DATE IN 8/6/02	SUSPENSE NA	ENGINEER WJ	LOGGED IN MV	TYPE PC	APP NO. 221946709

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 _____

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[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.

Darrin Steed	Darrin Steed	Operations Engineer	7/29/02
Print or Type Name	Signature	Title	Date

Darrin_Steed@XTOEnergy.com
e-mail Address

XTO ENERGY

July 29, 2002

Mr. David Catanach
New Mexico Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

RE: Administrative Approval to Surface Commingle
Florance D LS #16 & Florance D #4B
Sec 20, T-27-N R-8-W
San Juan County, New Mexico

DHC approved

Dear Mr. Catanach,

XTO Energy, Inc. (XTO) requests administrative approval to surface commingle the Florance D LS #16 and the Florance D #4B. The Florance D #4B will be new Blanco Mesaverde/Otero Chacra well. (30-045-11707, 31082)

Both wells are located on the same Federal Lease #NMNM – 03380. Since all working, revenue and royalty interest owners are common interest owner notification was not necessary. The Bureau of Land Management (BLM) has requested that central tank batteries be utilized to minimize land disturbance whenever possible. Production allocation testing is described on the attached document.

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

1. Well information table.
2. Battery schematic of proposed installation.
3. Well location plat.
4. Proposed testing schedule and procedure for allocation purposes.

If you need additional information or have any questions, please give me a call at (505) 324-1090.

Sincerely,
XTO ENERGY, INC

Darrin Steed

Darrin L. Steed
Operations Engineer

Enclosures

Cc: DLS File
Well File
GLM

C:\Work\Surface Commingles\Florance D LS #16 & D #4B.doc

Proposed Testing Procedure and Schedule

The Florance D #4B will have all oil, water and gas commingled at the Florance D LS #16 separator. Allocation of oil, water and gas between these two wells will be determined on a semiannual basis. Since the Florance D #4B is a new well and more prone to production rate variance it will be shut in during testing. The Florance D LS #16 was completed in 1966 as a South Blanco Pictured Cliffs well. Due to the productive nature of the Pictured Cliffs no oil or water production will be allocated to this well. Due to its age the Florance D LS #16 is better able to maintain a stable production rate over the proposed six month allocation period.

The Florance D #4B will be shut in until a stabilized production rate is obtained from the Florance D LS #16. All gas production will be measured daily to obtain an average volume for allocation. This daily average volume will be allocated to this well for a six month period following each test. Once testing is completed the production from the Florance D #4B will be determined by the following equation:

Gas Production = Volume @ gas meter + Fuel Usage – Florance D LS #16 allocation.

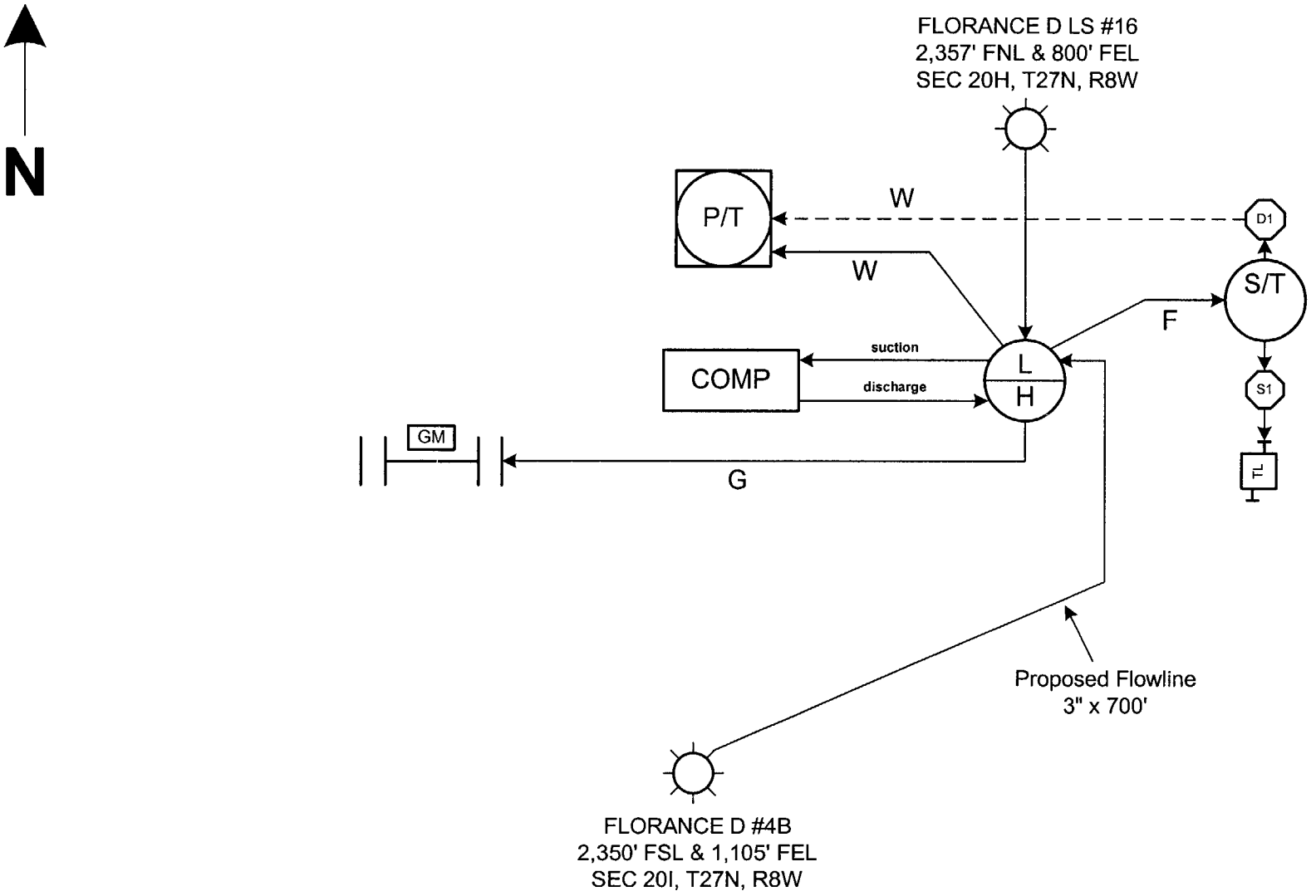
Oil and Water Production = Total volume for each product.

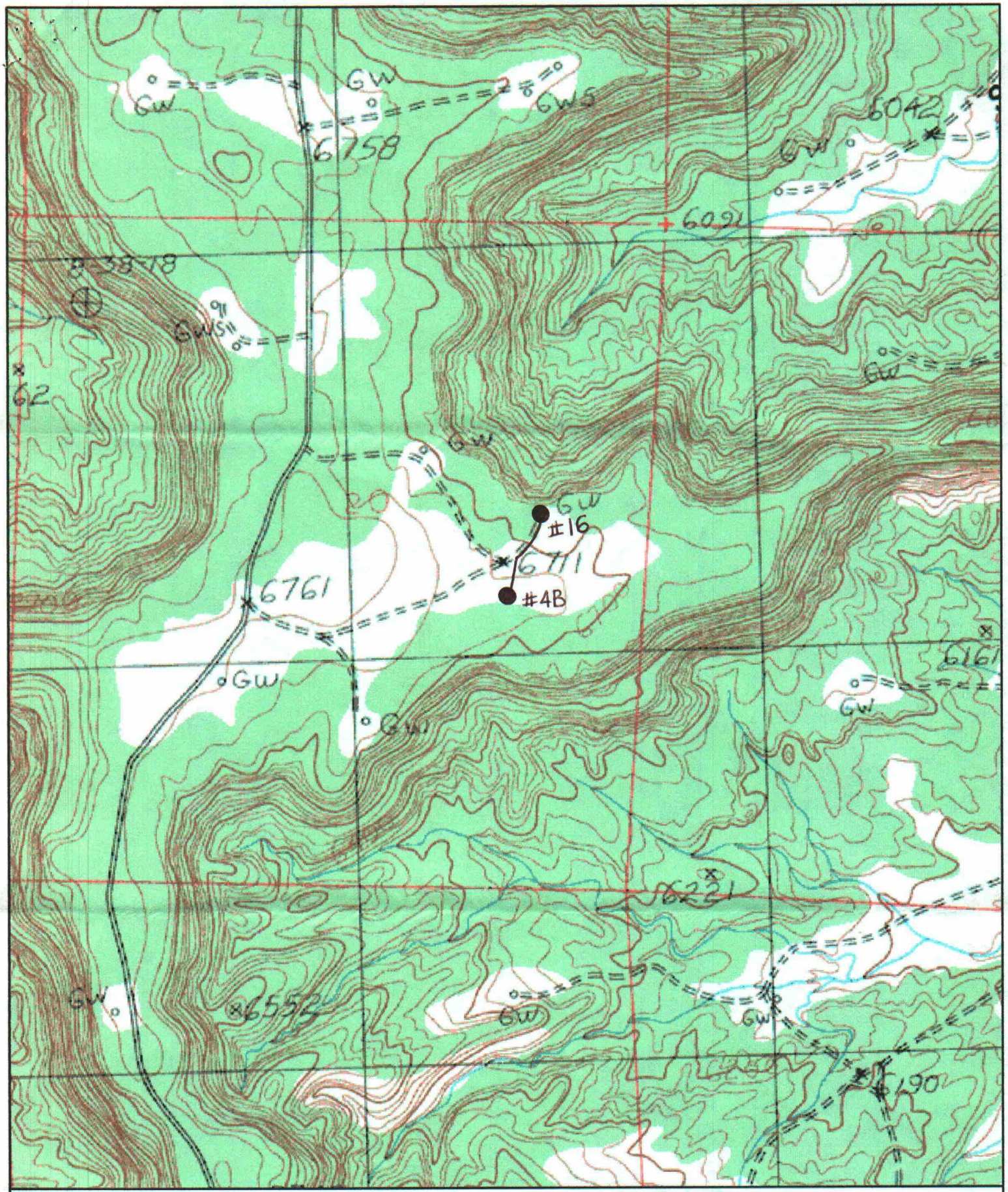
Well Information

	Florance D LS #16	Florance D #4B
Location	Sec 20H, T27N, R8W	Sec 20I, T27N, R8W
Formation	Pictured Cliffs	Mesaverde/Chacra
API #	30-045-11707	30-045-31082
Pool Name	South Blanco	Blanco/Otero
Pool Code	72439	72319/82329
Gas Gravity	.740	Est .700
Gas Rate (MCFD)	56	Est. 500
Oil Gravity	NA	Est. 55
Oil Rate (BPD)	0	Est 1.0
Water Rate (BPD)	0	Est. 1.0
WI	100%	100%
NRI	67.5%	67.5%

Production volumes are averaged over the past 8 months.

XTO ENERGY INC
PROPOSED COMMINGLING SCHEMATIC
FLORANCE D LS #16 & FLORANCE D #4B
E/2 SEC. 20, T-27-N, R-8-W
Federal Lease #: NMNM-03380





Name: FRESNO CANYON
Date: 4/8/102
Scale: 1 inch equals 1000 feet

Location: 036° 33' 32.0" N 107° 41' 59.2" W
Caption: Surface Commingling
Florance D #4B, #16
XTO Energy Inc