



Cross Timbers Operating Company

PC N/R
1002

SEP 13 1999

September 8, 1999

RE: Administrative Approval to Surface Commingle Gas
Stedje Gas Com #1E & Stedje Gas Com #2
Sec 27, T30N, R12W
San Juan County, NM

Ms. Lori Wrotenbery
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Ms. Wrotenbery,

Cross Timbers Operating Company (CTOC) requests administrative approval to surface commingle gas production from the Stedje Gas Com #1E (Basin Dakota) and the Stedje Gas Com #2 (Basin Fruitland Coal). CTOC plans to produce the commingled gas through a single compressor. Each well's oil and water production will be kept separate and not surface commingled.

Installation of compression equipment will help both wells overcome sales line pressure, maximizing each well's gas rate. The wells are located on the same production pad so one compressor could service both wells if gas production could be surface commingled. Installing a single compressor will result in a lower operating cost and less fuel gas usage versus setting two compressors and independently compressing each well's gas. The lower operating costs resulting from a shared compressor will extend the economic lives of both wells thus increasing their ultimate recoveries.

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

1. Well information table.
2. Gas production allocation formula sheet.
3. Battery schematic of proposed installation.
4. Well location plat.

If you need additional information or have any questions, I can be contacted at (505) 324-1090.

Sincerely,

Ray Martin
Operations Engineer

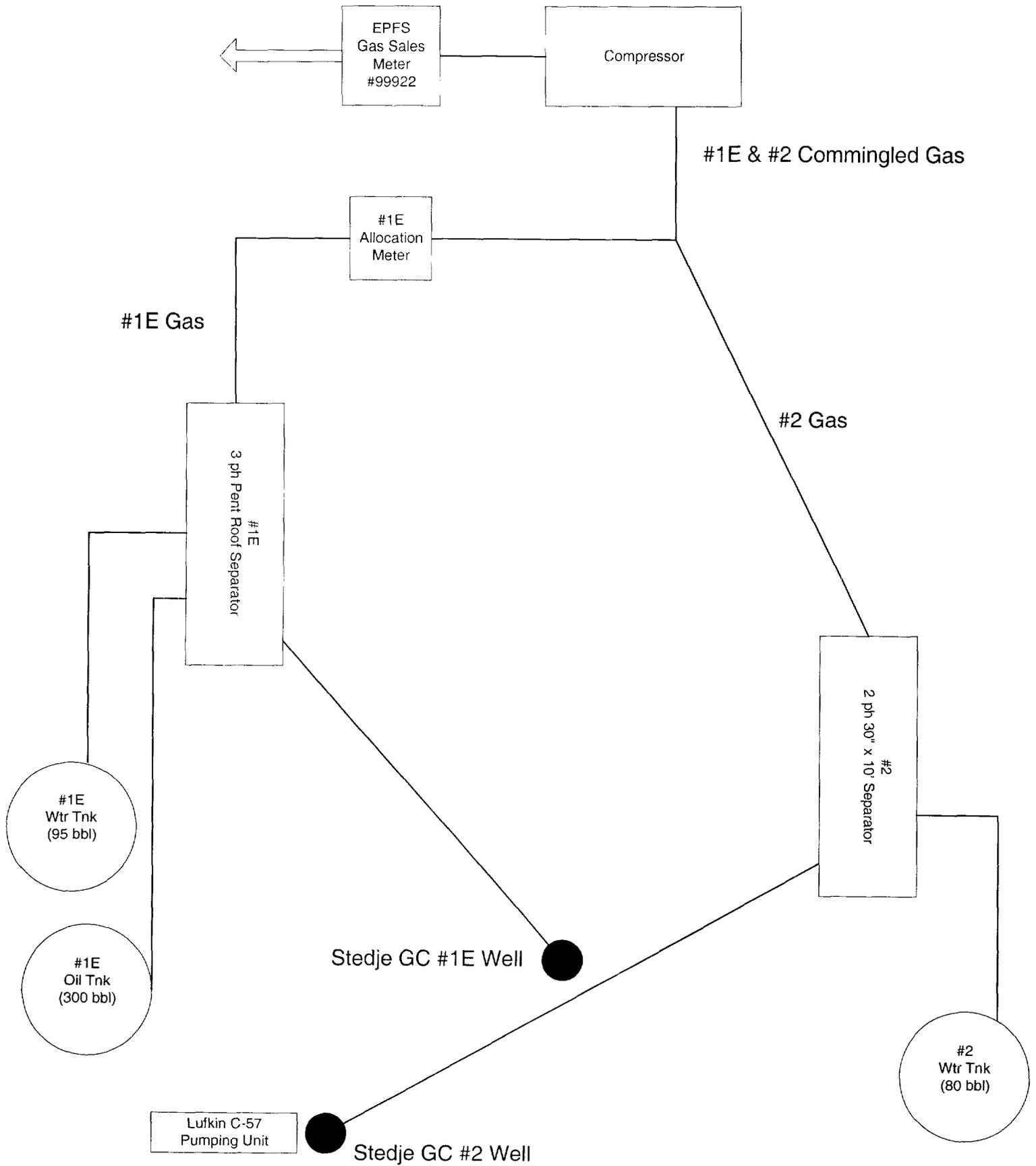
cc: Oil Conservation Division Aztec
Well File

attachments (4)

WELL INFORMATION

| | Stedje Gas Com #1E | Stedje Gas Com #2 |
|-----------------|--|--|
| Location | 1190' FNL & 830' FEL A/Sec 27, T30N, R20W | 1175' FNL & 675' FEL A/Sec 27, T30N, R20W |
| API # | 30-045-25560 ¹² | 30-045-29738 ¹² |
| Pool | Basin Dakota | Basin Fruitland Coal |
| Pool Code | 71599 | 71629 |
| Gas Gravity | 0.665 | 0.560 est |
| Gas Rate (MCFD) | 40 | 160 est |

Stedje #1E & #2 Battery Gas Surface Commingled



Stedje Gas Com #1E & Stedje Gas Com #2 Gas Allocation Formula

EPFS meter #99922 will be the sales meter for the Stedje Gas Com #1E (Basin Dakota) and the Stedje Gas Com #2 (Basin Fruitland Coal). An allocation meter for the Stedje Gas Com #1E will be set between its separator and the suction side of the compressor. This meter will separately measure the Stedje Gas Com #1E's gas production.

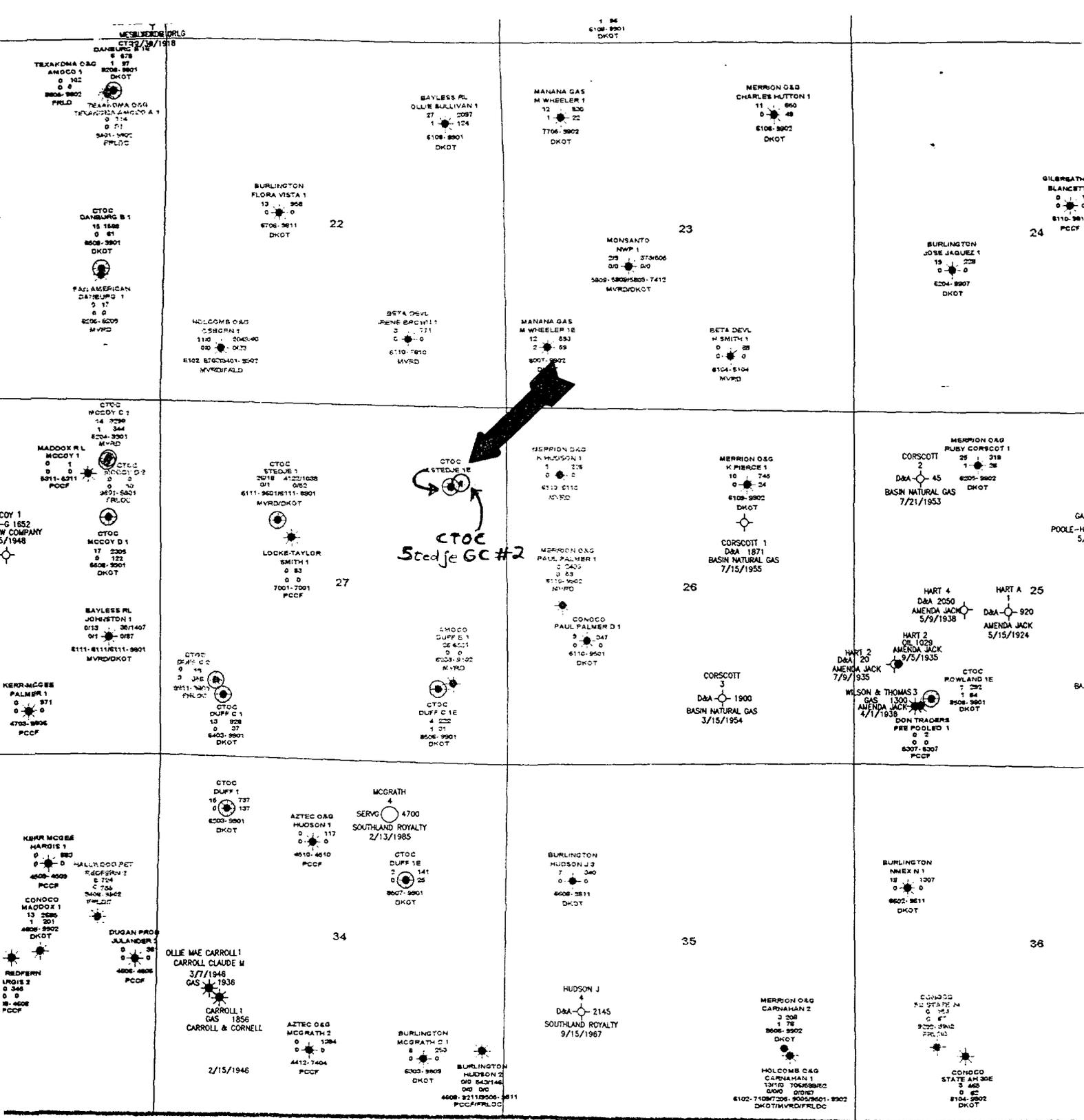
The Stedje Gas Com #1E (Dakota) gas production will be calculated as follows:

$$\text{Dakota Production} = (\text{Allocation meter volume}) + (\text{Allocated compressor fuel gas volume}) + (\text{Separator fuel gas volume})$$

The Stedje Gas Com #2 (Fruitland Coal) gas production will be calculated as follows:

$$\begin{aligned} \text{Fruitland Coal Production} = & (\text{EPFS meter \#99922 volume}) - (\text{Dakota allocation meter volume}) \\ & + (\text{Allocated compressor fuel gas volume}) + (\text{Pumping unit fuel gas volume}) + (\text{Separator fuel gas volume}) \end{aligned}$$

The compressor's fuel gas will be allocated equally between the two wells. The fuel gas usage is estimated to be 8.83 MCFD for the compressor.



CROSS TIMBERS OIL COMPANY

SAN JUAN BASIN WELLBORE REVIEW

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T30N R12W

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|----------------|------------|--------------|
| Linda Weiss | B. Voigt | 8/23/99 |
| Scale 1:24000. | 1" = 2000' | tr3012_2.gpf |