

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.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other	2. Name of Operator XTO ENERGY INC	Contact: HOLLY PERKINS E-Mail: Regulatory@xtoenergy.com	5. Lease Serial No. NMNM14921
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: 505.564.6790	8. Well Name and No. Multiple--See Attached	9. API Well No. Multiple--See Attached
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Multiple--See Attached 30-039-21475 30-039-26504 30-039-26922	10. Field and Pool, or Exploratory Multiple--See Attached	11. County or Parish, and State RIO ARRIBA 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
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Surface Commingling
	<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 recompleat 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 recompleat 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 these wells per the attached documents.

14. I hereby certify that the foregoing is true and correct. Electronic Submission #22636 verified by the BLM Well Information System For XTO ENERGY INC, sent to the Farmington Committed to AFMSS for processing by Jim Lovato on 06/20/2003 (03JXL0090SE)	
Name (Printed/Typed) DARRIN STEED	Title REGULATORY SUPERVISOR
Signature (Electronic Submission)	Date 06/02/2003

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <u>/s/ Jim Lovato</u>	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	JUL 11 2003

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.

Additional data for EC transaction #22636 that would not fit on the form

Wells/Facilities, continued

Agreement	Lease	Well/Fac Name, Number	API Number	Location
NMNM14921	NMNM14921	VALENCIA CANYON 15	30-039-21475-00-S1	Sec 27 T28N R4W NESE 1450FSL 0790FEL 36.62721 N Lat, 107.23201 W Lon
NMNM14921	NMNM14921	VALENCIA CANYON UNIT 43A	30-039-26504-00-S1	Sec 27 T28N R4W SESE 990FSL 725FEL
NMNM14921	NMNM14921	VALENCIA CANYON UNIT 43B	30-039-26922-00-X1	Sec 27 T28N R4W NESE 1525FSL 735FEL

10. Field and Pool, continued

~~MESAVERDE POINT LOOKOUT~~

Basin Fruitland Coal : Valencia Canyon #15
Blanco Mesaverde : Valencia Canyon Unit # 43A
Blanco Mesaverde : Valencia Canyon Unit # 43B



May 29, 2003

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

Re: Administrative Approval to Surface Commingle
Valencia Canyon Unit #15, Valencia Canyon Unit #43A & Valencia Canyon Unit #43B
Section 27, Township 28-N, Range 4-W
Rio Arriba County, New Mexico

Dear Mr. Jones:

XTO Energy Inc. requests administrative approval to surface commingle two existing wells Valencia Canyon Unit #15, Valencia Canyon Unit #43A with the Valencia Canyon Unit #43B, a new drill. The Valencia Canyon Unit #43B will be a new Mesaverde well.

All three wells are located on the same Federal Lease #NMNM-14921. Since all working, revenue and royalty interest ownership are common, interest owner notification was not required. The Bureau of Land Management has requested that production facilities be consolidated whenever possible, to minimize land disturbance.

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

- 1) Well information table
- 2) Proposed testing schedule and procedure for allocation purposes
- 3) Proposed production facilities diagram.
- 4) Well location map.
- 5) Working, revenue & royalty interest ownership records

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

Sincerely,

A handwritten signature in black ink, appearing to read "Trenis Sondresen", written over a horizontal line.

Trenis Sondresen
Operations Engineer

Enclosure

cc: GLM
Wellfile

**Valencia Canyon Unit #15, Valencia Canyon Unit # 43A & Valencia Canyon Unit #43B
Surface Commingle**

Well Information

	Valencia Canyon Unit #15	Valencia Canyon Unit #43A	Valencia Canyon Unit #43B
Location	Sec. 27I, T-28-N, R-4-W	Sec. 27P, T-28-N, R-4-W	Sec. 27I, T-28-N, R-4-W
Formation	Fruitland Coal	Mesaverde	Mesaverde
API #	30-039-21475	30-039-26504	30-039-26922
Pool Name	Basin Fruitland Coal	Blanco Mesaverde	Blanco Mesaverde
Pool Code	71629	72319	72319
Gas Gravity	0.700	0.682	Est. 0.65
Gas (MCFD)	10	173	Est. 400
Oil Gravity	58	58	Est. 58
Oil (BOD)	1	0.45	Est. 1.0
Water (BWD)	2	2	Est. 1.0
WI	100%	100%	100%
NRI	87.5%	87.5%	87.5%

Production volumes are averaged over the last year.

Proposed Testing Procedure & Schedule:

The Valencia Canyon Unit (VCU) #15 and the VCU #43B will have all oil, water and gas surface commingled at the VCU #43A production facilities. Since the VCU #43B is a new well and prone to production rate variances, it will be shut-in while testing the VCU #15 and the VCU #43A. In 2001, the VCU #15 was recompleted as a Fruitland Coal well and the VCU #43A was drilled and completed as a Mesaverde well. Due to their age, the VCU #15 and the VCU #43A are expected to maintain a stable production rate over the proposed six month allocation period.

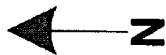
The VCU #43A and #43B will be shut-in while a stabilized production rate is established for the VCU #15. Likewise, the VCU #15 and #43B will be shut-in while a stabilized production rate is established for the VCU #43A. All oil and water production will be measured daily to obtain average volumes for allocation. These daily average volumes will be allocated to the VCU #15 and #43A, respectively, for a six month period following each test. Once testing is completed the production from the VCU #43B will be determined by the following equation:

Gas Production = Volume @ meter #98311 + Fuel usage – VCU #15 alloc – VCU #43A alloc.

Oil & Water Production = Total Volume for each product – VCU #15 alloc – VCU #43A alloc.

— Each well will be tested on a semi-annual basis for alloc. purposes.

XTO Energy Inc.
Proposed Surface Commingling Facilities Diagram
Location: SE/4 SEC. 27, T-28-N, R-4-W
NMNM-14921



Meter #98311



G



O



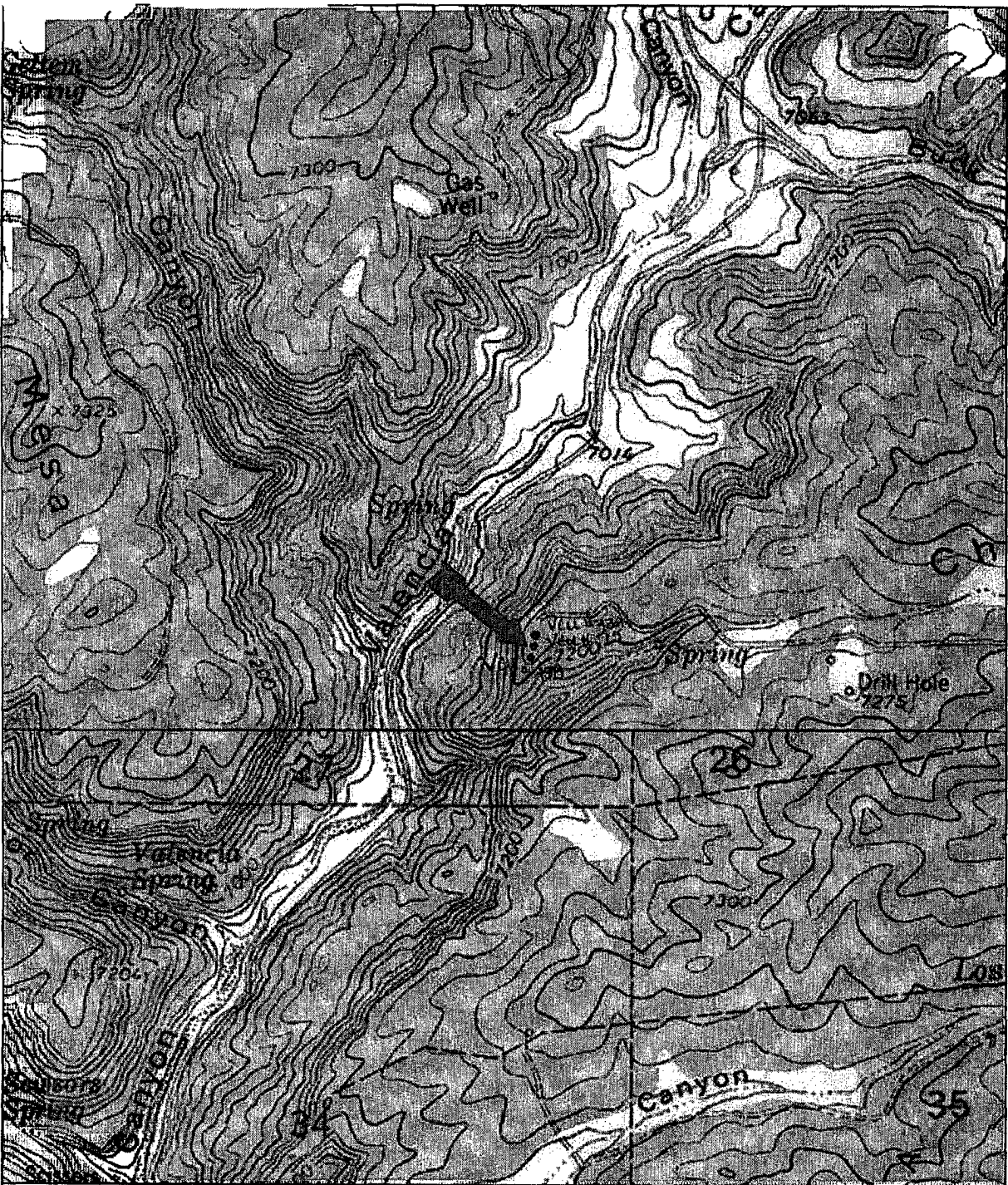
Valencia Canyon Unit #43A
 Sec 27P, T-28-N, R-4-W

Proposed Flowline
 500' of 3"

Proposed Flowline
 1,000' of 3"

Valencia Canyon Unit #15
 Sec 27I, T-28-N, R-4-W

Valencia Canyon Unit #43B
 Sec 27I, T-28-N, R-4-W



Name: LEANDRO CANYON
Date: 5/8/103
Scale: 1 inch equals 1000 feet

Location: 036° 37' 41.0" N 107° 13' 58.5" W
Caption: VCU #15, #43A #43B SC



May 19, 2003

New Mexico Oil Conservation Division
1220 S. Saint Francis Dr.
Santa Fe, New Mexico 87504
Attention: Mr. William Jones

RE: Surface Commingle
Valencia Canyon Unit #43A and
Valencia Canyon Unit #15 and
Valencia Canyon Unit #43B Well
S/2 Section 27-28N-4W
Rio Arriba County, New Mexico

Gentlemen:

I am a Certified Professional Landman and I have reviewed the ownership concerning the working interest, royalty interest and overriding royalty interest in the above captioned wells. All of the working interest, royalty and overriding royalty interest owners are identical in both of the existing wells and the proposed drill well.

Should you have any questions, please feel free to contact me at (817) 885-2454.

Sincerely,
XTO ENERGY INC.

A handwritten signature in black ink, appearing to read "George A. Cox".

George A. Cox, CPL

Landman

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
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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

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☒ PC ☐ OLS ☐ OLM

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
☐ Offset Operators, Leaseholders or Surface Owner
☐ Application is One Which Requires Published Legal Notice
☒ Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
☐ 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
 Print or Type Name

Darrin Steed
 Signature

Regulatory Supervisor
 Title

5/30/03
 Date

Darrin_Steed@XTOEnergy.com
 e-mail Address