

DATE <u>1/31/05</u>	SUSPENSE <u>2/19/05</u>	ENGINEER <u>WU</u>	LOGGED IN <u>1/31/05</u>	TYPE <u>PC-1142</u>	APP NO. <u>PWVS0506038878</u>
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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
- [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.

Kelly K. Small
 Print or Type Name

Kelly K. Small
 Signature

Drilling Assistant
 Title

01/24/05
 Date

Holly_perkins@xtoenergy.com
 e-mail Address

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires March 31, 2007

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

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

XTO Energy Inc.

3a. Address

2700 Farmington Ave., Bldg. K, Ste 1 Farmington,

3b. Phone No. (include area code)

505-324-1090

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

**920' FNL x 910' FWL in sec 22, T27N, R11W (Scott Federal 27-11-22 #1)
1,970' FNL x 725' FWL in sec 22, T27N, R11W (Scott E. Federal 22 #32S)**

5. Lease Serial No.

NMSF - 078089

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

**Scott Fed 27-11-22 #1 & Scott E
Federal 22 #32S**

9. API Well No.

30-045-30852 30-045-31117

10. Field and Pool, or Exploratory Area

**Basin Dakota (27-11-22 #1)
Basin Fruitland Coal (#32S)**

11. County or Parish, State

San Juan NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- | | | | |
|---|---|--|--|
| <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other <u>Surface</u> |
| <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | <u>Commingle</u> |
| <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 final site is ready for final inspection.)

XTO Energy Inc. proposes to surface commingle the above well per attached documents.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

KELLY K. SMALL

Title

Drilling Assistant

Date **01/25/05**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

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

Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212, makes 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.

2/19/05



2005 JAN 31 PM 1 23

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

January 24, 2005

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

Subject: Proposed Surface Commingle
Scott Federal 27-11-22 #1 and Scott Federal 22 #32S
Federal Lease NMNM078089

Dear Mr. Jones & Mr. Lovato:

XTO Energy Inc. requests administrative approval for surface commingling natural gas produced from the wells operated in the Scott Federal 27-11-22 #1 and Scott Federal 22 #32S. These wells are both located in Sec 22, T27N-R11W, San Juan County, New Mexico.

XTO plans to produce the commingled gas through a central compressor, thus lowering operating expenses and extending the economic life of the wells and 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 January 07, 2005.

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,

Ms: Handwritten signature of Kelly K. Small in cursive script.

Kelly K. Small
Drilling Assistant

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
BASIN DAKOTA 71599	.742				
BASIN FRUITLAND COAL 71629	.576				

(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: Kelly K. Small

TITLE: DRILLING ASSISTANT

DATE: 01/24/2005

TYPE OR PRINT NAME KELLY K. SMALL

TELEPHONE NO.: (505) 324-1090

E-MAIL ADDRESS: kelly_small@xtoenergy.com

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
May 27, 2004

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

WELL API NO. 30-045-31117
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. NMSF078089
7. Lease Name or Unit Agreement Name SCOTT E FEDERAL 22
8. Well Number #32S
9. OGRID Number 167067
10. Pool name or Wildcat BASIN FRUITLAND COAL

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, SUITE K-1, FARMINGTON, NM 87401

4. Well Location

Unit Letter E : 1,970' feet from the NORTH line and 725' feet from the WEST line
Section 22 Township 27N Range 11W NMPM County SAN JUAN

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

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

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 COMPL ☐

OTHER: SURFACE COMMINGLE

X

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/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. proposes to surface commingle the wells listed below. Each well will have an allocation meter to measure gas volumes prior to commingling. Notice has been sent to the BLM. Ownership is diverse in the wells associated with this application and a certified letter has been sent to working, royalty and overriding royalty interest owners via certified mail.

Scott E. Federal 22 #32S	30-045-31117	NMSF078089	Sec. 22, T27N, R11W	Basin Fruitland Coal
Scott Federal 27-11-22 #1	30-045-30852	NMSF078089	Sec. 22, T27N, R11W	Basin Dakota

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Kelly K. Small TITLE DRILLING ASSISTANT DATE 01/24/05

Type or print name KELLY K. SMALL E-mail address: regulatory@xtoenergy.com Telephone No. 505-324-1090
For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____
Conditions of Approval (if any): _____

District II
15 N. French Dr., Hobbs, NM 88240
District III
1301 W. Grand Avenue, Artesia, NM 88210
District IV
1000 Rio Brazos Rd., Aztec, NM 87410
District V
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

Form C-102
Revised June 10, 2003

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
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

¹ API Number 30-045-30852	² Pool Code 71599	³ Pool Name Basin Dakota
⁴ Property Code	⁵ Property Name Scott Federal 27-11-22	⁶ Well Number 82
⁷ OGRID No 167067	⁸ Operator Name XTO Energy Inc.	⁹ Elevation 6324'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from line	North/South line	Feet from line	East/West line	County
D	22	27N	11W		920'	North	910'	West	San Juan

¹¹ Bottom Hole Location if Different From Surface

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

¹² Dedicated Acres 320 N/2	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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

	<p>¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Jeff Patton</i> Signature Jeff Patton Printed Name Drilling Engineer Title and Email 6/22/04 Date</p>
	<p>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.</p> <p>7-18-01 Date of Survey Signature and Seal of Professional Surveyor ORIGINAL SIGNED BY R/H BUSH 7-18-01 # 8294 Certificate Number</p>

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

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

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code	*Property Name SCOTT FEDERAL 22		*Well Number H32822
*OGRID No. 193195	*Operator Name MARKWEST RESOURCES, INC.		*Elevation 6345'

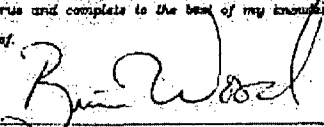
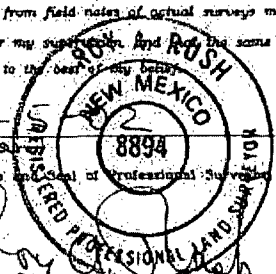
10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	22	27-N	11-W		1970	NORTH	725'	WEST	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
12 Dedicated Acres			13 Joint or Infill		14 Consolidation Code		15 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 CALC'D CORNER		N 89-51 W		5273.4' (M)		WITNESS CORNER FD 3 1/4" U.S.G.L.O. 1913 BC 13.2' NORTH OF CALC'D SEC. CORNER		17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature	
1970'								Printed Name BRIAN WOOD	
(M) 725'		650'						Title CONSULTANT	
5280'		593'						Date MAY 4, 2002	
670'									
S 00-02 E		22						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 Signature and Seal of Professional Surveyor 8894 Certificate Number	
		LAT. 36°33'45" N LONG. 107°59'52" W							

	Scott Federal 27-11-22 #1 and Scott E. Federal 22 #32S			
	Surface Commingle			
	Well Name	Scott Federal 27-11-22 #1	Scott E Federal 22 #32S	
	API#	30-045-30852	30-045-31117	
	Sec-T-R	Sec. 22, T27N, R11W	Sec. 22, T27N, R11W	
	FNL/FSL	920' FNL	1,970' FNL	
	FEL/FWL	910' FWL	725' FWL	
	Lease #	NMSF078089	NMSF078089	
	Pool	Basin Dakota	Basin Fruitland Coal	
	Permits	NA	NA	
	Spacing	320 W/2	320 W/2	
	Gravity	Drig	0.576	
	BTU	Drig	1024	
	Est Daily Gas Rate	Drig	33 MCFPD	
	WI	43.75	68.75	
	NRI	64.15625	59.46875	
Compressor and other equipment fuel usage will be determined based on manufacturer's specifications				
Pumping unit & separator fuel will be allocated to well if equipment exists				

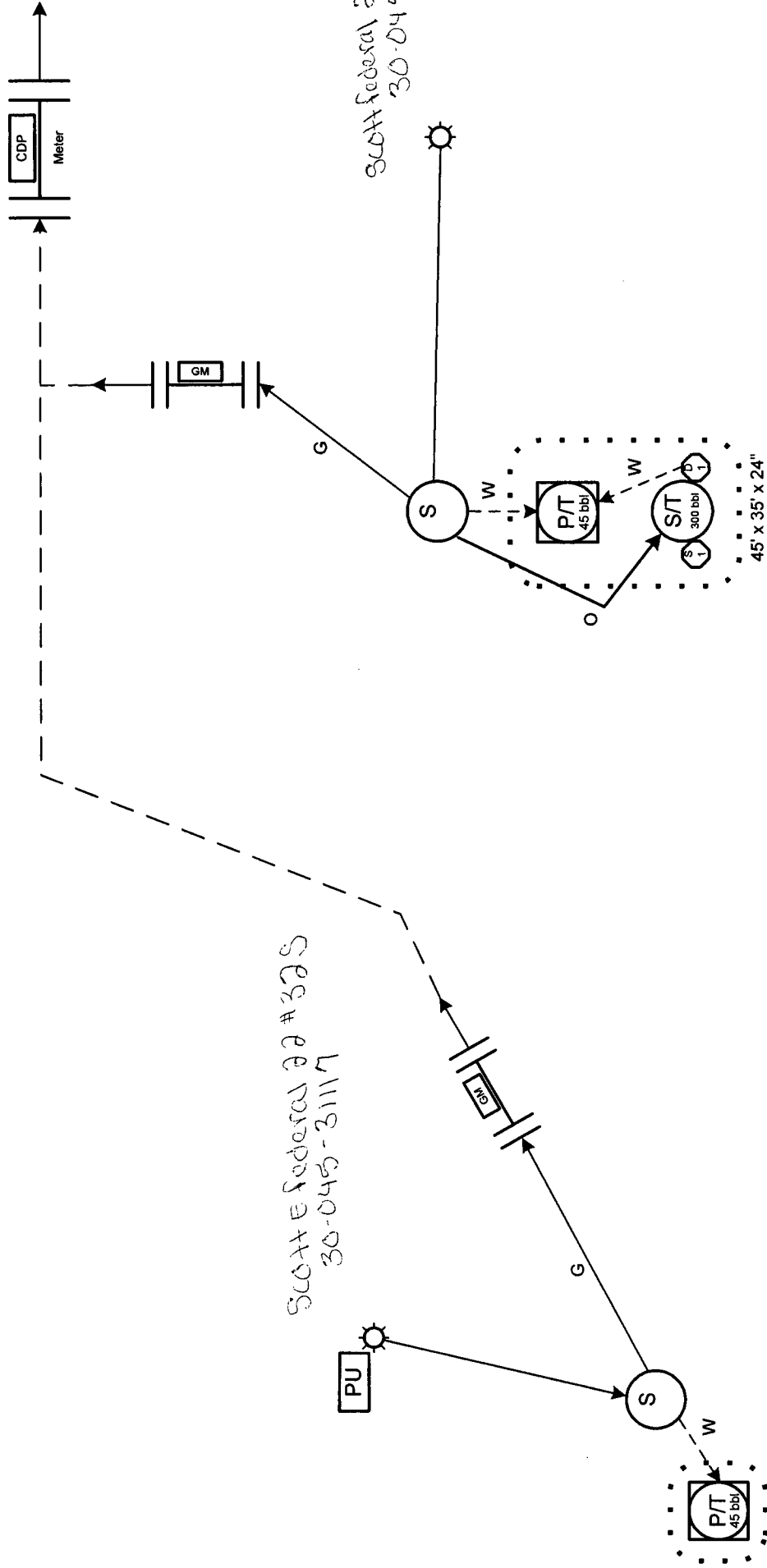
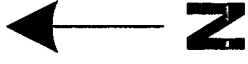
XTO ENERGY INC.

Proposed Surface Commingle – Scott Federal 27-11-22 #001 & Scott E Federal 22 #032S

Sec. 22, T27N, R11W, Unit D & E

Federal Lease #: NMSF078089

API #: 30-045-30852 & 30-045-31117



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

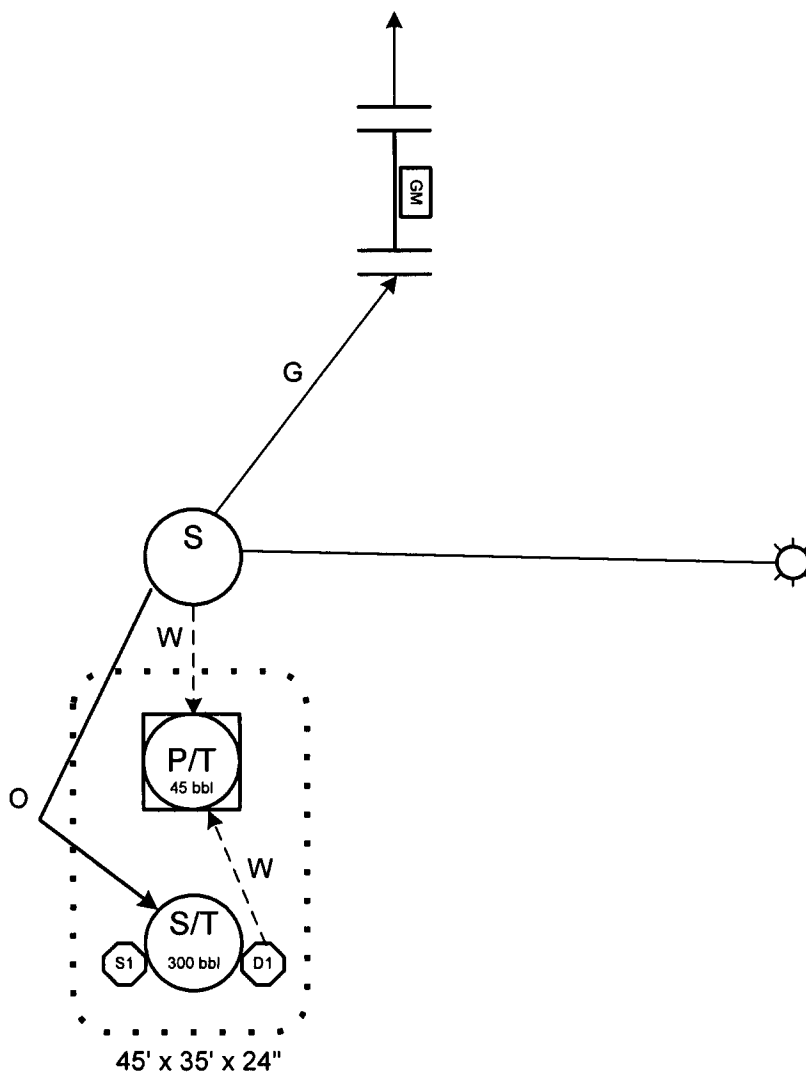
The plan is located at: XTO Energy Inc

2700 Farmington Ave., Bldg. K, Ste. 1

Farmington, NM 87401

Updated: 01/21/05

XTO ENERGY INC.
Scott Federal 27-11-22 #001
Sec. 22, T27N, R11W, Unit D
Federal Lease #: NMSF078089
API #: 30-045-30852



General sealing of valves, sales by tank gauging.

Production phase: Drain valve D1 and sales valve S1 are sealed closed.

Sales phase: Drain valve D1 is sealed closed. Sales valve S1 is sealed open.

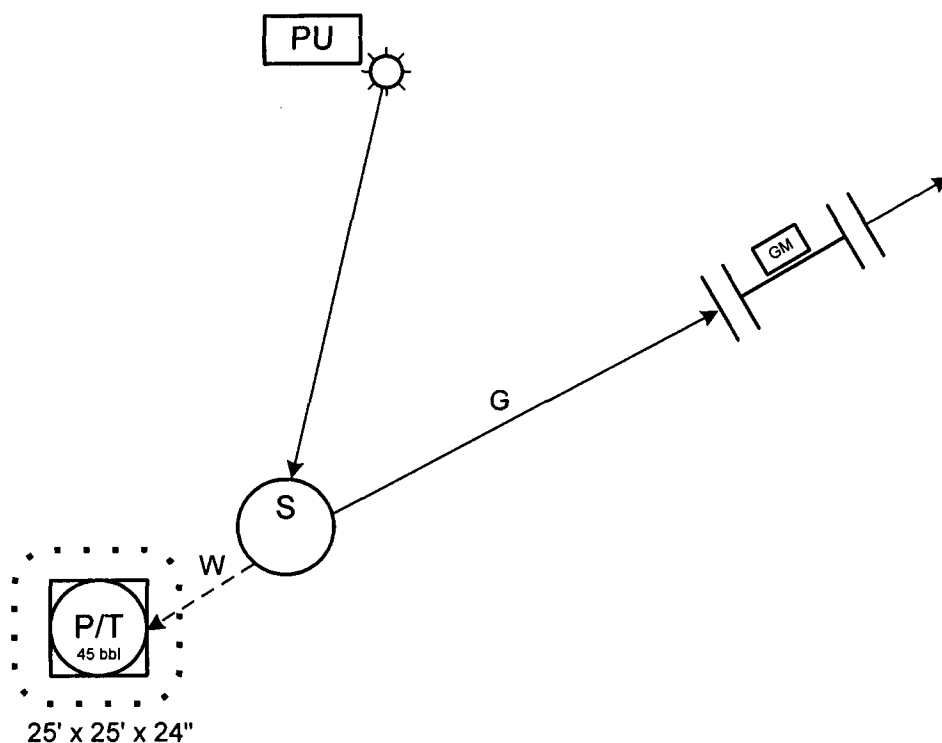
Draining phase: Drain valve D1 is sealed open. Sales valve S1 is sealed closed.

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

Updated: 01/21/05

XTO ENERGY INC.
Scott E Federal 22 #032S
Sec. 22, T27N, R11W, Unit E
Federal Lease #: NMSF078089
API #: 30-045-31117



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
Updated: 01/21/05

Scott Federal 27-11-22 #1 and Scott Federal 22 #32S

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 + D + E

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 = $((W \times \text{Individual well BT}) / \text{SUM } (W \times \text{individual well BTU})) \times Y$.

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

January 7, 2005

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 Scott E. Federal 27-11-22 #1 and the Scott E. Federal 22 #32S. 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 'Teena Cospes'.

Teena Cospes
Production Clerk, XTO Energy Inc.

xc: Well Files
FW Land Dept.
NMOCD, Aztec

Energen Resources Corporation
2198 Bloomfield Hwy.
Farmington, NM 87401

Gloria J. Hardy
P.O. Box 2202
Cleburne, TX 76033-2202

David F. Banko
P.O. Box 685
Castle Rock, CO 80104

William R. Bates
905 Beth Drive
Tyler, TX 75703-4813

Charles Blacknick
2530 Radcliff
Bronx, NY 10469-4206

Duke G. Burnett
509 VZ County Road 3443
Wills Point, TX 75169-9322

Shannon C. Cook
4647 Alta Vista Lane
Dallas, TX 75229

Jerry M. Crews
8930 Sedgemoor Drive
Tomball, TX 77375-5156

R. Stanley Delong
Rt 1 Box 214
Wellston, OK 74881-9746

G. Michael Gougler
5241 Windsor Terrace
West Linn, OR 97068-3412

Gary W. Hodge
9466 W Powers Dr.
Littleton, Co 80123-2346

Lee E. Jacobs
7022 Morningside Drive
Sugar Land, TX 77479-6035

John H. Jefferies
& Peggy J. Jefferies
9108 Sorrento
Dallas, TX 75228-4454

John N. Karnowski
6902 Alexander Drive
Dallas, TX 75214-3209

R. L. Mitchell
2641 Oak Haven
San Marcos, TX 78666-5089

Haskell Moore
3351 S. 48th Street
Woodward, OK 73801-6512

Betty L. Corbin
2526 Collins
Garland, TX 75044-3706

Frederick J. Perkins
2026 Millhouse Road
Houston, TX 77073-1530

Linda A. Taylor
10214 Northlake Drive
Dallas, TX 75218-1731

Marvin W. Zahn Jr.
4206 Crestridge
Midland, TX 79707-2732

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

Dorothy J. Duke Estate
C/O Fred W. Vandergriff
P.O. Box 1344
Azle, TX 76098

Janet M. Cunningham
1807 Crystal Springs Drive
Duncanville, TX 75137

MMS – Notify BLM

Sabio Minerals, JV
5646 Milton, Suite 305
Dallas, TX 75206

Sidney H. Eaton
404 W. Semands
Conroe, TX 77301-1855

ConocoPhillips
Attn: Land Department
P. O. Box 2197
Houston, TX 77252-2197

Burlington Resources Oil & Gas Company LP
P.O. Box 4289
Farmington, NM 87499-4289

Dominion Oklahoma Texas Exploration
& Production Inc.
14000 Quail Springs Parkway
Suite 600
Oklahoma City, OK 73134-2616



2700 Farmington Ave, K-1 Farmington, NM 87401

Phone: (505) 324-1090 FAX: (505) 564-6700

January 24, 2005

Ms. Connie Pruitt
Farmington Daily Times
P.O. Box 450,
Farmington, NM 87499

Subject: Affidavit of Publication
Scott Federal 27-11-22 #1 and Scott Federal 22 #32S Surface Commingle

Dear Ms. Pruitt:

Please publish the following legal notice for us pertaining to surface commingle of wells in San Juan County. After publication please send a notarized Affidavit of Publication to our company at the above address. Should any further information be necessary, please do not hesitate to call me at (505) 564-6720.

Public Notice

XTO Energy Inc. is applying to the New Mexico Oil Conservation Division (NMOCD) to surface commingle gas from two wells: the Scott Federal 27-11-22 #1 and Scott Federal 22 #32S. There will not be any commingling of oil, condensate or water. The wells and the commingling facility are located in Section 22 Township 27N, Range 11W, San Juan County, New Mexico. The producing pools are the Basin Dakota and the Basin Fruitland Coal. Any questions should be directed to Kelly Small at 505-564-6708 or by mail to 2700 Farmington Avenue, Suite K-1, Farmington, NM 87401. Any objection or request for a formal hearing should be filed in writing with the NMOCD's Santa Fe office within 20 days from date of this publication. In the absence of any objection, XTO has requested that the NMOCD approve its application administratively. The NMOCD's address is 1220 South St. Francis Drive, Santa Fe, NM 87505.

Sincerely,

A handwritten signature in cursive script that reads 'Kelly K. Small'.

Kelly K. Small
Drilling Assistant

xc: Well Files
Ft. Worth Land Dept



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

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FEB 10 2005

OIL CONSERVATION
DIVISION

February 8, 2005

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

Subject: Proposed Surface Commingle
Scott Federal 27-11-22 #1 and Scott Federal 22 #32S
Federal Lease NMNM078089

Dear Mr. Jones:

Enclosed please find an Affidavit of Publication for public notice for the above referenced Surface Commingle Application.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Holly C. Perkins for'.

Holly C. Perkins
Regulatory Compliance Tech

xc: OCD, Aztec Office

AFFIDAVIT OF PUBLICATION

Ad No. 51110

STATE OF NEW MEXICO County of San Juan:

CONNIE PRUITT, being duly sworn says:
That she is the CLASSIFIED MANAGER of
THE DAILY TIMES, a daily newspaper of
general circulation published in English at
Farmington, said county and state, and that
the hereto attached Legal Notice was
published in a regular and entire issue of the
said DAILY TIMES, a daily newspaper duly
qualified for the purpose within the meaning of
Chapter 167 of the 1937 Session Laws of the
State of New Mexico for publication and
appeared in the Internet at The Daily Times
web site on the following day(s):

Monday, January 31, 2005.

And the cost of the publication is \$35.27.

Connie Pruitt

ON 2/1/05 CONNIE PRUITT
appeared before me, whom I know personally
to be the person who signed the above
document.

Wynell Corey
My Commission Expires November 17, 2008.

COPY OF PUBLICATION

918 Legals
PUBLIC NOTICE

XTO Energy Inc. is applying to the New Mexico Oil Conservation Division (NMOCD) to surface commingle gas from two wells: the Scott Federal 27-11-22-#1 and the Scott Federal 22-#325. There will not be any commingling of oil, condensate or water. The wells and the commingling facility are located in Section 22 Township 27N, Range 11W, San Juan County, New Mexico. The producing pools are the Basin Dakota and the Basin Fruitland Coal. Any questions should be directed to Kelly Small at 505-564-6708 or mail to 2700 Farmington Avenue, Suite K-1, Farmington, NM 87401. Any objection or request for a formal hearing should be filed in writing with the NMOCD's Santa Fe office within 20 days from date of this publication. In the absence of any objection, XTO has requested that the NMOCD approve its application administratively. The NMOCD's address is 1220 South St. Francis Drive, Santa Fe, NM 87505.

Legal No. 51110 published in The Daily Times, Farmington, New Mexico on Monday, January 31, 2005.