

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 _____

5
2

[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			



RECEIVED

JUL 08 2004

OIL CONSERVATION
DIVISION

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

July 6, 2004

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

Subject: Administrative Approval to Surface Commingle
Armenta Gas Com A #1, Armenta Gas Com C #1E & Candelaria C #1
Sec 27, T29N, R10W
Federal Leases NMSF077082, NMNM99332 & CA # NM015P3585C424
San Juan County, NM

Dear Mr. Jones:

XTO Energy Inc. requests administrative approval to surface commingle the Candelaria Gas Com C #1, Armenta Gas Com A #1 and the Armenta Gas Com C #1E. The wells are located in Section 27, T29N, R10W in San Juan County, New Mexico. XTO plans to produce the commingled gas through a single compressor thus lowering operating expenses, extending the economic life of the wells and increasing their ultimate recoveries.

Attached are the following:

- 1) Schematic of wells associated with the application
- 2) A table listing detailed information for each proposed well
- 3) Application for surface commingle (Form C107B)
- 4) Plats for each well associated with the application

Produced gas will be measured separately via allocation meters prior to being commingled. Produced liquids will not be surface commingled. All interest owners have been notified via certified mail, return receipt on June 2, 2004.

If additional information is required, please contact me at (505) 324-1090.

Sincerely,

Holly C. Perkins
Regulatory Compliance Tech

xc: Well Files
NMOCD - Aztec, NM

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
 Revised May 08, 2003

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

WELL API NO. 30-045-23856
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name: ARMENTA GAS COM C
8. Well Number 1E
9. OGRID Number 167067
10. Pool name or Wildcat BLANCO MV/OTERO CH/AZTEC PC

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 **C** : **435** feet from the **NORTH** line and **1590** feet from the **WEST** line
 Section **27** Township **29N** Range **10W** NMPM County **SAN JUAN**

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
5506' GR

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: **SURFACE 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. proposes to surface commingle the Armenta Gas Com C #1E, Armenta Gas Com A #1 and the Candelaria Gas Com C #1. The Armenta GC C #1E is a Blanco Mesaverde well on Lease NMNM99332; Armenta Gas Com A #1 is an Aztec PC well on Lease NMSF077082 and the Candelaria GC C #1 is an Otero CH well on CA NMD15P3585C424. Ownership is diverse in these wells and all owners were notified of our intent via certified letter on 6/2/04. Each well will have its own allocation meter to measure gas. A sundry notice has been filed with the BLM Farmington office. Documentation in support of this application is included with this sundry.

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

SIGNATURE Holly C. Perkins TITLE REGULATORY COMPLIANCE TECH DATE 7/2/04
 Type or print name HOLLY C. PERKINS Telephone No. 505-324-1090

(This space for State use)
 APPROVED BY _____ TITLE _____ DATE _____
 Conditions of approval, if any:

Candelaria Gas Com C #1, Armenta Gas Com A #1, Armenta Gas Com C #1E
 Proponed Surface Commingle

	Candelaria Gas Com C #1	Armenta Gas Com A #1	Armenta Gas Com C #1E
Location	Sec 27, T29N, R10W	Sec 27, T29N, R10W	Sec 27, T29N, R10W
Formation/Pool	Otero Chacra	Aztec Pictured Cliffs	Blanco MV
API#	30-045-26167	30-045-07926	30-045-23856
Gas Gravity	0.6750	0.6560	0.7010
Gas Rate (MCF)	20	40	40
WI	0.225	0.75	0.5
NRI	0.45	0.65625	0.4375001
Lease #	CA #NM015P3585C424	NMSF077082	NMNM99332

Production volumes are averaged over the last year

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Ave, 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-107-B
Revised June 10, 2003

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: XTO ENERGY INC.
OPERATOR ADDRESS: 2700 FARMINGTON AVE, SUITE K-1
APPLICATION TYPE:

Pool Commingling Lease Commingling Pool and Lease Commingling Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: Fee State Federal

Is this an Amendment to existing Order? Yes No If "Yes", please include the appropriate Order No. _____
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
 Yes No

(A) POOL COMMINGLING
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production	Calculated Value of Commingled Production	Volumes
OTERO CHACRA 82329	0.6750			
AZTEC PICTUREC CLIFFS 71280	0.6560			
BLANCO MESAVERDE 72319	0.7010			

- (2) Are any wells producing at top allowables? Yes No
 (3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No.
 (4) Measurement type: Metering Other (Specify)
 (5) Will commingling decrease the value of production? Yes No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING
Please attach sheets with the following information

- (1) Pool Name and Code.
 (2) Is all production from same source of supply? Yes No
 (3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No
 (4) Measurement type: Metering Other (Specify)

(C) POOL and LEASE COMMINGLING
Please attach sheets with the following information

- (1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT
Please attached sheets with the following information

- (1) Is all production from same source of supply? Yes No
 (2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)
Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.
 (2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
 (3) Lease Names, Lease and Well Numbers, and API Numbers.

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

SIGNATURE: Holly C. Perkins TITLE: REGULATORY COMPLIANCE TECH DATE: 7/6/04
 TYPE OR PRINT NAME HOLLY C. PERKINS TELEPHONE NO.: (505) 564-6720
 E-MAIL ADDRESS: Holly_perkins@xtoenergy.com

Well Location and Acreage Dedication Plat

Section A.

Date October 1, 1957

Operator XTO ENERGY INC Lease ARMENTA GAS UNIT A
 Well No. 1 Unit Letter D Section 27 Township 29 NORTH Range 10 WEST, NMPM
 Located 400 Feet From the NORTH Line, 1190 Feet From the WEST Line
 County SAN JUAN G. L. Elevation * Dedicated Acreage 160 Acres
 Name of Producing Formation Pictured Cliffs Pool Aztec-Pictured Cliffs

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below?
 Yes _____ No X
2. If the answer to question one is "no", have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes X No _____. If answer is "yes", Type of Consolidation. Unit instruments have been fully executed by El Paso Natural Gas Co. & Pan American Petroleum Corp. and communitization agreement, is being sent to USGS for approval.
3. If the answer to question two is "no", list all the owners and their respective interests below:

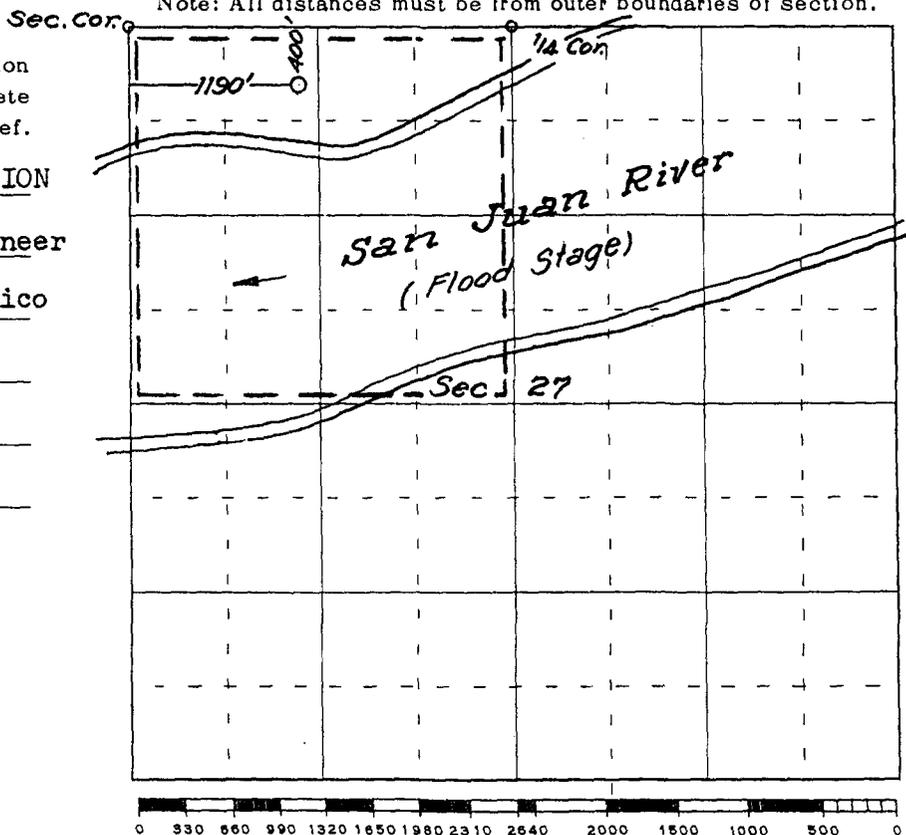
Owner	Land Description
<u>*To be reported later</u>	

Section B.

This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

PAN AMERICAN PETROLEUM CORPORATION
R. M. Bauer, Jr., (Operator)
Field Engineer
 (Representative)
Box 487, Farmington, New Mexico
 (Address)

Note: All distances must be from outer boundaries of section.



This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision.

OIL CONSERVATION DIVISION

P. O. BOX 2088

Form C-107
Revised 10-1-78

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

SANTO FE, NEW MEXICO 87501

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

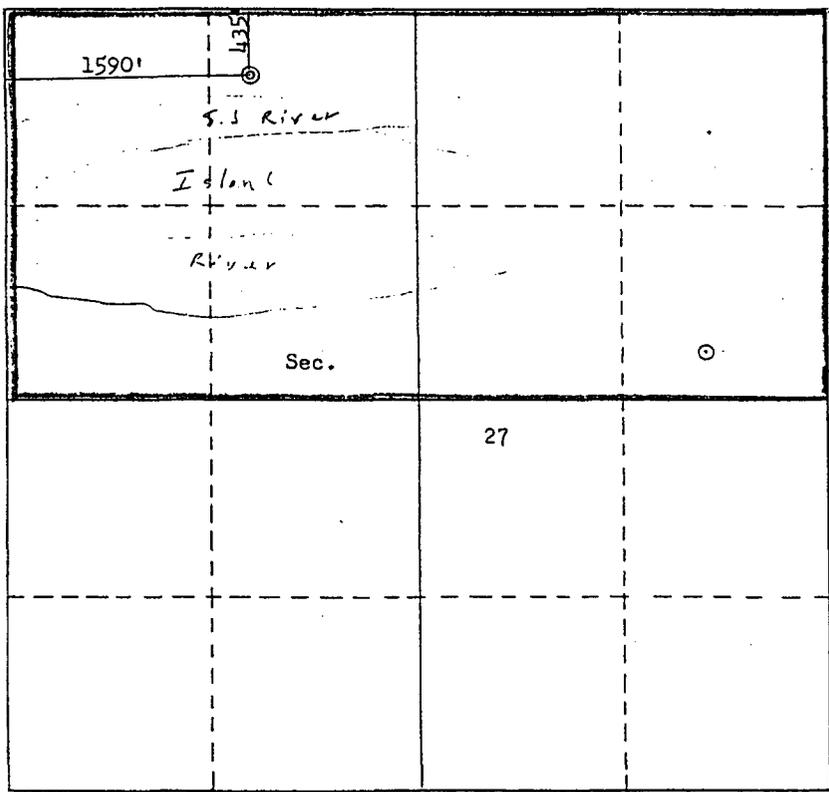
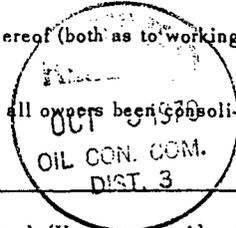
Operator XTO ENERGY INC		Lease ARMENTA GAS COM "C"		Well No. 1-E
Well Letter C	Section 27	Township 29N	Range 10W	County San Juan
Actual Footage Location of Well: 435 feet from the North line and 1590 feet from the West line				
Ground Level Elev. 5506	Producing Formation Dakota	Pool Basin Dakota	Dedicated Acreage: 320 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 Communitization

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.

B. E. Fackrell

Name
B. E. FACKRELL

Position
DISTRICT ENGINEER

Company
AMOCO PRODUCTION COMPANY

Date
SEPTEMBER 28, 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
September 14, 1979

Registered Professional Engineer and/or Land Surveyor of New Mexico
Fred B. Kerr, Jr.

Certificate No.
3950



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

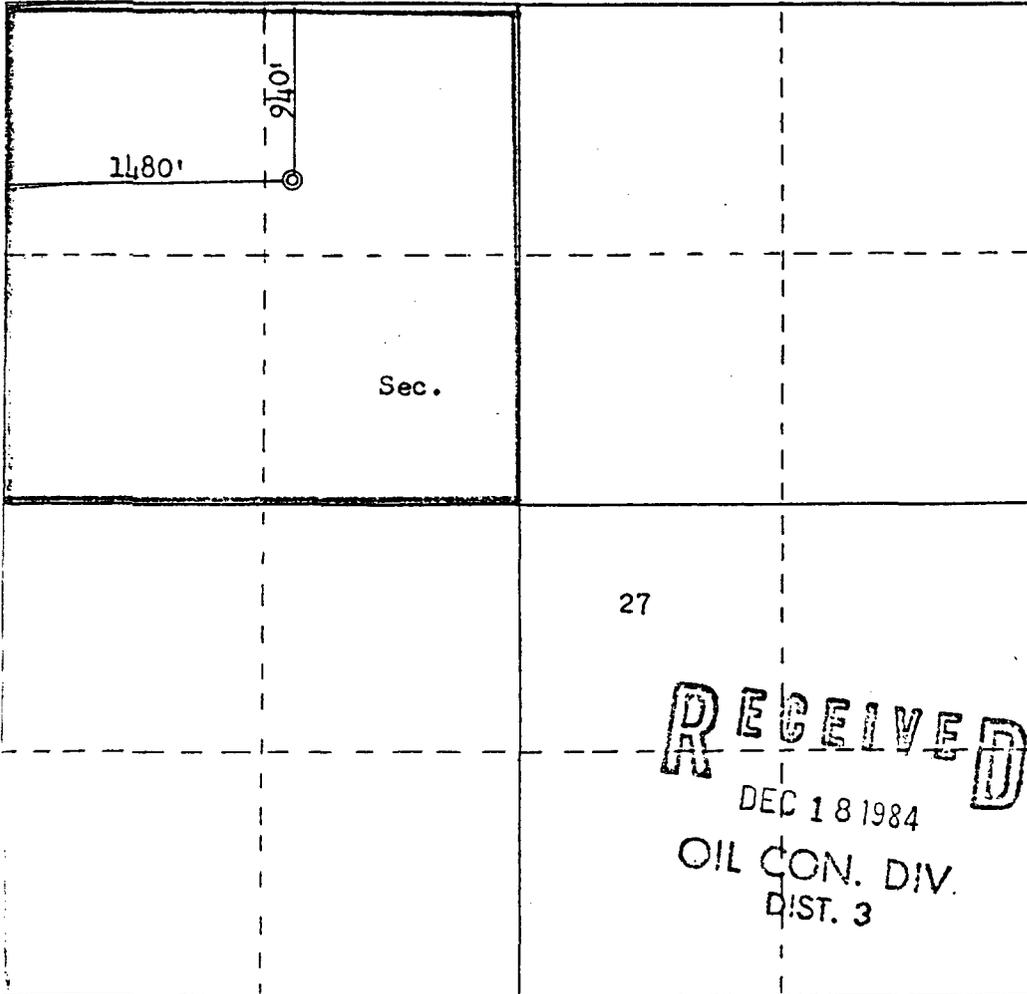
Operator XTO ENERGY INC.		Lease Candelaria Gas Com "C"		Well No. 1
Unit Letter C	Section 27	Township 29N	Range 10W	County San Juan
Actual Footage Location of Well: 940 feet from the North line and 1480 feet from the West line				
Ground Level Elev: 5492	Producing Formation Chacra	Pool Otero Chacra	Dedicated 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 Communitized

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

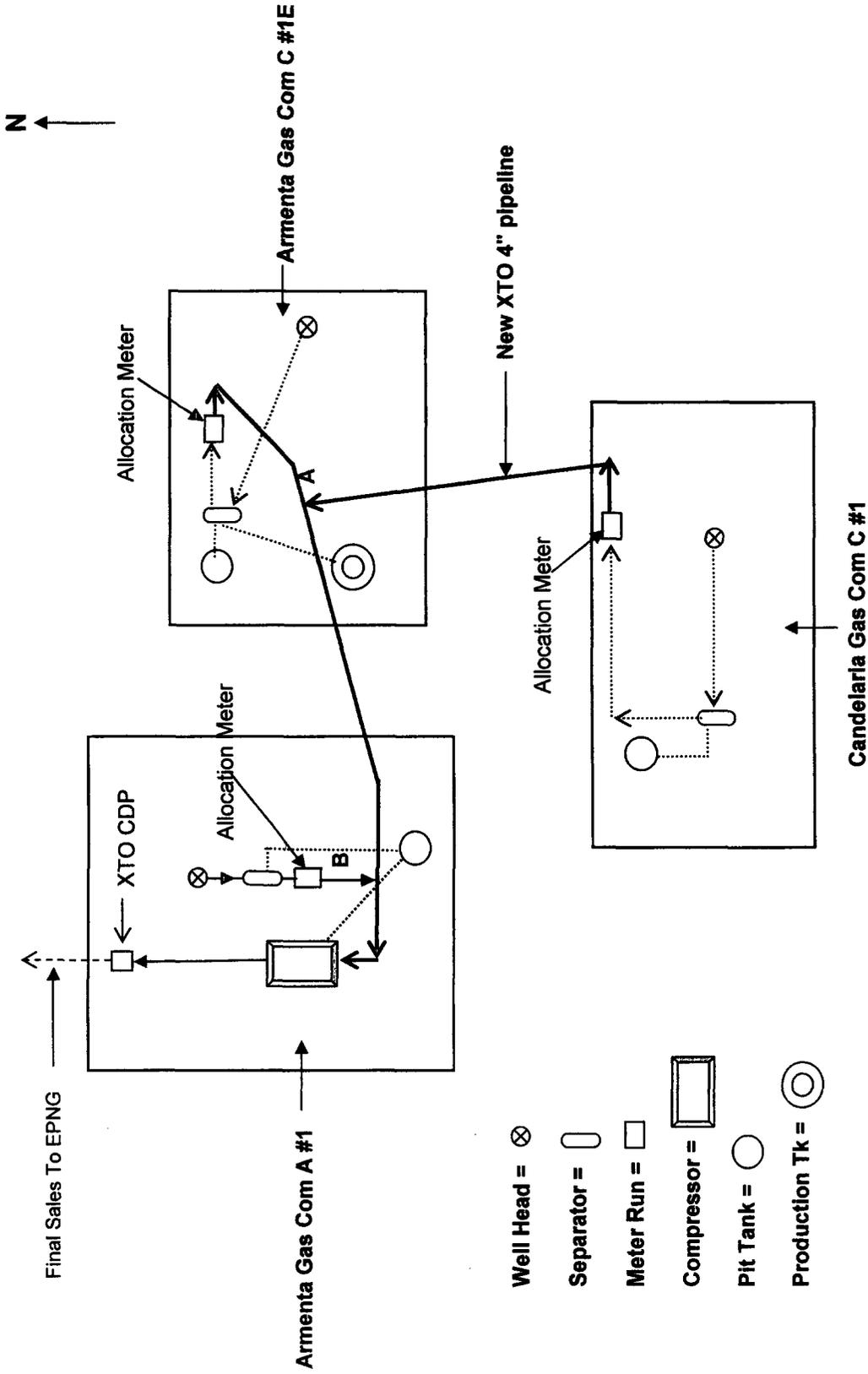
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



Scale: 1"=1000'

CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
Original Signed By	
Name	B. D. Shaw
Position	B. D. Shaw Administrative Supervisor
Company	Amoco Production Company
Date	12-11-84
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	December 5, 1984
Registered Professional Engineer and Land Surveyor	Fred B. Kerr Jr.
Certificate No.	3950

Proposed Surface Commingle
Armenta Gas Com A #1, Armenta Gas Com C #1E, Candelaria Gas Com C #1
Lease NMSF077082, Lease NMNM99332 & CA NMO15P3585C424



Armenta Gas Com A #1: 50' fr/WH to Compressor Suction.

Armenta Gas Com C #1E: Meter run outlet to Armenta Gas Com A #1 Compressor Suction is 400'.

Candelaria Gas Com C #1: Meter run outlet to Armenta Gas Com C #1E meter run is 475'.

A = 2" tie in for Armenta Gas Com C #1E

B = 2" tie in for Armenta Gas Com A #1

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000

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.
MULTIPLE

6. If Indian, Allottee or Tribe Name

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

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well
 Oil Well Gas Well Other

8. Well Name and No.
Multiple--See Attached

2. Name of Operator
XTO ENERGY INC. Contact: HOLLY PERKINS
E-Mail: Regulatory@xtoenergy.com

9. API Well No.
Multiple--See Attached

3a. Address
2700 FARMINGTON AVE., BLDG K, SUITE 1
FARMINGTON, NM 87401

3b. Phone No. (include area code)
Ph: 505.324.1090 Ext: 4020
Fx: 505.564.6700

10. Field and Pool, or Exploratory
AZTEC PC/BLANCO MV/OTERO CH

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

11. County or Parish, and State
SAN JUAN COUNTY, NM

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 Surface Commingling
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<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 recomplete 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 site is ready for final inspection.)

XTO Energy Inc. proposes to surface commingle the above wells per attached documents.

14. I hereby certify that the foregoing is true and correct.

**Electronic Submission #32727 verified by the BLM Well Information System
For XTO ENERGY INC., sent to the Farmington**

Name (Printed/Typed) HOLLY PERKINS	Title REGULATORY COMPLIANCE TECH
Signature (Electronic Submission)	Date 07/06/2004

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, make 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.

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****

Additional data for EC transaction #32727 that would not fit on the form

Wells/Facilities, continued

Agreement	Lease	Well/Fac Name, Number	API Number	Location
	MULTIPLE	ARMENTA GAS COM A 1	30-045-26167	Sec 27 T29N R10W NWNW 400FNL 1190FWL
	MULTIPLE	ARMENTA GAS COM C 1E	30-045-23856	Sec 27 T29N R10W NENW 435FNL 1590FWL
	MULTIPLE	CANDELARIA GAS COM C 1	30-045-26167	Sec 27 T29N R10W NENW 940FNL 1480FWL

July 19, 2004

New Mexico Energy, Minerals and Natural Resources Department
1220 South St.
Francis Drive
Santa Fe, NM 87505

RECEIVED

JUL 23 2004

OIL CONSERVATION
DIVISION

Re: XTO Energy Inc.
Surface Commingle Application
Armenta Gas Com A # 1 API: 30-045-07926
Armenta Gas Com C # 1E API: 30-045-23856
Candeleria Gas Com C # 1 API: 30-045-26167
Section 27, Township 29 North, Range 10 West, NMPM
San Juan County, New Mexico

Attention: Mr. William V. Jones

Dear Mr. Jones:

XTO Energy Inc. and I have come to an understanding on the above surface commingle. We have also worked out our differences on the location settlement for the Armenta Gas Com G # 1.

Please consider this written notice that I am withdrawing my protest of the above referenced surface commingle.

Regards,



Fred G. Armenta
766 Road 4990
Bloomfield, NM 87413

cc: Oil Conservation Division - Aztec
Bureau of Land Management - Farmington
Terry R. Matthews - XTO Energy - Farmington



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

REC'D / SAN JUAN

Mark E. Fesmire, P.E.

Director

Gas Conservation Division

JUL 16 2004

July 9, 2004

Holly C. Perkins
XTO Energy, Inc.
2700 Farmington Ave, K-1
Farmington, New Mexico 87401

RE: Surface Commingle Application
Armenta Gas Com A #1 API: 30-045-07926,
Armenta Gas Com C #1E API: 30-045-23856, and
Candelaria C #1 API: 30-045-26167
Section 27, Township 29 North, Range 10 West, NMPM,
San Juan County, New Mexico

Attention: Ms Perkins:

The Oil Conservation Division ("Division") received XTO Energy Inc's ("XTO") application July 8, 2004 to surface commingle currently producing pool production from the above listed leases.

On June 21, 2004, the Division received a letter from Mr. Fred Gilbert Armenta protesting XTO's application to surface commingle.

This matter can no longer be decided administratively and must be decided before a duly appointed Division hearing examiner.

If you desire to proceed with this application, please contact Ms. Florene Davidson in this office for the available docket schedule and have your attorney (or yourself) provide Ms. Davidson the exact wording of the case for the examiner docket.

Please provide notice of the hearing as required under the recently changed notice rules.

Many Regards,

William V. Jones
Engineer/examiner

Cc: Fred Gilbert Armenta
Oil Conservation Division – Aztec
Bureau of Land Management - Farmington



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Gas Conservation Division

July 9, 2004

Holly C. Perkins
XTO Energy, Inc.
2700 Farmington Ave, K-1
Farmington, New Mexico 87401

RE: Surface Commingle Application
Armenta Gas Com A #1 API: 30-045-07926,
Armenta Gas Com C #1E API: 30-045-23856, and
Candelaria C #1 API: 30-045-26167
Section 27, Township 29 North, Range 10 West, NMPM,
San Juan County, New Mexico

Attention: Ms Perkins:

The Oil Conservation Division ("Division") received XTO Energy Inc's ("XTO") application July 8, 2004 to surface commingle currently producing pool production from the above listed leases.

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Please provide notice of the hearing as required under the recently changed notice rules.

Many Regards,

A handwritten signature in black ink, appearing to read "W. Jones".

William V. Jones
Engineer/examiner

Cc: Fred Gilbert Armenta
Oil Conservation Division – Aztec
Bureau of Land Management - Farmington

RECEIVED

JUN 21 2004

OIL CONSERVATION
DIVISION

June 15, 2004

Re: XTO Energy Inc. Commingle Gas Production of Gas Com A#1, the Armenta Gas Com C #1E and the Candelaria C #1

To: NMOCD Santa Fe office

I, Fred Gilbert Armenta, Royalty interest owner here by object and protest the commingling of these wells because of the following:

1. XTO Energy Inc. has not paid me royalty money owed me on these wells
2. Commingling does not improve gas production or increase royalty payments
3. Compressors are placed on a bed of gravel and the oil from these equipment leaks into the ground and in turn seeps and contaminates surface water of the San Juan River.
4. Noise pollution from compressors create a health hazard by its omissions
5. XTO Energy Inc. refuses to compensate for damages done to well location on my farm. Pits are left full of oil and other contaminants and are covered over before being properly cleaned.
6. Reseeding is poorly done and crop loss is a great concern.
7. On numerous occasions Frank Chavez NMOCD in Aztec NM office has visited my farm and has seen first hand damages done by XTO Energy Inc. to land surface. According to Frank Chavez he has told XTO Energy Inc. to clean their locations but to this day they have not on my farm.
8. I have in the past lost livestock to these unfenced compressors. Other mammal and birds have fallen victim to these equipment.

Respectfully,



Fred Gilbert Armenta

766 ROAD 4990

BLOOMFIELD, NM

87413



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

May 28, 2004

RE: Notice to Working and Royalty Interest Owners
Application to Surface Commingle Gas Production
San Juan County, NM

XTO Energy Inc. is applying to the New Mexico Oil Conservation Division (NMOCD) and Bureau of Land Management (BLM) for approval to surface commingle gas production from the Armenta Gas Com A #1, the Armenta Gas Com C #1E and the Candelaria C #1. The NMOCD requires all interest owners be notified of plans to surface commingle when ownership is different between wells.

Produced gas from each well will be measured separately prior to being commingled. We plan to produce the commingled gas through a shared compressor. Produced liquids will not be surface commingled. In the future, additional wells, pools, and acreage may be added to this surface commingle or this gathering system. At such time, as an owner in this system, you will not be noticed as this commingle is expanded unless this method of allocating production between pools and wells changes.

A copy of our application to surface commingle is attached for your reference. 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 you must file a protest in writing to the NMOCD Santa Fe office at 1220 South St. Francis Drive, Santa Fe, NM 87505 within 20 days from the date the NMOCD received the application. The application was mailed to the NMOCD on the date of this letter.

Sincerely,

A handwritten signature in black ink that reads 'Holly C. Perkins'. The signature is fluid and cursive.

Holly C. Perkins
Regulatory Compliance Tech

xc: Well Files w/attachment
FW Land Dept. w/attachment
NMOCD, Aztec