

**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 \_\_\_\_\_



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

March 14, 2006

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

Subject: Application for Exception to Rule 303A  
C.A. McAdams C #2F Downhole Commingle  
30-045-33393 Unit N Sec 05-T27N- R10  
Basin Mancos and Basin Dakota  
SF-077941; San Juan, NM

Dear Mr. Jones:

Enclosed please find an administrative application form (C107A) and attachments for downhole commingling for the captioned well. By copy of this application by certified mail, return receipt requested, XTO has notified all offset operators in the formations captioned above as well as all affected interest owners. The Division Director may approve the proposed downhole commingling in the absence of any valid objections from any offset operator or any interest owners within 20 days after the receipt of the application if, in his opinion, waste will not result thereby, and correlative rights will not be violated.

Any questions pertaining to this matter, please call me at (505) 324-1090.

Sincerely,

  
Lorri D. Bingham  
Regulatory Compliance Tech

xc: Wellfile  
OCD, Aztec Office

2006 MAR 20 PM 12 33

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.<br>30-045-33393  |
| 5. Indicate Type of Lease<br>STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> |
| 6. State Oil & Gas Lease No.  |
| 7. Lease Name or Unit Agreement Name:<br>CA McADAMS C   |
| 8. Well Number<br>2F  |
| 9. OGRID Number   |
| 10. Pool name or Wildcat<br>Basin Dakota / WC 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., Bldg. K. Ste 1 Farmington, NM 87401

4. Well Location  
 Unit Letter N : 1185 feet from the SOUTH line and 1655 feet from the WEST line  
 Section 5 Township 27N Range 10W NMPM County San Juan

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
 5902' GR

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:

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. is requesting approval to downhole commingle product fr/the Basin Dakota & the Wildcat Basin Mancos in the CA McAdams C #2F. XTO Energy will DHC upon completion of the well. Allocations are based on a 9-section EUR & calculated as follows:

Gas: DK 93% EM 7% Water: DK 98% EM 2% Oil: DK 75% EM 25%

All interest owners were notified by certified, return receipt mail on March 8, 2006. DHC will offer an economical method for production while protecting against reservoir damage, waste of reserves & 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 Lois D. Bingham TITLE REGULATORY COMPLIANCE TECH DATE 3/15/06  
 E-mail address: Regulatory@xtoenergy.com  
 Type or print name LOIS D. BINGHAM Telephone No. (505) 324-1090

For State Use Only

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_  
 Conditions of Approval, if any:

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
811 South First, 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 & Natural Resources Department

Form C-102  
Revised August 15, 2000

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

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT  AMENDED REPORT

|   |  |  |  |   |                                 |
|---|--|--|--|---|---------------------------------|
| <sup>1</sup> API Number<br>30-045-33393 |  | <sup>2</sup> Pool Code<br>71599 / 97232        |  | <sup>3</sup> Pool Name<br>BASIN DAKOTA / BASIN MANCOS |                                 |
| <sup>4</sup> Property Code              |  | <sup>5</sup> Property Name<br>CA McADAMS C     |  |   | <sup>6</sup> Well Number<br>2F  |
| <sup>7</sup> OGRID No.<br>167067        |  | <sup>8</sup> Operator Name<br>XTO Energy, Inc. |  |   | <sup>9</sup> Elevation<br>6228' |

<sup>10</sup> Surface Location

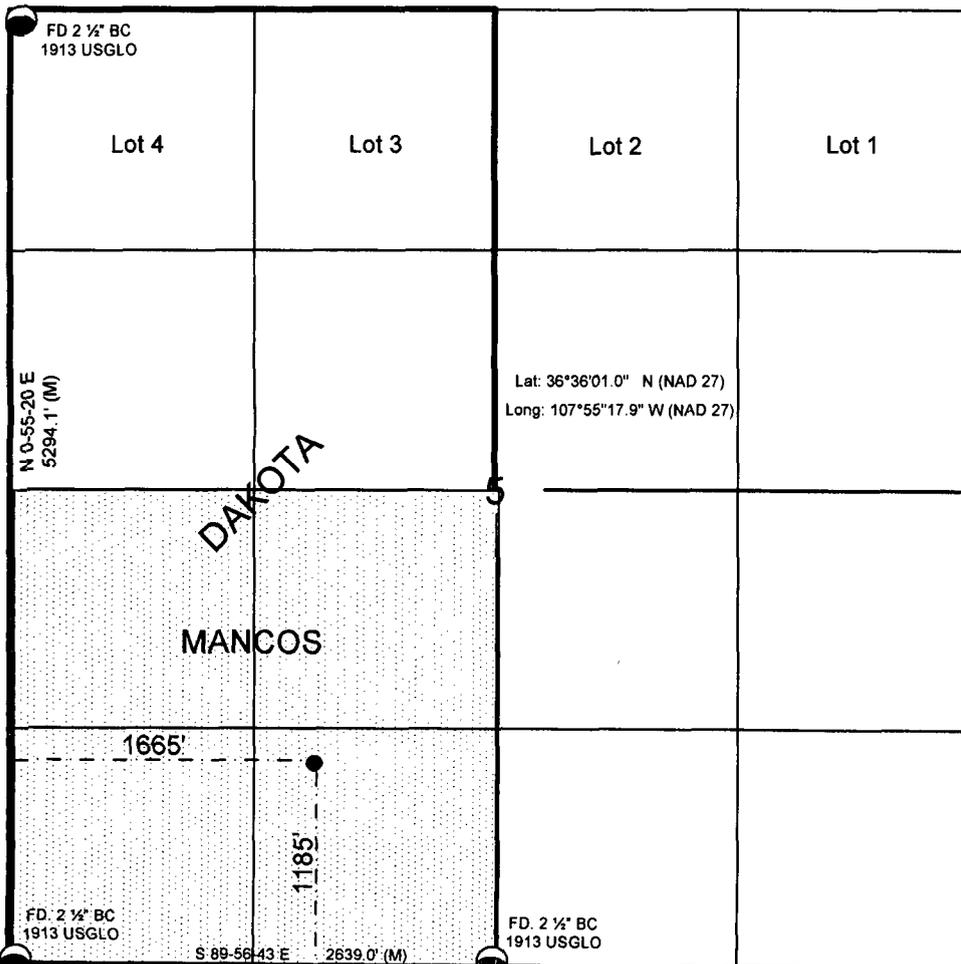
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County   |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| N             | 5       | 27N      | 10W   |         | 1185          | SOUTH            | 1655          | WEST           | SAN JUAN |

<sup>11</sup> 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
|               |         |          |       |         |               |                  |               |                |        |

|   |                              |                                 |                        |
|---|------------------------------|---------------------------------|------------------------|
| <sup>2</sup> Dedicated Acres<br>DK: 320 ac W/2<br>MC: 160 ac SW/4 | <sup>3</sup> Joint or Infill | <sup>4</sup> Consolidation Code | <sup>5</sup> 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



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

*Holly C. Perkins*  
Signature

Holly C. Perkins  
Printed Name

Regulatory Compliance Tech  
Title

Title

4/15/2006  
Date

Date

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.

1/10/2005  
Date of Survey

Original Survey Signed By:  
JOHN A. VUKONICH

14831  
Certificate Number

14831

Certificate Number

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

Form C-107A  
Revised June 10, 2003

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

APPLICATION FOR DOWNHOLE COMMINGLING

DHC-3686

Operator XTO Energy Inc. Address 2700 Farmington Ave., K. Ste., Farmington, NM 87401

Lease CA McAdams C Well No. #2F Unit Letter-Section-Township-Range (H) Sec 5, T27N, R10W County San Juan

OGRID No. 167067 Property Code \_\_\_\_\_ API No. 30-045-33406 Lease Type:  Federal  State  Fee

| DATA ELEMENT   | UPPER ZONE                                   | INTERMEDIATE ZONE  | LOWER ZONE                  |
|--|--|--|-----------------------------|
| Pool Name  | <u>WC</u><br>Wildcat Basin Mancos <u>Gas</u> |  | Basin Dakota <u>Pro Gas</u> |
| Pool Code  | 97232 ✓                                      |  | 71599 ✓                     |
| Top and Bottom of Pay Section<br>(Perforated or Open-Hole Interval)  | <u>716' - 4445'</u>                          |  | 5299' - 6169'               |
| Method of Production<br>(Flowing or Artificial Lift)   | F  |  |                             |
| Bottomhole Pressure<br>(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<br>(Degree API or Gas BTU)  |  |  |                             |
| Producing, Shut-In or<br>New Zone  | NEW  |  |                             |
| Date and Oil/Gas/Water Rates of<br>Last Production.<br>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.) | Date: _____<br>Rates: _____                  | <u>Percentages Based on Averages in Nine Section area</u><br>Date: _____<br>Rates: _____ | Date: _____<br>Rates: _____ |
| Fixed Allocation Percentage<br>(Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)                     | Oil 25% Gas 7% Wtr 2%                        | Oil % Gas %  | Oil 75% Gas 93% Wtr 98%     |

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes \_\_\_\_\_ No X  
If not, have all working, royalty and overriding royalty interest owners 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 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 Lorri D. Bingham TITLE Regulatory Compliance Technician DATE 3/15/06

TYPE OR PRINT NAME LORRI D. BINGHAM TELEPHONE NO. ( 505 ) 324-1090

E-MAIL ADDRESS regulatory@xtoenergy.com

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.**

**SUBMIT IN TRIPLICATE - Other instructions on reverse side**

|  |  |   |
|--|--|---|
| 1. Type of Well<br><input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other |  | 5. Lease Serial No.<br><b>SF-077941</b>   |
| 2. Name of Operator<br><b>XTO Energy Inc.</b>  |  | 6. If Indian, Allottee or Tribe Name<br><b>N/A</b>                              |
| 3a. Address<br><b>2700 Farmington Ave., Bldg. K. Ste 1 Farmington,</b>   | 3b. Phone No. (include area code)<br><b>505-324-1090</b> | 7. If Unit or CA/Agreement, Name and/or No.<br><b>N/A</b>                       |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description)<br><b>1185' FSL &amp; 1655' FWL (N) SEC 5-T27N-R10W</b>   |  | 8. Well Name and No.<br><b>CA McADAMS C #2F</b>                                 |
|  |  | 9. API Well No.<br><b>30-045-33393</b>  |
|  |  | 10. Field and Pool, or Exploratory Area<br><b>EASIN DAKOTA<br/>EASIN MANCOS</b> |
|  |  | 11. County or Parish, State<br><b>SAN JUAN NM</b>                               |

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

| TYPE OF SUBMISSION                                   | TYPE OF ACTION                                |   |  |  |
|--|---|---|--|--|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize              | <input type="checkbox"/> Deepen           | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off                          |
| <input type="checkbox"/> Subsequent Report           | <input type="checkbox"/> Alter Casing         | <input type="checkbox"/> Fracture Treat   | <input type="checkbox"/> Reclamation               | <input type="checkbox"/> Well Integrity                          |
| <input type="checkbox"/> Final Abandonment Notice    | <input type="checkbox"/> Casing Repair        | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete                | <input checked="" type="checkbox"/> Other <u><b>DOWNHOLE</b></u> |
|  | <input type="checkbox"/> Change Plans         | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon       | <u><b>COMMINGLE</b></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 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. is requesting an administrative approval for an exemption to rule 303-C to permit downhole commingling of production from the Basin Dakota pool (71599) and the Wildcat Basin Mancos pool (97232). XTO proposes to downhole commingle these pools upon completion of the well. The proposed allocations are based on an individual pool average production of wells located in a nine-section surrounding area. Based upon the average production, XTO proposes to allocate the commingled production as follows:**

|                      |          |            |          |
|----------------------|----------|------------|----------|
| Basin Dakota         | Gas: 93% | Water: 98% | Oil: 75% |
| Wildcat Basin Mancos | Gas: 7%  | Water: 2%  | Oil: 25% |

Ownership in this well's pools is not common and notification by certified, return receipt mail to WI, ORRI, NRI owners was completed on 3/8/06. There have been no objections of our intention to DHC this well. Downhole commingling will offer an economical method of production while protecting against reservoir damage, waste of reserves and protection of correlative rights.

|  |  |
|--|--|
| 14. I hereby certify that the foregoing is true and correct<br>Name (Printed/Typed)<br><b>LORETTA D. BINGHAM</b> | Title<br><b>REGULATORY COMPLIANCE TECH</b> |
|                               | Date <b>3/15/2006</b>                      |

**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 |      |