

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

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

Oil Conservation Division

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE

Single Well

Establish Pre-Approved Pools

EXISTING WELLBORE

Yes No

District III
1000 Rio Brazos Road, Aztec, NM 87410

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

APPLICATION FOR DOWNHOLE COMMINGLING

XTO Energy Inc. 2700 Farmington Ave, Suite K-1 Farmington, NM 87401
Operator Address **DHC-3488**
Florance #74 I Sec 19, T27N-R08W San Juan County
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 167037 Property Code 22608 API No 30-045-32607 Lease Type Federal State Fee

| DATA ELEMENT | UPPER ZONE | INTERMEDIATE UPPER ZONE | INTERMEDIATE LOWER ZONE | LOWER ZONE |
|---|------------------------------------|--|-----------------------------|--|
| Pool Name | Blanco So PC <i>Pro E</i> | Blanco Mesa Verde <i>Pro E</i> | W-Basin Mancos <i>Pro E</i> | Basin Dakota <i>Pro E</i> |
| Pool Code | 72439 ✓ | 72319 ✓ | 97232 ✓ | 71599 ✓ |
| Top and Bottom of Pay Section (Perforated or Open-Hole Interval) | 2,779' to 2,791' | 5,054' to 5,066' | 6,254' to 6,266' | 7,154' to 7,166' |
| Method of Production (Flowing or Artificial Lift) | | | | |
| 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) | Est 275 psig | Est 340 psig | Est 340 psig | Est 300 psig |
| 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 0.17% Gas 29.24% | Oil 33.84% Gas 33.40% 34% | Oil 12.03% Gas 7.03% | Oil 53.96% 54% Gas 30.73% 30% |

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 _____ TITLE Regulatory Compliance Tech DATE June 6, 2005
 TYPE OR PRINT NAME Melissa M Osborne TELEPHONE NO. (505) 566-7925
 E-MAIL ADDRESS _____

Jones, William V.

From: Jones, William V.
To: Regulatory@xtoenergy.com
Cc:
Subject: DHC Florance #74
Attachments:

Sent: Mon 6/13/2005 4:59 PM

Hello Melissa:
I received your application.

Look at the Form C-107A "Bottom Hole Pressure" instructions. Since the top perforation times 1.5 is less than the depth in feet of the bottom perforation, please send numbers in for the bottom hole pressures in each of those 4 zones. One of your engineers can read the completion reports and give you some numbers.

Otherwise, this is fine....

I only need one original copy here in Santa Fe of administrative applications, You sent 4 copies of this one.

Thanks,

Will Jones



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

June 6, 2005

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

Subject: Application for Downhole Commingle
Florance #74
Unit I Sec 19-T27N- R08W; 30-045-32607
Basin Dakota/Basin Mancos/Blanco-Mesaverde/South Blanco Pictured Cliffs
NMNM 03380, San Juan, NM

Dear Mr. Jones:

Enclosed please find an administrative application form (C107A) and attachments for downhole commingling for the captioned well. All interests are common in all zone's. Commingling of zones will not reduce the recovery of the four pools, will improve recovery of liquids, thus eliminating redundant surface equipment. Waste will not result and correlative rights will not be violated. Notice of our intent has been filed with the BLM on form 3160-5.

Any questions pertaining to this matter, please call me at (505) 566-7925.

Sincerely,

A handwritten signature in black ink, appearing to read 'Melissa M Osborne', is written over the typed name.

Melissa M Osborne
Regulatory Compliance Tech

xc: Wellfile
OCD, Aztec Office
BLM, Farmington

2005 JUN 10 PM 12 04

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. 30-045-32607 |
| 5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. NMNM03380 |

| | | |
|--|--|---|
| 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 <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other | | 7. Lease Name or Unit Agreement Name Florance |
| 2. Name of Operator XTO ENERGY INC. | | 8. Well Number 74 |
| 3. Address of Operator 2700 FARMINGTON AVE, SUITE K-1, FARMINGTON, NM 87401 | | 9. OGRID Number 167067 |
| 4. Well Location Unit Letter <u>I</u> : <u>2250"</u> feet from the <u>South</u> line and <u>790'</u> feet from the <u>East</u> line Section <u>19</u> Township <u>27N</u> Range <u>08W</u> NMPM <u>San Juan</u> County | | 10. Pool name or Wildcat Basin DK/Blanco MV/Otero CH |
| 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 <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> | | SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> | |
| OTHER: Downhole Commingle <input checked="" type="checkbox"/> | | OTHER: <input type="checkbox"/> | |

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 DHC of Production from the Basin Dakota (71599), Basin Mancos (97232), Blanco Mesa Verde (72319) & Blanco So PC (72439) in the Florance #74. XTO Energy, Inc plans to downhole quad mingle these pools upon completion of this well.

Allocations are calculated as follows:

| | | |
|-------------------|------------|------------|
| Basin Dakota: | Gas 30.23% | Oil 53.96% |
| Basin Mancos | Gas 7.03% | Oil 12.03% |
| Blanco Mesa Verde | Gas 33.40% | Oil 33.84% |
| Blanco So PC | Gas 29.34% | Oil 17% |

Interests are common in all four zones. The BLM has been notified with form 3160-5 of our intent to DHC. Downhole quad mingle will offer an economical 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 Melissa M Osborne TITLE Regulatory Compliance Tech DATE 06/06/2005
 Type or print name Melissa M Osborne E-mail address: Regulatory@xtoenergy.com Telephone No. 505-566-7925
For State Use Only

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

District I
 1625 N. French Dr., Hobbs, NM 88240
 District II -
 1301 W. Grand Avenue, Artesia, NM 88210
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 1220 S. 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

| | | |
|---|---|---|
| ¹ API Number 30-045-32607 | ² Pool Code 72439/72319/97232/71599 | ³ Pool Name Blanco So PC//Blanco MV/Basin Mancos/Basin Dakota |
| ⁴ Property Code 22608 | ⁵ Property Name Florance | ⁶ Well Number 74 |
| ⁷ OGRID No. 167037 | ⁸ Operator Name XTO Energy Inc. | ⁹ Elevation |

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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| I | 19 | 27N | 08W | | 2250' | South | 790' | 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|--|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres DK/MV/MC - 320ac PC - 160 ac | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ 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

| | |
|--|--|
| | <p>¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Melissa M Osborne</i> Signature</p> <p>Melissa M. Osborne Printed Name</p> <p>Regulatory Compliance Tech Title and E-mail Address</p> <p>June 6, 2005 Date</p> |
| | <p>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.</p> <p>August 30th, 2004 Date of Survey</p> <p>Signature and Seal of Professional Surveyor: Brian Wood</p> <p>Certificate Number 14831</p> |

9-Section Allocation
Florance 74

| Zone | Avg Oil EUR (mbo) | Avg Gas EUR (mmcf) | Oil Allocation | Gas Allocation |
|-----------------|----------------------|-----------------------|-------------------|-------------------|
| Dakota | 10 | 933 | 53.96% | 30.23% |
| Mesaverde | 6 | 1,031 | 33.84% | 33.40% |
| Pictured Cliffs | 0 | 905 | 0.17% | 29.34% |
| Mancos | 2 | 217 | 12.03% | 7.03% |
| Total | 19 | 3,086 | 100.00% | 100.00% |

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires March 31, 2007

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.

5. Lease Serial No.

NMM03380

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

Florance 74

9. API Well No.

30-045-32607

10. Field and Pool, or Exploratory Area

Blanco So PC/Blanco MV

Basin Mancos/Basin DK

11. County or Parish, State

San Juan NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

XTO Energy Inc.

3a. Address

2700 Farmington Ave., Bldg. K, Ste 1 Farmington,

3b. Phone No. (include area code)

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

**2,250' FSL & 790' FEL
I Sec. 19, T27N, R08W**

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

TYPE OF SUBMISSION

TYPE OF ACTION

Notice of Intent

Subsequent Report

Final Abandonment Notice

Acidize

Alter Casing

Casing Repair

Change Plans

Convert to Injection

Deepen

Fracture Treat

New Construction

Plug and Abandon

Plug Back

Production (Start/Resume)

Reclamation

Recomplete

Temporarily Abandon

Water Disposal

Water Shut-Off

Well Integrity

Other Quad

Commingle

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 recomplate 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 Blanco So PC, Blanco Mesa Verde, Basin Mancos & Basin Dakota pools in the Florance #74. XTO Energy, Inc. plans to downhole Quad Commingle these pools up on completion of this well.

Allocations will be caculated as follows:

| | | |
|-------------------|------------|------------|
| Blanco So Pc | Gas 29.34% | Oil .17% |
| Blanco Mesa Verde | Gas 33.40% | Oil 33.84% |
| Basin Mancos | Gas 7.03% | Oil 12.03% |
| Basin Dakota | Gas 30.23% | Oil 53.96% |

Interests are common in all four zones. The New Mexico Oil Conservation Division has been notified of our intent by submission of form C-103. Downhole quad commingle will offer an economical method of production while protecting against reservoir damage, waste of reserves & violation of correlative rights

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

Melissa M Osborne

Title

Regulatory Compliance Tech

Date **06/06/2005**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

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

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.

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



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.

Print or Type Name

Signature

Title

Date

e-mail Address