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July 20, 2009

VIA EMAIL

Mr. Mark E. Fesmire, P.E., Director
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Division Form C-107-A (Downhole Commingling)
Administrative Application of XTO Energy Inc.
for Downhole Commingling, San Juan County, New Mexico

Martinez Gas Com D Well No. 1R (API # 30-045-34063)
Unit B of Section 24, T29N, R10W
Dedication: standard 160-acre unit being the NE/4 for both
the Pictured Cliffs and the Chacra formations

Dear Mr. Fesmire:

On July 15, 2009 and on behalf of XTO Energy Inc., I filed a Form C-107-A for the downhole commingling of production for the referenced wellbore. Because of an existing protest, I have requested that this administrative application be incorporated into Case 14331 that has been re-scheduled for hearing on August 20, 2009.

Because there is a difference in the ownership between these two formations, XTO Energy Inc. has filed the Division Form C-107-A and is in the process of notifying the interest owners. While it may not be necessary in this case, I have enclosed the Division's administrative application checklist to be included in the file.

Very truly yours,


W. Thomas Kellahin

cc: XTO Energy Inc.
Attn: Mr. Bradley Jameson

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
☐ DISC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify **DHC**

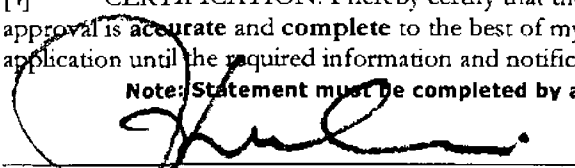
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ~~Does Not Apply~~
[A] ☒ Working, Royalty or Overriding Royalty Interest Owners
[B] ☐ Offset Operators, Leaseholders or Surface Owner
[C] ☐ Application is One Which Requires Published Legal Notice
[D] ☐ Notification and/or Concurrent Approval 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 **HAS BEEN SET FOR HEARING**

- [3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

CASE 14331

- [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.


W. Thomas Kellahin
706 Gonzales Road, Santa Fe, NM 87501
email: tkellahin@comcast.net

Attorney for Applicant

Date **7/20/09**

Email: tkellahin@comcast.net

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

APPLICATION TYPE
☐ Single Well
☐ Establish Pre-Approved Pools
EXISTING WELLBORE
☐ Yes ☒ No

Operator XTO ENERGY INC. Address 382 CR 3100 AZTEC, NM 87410
Lease MARTINEZ GAS COM D Well No. #1R Unit Letter-Section-Township-Range SEC 24B- T29N-R10 W County SAN JUAN
OGRID No. 5380 Property Code 36139 API No. 30-045-34063 Lease Type: ☐ Federal ☐ State ☒ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	AZTEC PICTURED CLIFFS		OTERO CHACRA
Pool Code	71280		82329
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	1942' - 2096'		2926' - 3189
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)			
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:
	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 % Gas: 69 %	Oil: % Gas: %	Oil: 100 % Gas: 31 %

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 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 ☐

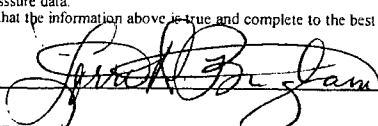
NMOCD Reference Case No. applicable to this well: _____

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 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  TITLE REGULATORY ANALYST DATE 7/14/09
TYPE OR PRINT NAME LORRI D. BINGHAM TELEPHONE NO. (505) 333-3204
E-MAIL Lorri.bingham@xtoenergy.com

RECEIVED OGD
2009 JUL 15 P 1:44

506471	MORRIS GAS COM	1R	PICTURED CLIFFS	26 29 N 10 W	AZTEC	XTO ENERGY	20000731	20080801	0	0	163,374	275,367	550	0	458,741	0	55	0.2	7
	LACKEY	4R	PICTURED CLIFFS	19 29 N 9 W	AZTEC	ENERGEN RE	20010401	20080501	0	0	281,240	509,378	195	0	790,619	0	101	0	7
	CAIN	100	PICTURED CLIFFS	30 29 N 9 W	AZTEC	BURLINGTON	20060301	20080501	0	0	79,319	455,920	548	0	535,239	0	90	1	7
524897	BACA GAS COM A	1A	PICTURED CLIFFS	26 29 N 10 W	CHOZA M	XTO ENERGY	20061201	20080801	0	0	60,218	353,035	80	0	413,253	0	70	0	7
						Post 2000 Pictured Cliffs Average			0	0	151,038	398,425	343	0	549,463	0	78	0	7

	Bbls EUR OIL	MMCF EUR GAS	BBls CUM WATER
Pictured Cliffs	0	550	343
Chacra	168	248	99
Total	168	798	442

	% OIL	% GAS	% WATER
Pictured Cliffs	0%	69%	78%
Chacra	100%	31%	22%
Total	100%	100%	100%

Allocation based on the EUR of wells in the surrounding 9 sections completed in the Pictured Cliffs or Chacra zones.