

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 _____

- PLC 461
 - XTO Energy, Inc
 5380

Well
 - State Gas Com
 BI #3
 30-045-32284
 - State Gas Com
 BI #1E

[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

30-045-25252
 Pool
 - Basin Dakota
 71599
 - Basin Fruitland
 Coal
 71629

[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.

Cherylene L. Weston
 Print or Type Name

Cherylene L. Weston
 Signature

Sr. Permitting Analyst
 Title

12-12-16
 Date

cherylene_weston@xtoenergy.com
 e-mail Address

received
 12-12-2016

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., 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 August 1, 2011

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: 382 Road 3100, Aztec, NM 87410

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

LEASE TYPE: Fed 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
Basin Fruitland Coal (71629)					
Basin Dakota (71599)					

- (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 B.

(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: Cherylene L. Weston TITLE: Sr. Permitting Analyst DATE: 12-12-16

TYPE OR PRINT NAME: Cherylene L. Weston TELEPHONE NO.: 505-333-3190

E-MAIL ADDRESS: cherylene.weston@xtoenergy.com



382 CR 3100, Aztec, NM 87410 PH: (505) 333-3100

December 12, 2016

Mr. Michael McMillan
New Mexico Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, NM 87505

Subject: Proposed Surface Commingle Application
State Gas Com BI #1E & State Gas Com BI #3
SW/4 NE/4 Sec. 16, T31N, R12W
San Juan County, NM

Dear Mr. McMillan:

XTO Energy Inc. (XTO) requests permission for surface commingling of natural gas produced from the above wells located in Section 16, Township 31N, Range 12W, in San Juan County, New Mexico.

XTO plans to produce the commingled gas through a central compressor, thus lowering operating expenses and extending the economic life of the wells. This increases the ultimate recoveries on all leases. The anticipated allocated fuel production and fuel usage for the compressor is noted in the attachments.

Each well will be equipped with allocation meters that will be maintained by XTO in accordance with State and Federal Regulations (Onshore Order No. 5). Produced liquids will not be surface commingled. All interest owners have been notified via certified mail, return receipt, on October 18, 2016.

The following attachments are included with this application:

- Form C107B (application for surface commingle; diverse ownership)
- Map of all wells and their associated leases
- Form C-102 for each well/formation(s)
- Table of well with lease and agreement information, spacing, permits, gravities/BTU, MCF
- Schematic diagram showing all flowlines, compressors & equipment
- Details of allocation formula
- Letter to WI, NRI & ORRI owners & list of owners
- Administrative Application Checklist

Sincerely,

Cherylene L. Weston, CPLTA
Sr. Permitting Analyst

/clw

State Gas Com B#3 CDP

Proposed Allocation Procedure

Base Data:

W = Gas Volume (Mcf) from allocation meters at individual wells during allocation period

X = Gas Volume (Mcf) from CDP Sales Meter during allocation period

Y = BTU's from CDP Sales Meter during allocation period

Allocation Period is typically a calendar month and will be the same for all wells.

1. Individual Well Gas Production = A + B + C + D + E

A = Allocated Sales Volume, Mcf = $(W / \text{SUM } W) \times X$

(individual well volume divided by the sum of the well volumes; multiplied by total from CDP)

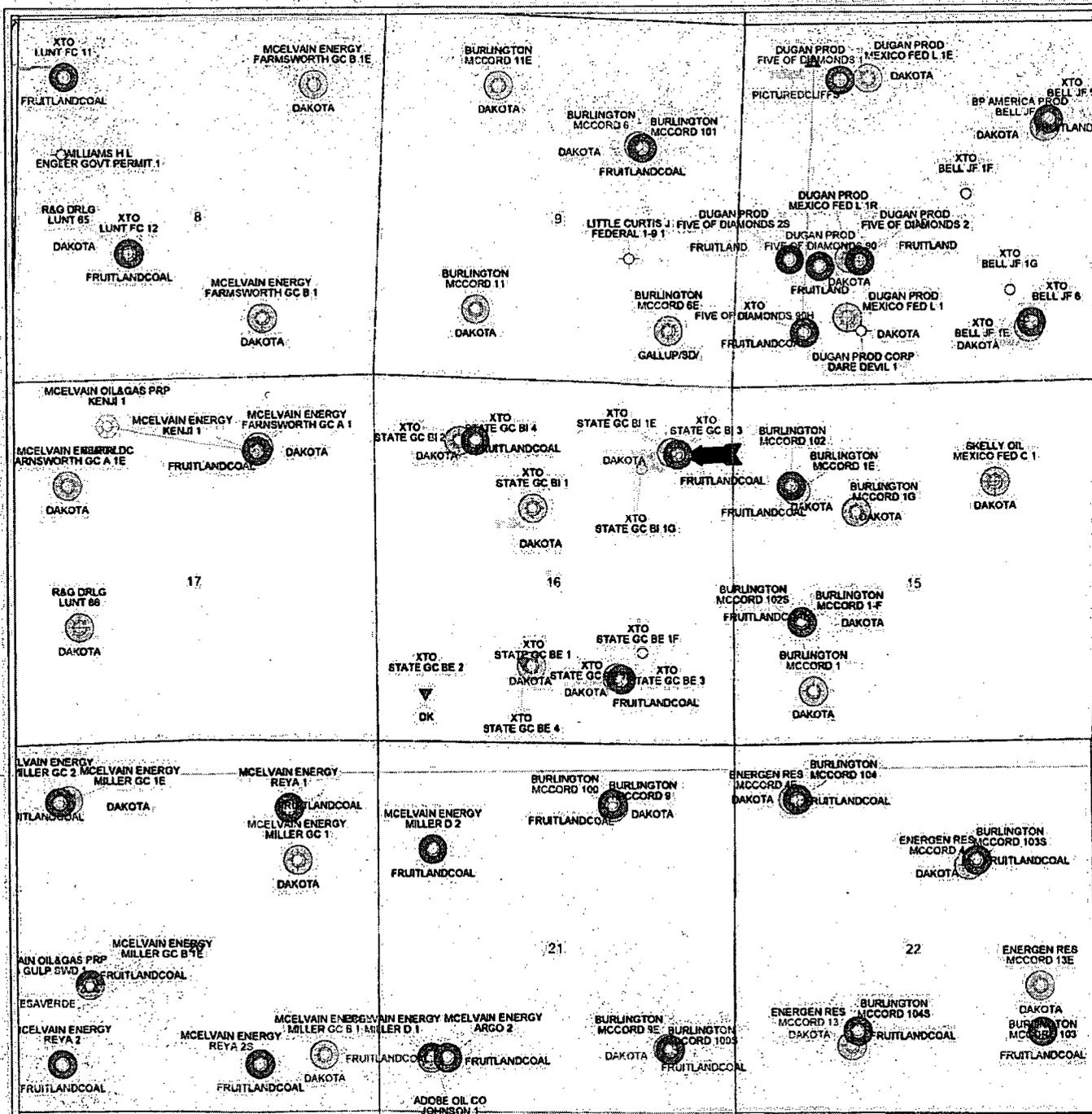
B = On lease fuel usage, Mcf. Determined from equipment specifications and operating conditions.

C = Purged and/or vented gas from well and/or lease equipment, Mcf. Calculated using equipment specifications and pressures.

D = Allocated fuel from gathering system equipment. The total fuel required to operate gathering system equipment will be allocated to the individual wells benefiting from the equipment using allocation factors determined by $W / \text{SUM } W$ for the wells involved.

E = Allocated volume of gas lost and/or vented from the gathering system and/or gathering system equipment, Mcf. The total volume will be determined using industry accepted procedures for the conditions existing at the time of the loss. All volumes corresponding to liquid condensation within the gathering system will also be determined. The total volume lost and/or vented will be allocated to the individual wells affected using factors determined by $W / \text{SUM } W$.

2. Allocated Individual Well BTU's = $((W \times \text{Individual well BTW} / \text{SUM } (@ \times \text{individual well BTU})) \times Y$. Individual well gas heating values to be determined in accordance with BLM regulations (currently Onshore Order #5).



XTO ENERGY, INC.

STATE GC BI 01E & STATE GC BI 03

SJB_2014.OVL

T30N-R13W-S16

POSTED WELL DATA

Operator
Well Label

●
ProdFM

ATTRIBUTE MAP

- Shallow
- Farmington
- Fruitland Sand
- Fruitland Coal
- Pictured Cliffs
- Chacra
- Mesaverde
- Gallup
- Dakota
- Morrison
- Entrada
- Deep

WELL SYMBOLS

- Coal Bed Methane
- Dry Hole
- Gas Well
- Location
- P&A Coal Bed Methane
- P&A Gas Well
- Service Well
- Slaked Location

By: mk for BRB



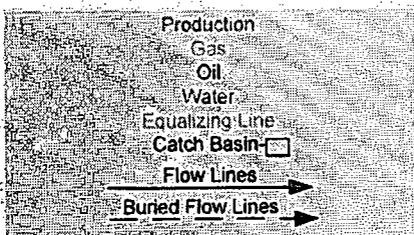
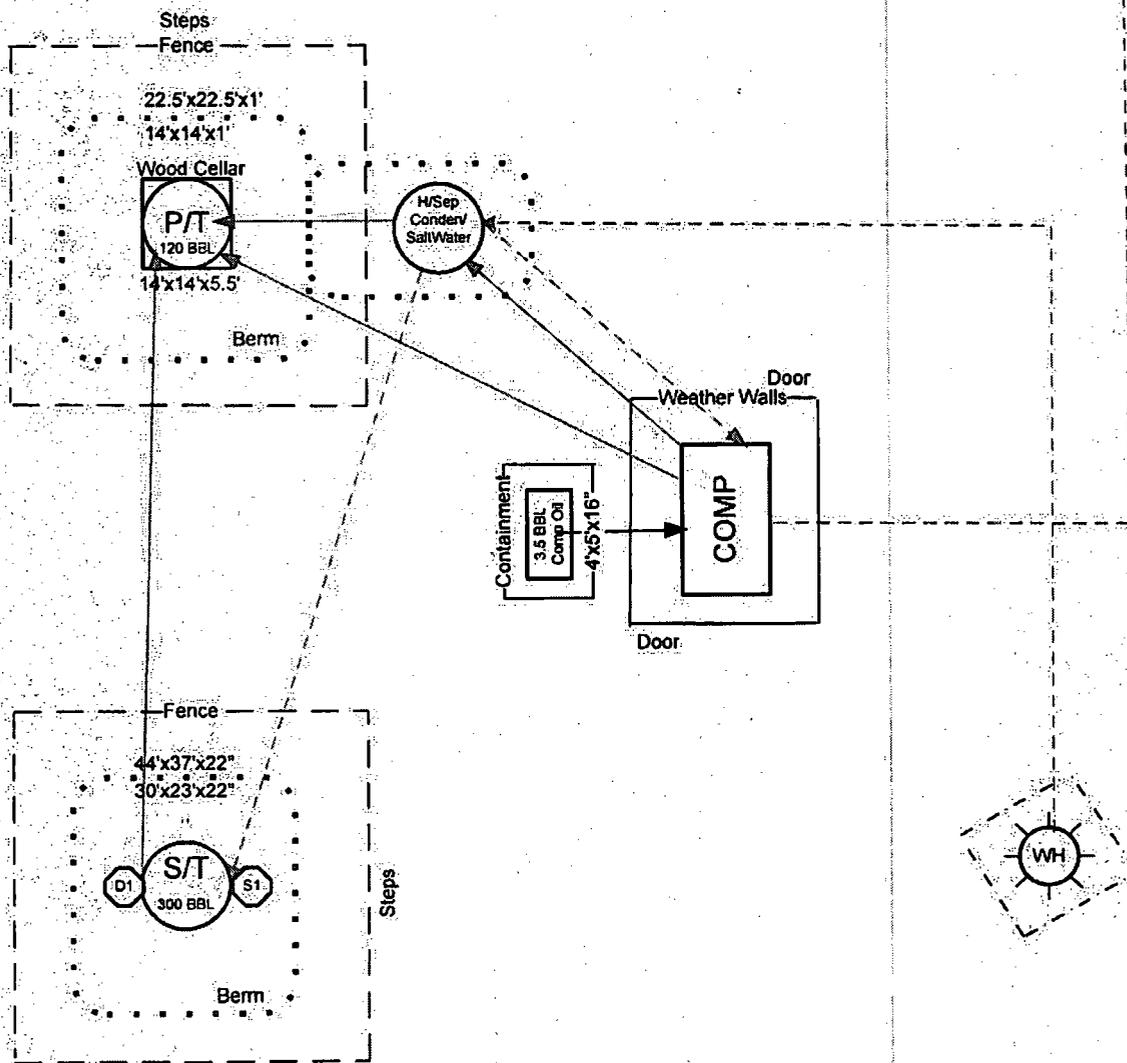
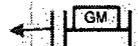
July 14, 2014

Plot Plan/ Facility Diagram

Well Name: State Gas Com B I # 1 E
 Field: San Juan County NM
 Serial Number: Lease # E-8279; API # 30-045-25252
 Section: NE/NE Sec. 16 (A), T-30N; R-13W
 Updated: 5/5/2011



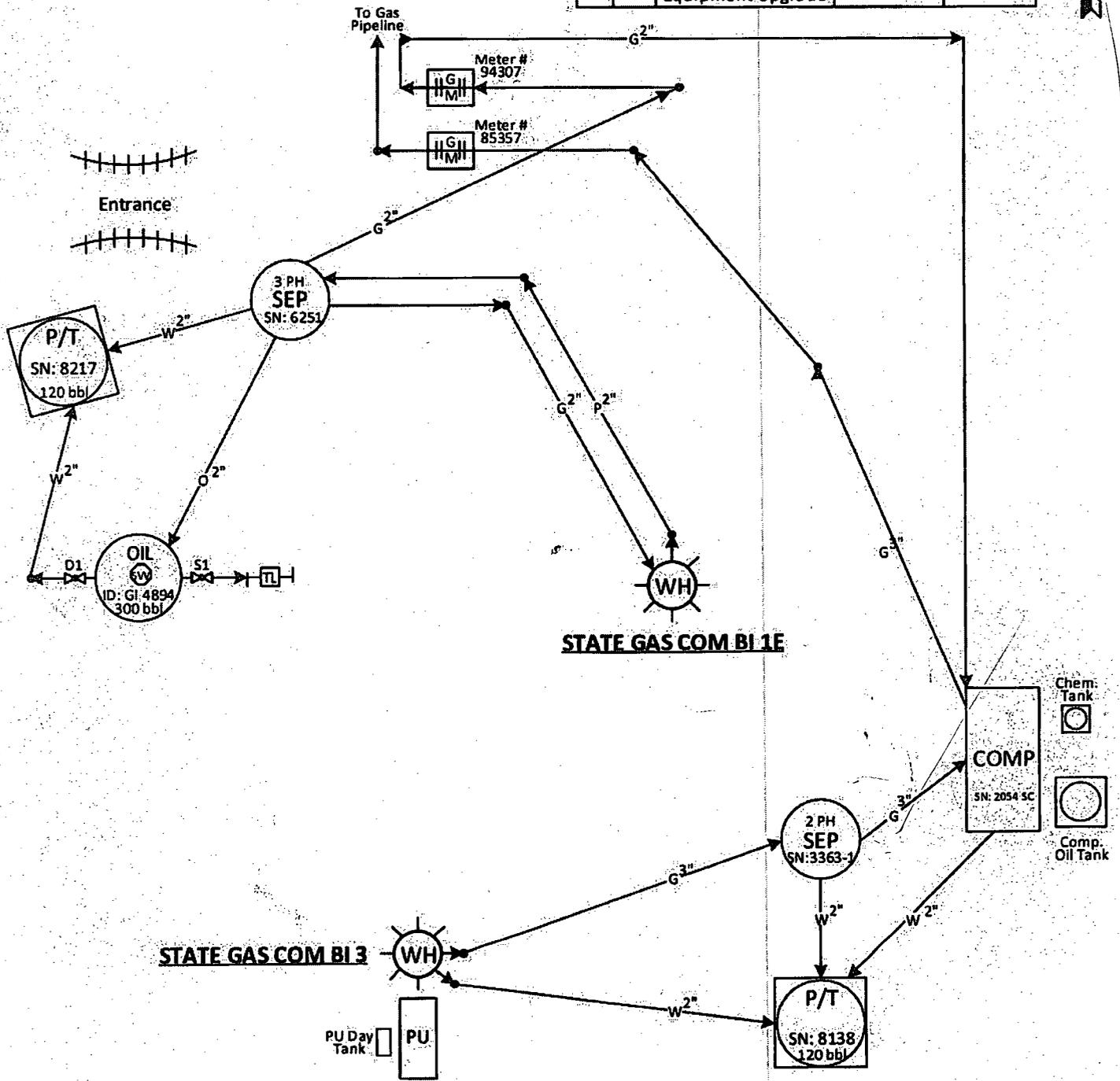
← Drainage



General sealing of valves, sales by tank gauging
 Production phase: Drain valve D1 and sales valve S1 sealed closed.
 Sales phase: Drain valve D1 sealed closed. Sales valve S1 open.
 Draining phase: Drain valve D1 open. Sales valve S1 closed.

This lease is subject to the site security plan for San Juan Basin Area. The plan is located at:
 XTO ENERGY INC.
 382 Road 3100
 Aztec, NM 87410

Rev	By	Description	Date	Approval
2	DG	Site Facility Diagram Equipment Upgrade	1/28/2016	1/29/2016



The plan is located at:
XTO Energy
 9127 S. Jamaica St.
 Englewood, CO 80112

General sealing of valves, sales by tank gauging
 Production phase: Drain valve D1 and sales valve S1 sealed closed.
 Sales phase: Drain valve D1 sealed closed. Sales valve S1 open.
 Draining phase: Drain valve D1 open. Sales valve S1 closed.

STATE GAS COM BI 1E
 NENE SEC 16, T30N, R13W
 970 FNL 880 FEL
 API # 30-045-25252
 LEASE # E8279
 SAN JUAN COUNTY, NEW MEXICO

STATE GAS COM BI 3
 NENE SEC 16, T30N, R13W
 1030 FNL 850 FEL
 API # 30-045-32288
 SAN JUAN COUNTY, NEW MEXICO

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

DISTRICT II
1301 W. Grand Avenue, Artesia, N.M. 88210

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

DISTRICT IV
1220 South St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87504-2088

Form C-102
Revised June 10, 2003
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

5380

*API Number 30-015-32288		*Pool Code 71629	*Pool Name Basin Fruitland Coal
*Property Code 22823	*Property Name STATE GAS COM BI		*Well Number 3
*OGRD No. 1610567	*Operator Name XTO ENERGY INC.		*Elevation 5567

10 Surface Location

UL or lot no.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
A	16	30-N	13-W		1030	NORTH	850	EAST	SAN JUAN

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County

*Dedicated Acres 320 ml2	*Joint or InER I	*Conservation Code	*Order No.
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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

16

QTR. CORNER
FD 3 1/2"
BLM 1952 BC

S 88-48-38 E
2632.7' (M)

SEC. CORNER
FD 3 1/4"
BLM 1952 BC

1030'

850'

N 00-09-52 W
2613.7' (M)

LAT: 36°49'03" N. (NAD 27)
LONG: 108°12'14" W. (NAD 27)

APR 2004

QTR. CORNER
FD 3 1/4"
BLM 1952 BC

17

OPERATOR CERTIFICATION

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

Heelyh Small
Signature

Heelyh Small
Printed Name

Drilling Assistant
Title

4/7/04
Date

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: _____
Signature and Title: _____

Certificate Number

1756

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form O-152
Supersedes O-128
Effective 1-4-65

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

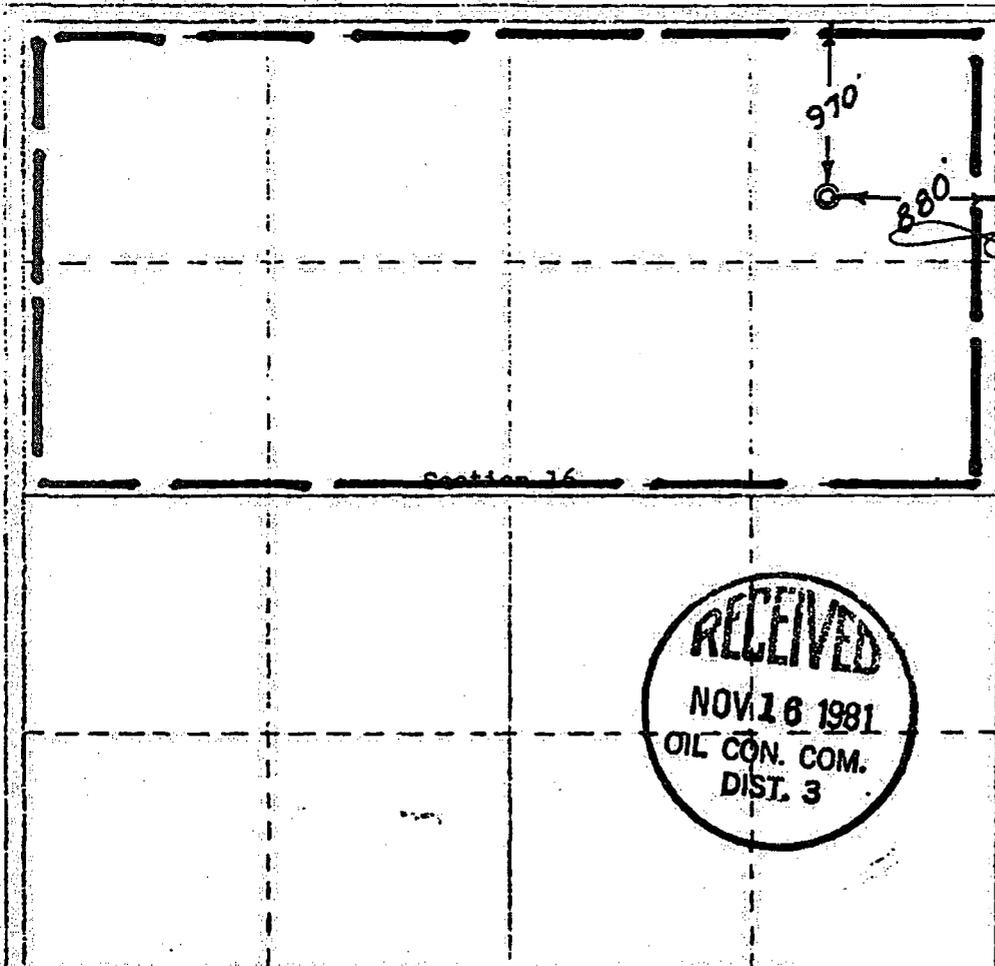
Operator M. R. Schalk		Lease State Gas Com BI		APN No. 1E
Unit Letter A	Section 16	Township 30 North	Range 13 West	County San Juan
Actual Footage Location of Well: 970 feet from the North line and 880 feet from the East line.				
Ground Level Elev. 5562	Producing Formation Dakota	Pool Basin	Dedicated Acreage: 320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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, force-pooling, or otherwise, or until a non-standard unit, eliminating such interests, has been approved by the Commission.



RECEIVED
NOV 16 1981
OIL CON. COM.
DIST. 3

CERTIFICATION

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

Steve Schalk

Steve Schalk

Position
Agent

Company
M. R. Schalk

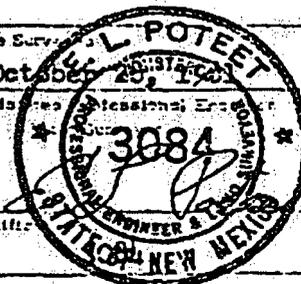
Date
Nov. 12, 1981

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
October 25, 1981

Registered Professional Engineer and
3084

Certified



Well	Pumping Unit		Separator(s)		
	Engine	Fuel Usage (mcfpd)	Burners (y/n)	Fuel Usage (mcfpd)	Vented Gas (mcfpd)
State Gas Com BI 1E	None - Plunger Lift	0	Y	5.7	0.0
State Gas Com BI 3	Arrow C-46	2.6	Y	2.3	0.0

Compressor Information		
Location:	State Gas Com B 3 CDP	
Property #	68798	
XTO Compressor #	2054SC	
Lat/Long:	36.81741	-108.20409
Manufacturer:	CATERPILLAR	
Engine:	G3306NA	
Horse Power:	145	
Fuel Usage:	21.6	mcf
DK	40	mcf
FC	150	mcf



XTO Energy Inc.
382 Road 3100
Aztec, New Mexico 87410
Office 505.333.3100
Fax 505.333.3280

VIA CERTIFIED MAIL – RETURN RECEIPT REQUESTED

January 18, 2017

RE: Notice to Working and Royalty Interest Owners
Application to Surface Commingle Gas Production
NE/4 NE/4 Section 16, T30N, R13W
San Juan County, New Mexico

XTO Energy Inc. is applying to the New Mexico Oil Conservation Division (NMOCD) for approval to surface commingle gas production from the State Gas Com BI 1E (Basin Dakota) and State Gas Com BI 3 wells (Basin Fruitland Coal). NMOCD requires that all interest owners be notified of plans to surface commingle when ownership is different between wells and formations.

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.

If you need additional information, or have any questions, please contact me at (505) 333-3190. If you object to our application, you must file a protest in writing to the NMOCD, Santa Fe office at 1220 South Saint Francis Drive, Santa Fe, NM 87505 within 20 days from the date of this letter. If there are no objections raised, an application will be submitted to NMOCD at that time.

Sincerely,

A handwritten signature in cursive script that reads 'Cherylene L. Weston'.

Cherylene L. Weston, CPLTA
Sr. Permitting Analyst

xc: Well Files
FTW Land Department
NMOCD, Aztec

7012 1010 0002 9430 1423

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Sent To: **NM COMMISSIONER OF PUBLIC LANDS**
New Mexico State Land Office
 Street, Apt. or PO Box: **310 Old Santa Fe Trail**
Santa Fe, NM 87504
 City, State:

State GC BI 1E & 3

PS Form 3800, August 2006 See reverse for instructions

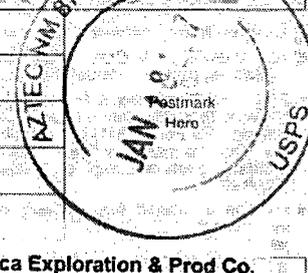
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Total Postage	



Sent To: **Chevron North America Exploration & Prod Co.**
c/o Four Star Oil & Gas Company
 Street, Apt. or PO Box: **1400 Smith Street, Room 45120**
Houston, TX 77002
 City, State:

State GC BI 1E & 3

PS Form 3800, August 2006 See reverse for instructions

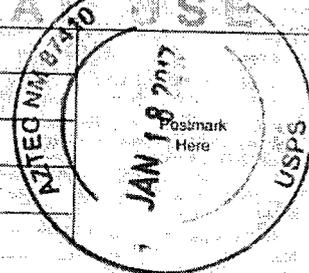
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Sent To: **M R Schalk LLC**
PO Box 25825
 Street, Apt. or PO Box: **Albuquerque, NM 87125-0825**
 City, State:

State GC BI 1E & 3

PS Form 3800, August 2006 See reverse for instructions

Well	State Gas Com BI 1E	State Gas Com BI 3
Formation	Basin Dakota	Basin Fruitland Coal
Average 2016 Production (mcf)		
June	43	139
July	42	103
August	42	143
September	43	156
October	44	144
November	42	152

McMillan, Michael, EMNRD

From: Weston, Cherylene <Cherylene_Weston@xtoenergy.com>
Sent: Tuesday, January 3, 2017 2:37 PM
To: McMillan, Michael, EMNRD
Subject: RE: State Gas Com BI Well No. 3 and State Gas Com BI Well NO. 1E

Mike,
Hello. I think it was a typo. It should be the same metering methodology as the Duff wells that were recently approved.

Do you need a revised letter or will you accept the changes via this email?

Thanks,

Cherylene

From: McMillan, Michael, EMNRD [mailto:Michael.McMillan@state.nm.us]
Sent: Tuesday, January 03, 2017 8:36 AM
To: Weston, Cherylene
Subject: State Gas Com BI Well No. 3 and State Gas Com BI Well NO. 1E

Cherlyene:

I need clarification of the measurement method.

The first sentence in the second paragraph states that the State Com Gas BI Well No. 1E states that it will be continuously metered. The third sentence states that the State Com Gas BI Well No. 1E will be measured based on subtraction method.

Your diagram shows that the State Gas Com Bi Well No. 1E shall be continuously metered.

Thank You

MICHAEL A. MCMILLAN
Engineering Bureau, Oil Conservation Division
1220 south St. Francis Dr., Santa Fe NM 87505
O: 505.476.3448
Michael.McMillan@state.nm.us