

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]

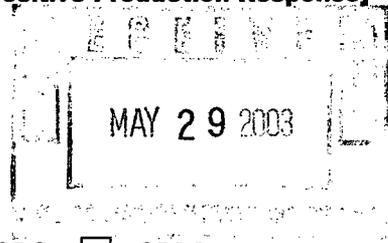
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

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 _____



[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
 Print or Type Name

Darrin Steed
 Signature

 Regulatory Supervisor
 Title

5/27/03
 Date

 Darrin_Steed@XTOEnergy.com
 e-mail Address



May 1, 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 #2 & Gregory Federal "A" #1A
Unit Letter "A", 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 the Valencia Canyon Unit #2 & a new drill, the Gregory Federal "A" #1A. The Gregory Federal "A" #1A will be a new Mesaverde well.

Both 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', with a long horizontal flourish extending to the left.

Trenis Sondresen
Operations Engineer

Enclosure

cc: GLM
Wellfile

**Valencia Canyon Unit #2 & Gregory Federal A #1A
Surface Commingle**

Well Information

	Valencia Canyon Unit #2	Gregory Federal A #1A
Location	Sec. 27A, T-28-N, R-4-W	Sec. 27G, T-28-N, R-4-W
Formation	Pictured Cliffs	Mesaverde
API #	30-039-21112	30-039-26923
Pool Name	Choza Mesa Pictured Cliffs	Blanco Mesaverde
Pool Code	74960	72319
Gas Gravity	0.722	Est. 0.65
Gas Rate (MCFD)	21	Est. 400
Oil Gravity	n/a	Est. 58
Oil Rate (BOD)	0	Est. 1.0
Water Rate (BWD)	0.4	Est. 1.0
WI	100%	100%
NRI	87.5%	87.5%

Production volumes are averaged over the last year.

Proposed Testing Procedure & Schedule:

The Gregory Federal A #1A will have all oil, water and gas surface commingled at the Valencia Canyon Unit #2 production facilities. Since the Gregory Federal A #1A is a new well and prone to production rate variances, it will be shut-in while testing the Valencia Canyon Unit #2. The Valencia Canyon Unit #2 was drilled and completed in 1975 as a Pictured Cliffs well. Due to its age, the Valencia Canyon Unit #2 is expected to maintain a stable production rate over the proposed six month allocation period.

The Gregory Federal A #1A will be shut-in while a stabilized production rate is established for the Valencia Canyon Unit #2. All oil and water production will be measured daily to obtain average volumes for allocation. This daily average volume will be allocated to the Valencia Canyon Unit #2 for a six month period following each test. Once testing is completed the production from the Gregory Federal A #1A will be determined by the following equation:

Gas Production = Volume @ meter #89433 + Fuel usage – Valencia Canyon Unit #2 allocation.

Oil & Water Production = Total Volume for each product – Valencia Canyon Unit #2 allocation.

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



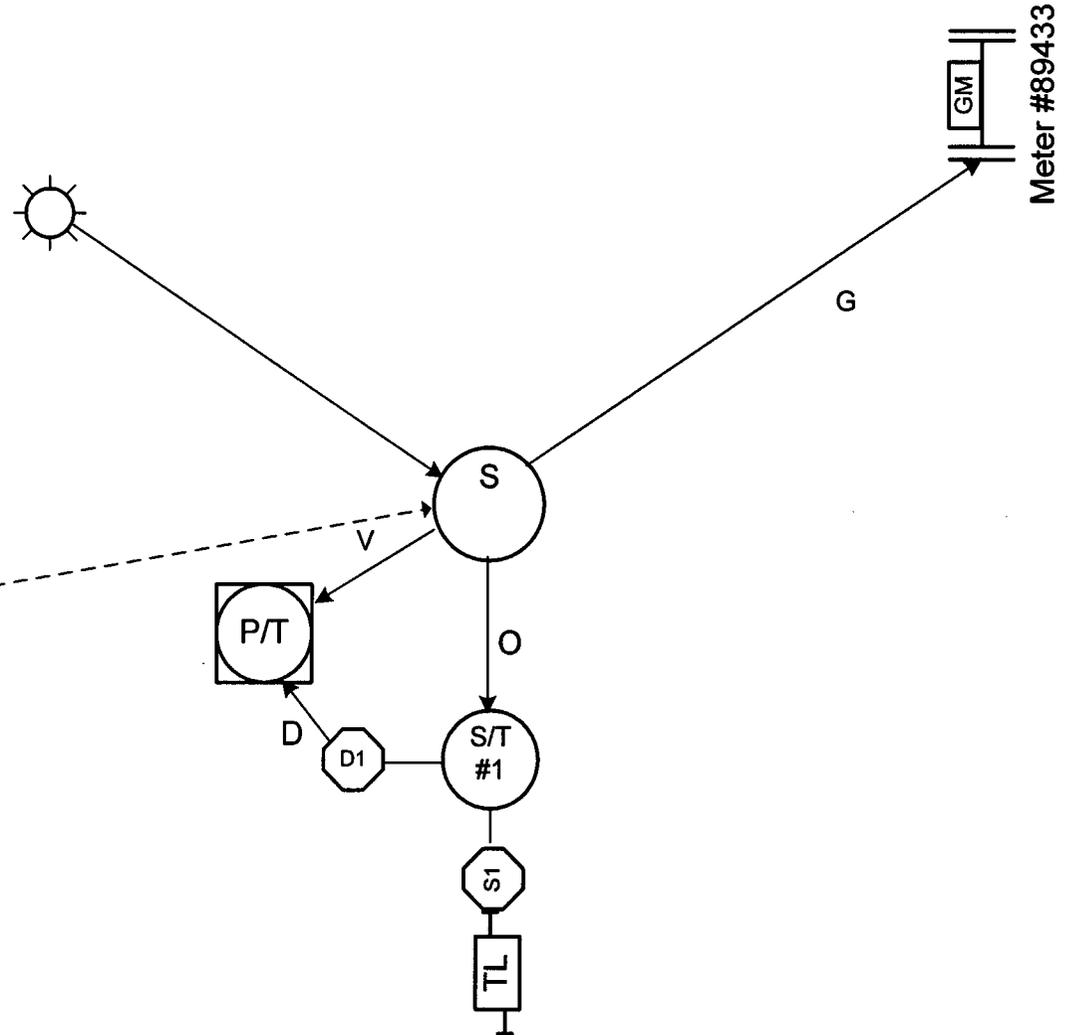
Valencia Canyon Unit #2
1,050' FNL & 1,140' FEL
Sec 27A, T-28-N, R-4-W

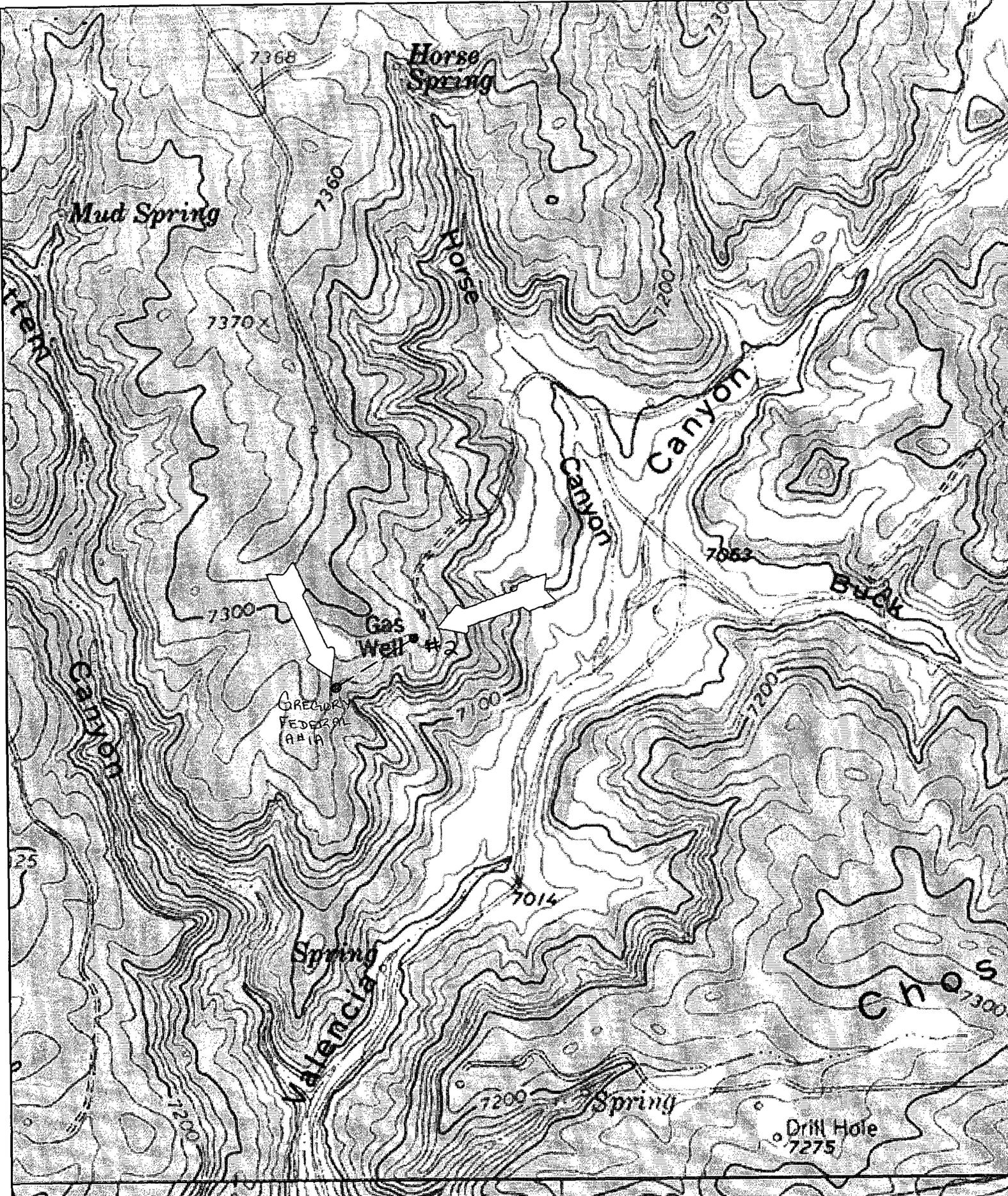


Proposed Flowline
1,000' of 3"



Gregory Federal A #1A
1,585' FNL & 1,965' FEL
Sec 27G, T-28-N, R-4-W





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

Location: 036° 38' 16.5" N 107° 13' 50.0" W
Caption: Gregory Federal A#1A .VCU #2



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 #2 and
Gregory Federal A #1A Well
N/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 the existing well 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

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Ave., Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised May 08, 2003

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

WELL API NO. 30-039-21112
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. NMNM 14921
7. Lease Name or Unit Agreement Name VCU
8. Well Number 2
9. OGRID Number 167067
10. Pool name or Wildcat Chosa Mesa Pictured Cliffs

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
 Oil Well Gas Well Other

2. Name of Operator
 XTO Energy Inc

3. Address of Operator
 2700 Farmington Ave., Bldg K, Ste. 1, Farmington, NM 87401

4. Well Location

Unit Letter	A	1050	feet from the	North	line and	140	feet from the	East	line
Section	27			Township	28N	Range		NMPM Rio Arriba	County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
 7235'

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: Surface Commingle <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

XTO Energy Inc plans to surface commingle this well per the attached documents.

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

SIGNATURE Darrin Steed TITLE Regulatory Supervisor DATE 6/5/03

Type or print name Darrin Steed Telephone No. (505) 324-1090
 (This space for State use)

APPROVED BY _____ TITLE _____ DATE _____
 Conditions of approval, if any:

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Ave., Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised May 08, 2003

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

WELL API NO. 30-039-26923
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. NMNM 14921
7. Lease Name or Unit Agreement Name Gregory Federal A
8. Well Number 1A
9. OGRID Number 167067
10. Pool name or Wildcat Blanco Mesaverde
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 7273'

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
 Oil Well Gas Well Other

2. Name of Operator
 XTO Energy Inc

3. Address of Operator
 2700 Farmington Ave., Bldg K, Ste. 1, Farmington, NM 87401

4. Well Location
 Unit Letter A 1585 feet from the North line and 1965 feet from the East line
 Section 27 Township 28N Range 4W NMPM Rio Arriba County

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: Surface Commingle <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

XTO Energy Inc plans to surface commingle this well per the attached documents.

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

SIGNATURE Darrin Steed TITLE Regulatory Supervisor DATE 6/5/03

Type or print name Darrin Steed Telephone No. (505) 324-1090
 (This space for State use)

APPROVED BY _____ TITLE _____ DATE _____
 Conditions of approval, if any: