

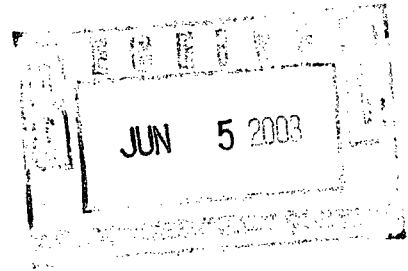


PKRV0315654140

PC

NA

WVJ



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,

Trenis Sondresen
Operations Engineer

Enclosure

cc: GLM
Wellfile

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

S/L Well Information *SK* *S/L*

	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:

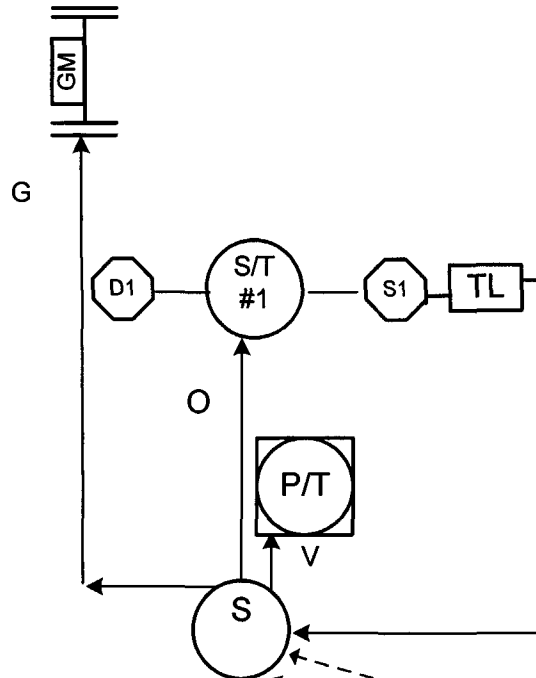
Gas Production = Volume @ meter #98311 + Fuel usage – VCU #15 alloc – VCU #43A alloc.

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

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



Meter #98311



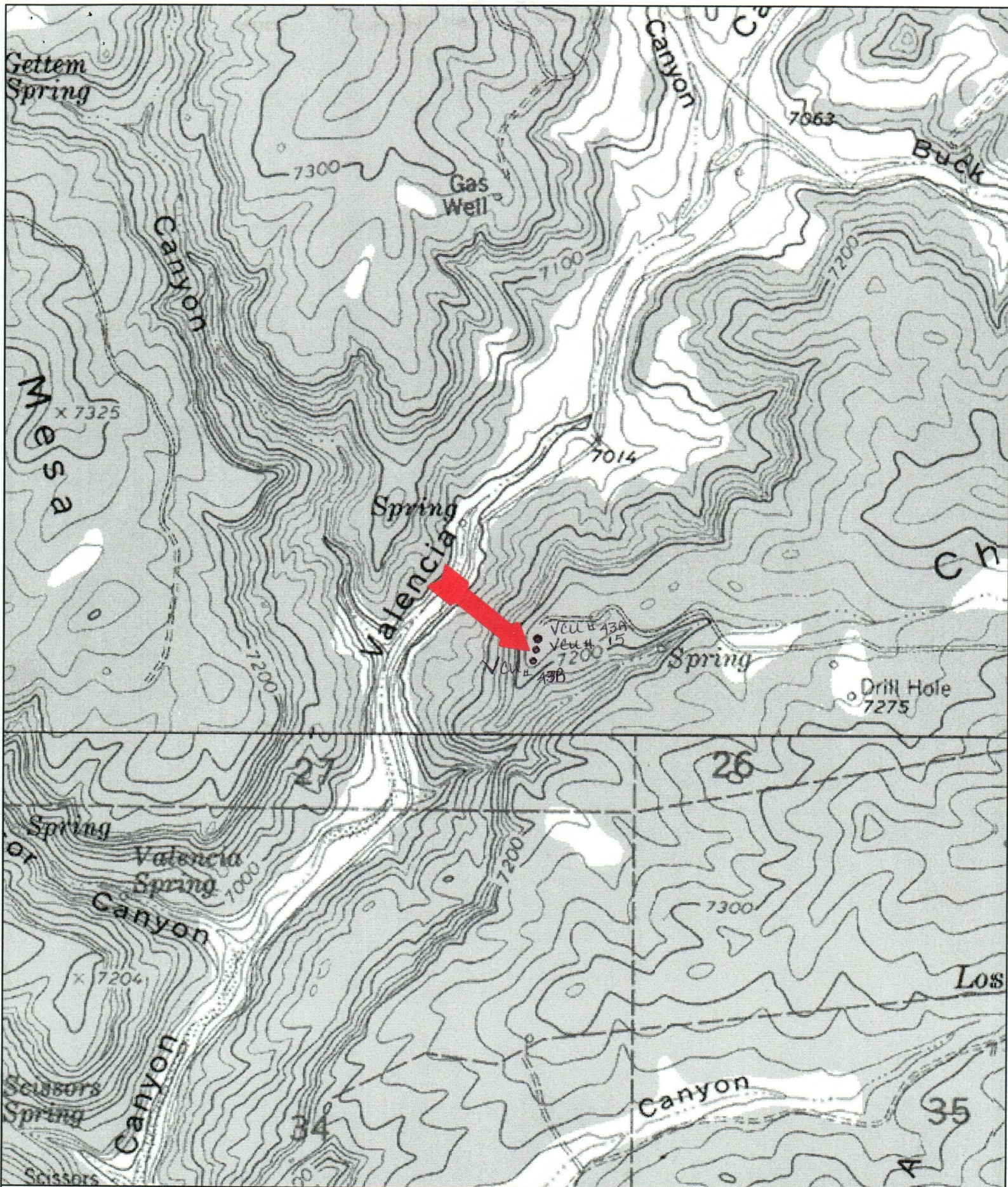
Valencia Canyon Unit #43A
Sec 27P, T-28-N, R-4-W

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.


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

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

Form C-103
Revised May 08, 2003

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.)		WELL API NO. 30-039-21475
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator XTO Energy Inc		6. State Oil & Gas Lease No. NMNM 14921
3. Address of Operator 2700 Farmington Ave., Bldg K, Ste. 1, Farmington, NM 87401		7. Lease Name or Unit Agreement Name VCU
4. Well Location Unit Letter _____ 1450 feet from the South line and 790 feet from the East line Section 27 Township 28N Range 4W NMPM Rio Arriba County		8. Well Number 15
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 7224'		9. OGRID Number 167067
		10. Pool name or Wildcat Basin Fruitland Coal

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐

OTHER: Surface Commingle ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐
CASING TEST AND CEMENT JOB ☐

OTHER: ☐

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
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District III
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87505

State of New Mexico
Energy, Minerals and Natural Resources

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

Form C-103
Revised May 08, 2003

WELL API NO.

30-039-26504

5. Indicate Type of Lease

STATE ☐ FEE ☐

6. State Oil & Gas Lease No.

NMNM 14921

7. Lease Name or Unit Agreement Name

VCU

8. Well Number

43A

9. OGRID Number

167067

10. Pool name or Wildcat

Blanco Mesaverde

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. , Farmington, NM 87401

4. Well Location

Unit Letter P 990 feet from the South line and 725 feet from the East line
Section 27 Township 28N Range 4W NMPM Rio Arriba County

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

7219'

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☐

PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐

OTHER: Surface Commingle

☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER:

☐

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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.

30-039-26922

5. Indicate Type of Lease

STATE ☐ FEE ☐

6. State Oil & Gas Lease No.

NMNM 14921

7. Lease Name or Unit Agreement Name

VCU

8. Well Number

43B

9. OGRID Number

167067

10. Pool name or Wildcat

Blanco Mesaverde

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 I : 1525 feet from the South line and 735 feet from the East line

Section 27 Township 28N Range 4W NMPM Rio Arriba County

Elevation (Show whether DR, RKB, RT, GR, etc.)
7222'

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☐

PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐

OTHER: Surface Commingle

☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER: ☐

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TITLE Regulatory Supervisor

DATE 6/5/03

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