K. SMALL TELEPHONE NO. (505) 324-1090
E-MAIL ADDRESS kelly_small@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

Form C-103
May 27, 2004

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

WELL API NO. 30-045-32300
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name RB SULLIVAN
8. Well Number #4
9. OGRID Number 167067
10. Pool name or Wildcat BASIN DAKOTA / WILDCAT 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

2700 FARMINGTON AVE, SUITE K-1, FARMINGTON, NM 87401

4. Well Location

Unit Letter H : 1,750' feet from the NORTH line and 665' feet from the EAST line

Section 11 Township 27N Range 10W NMPM County SAN JUAN

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

6,007' GL

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 COMPL ☐

OTHER: DOWNHOLE COMMINGLE ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/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.

XTO Energy Inc. requests approval for an exception to Rule 303-C to permit downhole commingling of production from the Basin Dakota (71599) and Basin Mancos (97232) pools in the RB Sullivan #4. XTO Energy proposes to complete & flow test the Basin Dakota and then the Basin Mancos as per the following description. After testing & establishing a production base for each interval, XTO Energy proposes to downhole commingle the production. XTO Energy will perforate, fracture treat & flow test the Dakota interval in this well for a period of at least one month to establish a production baseline for gas & oil allocations. After a period of no less than one month, XTO plans to temporarily plug back the Dakota interval & then perforate, fracture treat & flow test the Mancos interval for a period of at least one month to establish a production baseline for gas & oil allocations. Following each test, the well will be cleaned out & placed on production as a downhole commingle Basin Dakota / Basin Mancos with gas & oil allocated from test baselines established above. Both zones are included in the pre-approved pools established by Division Order R-11363.

Both pools are common have common interest owners. Downhole commingling will offer an economic method of production while protecting against reservoir damage, waste of reserves and violation of correlative rights.

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 NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Kelly K. Small TITLE REGULATORY COMPLIANCE TECH DATE 02/03/05
Type or print name KELLY K. SMALL E-mail address: regulatory@xtoenergy.com Telephone No. 505-324-1090

For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____
Conditions of Approval (if any): _____

DISTRICT I
1825 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
1301 W. Grand Ave., Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
1220 South St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

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

Form C-102

Revised June 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-005-32300		*Pool Code 71599	*Pool Name BASIN DAKOTA
*Property Code 22631	*Property Name R. B. SULLIVAN		*Well Number 4
*OGWD No. 167067	*Operator Name XTO ENERGY INC.		*Elevation 6007'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot 1st	Feet from the	North/South line	Feet from the	East/West line	County
H	11	27-N	10-W		1750	NORTH	665	EAST	SAN JUAN

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 1st	Feet from the	North/South line	Feet from the	East/West line	County
*Dedicated Acres 37.0		*Joint or Infill N/Z		*Consolidation Code I		*Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16. SEC. CORNER FD 2 1/2" SC 1913 U.S.G.L.O.	N 89-54-51 W	5263.5' (M)	17. OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature: <u>J. W. Patton</u> Printed Name: <u>JEFFREY W. PATTON</u> Title: <u>SENIOR ENGINEER</u> Date: <u>4-1-04</u>
LAT. 36°35'32" N. (NAD 27) LONG. 107°51'28" W. (NAD 27)			18. SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey: <u>3-25-04</u> Signature: <u>[Signature]</u> Professional Seal: <u>14831</u> Certificate Number: <u>14831</u>
SEC. CORNER FD 2 1/2" SC 1913 U.S.G.L.O.			

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
1301 W. Grand Ave., Artesia, N.M. 86210

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
1220 South St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 50-045-32300		*Pool Code 97232		*Pool Name Basin Mancos	
*Property Code		*Property Name R B SULLIVAN			*Well Number 4
*OCRD No. 1167067		*Operator Name XIO ENERGY INC.			*Elevation 6007'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	11	27-N	10-W		1750	NORTH	665	EAST	SAN JUAN

11 Bottom Hole Location if Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
*Dedicated Acres 0.0814 1160.00		*Joint or Infill		*Consolidation Code		*Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16 SEC. CORNER FD 2 1/2" BC 1913 U.S.G.L.O.	N 89-54-51 W	5260.5' (M)	SEC. CORNER FD 2 1/2" BC 1913 U.S.G.L.O.	1750'	665'	5280.5' (M)	S 00-00-24 E	11	LAT. 36°35'32" N. (NAD 27) LONG. 107°51'28" W. (NAD 27)	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature: <u>William K. Small</u> Printed Name: <u>William K. Small</u> Title: <u>Drilling Assistant</u> Date: <u>11/3/05</u>