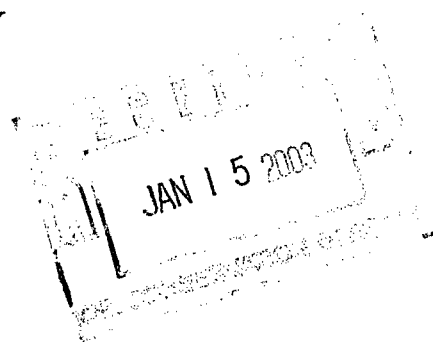




December 9, 2002

Mr. Frank Chavez
New Mexico Oil Conservation Division
1000 Rio Brazos Rd.
Aztec, New Mexico 87410



RE Administrative approval to Downhole Commingle
T.L. Rhodes C #2E
210 FSL & 2,340' FWL Sec. 30, T 28 N, R 11 W
San Juan County, New Mexico

Dear Mr. Chavez:

XTO Energy Inc. respectfully request approval to downhole commingle production from the Basin Dakota and Simpson Gallup pools in the T.L. Rhodes C #2E. Attached for your reference are the following exhibits:

1. Sundry Notice (NMOCD From C-103)
2. Production Data used to determine the Production Allocation.

The T.L. Rhodes C #2E was drilled and completed by Amoco Production Company as a Dakota well in January 1985. The Simpson Gallup formation was recompleted in June 2001. The well is perforated in the Basin Dakota from 6,362'- 6,468' and the Simpson Gallup from 5,818'-5,869'.

Based upon the last thirteen months of stabilized production for the Simpson Gallup and the Basin Dakota formation, the following allocation was determined:

Basin Dakota (71599)	Oil 8%	Water 42 %	Gas 49 %
Simpson Gallup (56600)	Oil 92 %	Water 58 %	Gas 51 %

Both pools have common interest owners. Commingling both zones will not reduce the ultimate recovery of either pool. Downhole commingling will improve recovery of liquids, eliminating redundant surface equipment and maximize compressor efficiency. Attached is BLM approval on Form 3160-5 concerning this matter.

REC'D / SAN JUAN

Form C-103

Revised March 25, 1999

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 87240
 District II
 811 South First, Artesia, NM 87210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

DEC 16 2002

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

WELL API NO. 30-045-26147
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. NMSF080844
7. Lease Name or Unit Agreement Name: T.L. RHODES C
8. Well No. #2E
9. Pool name or Wildcat BASIN DAKOTA / SIMPSON GALLUP
4. Well Location Unit Letter <u>N</u> <u>210</u> feet from the <u>SOUTH</u> line and <u>2340</u> feet from the <u>WEST</u> line Section <u>30</u> Township <u>28N</u> Range <u>11W</u> NMPM County <u>SAN JUAN</u>
10. Elevation (Show whether DR, RKB, RT, GR, etc.) 6000' GR

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

1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other	2. Name of Operator XTO Energy Inc.	3. Address of Operator 2700 Farmington Ave., Bldg. K. Ste 1 Farmington, NM 87401	8. Well No. #2E	9. Pool name or Wildcat BASIN DAKOTA / SIMPSON GALLUP
11. 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 checked="" type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>		
OTHER: <input type="checkbox"/>				

12. 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 recompilation.

XTO Energy Inc. proposes to downhole commingle this well per the attached documents.

DHC 1006 AZ
 I hereby certify that the information above is true and complete to the best of my knowledge and belief.
 SIGNATURE Darin Steed TITLE Regulatory Supervisor DATE 12/9/02
 Type or print name DARIN STEED Telephone No. 324-1090

(This space for State use)

APPROVED BY Original Signed by STEVEN N. HAYDEN TITLE DEPUTY OIL & GAS INSPECTOR, DIST. III DATE DEC 10 2002
 Conditions of approval, if any:

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Simpson Gallup		Basin Dakota
Pool Code	56600		71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	5,818' – 5,869' (Perforated)		6,362' – 6,468' (Perforated)
Method of Production (Flowing or Artificial Lift)	Pumping		Pumping
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	NA		NA
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1393 BTU		1233 BTU
Producing, Shut-In or New Zone	Producing		Shut-In
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 8/31/02 Rates: 6.0 BOPD 1.0 BWPD 64 MCFPD	Date: Rates:	Date: 5/24/01 Rates: 0.2 BOPD 0.3 BWPD 25 MCFPD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Water Gas 92 % 58 % 51%	Oil Water Gas % % %	Oil Water Gas 8 % 42 % 49%

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?

Yes ☒ No

If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes No

Are all produced fluids from all commingled zones compatible with each other?

Yes ☒ No

Will commingling decrease the value of production?

Yes No ☒

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application?

Yes ☒ No

NMOCD Reference Case No. applicable to this well:

Attachments:

C-102 for each zone to be commingled showing its spacing unit and acreage dedication.

Production curve for each zone for at least one year. (If not available, attach explanation.)

For zones with no production history, estimated production rates and supporting data.

Data to support allocation method or formula.

Notification list of working, royalty and overriding royalty interests for uncommon interest cases.

Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

List of other orders approving downhole commingling within the proposed Pre-Approved Pools

List of all operators within the proposed Pre-Approved Pools

Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.

Bottomhole pressure data.

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

SIGNATURE

TITLE Regulatory Supervisor

DATE January 15, 2003

TYPE OR PRINT NAME Darrin Steed

TELEPHONE NO. (505) 324-1090

All distances must be from the outer boundaries of the Section.

Operator AMOCO PRODUCTION COMPANY			Lease T. L. RHODES "C"		Well No. 2E
Unit Letter N	Section 30	Township 28N	Range 11W	County San Juan	
Actual Footage Location of Well: 210 feet from the South line and 2340 feet from the West line					
Ground Level Elev: 6000	Producing Formation Dakota		Pool Basin Dakota =		Dedicated Acreage 320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☒ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

Sec.			
2340'			
210'			

CERTIFICATION

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

Original Signed By
B. D. Shaw

Name

B. D. Shaw

Position

Administrative Supervisor

Company

Amoco Production Co.

Date

10/25/84

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 knowledge and belief.

Date Surveyed

September 14, 1984

Registered Professional Engineer
and Land Surveyor

Fred. E. Kerr Jr.
Certificate No. 11,000

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, 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 & Natural Resources Department

Form C-102
Revised August 15, 2000

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 30-045-26147	² Pool Code 56600	³ Pool Name Simpson Gallup
⁴ Property Code	⁵ Property Name T.L. Rhodes C	⁶ Well Number 2E
⁷ OGRID No. 167067	⁸ Operator Name XTO Energy Inc's	⁹ Elevation 6,000' GR

¹⁰ Surface Location

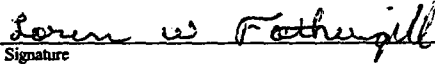
UL or lot no. N	Section 30	Township 28N	Range 11W	Lot Idn	Feet from the 210'	North/South line South	Feet from the 2340'	East/West line West	County San Juan
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedicated Acres 80	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

16.					17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature Loren W. Fothergill Printed Name Production Engineer Title February 27, 2001 Date
					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. September 14, 1984 Date of Survey Signature and Seal of Professional Surveyor: Original signed by Fred B. Kerr Jr. 3950 Certificate Number

Oil (bbls/mo)		Gas (mcf/mo)		Oil (bbls)		Gas (mcf)		Res. Cat.	PDP
Oil	298	2,190		Gross Cum @12/01	1,575	8,870		Life	14.917
Gas	27	459		Gross Remaining	20,189	198,523		As-of-Date	01/2002
Decline	15.0 %	10.0 %		Gross Ultimate	21,764	207,393		Settings	XTOSECO
				Net Remaining (0.78)	8,328	63,793		Scenario	CTOC
								DBS	SANJUAN

RHODES, TL C

2E

XTO ENERGY
SIMPSON (GALLUP)
SAN JUAN, NEW MEXICO
30N 28N 11W
RWT

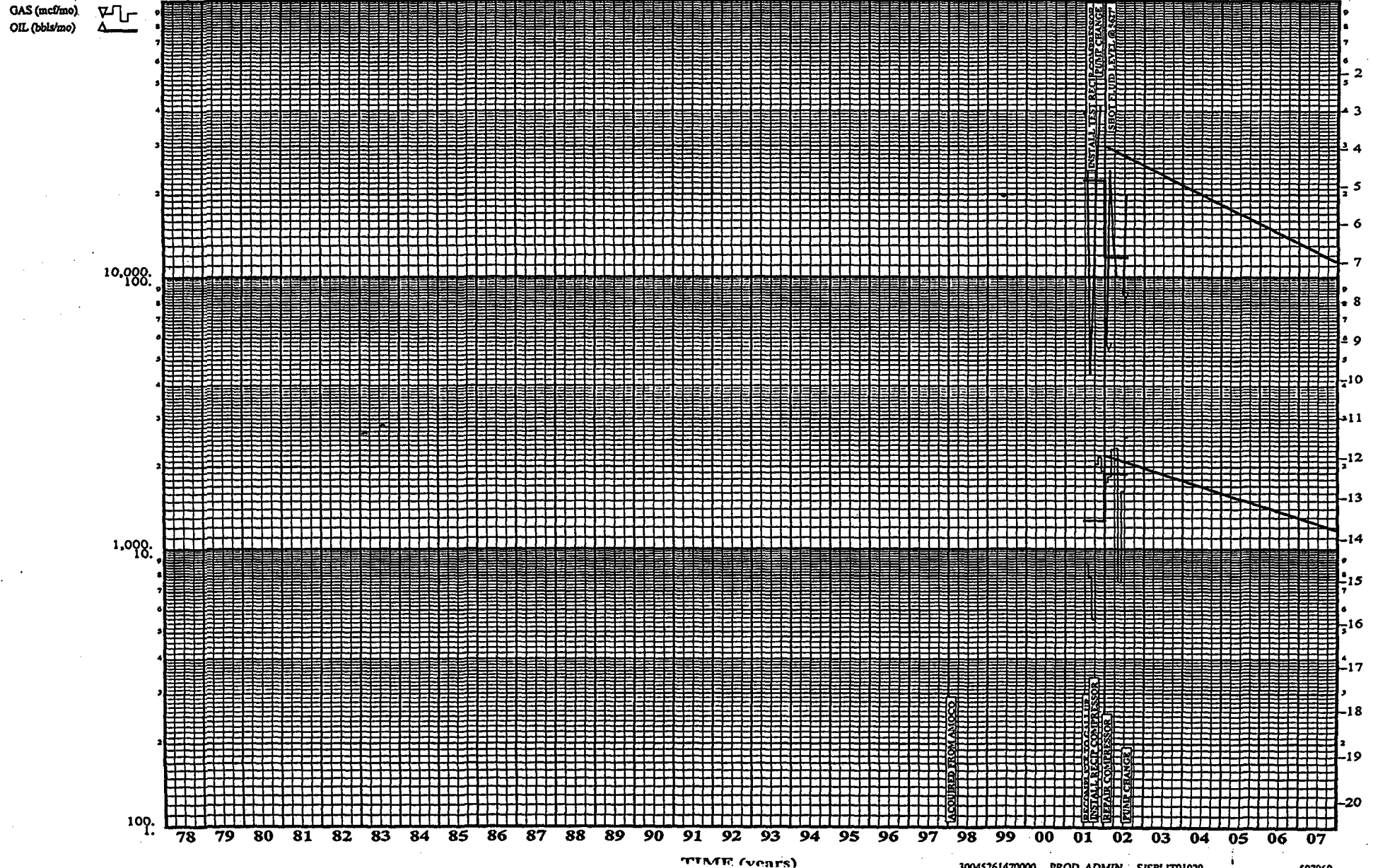
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507060

SAN JUAN
72277

Run Date: 9/12/20
Run Time: 16:34:3

M & L - 01/2002 FORECAST

LWF JKW CLB



	Oil (bbls/mo)	Gas (mcf/mo)		Oil (bbls)	Gas (mcf)	Res. Cat. Life	PDP
Oil	0	0	Gross Cum @12/01	3,897	265,937	As-of-Date	01/2002
Gas	0	0	Gross Remaining	0	0	Settings	XTOSEC0
Decline	0.0 %	0.0 %	Gross Ultimate	3,897	265,937	Scenario	CTOC
			Net Remaining (0.78)	0	0	DBS	SANJUAN

RHODES, TL C

2E

XTO ENERGY
BASIN (DAKOTA)
SAN JUAN, NEW MEXICO
30N 28N 11W
RWT

(INA)



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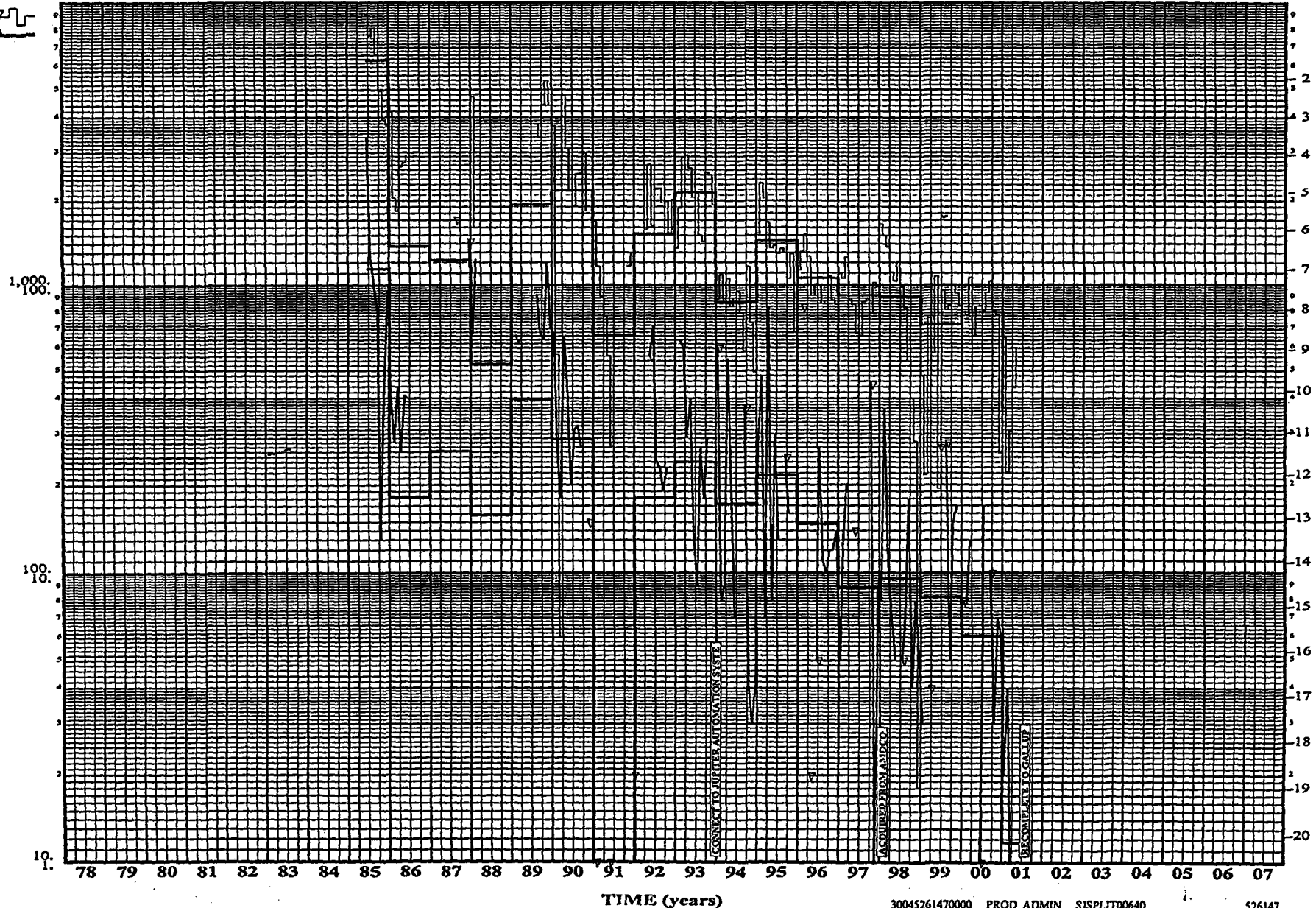
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Run Date: 9/12/20
Run Time: 16:34:3

M & L - 01/2002 FORECAST

LWF JKW CLB

GAS (mcf/mo) 
OIL (bbls/mo) 



Well: T L RHODES C
Operator: XTO ENERGY, INC.

No.: 002E
API: 3004526147

Township: 28.0N Range: 11W
Section: 30 Unit: N
Land Type: F County: San Juan

Accumulated:

Oil: 6312 (BBLs) Gas: 288021 (MCF)
Water: 1339 (BBLs) Days Prod: 4425 (Days)

Year: 1999

Pool Name: BASIN DAKOTA (PRORATED GAS)

Month	Oil(BBLs)	Gas(MCF)	Water(BBL)	Days Prod	Accum. Oil	Accum. Gas(MCF)
January	3	483	0	31	3	483
February	0	217	80	28	3	700
March	4	769	0	31	7	1469
April	0	576	0	30	7	2045
May	0	1075	0	31	7	3120
June	27	194	0	30	34	3314
July	0	956	0	26	34	4270
August	28	821	0	31	62	5091
September	5	848	0	30	67	5939
October	15	1000	0	30	82	6939
November	17	936	0	30	99	7875
December	0	846	0	28	99	8721
Total	99	8721	80	356		

Year: 2000

Pool Name: BASIN DAKOTA (PRORATED GAS)

Month	Oil(BBLs)	Gas(MCF)	Water(BBL)	Days Prod	Accum. Oil	Accum. Gas(MCF)
January	8	1015	0	31	107	9736
February	8	784	20	29	115	10520
March	13	1062	0	31	128	11582
April	0	659	0	28	128	12241
May	0	839	0	31	128	13080
June	1	848	50	30	129	13928
July	17	816	0	30	146	14744
August	0	943	0	31	146	15687
September	10	1029	0	30	156	16716
October	3	813	0	31	159	17529
November	7	784	0	29	166	18313
December	6	258	0	23	172	18571
Total	73	9850	70	354		

Year: 2001

Pool Name: BASIN DAKOTA (PRORATED GAS)

Month	Oil(BBLs)	Gas(MCF)	Water(BBL)	Days Prod	Accum. Oil	Accum. Gas(MCF)
January	2	652	0	31	174	19223
February	4	222	0	21	178	19445
March	1	306	19	31	179	19751
April	0	437	80	26	179	20188
May	0	598	0	26	179	20786

June	397	498	239	18	576	21284
July	0	0	0	0	576	21284
August	0	0	0	0	576	21284
September	0	0	0	0	576	21284
October	0	0	0	0	576	21284
November	0	0	0	0	576	21284
December	0	0	0	0	576	21284
Total	404	2713	338	153		

Pool Name: SIMPSON GALLUP (SEE COMMENTS)

Month	Oil(BBLS)	Gas(MCF)	Water(BBL Days Prod)	Accum. Oil	Accum. Gas(MCF)
January	0	0	0	0	576
February	0	0	0	0	576
March	0	0	0	0	576
April	0	0	0	0	576
May	0	0	0	0	576
June	0	0	0	0	576
July	375	883	118	31	951
August	44	790	60	8	995
September	90	555	0	30	1085
October	250	2045	0	31	1335
November	419	2170	40	30	1754
December	0	1929	50	26	1754
Total	1178	8372	268	156	

Year: 2002

Pool Name: BASIN DAKOTA (PRORATED GAS)

Month	Oil(BBLS)	Gas(MCF)	Water(BBL Days Prod)	Accum. Oil	Accum. Gas(MCF)
January	0	0	0	0	1754
February	0	0	0	0	1754
March	0	0	0	0	1754
April	0	0	0	0	1754
May	0	0	0	0	1754
June	0	0	0	0	1754
July	0	0	0	0	1754
August	0	0	0	0	1754
September	0	0	0	0	1754
October	0	0	0	0	1754
November	0	0	0	0	1754
December	0	0	0	0	1754
Total	0	0	0	0	

Pool Name: SIMPSON GALLUP (SEE COMMENTS)

Month	Oil(BBLS)	Gas(MCF)	Water(BBL Days Prod)	Accum. Oil	Accum. Gas(MCF)
January	57	1756	0	28	1811
February	245	1843	0	28	2056
March	137	2316	0	31	2193
April	100	2296	20	29	2293
May	0	0	0	0	2293
June	87	1625	60	20	2380
July	199	2563	0	31	2579
August	18	602	0	9	2597
Total	843	13001	80	176	

T.L. Rhodes C #2E

Dakota Production

	BO	BW	MCF	Days	BOPD	BWPD	MCFPD
1999	99	80	8721	356	0.28	0.22	24
2000	73	70	9850	354	0.21	0.20	28
2001	7	99	2215	135	0.05	0.73	16
2000	0	0	0	0	0.00	0.00	0
Total	179	249	20786	845	0.21	0.29	25

Gallup Production

	BO	BW	MCF	Days	BOPD	BWPD	MCFPD
2001	1178	268	8372	156	7.55	1.72	54
2002	843	80	13001	176	4.79	0.45	74
Total	2021	348	21373	332	6.09	1.05	64

% Dakota Production

Oil	Water	Gas
8.14	41.71	49.30

% Gallup Production

Oil	Water	Gas
91.86	58.29	50.70