

**STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 12784
ORDER NO. R-11716**

**APPLICATION OF XTO ENERGY, INC. FOR APPROVAL OF SURFACE
COMMINGLING, SAN JUAN COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on January 10, 2002, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 25th day of January, 2002, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, XTO Energy, Inc., ("XTO"), seeks approval to surface commingle gas production from the Prespentt Gas Com Well No. 1 (API No. 30-045-07952) located 800 feet from the South line and 1700 feet from the East line (Unit O) of Section 21, and the Garcia Gas Com "B" No. 1M (API No. 30-045-30834) located 805 feet from the South line and 1730 feet from the East line (Unit O) of Section 21, both in Township 29 North, Range 10 West, NMPM, San Juan County, New Mexico.

(3) The Prespentt Gas Com No. 1 is currently producing from the Aztec-Pictured Cliffs Gas Pool, and is dedicated to a standard 160-acre gas spacing and proration unit comprising the SE/4 of Section 21.

(4) The Garcia Gas Com "B" No. 1M will be initially completed in the Basin-Dakota Gas Pool. A stabilized producing rate from the Dakota zone will be obtained by producing the well for a period of 4-6 months. Subsequently, the Dakota will be plugged off and the Blanco-Mesaverde Gas Pool will be completed. A stabilized producing rate from the Mesaverde zone will then be obtained by producing the well for a period of 4-6

months. Subsequent to this testing period, XTO will seek approval to downhole commingle the Basin-Dakota and Blanco-Mesaverde Gas Pools within the wellbore.

(5) The Garcia Gas Com "B" No. 1M will be dedicated to a standard 320-acre gas spacing and proration unit for the Basin-Dakota and Blanco-Mesaverde Gas Pools comprising the S/2 of Section 21.

(6) This application was originally filed by XTO for administrative approval on November 19, 2001. By letter dated December 29, 2001, a royalty interest owner, Ms. Phyllis G. Phillipy objected to the application. The application was subsequently set for hearing.

(7) This case was styled such that *"In the absence of objection, this application will be taken under advisement."*

(8) Neither Ms. Phillipy nor any other party appeared at the hearing in opposition to the application.

(9) XTO appeared at the hearing through legal counsel.

(10) The evidence presented in this case demonstrates that:

- (a) the proposed commingling is necessary in order to utilize a single compressor for both the Prespentt Gas Com No. 1 and the Garcia Gas Com "B" No. 1M;
- (b) utilizing a single compressor will result in the recovery of additional gas reserves from these wells by extending their economic lives;
- (c) the interest ownership between the two wells is not common;
- (d) XTO proposes to allocate production to each well by:
 - i) separately measuring the gas production from the Garcia Gas Com "B" No. 1M utilizing an allocation meter; and

- ii) determining the production from the Prespentt Gas Com No. 1 by subtracting the allocation meter production volume for the Garcia Gas Com "B" No. 1M from the total sales volume as obtained from the central distribution point gas sales meter located within the SW/4 SE/4 of Section 21; and
- (c) oil and water production from each of the wells will not be commingled.

(11) The proposed method of measurement and allocation of production between the subject wells is reasonable and sufficiently reliable to protect the correlative rights of owners of separate interests in the production from the respective wells.

(12) Approval of the application will enable XTO to recover additional gas reserves from the Prespentt Gas Com No. 1 and the Garcia Gas Com "B" No. 1M that may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, XTO Energy, Inc., is hereby authorized to surface commingle Aztec-Pictured Cliffs Gas Pool production from the Prespentt Gas Com Well No. 1 located 800 feet from the South line and 1700 feet from the East line (Unit O) of Section 21, and Basin-Dakota and Blanco-Mesaverde Gas Pool production from the Garcia Gas Com "B" No. 1M located 805 feet from the South line and 1730 feet from the East line (Unit O) of Section 21, both in Township 29 North, Range 10 West, NMPM, San Juan County, New Mexico.

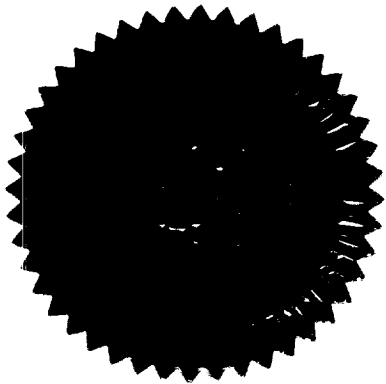
(2) Allocation of production to each of the wells shall be determined as follows:

- (a) gas production from the Garcia Gas Com "B" No. 1M shall be determined by separately metering this production utilizing a gas allocation meter; and
- (b) gas production from the Prespentt Gas Com No. 1 shall be determined by subtracting the allocation

meter production volume from the Garcia Gas Com
"B" No. 1M from the total sales volume as obtained
from the central distribution point gas sales meter
located within the SW/4 SE/4 of Section 21.

(3) Jurisdiction is hereby retained for the entry of such further orders as the
Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery
LORI WROTENBERY
Director