



February 11, 2002

Mr. David Catanach
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

RE: Application to Surface Commingle Gas Production
Davis Gas Com F #1R & Davis Gas Com G #1
Sec 27, T29N, R11W
San Juan County, NM



Dear Mr. Catanach,

14
XTO Energy, Inc. requests administrative approval to surface commingle gas production from the above reference wells. The Davis Gas Com G #1 is an active Otero Chacra producer drilled in 1979. The Davis Gas Com F #1R is a new Basin Dakota/Armenta Gallup well that finished drilling in December, 2001. It is located approximately 340' east of the Davis Gas Com G #1. The Davis Gas Com F #1R will initially be completed in the Basin Dakota Pool. We plan to produce the Dakota several months until production stabilizes. Then, the Dakota will be temporarily abandoned by setting a bridge plug above the zone. The well will be then be recompleted to the Armenta Gallup Pool. We plan to produce the Gallup several months until production stabilizes. XTO will then apply for permission to downhole commingle the two pools which are on the NMOCD pre-approved list for downhole commingling. After the downhole commingle request is approved the bridge plug between the zones will be drilled out. The Davis Gas Com F #1R will then be produced as a Dakota/Gallup downhole commingled well. We request the surface commingle application be approved including both the Basin Dakota and Armenta Gallup Pools in the Davis Gas Com F #1R.

XTO plans to compress gas from both wells through a shared compressor. Having both wells on compression will help them overcome sales line pressure, maximizing their gas rates. Sharing a compressor will lower operating costs and reduce fuel gas usage versus setting two compressors and independently compressing gas from each well. This will extend the economic lives of both wells, thus increasing their ultimate recoveries.

A gas allocation meter will be set on the Davis Gas Com F #1R. The existing gas meter on the Davis Gas Com G #1 will become the central distribution point (CDP) gas sales meter for both wells. The Davis Gas Com F #1R's gas production will be measured independently by its own gas allocation meter. The Davis Gas Com G #1 gas production will be calculated by the difference between the CDP gas sales meter volume and the Davis Gas Com F #1R gas allocation meter volume. The fuel gas usage will be allocated between the wells. The oil and water production from each well will be kept separate and not surface commingled.

The interest ownership between the two wells is not common. Notification of the proposed surface commingle was sent by certified mail to all working and royalty interest owners in

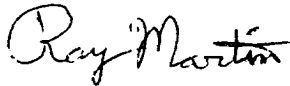
both wells on December 20, 2001. No objections to the proposed surface commingle were received by XTO Energy Inc.

The following are enclosed for your review of the proposed surface commingling:

1. Administrative Application Checklist.
2. Well information table.
3. Gas production allocation formula sheet.
4. Battery schematic of proposed installation.
5. Form C-102 Acreage Dedication Plats for both wells.
6. List of interest owners who were notified.

If you need additional information or have any questions, please contact me at (505) 324-1090.

Sincerely,

A handwritten signature in black ink that reads "Ray Martin". The signature is written in a cursive, flowing style.

Ray Martin
Operations Engineer

cc: Oil Conservation Division Aztec
FW Land Dept.
Well Files

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO
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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.

Ray Martin		Operations Engineer	2/11/02
Print or Type Name	Signature	Title	Date
e-mail Address _____			

WELL INFORMATION

	Davis Gas Com G #1	Davis Gas Com F #1R
Location	1,805' FSL & 1,135' FEL Sec 27, T29N, R11W	1,785' FSL & 795' FEL Sec 27, T29N, R11W
API #	30-045-23554	30-045-30833
Pool	Otero Chacra	Basin Dakota - Armenta Gallup
Pool Code	82329	71629 - 02290
Acreage Dedication	SE/4 of Sec. 27	E/2 of Sec 27 - NE/4 SE/4 Sec 27
Lease Type	Fee	Fee
Gas Gravity	0.65	0.70 est.
Gas Rate	15 MCFD	300 MCFD est.

**Davis Gas Com G #1 & Armenta Gas Com G #1
Gas Allocation Formula**

The Davis Gas Com G #1's existing gas sales meter will be used as the central distribution point (CDP) gas sales meter for both wells. A gas meter will be set on the Davis Gas Com F #1R and used as its allocation meter. See the attached proposed gas surface commingle installation diagram. The Davis Gas Com F #1R allocation meter will separately measure its gas production. The Davis Gas Com G #1 gas production will be calculated by difference between the CDP sales meter volume and the Davis Gas Com F #1R's allocation meter volume. Fuel gas usage will be allocated between the two wells. El Paso Field Services is the gas transporter for these leases.

Davis Gas Com G #1 gas production will be calculated as follows:

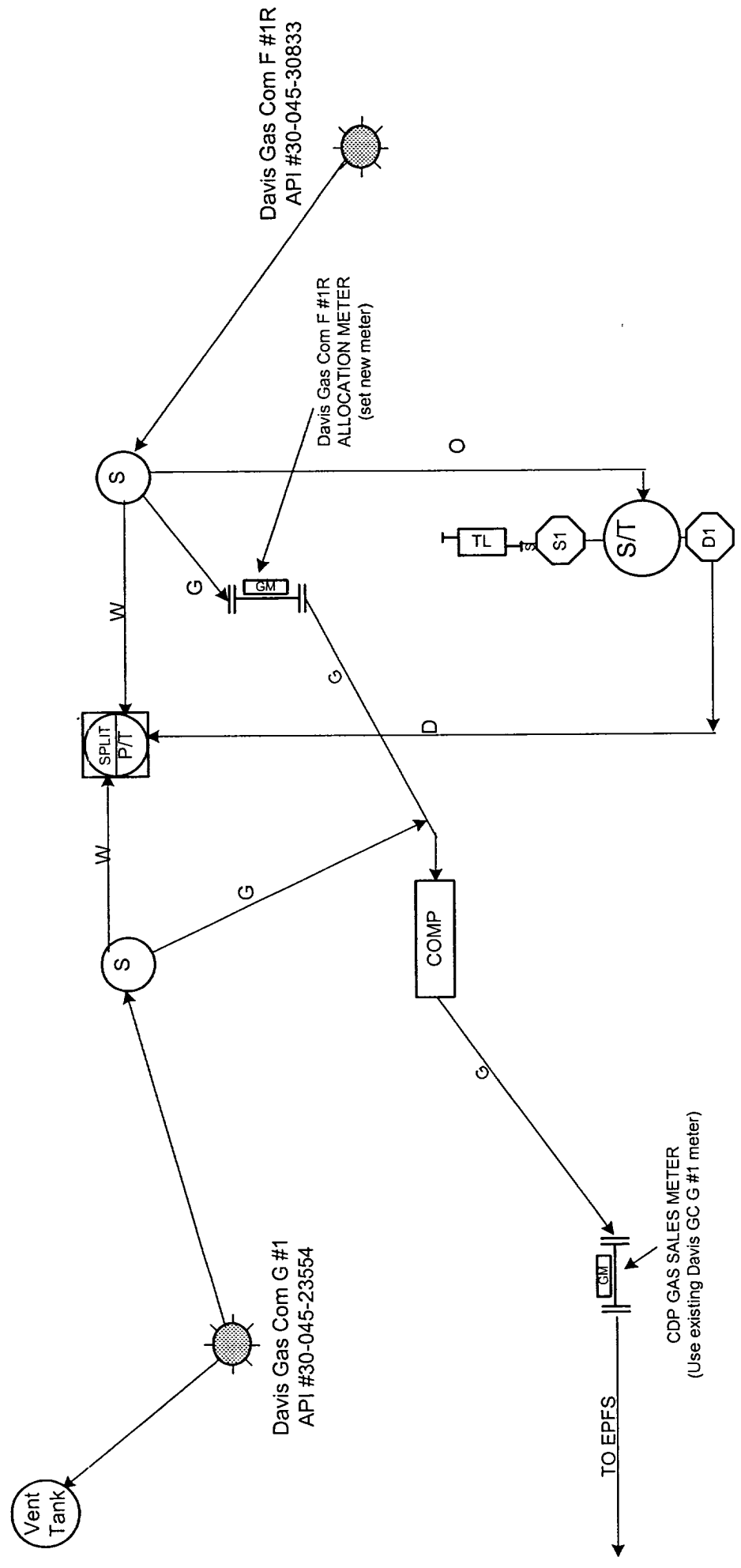
$$\text{Gas Prod.} = [\text{CDP sales meter vol.} - \text{Davis Gas Com F \#1R allocation meter vol.}] + \text{Allocated fuel gas vol.}$$

Davis Gas Com F #1R gas production will be calculated as follows:

$$\text{Gas Prod.} = \text{Davis Gas Com F \#1R allocation meter vol.} + \text{Allocated fuel gas vol.}$$

The total fuel gas usage is estimated to be 14.4 MCFD for the compressor. During the winter if either well's separator water bath is heated, the fuel gas usage is estimated to be 1 MCFD for that well.

XTO ENERGY INC.
Davis Gas Com F #1R & Davis Gas Com G #1
Proposed Gas Surface Commingling Installation
Location: NE/4 SE/4 SEC 27, T29N,R11W



DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88243

DISTRICT II
811 South First, Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87400

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

REC'D SAN JUAN

AUG 09 2001

Form C-102
Revised August 15, 2000

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

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code 71599	*Pool Name BASIN DAKOTA
*Property Code	*Property Name DAVIS GAS COM "F"		*Well Number 1R
*GRID No. 167067	*Operator Name XTO ENERGY INC.		*Elevation 5564'

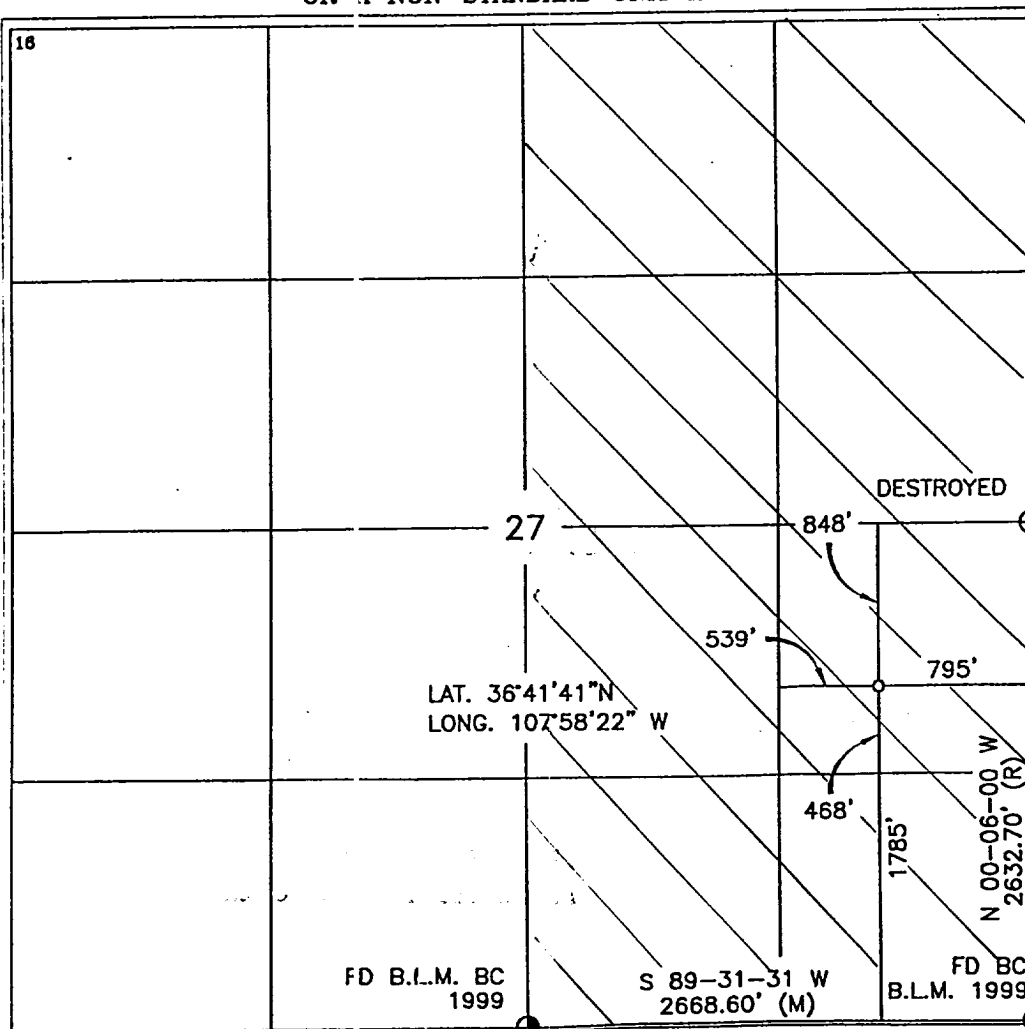
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	27	29-N	11-W		1785'	SOUTH	795'	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 320 E/2		*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



17 OPERATOR CERTIFICATION

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

Signature Jeffrey W Patton
Printed Name JEFFREY W PATTON
Title DRILLING ENGINEER
Date 9-20-01

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 7-25-00
Signature and Seal of Professional Surveyor Roy A. Rush
Certificate Number 8894

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

DISTRICT II
811 South First, Artesia, N.M. 88210

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

REC'D SAN JUAN

AUG 09 2001

Form C-102
Revised August 15, 2000

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

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code 02290		3 Pool Name ARMIENTA GALLUP	
4 Property Code		5 Property Name DAVIS GAS COM "F"			6 Well Number 1R
7 OGRD No. 167067		8 Operator Name XTO ENERGY INC.			9 Elevation 5564'

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
1	27	29-N	11-W		1785'	SOUTH	795'	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 40 NE 1/4 SE 1/4					13 Joint or Infill		14 Consolidation Code		15 Order No.

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

16				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>Jeffrey W Patton</u> Printed Name <u>JEFFREY W PATTON</u> Title <u>DRILLING ENGINEER</u> Date <u>9-20-01</u>			
				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>7-25-00</u> Signature and Seal of Professional Surveyor <u>ROY A. RUSH</u> 8894 Certificate Number			
				FD B.L.M. BC 1999 S 89-31-31 W 2668.60' (M) FD BC B.L.M. 1999			

All distances must be from the outer boundaries of the Section.

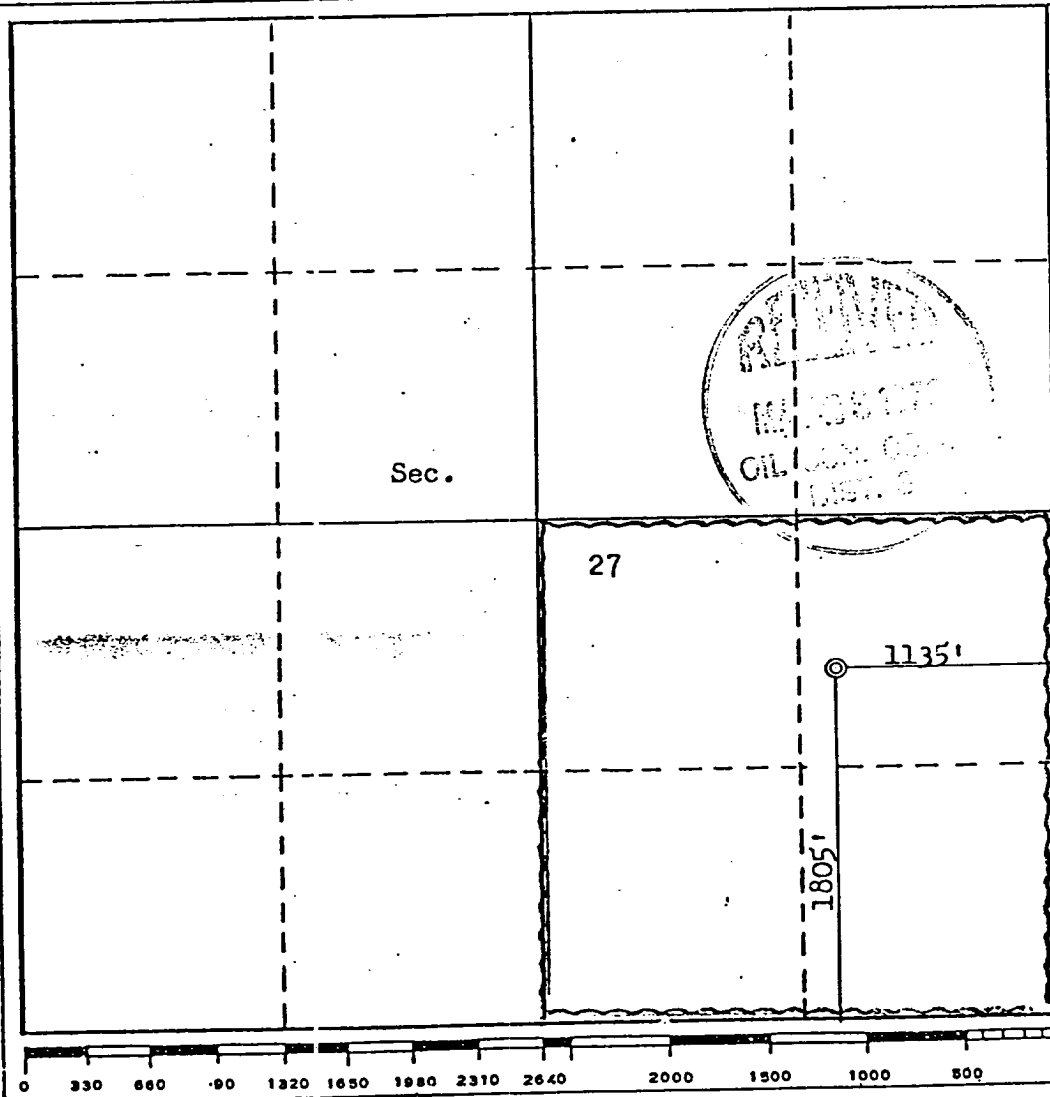
Operator AMOCO PRODUCTION COMPANY			Lease DAVIS GAS COM "G"		Well No. 1
Unit Letter I	Section 27	Township 29N	Range 11W	County San Juan	
Actual Footage Location of Well 1805 feet from the South line and 1135 feet from the East line					
Ground Level Elev. 5554	Producing Formation Chaco		Pool Bloomfield		Dedicated Acreage: 160 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Name

R. W. SCHROEDER

Position

DISTRICT SUPERINTENDENT

Company

AMOCO PRODUCTION COMPANY

Date

MAY 21, 1979

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 knowledge and belief.

Date Surveyed

May 16, 1979

Registered Professional Engineer
and/or Land Surveyor

Fred B. Kiser Jr.

Certificate No. **3990**

3990



December 20, 2001

RE: Notice of Application to Surface Commingle
Davis Gas Com F #1R & Davis Gas Com G #1
Sec 27, T29N, R11W
San Juan County, NM

XTO Energy Inc. (formerly Cross Timbers Operating Company) plans to surface commingle gas production from the Davis Gas Com F #1R (newly drilled Dakota/Gallup well) and the Davis Gas Com G #1 (existing Chacra well). We plan to produce the commingled gas through the compressor that is on the Davis Gas Com G #1 location. Sharing a compressor will lower operating costs and reduce fuel gas usage versus independently compressing gas from each well. The lower operating costs (vs. independent compression) resulting from a shared compressor will extend the economic lives of both wells, thus increasing their ultimate recoveries.

A gas allocation meter will be set on the Davis Gas Com F #1R. The gas meter on the Davis Gas Com G #1 will be used as the central distribution point (CDP) gas sales meter for both wells. The Davis Gas Com F #1R production will be measured independently by its own gas allocation meter. The Davis Gas Com F #1R gas production will be calculated by the difference between the CDP gas sales meter volume and the Davis Gas Com F #1R gas allocation meter volume. The compressor fuel usage will be divided between the wells. The oil and water production from each well will be kept separate and not surface commingled.

NMOCD requires all interest owners be notified prior to surface commingling when ownership is different between wells. If you need additional information or have any questions, I may be contacted at (505) 324-1090. If you have an objection to our application, please contact me within 20 days of the date of this letter.

Sincerely,

A handwritten signature in cursive script that reads 'Ray Martin'.

Ray Martin
Operations Engineer

xc: Well Files
Ft. Worth Land Dept.
RFM

Davis Gas Com F #1R & Davis Gas Com G #1 Surface Comingle

OWNER NAME/ADDRESS	INTEREST TYPE	OWNER NAME/ADDRESS	INTEREST TYPE
CONTINENTAL HOLDINGS, INC. ATTN: JAY LYNCH 1025 ELDORADO BLVD. BROOMFIELD, CO 80021	O	JACK MARKHAM FIRST NATIONAL PIONEER BLDG. 1500 BROADWAY, SUITE 1212 LUBBOCK, TX 79401	R
NANCY P. TONKIN REVOCABLE TRUST NANCY P. TONKIN, TRUSTEE 1524 PARK AVE S W ALBUQUERQUE, NM 87104-1024	R	ALLEN M. TONKIN, JR. 412 SAN PASQUALE SW ALBUQUERQUE, NM 87104-1135	R
WELDON C. JULANDER TRUST, ILA MAE WELDON AND JOHN JULANDER, TRUSTEES P.O. BOX 2773 LITTLETON, CO 80161-2773	R	GRACE IRENE PEARCE TRUST, GRACE IRENE PEARCE TRUSTEE 500 SOUTH 1ST STREET BOX 12 BLOOMFIELD, NM 87413-6224	R
CHRISTINE T. BUVENS 301 LA CHAM SAL LANE NW ALBUQUERQUE, NM 87107-6256	R	MMS CTOC FEDERAL C/O CROSS TIMBERS OIL COMPANY 810 HOUSTON ST STE 2000 FORT WORTH, TX 76102-6298	R
CHRISTMAN MINERAL COMPANY A TEXAS CORPORATION P.O. BOX 66 PINEDALE, WY 82941-0066	R	TAURUS EXPLORATION U S A INC. 605 21ST STREET NORTH BIRMINGHAM, AL 35203-2707	R, O
HERD PARTNERS, LTD. P.O. BOX 130 MIDLAND, TX 79702-0130	R	JANE LOCKWOOD 2091 MCGEE LANE LEWISVILLE, TX 75067	O
NANCY T. CUTTER REVOCABLE TRUST, NANCY T. CUTTER, TRUSTEE UTA DATED AUGUST 24, 1995 1524 PARK AVENUE S W ALBUQUERQUE, NM 87104-1024	R	FRED C. NEIBAUR P.O. BOX 731129 PUYALLUP, WA 98373-0049	O
LOUISE B. ABELL ESTATE CHARLES R. ABELL, PERSONAL REP P.O. BOX 68 WHITEFISH, MT 59937-0068	O	PROVIDENCE MINERALS, LLC 14860 MONTFORT DR, STE 209 DALLAS, TX 75254	R
MAUREEN G WRIGHT TRUST 2816 KENTUCKY ST NE ALBUQUERQUE, NM 87110-3408	O	LINLEY T. SOLARI P.O. BOX 1783 EL PRADO, NM 87529	R
CYNTHIA CALVIN 747 NEWPORT ST DENVER, CO 80220-5507	R	BURLINGTON RESOURCES OIL & GAS COMPANY LP P. O. BOX 4289 FARMINGTON, NM 87499-0656	O
		DUGAN PRODUCTION CORPORATION P O BOX 420 FARMINGTON, NM 87499-0420	W, R

Davis Gas Com F #1R & Davis Gas Com G #1 Surface Comingle

OWNER NAME/ADDRESS	INTEREST TYPE	OWNER NAME/ADDRESS	INTEREST TYPE
CONTINENTAL HOLDINGS, INC. ATTN: JAY LYNCH 1025 ELDORADO BLVD. BROOMFIELD CO 80021	O	JACK MARKHAM FIRST NATIONAL PIONEER BLDG. 1500 BROADWAY, SUITE 1212 LUBBOCK, TX 79401	R
NANCY P. TONKIN REVOCABLE TRUST NANCY P. TONKIN, TRUSTEE 1524 PARK AVE S W ALBUQUERQUE, NM 87104-1024	R	ALLEN M. TONKIN, JR. 412 SAN PASQUALE SW ALBUQUERQUE, NM 87104-1135	R
WELDON C. JULANDER TRUST, ILA MAE WELDON AND JOHN JULANDER, TRUSTEES P.O. BOX 2773 LITTLETON, CO 80161-2773	R	GRACE IRENE PEARCE TRUST, GRACE IRENE PEARCE TRUSTEE 500 SOUTH 1ST STREET BOX 12 BLOOMFIELD, NM 87413-6224	R
CHRISTINE T. BUVENS 301 LA CHAM SAL LANE NW ALBUQUERQUE, NM 87107-6256	R	MMS CTOC FEDERAL C/O CROSS TIMBERS OIL COMPANY 810 HOUSTON ST STE 2000 FORT WORTH, TX 76102-6298	R
CHRISTMANN MINERAL COMPANY A TEXAS CORPORATION P.O. BOX 66 PINEDALE, WY 82941-0066	R	TAURUS EXPLORATION U S A INC. 605 21ST STREET NORTH BIRMINGHAM, AL 35203-2707	R, O
HERD PARTNERS, LTD. P.O. BOX 130 MIDLAND, TX 79702-0130	R	JANE LOCKWOOD 2091 MCGEE LANE LEWISVILLE, TX 75067	O
NANCY T. CLTTER REVOCABLE TRUST, NANCY T. CLTTER, TRUSTEE UTA DATED AUGUST 24, 1995 1524 PARK AVENUE S W ALBUQUERQUE, NM 87104-1024	R	FRED C. NEIBAUR P.O. BOX 731129 PUYALLUP, WA 98373-0049	O
LOUISE B. ABELL ESTATE CHARLES R. ABELL, PERSONAL REP P.O. BOX 68 WHITEFISH, MT 59937-0068	O	PROVIDENCE MINERALS, LLC 14860 MONTFORT DR, STE 209 DALLAS, TX 75254	R
MAUREEN G WRIGHT TRUST 2816 KENTUCKY ST NE ALBUQUERQUE, NM 87110-3408	O	LINLEY T. SOLARI P.O. BOX 1783 EL PRADO, NM 87529	R
CYNTHIA CALVIN 747 NEWPORT ST DENVER, CO 80220-5507	R	BURLINGTON RESOURCES OIL & GAS COMPANY LP P. O. BOX 4289 FARMINGTON, NM 87499-0656	O
		DUGAN PRODUCTION CORPORATION P O BOX 420 FARMINGTON, NM 87499-0420	W, R