

| | | | | | |
|-----------------|----------|-------------------|-------------------|---------|------------------------|
| DATE IN 9.16.04 | SUSPENSE | ENGINEER Cutanach | LOGGED IN 9.17.04 | TYPE PC | APP NO. PSEM0426148906 |
|-----------------|----------|-------------------|-------------------|---------|------------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



261

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 _____
- [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.

HOLLY C. PERKINS
 Print or Type Name

Signature

Holly C. Perkins

REGULATORY COMPLIANCE TECH 9/15/04
 Title Date

Holly_perkins@xtoenergy.com
 e-mail Address



2700 Farmington Ave, K-1 Farmington, NM 87401
Phone: (505) 324-1090 FAX: (505) 564-6700

September 15, 2004

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

Mr. Jim Lovato
Bureau of Land Management
1235 LaPlata Hwy
Farmington, NM 87401

RECEIVED

SEP 16 2004

OIL CONSERVATION
DIVISION

Subject: Proposed Surface Commingle
Fullerton Federal CDP #6 wells
Fullerton Federal #241 & Fullerton Federal 24 #43
San Juan County, NM; Federal Lease NMSF078094

Dear Mr. Jones & Mr. Lovato:

XTO Energy Inc. requests administrative approval for surface commingling of natural gas produced from the wells operated in the Fullerton Federal CDP #6 (Fullerton Federal #241 and the Fullerton Federal 24 #43). These wells are located in Sec 24, T27N, R11W in San Juan County, New Mexico. Lease/Agreement number for the proposed commingled wells is: NMSF078094.

XTO plans to produce the commingled gas through a central compressor, thus lowering operating expenses and extending the economic life of the wells, thus increasing their ultimate recoveries on all Indians and non-Indian leases. The anticipated fuel requirements for each well is also presented, and currently we anticipate the only fuel requirements to be for pumping unit engines, separators and for the compressor engine. There are no bypass gas lines for this system.

Each well will be equipped with allocation meters, which will be maintained by XTO Energy in accordance with State and Federal Regulations (Onshore Order No. 5). To ensure the initial system integrity, all flowlines will be pressure tested appropriately. Produced liquids will not be surface commingled. All interest owners have been notified via certified mail, return receipt, on May 4, 2004.

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 & lease information, spacing, permits, lease numbers, gravities/BTU, MCF
- Schematic diagram showing all flowlines, compressors & equipment
- Details of allocation formula, including line purging and venting
- Letter to WI, NRI & ORRI owners & list of owners
- Administrative Application Checklist

Sincerely,

Holly C. Perkins
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: 2700 FARMINGTON AVE, SUITE K-1

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 |
|------------------------------|----------------------------------------------|-----------------------------------------------------|-------------------------------------------|---------|
| KUTZ W PICTURED CLIFFS 79680 | 0.6720 | | | |
| BASIN FRUITLAND COAL 71629 | 0.6320 | | | |
| | | | | |
| | | | | |
| | | | | |

(2) Are any wells producing at top allowables? ☐ Yes ☒ No

(3) Have 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 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: Holly C. Perkins

TITLE: REGULATORY COMPLIANCE TECH

DATE: 9/15/04

TYPE OR PRINT NAME HOLLY C. PERKINS

TELEPHONE NO.: (505) 564-6720

E-MAIL ADDRESS: Holly_perkins@xtoenergy.com

DISTRICT II
611 South First, Artesia, N.M. 88210

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, NM 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | |
|-----------------------------|--------------------------------------------|---------------------|------------------------------------|---------------------|
| *API Number 30-045-31142 | | *Pool Code 71629 | *Pool Name BASIN FRUITLAND COAL | |
| *Property Code 27395 | *Property Name FULLERTON FEDERAL | | | *Well Number 241 |
| *OGRM No. 193195 | *Operator Name MARKWEST RESOURCES, INC. | | | *Elevation 5980' |

¹⁰ Surface Location

| | | | | | | | | | |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| P | 24 | 27-N | 11-W | | 1040' | SOUTH | 670' | EAST | SAN JUAN |

¹¹ Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|-----------------|---------|----------|-----------------|---------|--------------------|------------------|---------------|----------------|--------|
| Dedicated Acres | | | Joint or Infill | | Consolidation Code | | Order No. | | |
| 320 | | | | | | | | | |

~~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~~

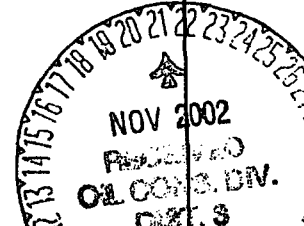
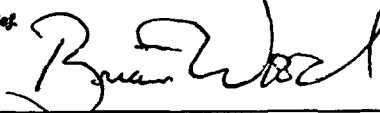
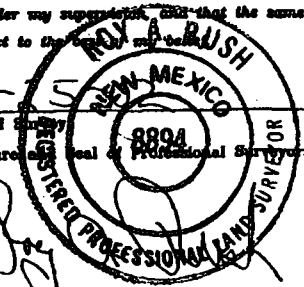
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|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>16</p> <div style="border: 1px solid black; width: 100px; height: 100px; margin: 10px auto; position: relative;"> <div style="position: absolute; top: 0; right: 0; width: 50px; height: 50px; border: 1px solid black; border-radius: 50%; text-align: center; line-height: 50px;"> FD 3 1/4" G.L.O. BC 1913 WITNESS CORNER 48.2' NORTH OF CALC'D CORNER </div> </div> <div style="text-align: center; margin: 20px 0;">  </div> <div style="text-align: center; margin: 20px 0;"> <p>24</p> <p>LAT. 36°33'23"N LONG. 107°56'55"W</p> </div> <div style="text-align: center; margin: 20px 0;"> <p>282'</p> <p>670'</p> <p>654'</p> <p>1040'</p> </div> <div style="text-align: center; margin: 20px 0;"> <p>FD 3 1/4" G.L.O. BC 1913 WITNESS CORNER 46.2' NORTH OF CALC'D CORNER</p> </div> | <p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <div style="text-align: center; margin: 10px 0;">  </div> <p>Signature</p> <hr/> <p>Printed Name</p> <p style="text-align: center; font-weight: bold;">BRIAN WOOD</p> <p>Title</p> <p style="text-align: center; font-weight: bold;">CONSULTANT</p> <p>Date</p> <p style="text-align: center; font-weight: bold;">JULY 7, 2002</p> | <p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plot 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.</p> <div style="text-align: center; margin: 10px 0;">  </div> <p>1-S</p> <p>Date of Survey</p> <p>Signature</p> <p style="text-align: center; font-weight: bold;">8894</p> <p>Certificate Number</p> |
| <p>FD 3 1/4" G.L.O. BC 1913</p> <p>S 89-50-34 W</p> <p>5295.2' (M)</p> | <p>5288.1' (M)</p> <p>N 00-00-57 E</p> | <p>8894</p> |

EXHIBIT #24

REC'D AUG 05 1994

District I
PO Box 1900, Hobbs, NM 88241-1900
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Bravo Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102

Revised February 21, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

SEP 14 1994

OIL CONSERVATION DIVISION

PO Box 2088

Santa Fe, NM 87504-2088

AUG 15 PM 2:47

OIL CON. DIV.
DIST. 3

070 FARMINGTON, NM

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | |
|------------------------------|---------------------------------------------|----------------------|------------------------------------------|
| * API Number 30-045-25181 | | * Pool Code 79680 | * Pool Name West Kutz Pictured Cliffs |
| * Property Code 15690 | * Property Name FULLERTON FEDERAL 24 | | * Well Number 24-43 |
| * OGRID No. 2678 | * Operator Name BONNEVILLE FUELS COMPANY | | * Elevation 5977 |

10 Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| I | 24 | 27N | 11W | | 1710 | SOUTH | 985 | EAST | SAN JUAN |

11 Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

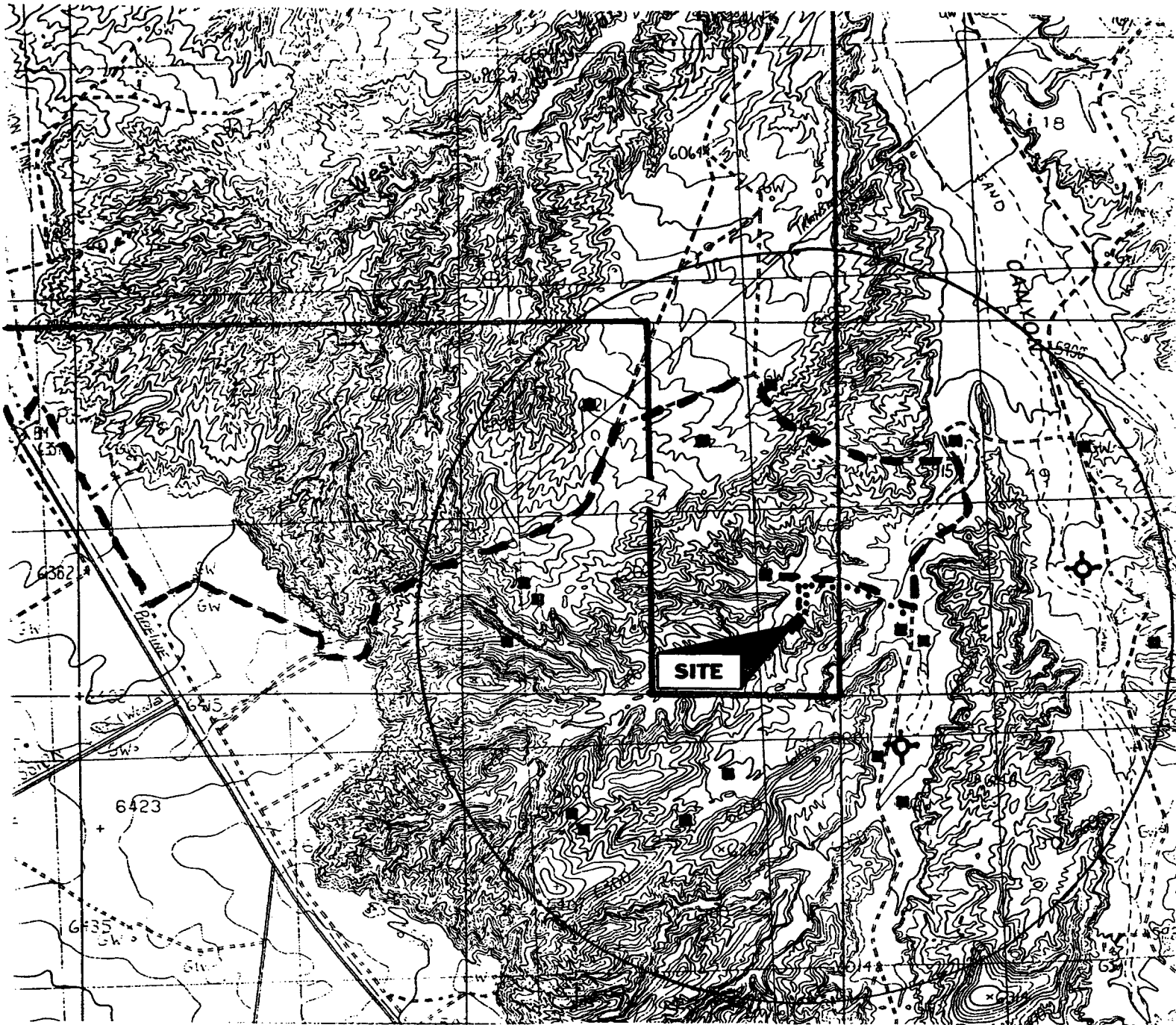
| | | | |
|-----------------------------|-------------------|----------------------|-------------|
| * Dedicated Acres 160.23 | * Joint or Infill | * Consolidation Code | * Order No. |
|-----------------------------|-------------------|----------------------|-------------|

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 | 2646 | 27 | S 89° 47' W | 2646 | 26 | 17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature <u>Robert A. Schwering, P.E.</u> Printed Name <u>Robert A. Schwering, P.E.</u> Title <u>Senior Engineer</u> Date <u>8/12/94</u> |
| 84 | 160. AC | 05 | ± | 160.23 | ± | |
| 2633 | 2644 | 62 | | 2644 | 62 | |
| 84 | 159. AC | 95 | ± | 160. AC | ± | |
| 2633 | 2642 | 97 | S 89° 55' W | 2642 | 97 | 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 <u>JULY 5, 1994</u> Signature and Seal of Professional Surveyor <u>Cecil B. Tullis</u> REGISTERED PROFESSIONAL LAND SURVEYOR Certificate Number <u>9672</u> |

MarkWest Resources, Inc.
 Fullerton Federal 241
 1040' FSL & 670' FEL
 Sec. 24, T. 27 N., R. 11 W.
 San Juan County, New Mexico

PAGE 11



- | | |
|------------------|----------------------------|
| PROPOSED WELL: ◆ | PROPOSED ROAD: - - - |
| EXISTING WELL: ■ | EXISTING ROAD: - - - |
| P & A WELL: ⊕ | PROPOSED GAS LINE: |
| LEASE: └─┘ | |



BONNEVILLE FUELS CORP.

DENVER, COLORADO

EXHIBIT #4



WELL SITE

FULLERTON FEDERAL #24-43

==== Access Road

—— NM Hwy. 44

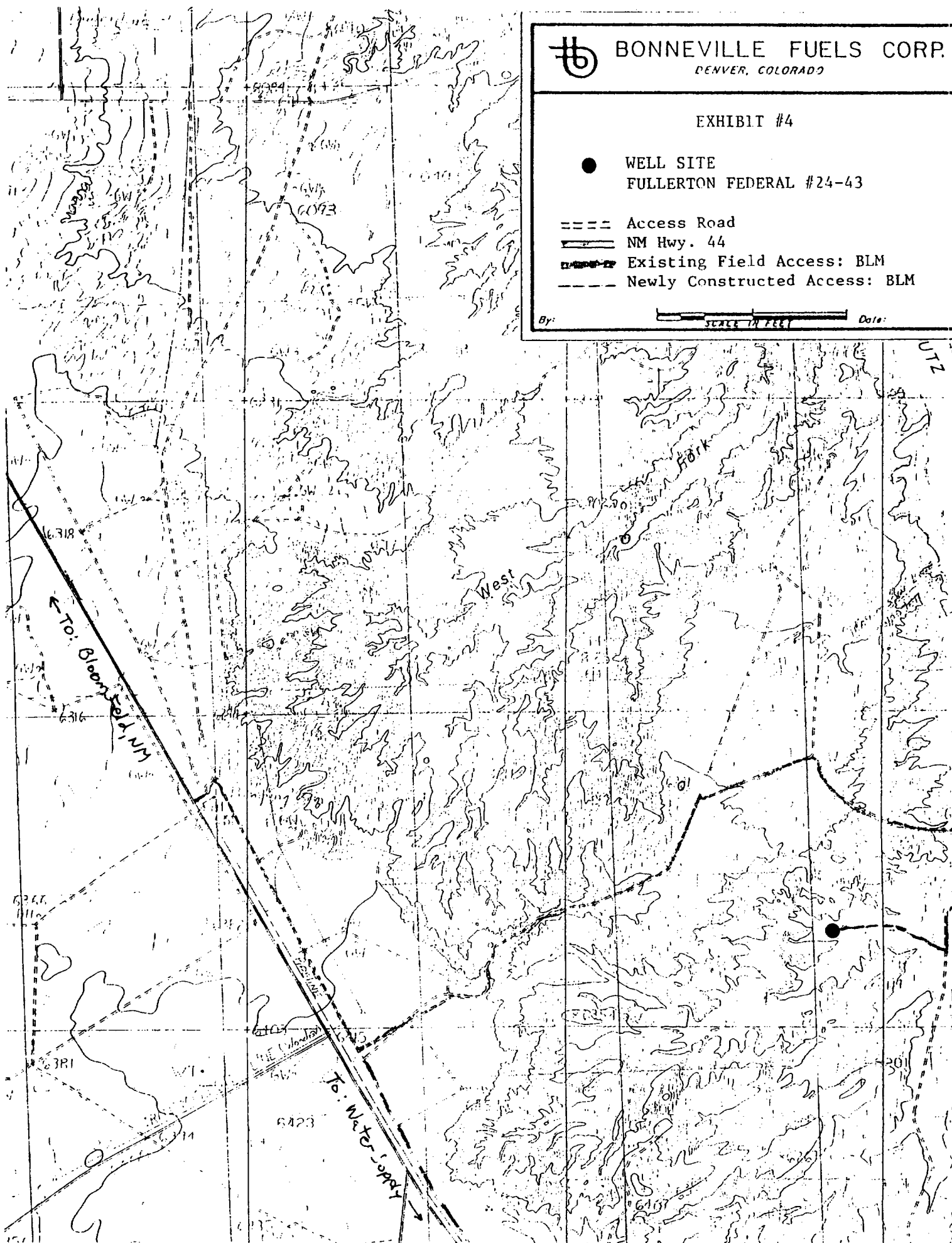
--- Existing Field Access: BLM

--- Newly Constructed Access: BLM

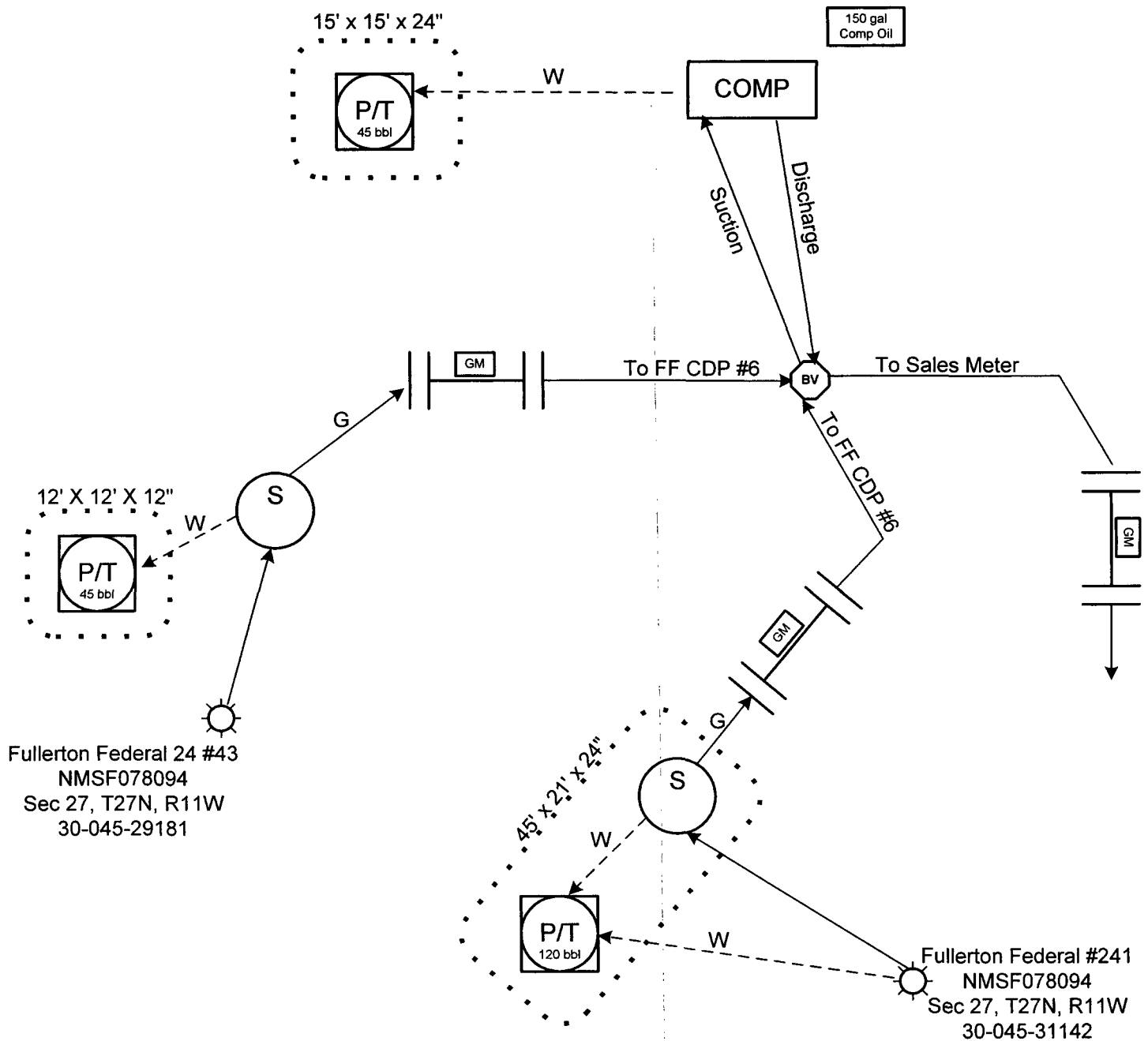
By:

SCALE IN FEET

Date:



**XTO ENERGY INC
FULLERTON FEDERAL CDP #6
SURFACE COMMINGLING
Sec 27, T27N, R11W**



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 sealed closed.

This lease is subject to the site security plan for San Juan Basin Area.

The plan is located at: XTO Energy Inc
2700 Farmington Ave., Bldg. K, Ste. 1
Farmington, NM 87401

9/15/04

| Fullerton Federal CDP #2 | | | | | | | | | | | | | | | | |
|--------------------------|--------|------------|-----|-----|-----|----------|---------|------------|----------------------|---------|---------|---------|-------|--------------------|--------|---------|
| Well Name | Well # | API# | Sec | T | R | FNL/FSL | FEL/FWL | Lease # | Pool | Permits | Spacing | Gravity | BTU | Est Daily Gas Rate | WI | NRI |
| Fullerton Federal | 241 | 3004531142 | 24P | 27N | 11W | 1040 FSL | 670 FEL | NMSF078094 | BASIN FRUITLAND COAL | N/A | E/2 | 0.632 | 26.73 | 24 | 0.6875 | 0.59469 |
| Fullerton Federal 24 | 43 | 3004529181 | 24I | 27N | 11W | 1710 FSL | 985 FEL | NMSF078094 | KUTZ W PICTURED CLIF | N/A | SE/4 | 0.672 | 0 | 0 | 0.375 | 0.32438 |

FULLERTON FEDERAL CDP #6
PROPOSED ALLOCATION PROCEDURES

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 & will be the same for all wells

Individual Well Gas Production = A + B + C

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

B = On lease fuel usage, MCF. Determined fr/equipment specification & operating conditions

C = Purged and/or vented gas fr/well and/or lease equipment, MCF. Calculated using equipment specifications & pressures.

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

E = Allocated volume of gas lost and/or vented fr/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 $W/\text{SUM } W$.

Allocated individual Well BTU's = $(WWW \times \text{Individual well BTU}/\text{SUM } (W \times \text{individual well BTU})) \times Y$.
Individual well gas heating values to be determined in accordance w/BLM regulations
(Onshore Order No. 5)



2700 Farmington Ave, K-1 Farmington, NM 87401
Phone: (505) 324-1090 FAX: (505) 564-6700

July 15, 2004

RE: Notice to Working and Royalty Interest Owners
Application to Surface Commingle Gas Production
San Juan County, NM

XTO Energy Inc. is applying to the New Mexico Oil Conservation Division (NMOCD) and Bureau of Land Management (BLM) for approval to surface commingle gas production from the Fullerton Federal #241 and the Fullerton Federal 24 #43. Both wells are located in Section 24, T27N, R11W, San Juan County. The NMOCD requires 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. At such time, as an owner in this system, you will not be noticed as this commingle is expanded unless this method of allocating production between pools and wells changes.

If you need additional information or have any questions, I may be contacted at (505) 324-1090. If you have an objection to our application you must file a protest in writing to the NMOCD Santa Fe office at 1220 So. St. Francis Drive, Santa Fe, NM 87505 within 20 days from the date the NMOCD received the application.

Sincerely,

A handwritten signature in cursive script that reads 'Holly C. Perkins'.

Holly C. Perkins
Regulatory Compliance Tech

xc: Well Files
FW Land Dept.
NMOCD, Aztec

MMS – Notify BLM

Energen Resources Corporation
2198 Bloomfield Hwy.
Farmington, NM 87401

Dominion Oklahoma Texas Exploration
& Production Inc.
14000 Quail Springs Parkway #600
Oklahoma City, OK 73134

Glenda Earl Ake
P.O. Box 152364
Arlington, TX 76015

William O Haslbauer
3417 Sherrye Drive
Plano, TX 75074-4112

L.A. Stemmons Jr. Residuary Trust
Suzanne Stemmons Beeman, Trustee
1222 Travis Circle North
Irving, TX 75038-6235

Leslie Realty, a Partnership
Suzanne Beeman, General Partner
1222 Travis Circle North
Irving, TX 75038-6235

The Dallas Woman's Club Foundation
7000 Park Lane
Dallas, TX 75225-1754

Dallas Co. Medical Society Alliance
5500 Swiss Avenue
Dallas, TX 75214-4947

Catherine C. Knight
P.O. Box 260
Wilson, WY 83014-0260

D & S Partnership
Stephen A. Coke General Partner
5728 Northbrook Drive
Plano, TX 75093-5953

Mak J Energy Partners Ltd.
370 17th Street, Suite 2710
Denver, CO 80202

Constance C. Elms
4307 Bretton Bay
Dallas, TX 75287-6712