

DATE IN <u>4/6</u>	SUSPENSE	ENGINEER <u>RE</u>	LOGGED IN <u>4/6</u>	TYPE <u>PLC</u>	APP. NO. <u>DMVJ 100980052</u>
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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

PLC-327

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.

Jennifer Morrow
 Print or Type Name

Jennifer Morrow
 Signature

Sr. Regulatory Compliance Technician
 Title

April 5, 2010
 Date

Jennifer.Morrow@xtoenergy.com
 e-mail Address



RECEIVED OCD

April 5, 2010

2010 APR -6 A 11:11

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

Subject: Proposed Surface Commingle
MKL #2 and MKL #2R
Rio Arriba County, NM

Dear Mr. Ezeanyim:

XTO Energy Inc. requests administrative approval for surface commingling of natural gas produced from the following wells, both on Lease Number NMSF-079162: MKL #2 and MKL #2R. These wells are located in Section 05-Township 26N-Range 7W in Rio Arriba County, New Mexico.

XTO plans to produce the commingled gas through a central compressor, thus increasing efficiency while minimizing emissions, consequently reducing the compressor footprint and environmental impact. 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 Energy 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 February 1, 2010.

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 (plats)
- 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,

Jennifer Morrow
Senior Regulatory Compliance Tech

xc: OCD, Aztec Office

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: 382 Road 3100, Aztec, New Mexico 87410
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
S BLANCO PICTURED CLIFFS 72439					
BASIN FRUITLAND COAL 71629					

(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)

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(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: Jennifer Morrow TITLE: Sr. Regulatory Compliance Technician DATE: 4/5/2010
TYPE OR PRINT NAME: JENNIFER MORROW TELEPHONE NO.: (505) 333-3682
E-MAIL ADDRESS: Jennifer_Morrow@XTOEnergy.com

NEW MEXICO
OIL CONSERVATION COMMISSION

Gas Well Plat

PHOENIX

Date February 19, 1954

KING-LOG PETROLEUM COMPANY
Operator

MKL
Lease

MKL #2
Well No.

Name of Producing Formation Pictured Cliff Pool South Blanco P.C.

5 L
No. Acres Dedicated to the Well 160

Indicate land status and show ownership Federal Lease No. S.P. 079162-A - 160 A.

SECTION 5 TOWNSHIP 26N RANGE 7W

"L" MKL #2			

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

Name George J. Laska
Position Secretary-Treasurer

Representing KING-LOG PETROLEUM COMPANY

Address 1400 Luhrs Tower, Phoenix, Arizona

(over)

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NOV 15 1989

Form C-102
Revised 1-1-89

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JAN 03 1990

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

OIL CON. DIV.

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DIST. 3

RECEIVED

DEC 18 1989

OIL CON. DIV.
DIST. 3

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

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

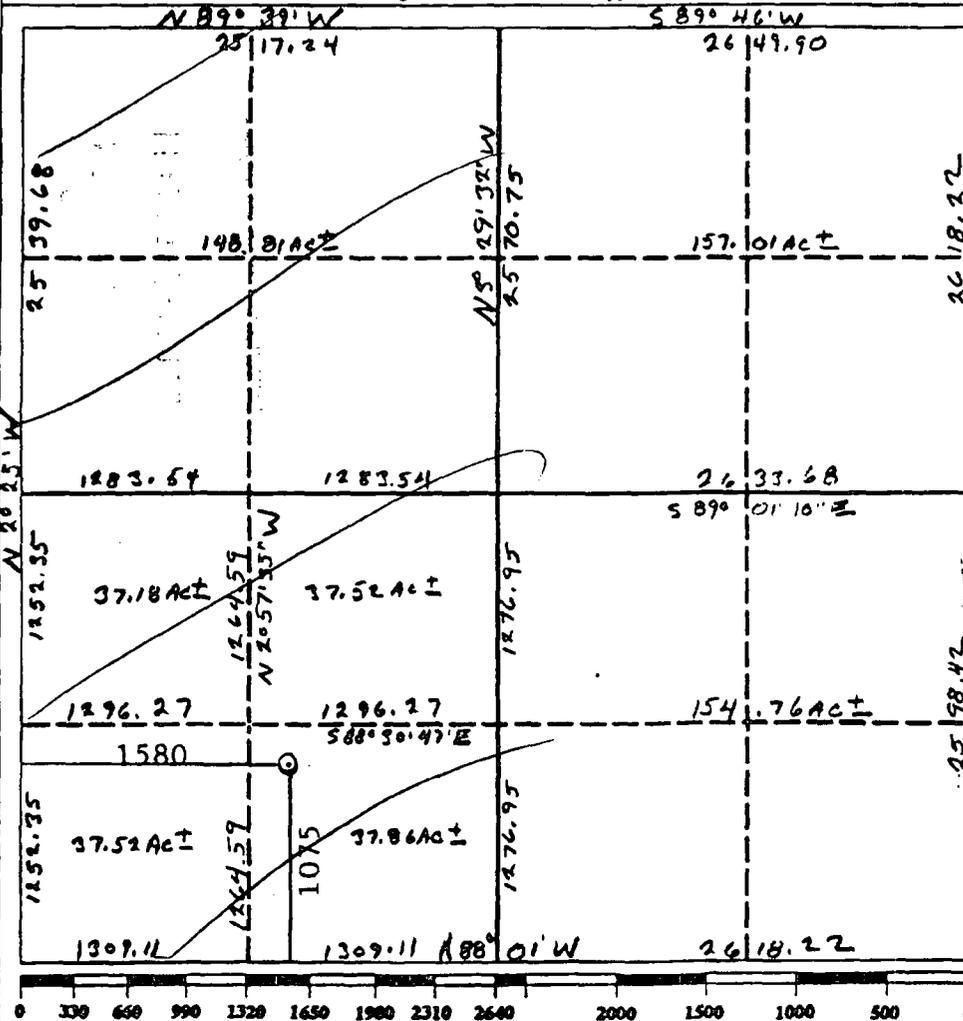
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator DEKALB ENERGY			Lease MKL		Well No. 2R
Unit Letter N	Section 5	Township 26N	Range 7W	County NMPM Rio Arriba	
Actual Footage Location of Well: 1075 feet from the South line and 1580 feet from the West line					
Ground level Elev. 6034	Producing Formation FRUITLAND COAL/ P.C.		Pool BASIN/SOUTH BLANCO	Dedicated Acreage: 320/160 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below. W/2:SW/4
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest 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 interest, has been approved by the Division.



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

Signature: *John S. Wylie*
Printed Name: John S. Wylie
Position: Dist. Prod. Supt.
Company: DEKALB Energy Company
Date: Dec. 27, 1989

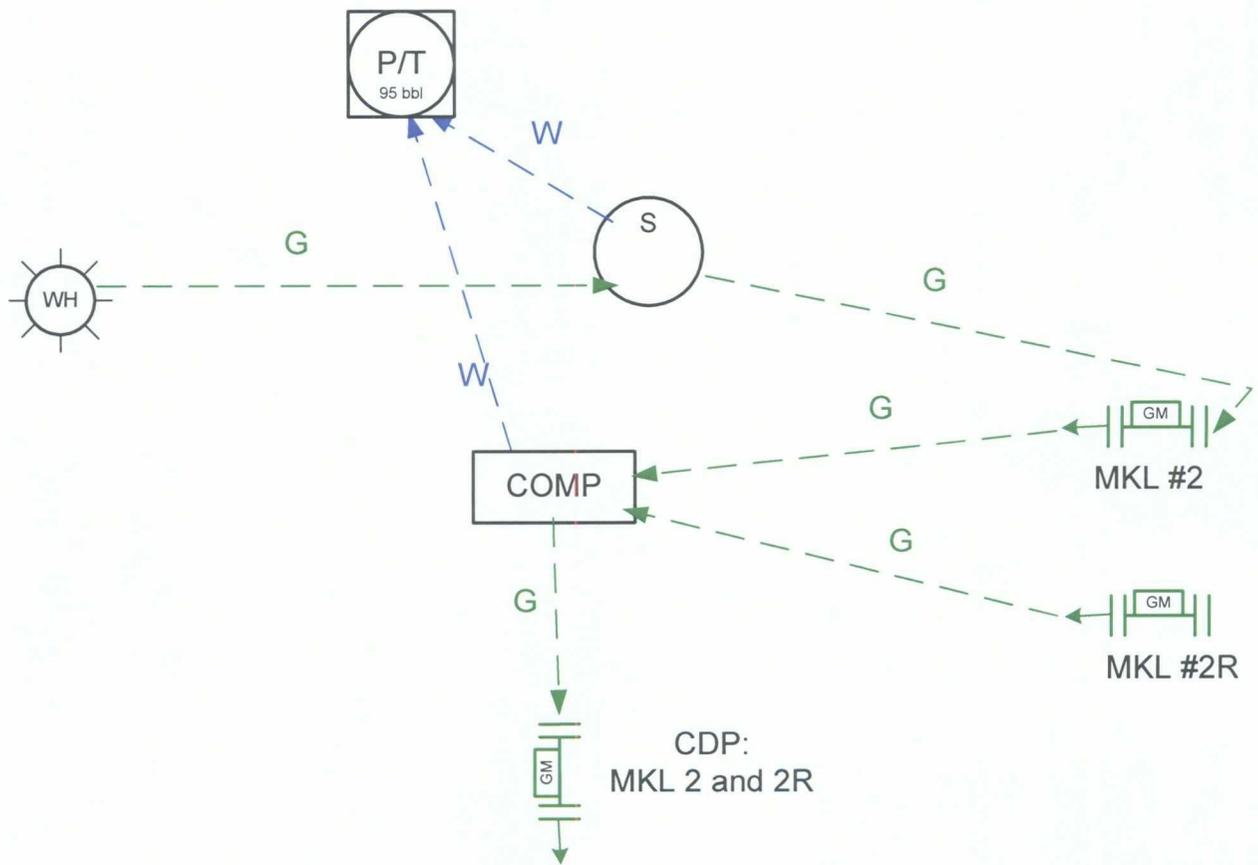
SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: October 23, 1989
Signature: *Cecily B. Sullivan*
Professional Surveyor
Professional Seal: MEXICO REGISTERED PROFESSIONAL LAND SURVEYOR 9672
Certificate No: 9672

MKL #2 and MKL #2R

Well Name	API#	Pool	S-T-R	FNL/FSL	FEL/FWL	Lease Number	Agreement Number	Permits	Gravity	BTU	Est Daily Gas Rate
MKL #2	30-039-06674	S Blanco Pictured Cliffs	5-26N-7W	1592' FSL	847' FWL	NMSF-079162	N/A	N/A	N/A	1127	72.04
MKL #2R	30-039-24611	Basin Fruitland Coal	5-26N-7W	1075' FSL	1580' FWL	NMSF-079162	N/A	N/A	N/A	1107	63.79

Well Name: MKL #2
 Field: Rio Arriba County, NM
 Lease #: NMSF-079162 API #: 30-039-06674
 Section: Sec 5 - T 26 N - R 7 W
 CA # If Applicable : N/A
 Updated: 1/29/2010

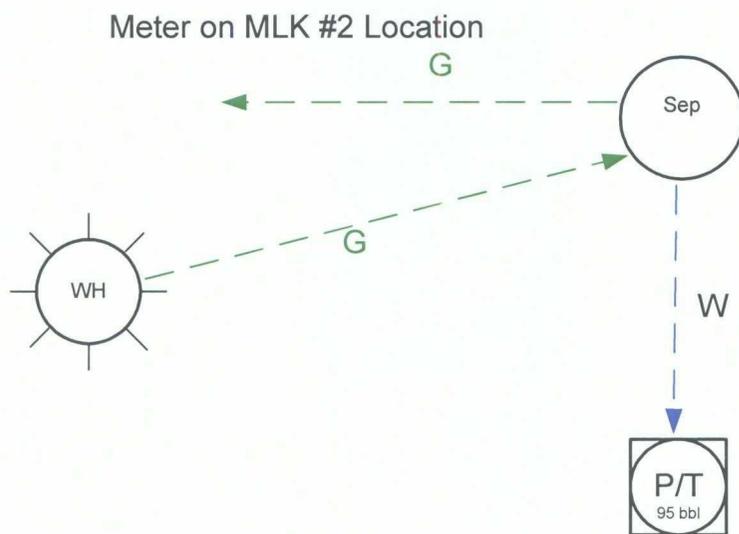


Production
 Gas
 Oil
 Water
 Equalizing Line
 Catch Basin-

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

Well Name: MKL #2R
 Field: San Juan County NM
 Lease # NMSF-079162 API #: 30-039-24611
 Section: Sec. 5 – T 26 N – R 7 W
 CA # If Applicable : N/A
 Updated: 1/20/2010



Production
 Gas
 Oil
 Water
 Equalizing Line
 Catch Basin-

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

MKL #2 and MKL #2R

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

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

Production and fuel use will be based on the following formula:

$$\text{Allocated sales volume (MCF)} = (W/\text{Sum } W) \times X$$

NOTE: Production liquids will not be surface commingled.

Compressor specs:

Manufacturer	Engine Size	100% fuel mcf/d	75% fuel mcf/d	50% fuel mcf/d	Horsepower @ 6500'
Cat	3306NA	21.6	18.3	15.1	90



February 1, 2010

RE: Notice to Working and Royalty Interest Owners
Application to Surface Commingle Gas Production
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 MKL #2 and MKL #2R. NMOCD requires that 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.

If you need additional information, or have any questions, please contact me at (505) 333-3682. If you have an objection 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 black ink that reads 'Jennifer Morrow'.

Jennifer Morrow
Senior Regulatory Compliance Technician

Xc: Well Files
FW Land Department
NMOCD, Aztec

B RUSSELL YOUNGMAN JR
238 TWIN BEACH RD
PASADENA, MD 211220000
MKL 02 REG DEPT JENNIFER M.

B RUSSELL YOUNGMAN JR
238 TWIN BEACH RD
PASADENA, MD 211220000
MKL 02 REG DEPT JENNIFER M.

B RUSSELL YOUNGMAN JR
238 TWIN BEACH RD
PASADENA, MD 211220000
MKL 02 REG DEPT JENNIFER M.

EMMA VIRGINIA BODIE
4 BERTWELL CT
TIMONIUM, MD 210930000
MKL 02 REG DEPT JENNIFER M.

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4 BERTWELL CT
TIMONIUM, MD 210930000
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EMMA VIRGINIA BODIE
4 BERTWELL CT
TIMONIUM, MD 210930000
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JULIA DRYDEN
18720 UPPER BECKLEYSVILLE RD
HAMPSTEAD, MD 210740000
MKL 02 REG DEPT JENNIFER M.

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HAMPSTEAD, MD 210740000
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MRS LILLIAN C MONTGOMERY
4705 COLORADO AVE NW
WASHINGTON, DC 200110000
MKL 02 REG DEPT JENNIFER M.

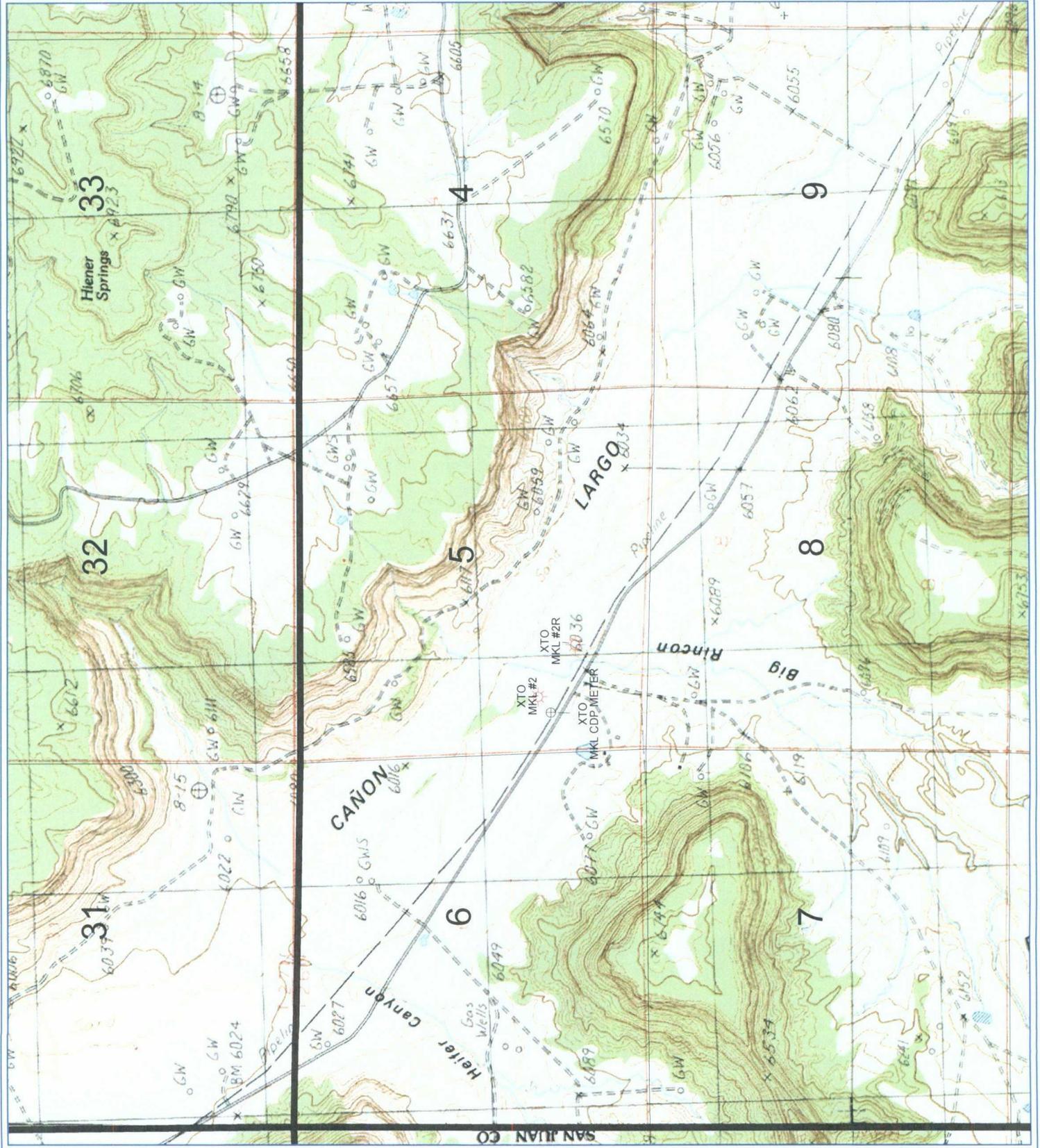
MRS LILLIAN C MONTGOMERY
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WASHINGTON, DC 200110000
MKL 02 REG DEPT JENNIFER M.

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4705 COLORADO AVE NW
WASHINGTON, DC 200110000
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XTO ENERGY PARTNERS
OPERATING, LLC
810 HOUSTON STREET
FORT WORTH, TX 761026298
MKL 02 REG DEPT JENNIFER M.

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MKL 02 REG DEPT JENNIFER M.



XTO ENERGY INC.

MKL #2 & #2R CDP

SEC. 5, T28N-R07W

SAN JUAN COUNTY, NM

0 1,933

FEET

POSTED WELL DATA

Operator
Well Label



WELL SYMBOLS

Gas Well

Unknown Status

March 17, 2010

31

32

33

6

5

4

7

8

9

XTO
MKL #2
⊕

XTO
MKL #2R
⊕

XTO
MKL GDP METER
⊕

XTO ENERGY INC.

MKL #2 & #2R GDP

SEC. 5 T26N-R07W

SAN JUAN COUNTY, NM



POSTED WELL DATA

Operator
Well Label



WELL SYMBOLS



Gas Well



Unknown Status

March 17, 2010