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Cross Timbers Operating Company

NOV - 6 2000

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November 01, 2000

Mr. Mark Ashley
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

RE: Administrative Approval to Surface Commingle Gas
J. C. Davidson #1, Davidson Gas Com F #1E & J. C. Davidson #2R
Sec 28, T38N, R10W
San Juan County, NM

Dear Mr. Ashley,

Cross Timbers Operating Company (CTOC) requests administrative approval to surface commingle gas production from the J. C. Davidson #1 (Kutz Fruitland Sand), Davidson Gas Com F #1E (Basin Dakota) and the J. C. Davidson #2R (Fulcher Kutz Pictured Cliffs). The J. C. Davidson #2R is a new drill well. CTOC plans to produce the commingled gas through the compressor on the J. C. Davidson #1. Connecting to the existing compressor will help both the Davidson Gas Com F #1E and the J. C. Davidson #2R overcome sales line pressure, maximizing their gas rates. Sharing a compressor will result in a lower operating cost and less fuel gas usage versus setting three compressors and independently compressing each well's gas. The lower operating costs resulting from a shared compressor will extend the economic lives of the wells thus increasing their ultimate recoveries.

Both the Davidson Gas Com F #1E and J. C. Davidson #2R will have their own gas meters. The J. C. Davidson #1 gas production will be calculated by difference. Each well's oil and water production will be kept separate and not surface commingled.

The following are enclosed for your review of the proposed surface commingling.

1. Well information table.
2. Gas production allocation formula sheet.
3. Battery schematic of proposed installation.
4. Well location plat.

If you need additional information or have any questions, I can be contacted at (505) 324-1090. x. 4014

Sincerely,

Ray Martin

Ray Martin
Operations Engineer

cc: Oil Conservation Division Aztec
George Cox, FW Land Dept.
Well Files

attachments (4)

WELL INFORMATION

	J C Davidson #1	Davidson Gas Com F #1E	J C Davidson #2R
			New drill well
Location	990' FNL & 990' FWL Sec 28, T28N, R10W	1,520' FNL & 1,520' FWL Sec 28, T28N, R10	1,980' FNL & 1,975' FWL Sec 28, T28N, R10
API #	30-045-07213	30-045-24113	30-045-30232
Pool	Kutz Fruitland Sand	Basin Dakota	Fulcher Kutz Pictured Cliffs
Pool Code	79600	71599	77200
Gas Gravity	0.62	0.73	0.70 est.
Gas Rate (MCFD)	55	60	150 est.

METER

METER

J C Davidson #1, Davidson Gas Com F #1E & J C Davidson #2R Gas Allocation Formula

Williams Field Services meter #32978 will be the central distribution point (CDP) gas sales meter for the three wells. Allocation meters will be set on the Davidson Gas Com F #1E and the J. C. Davidson #2R. These meters will separately measure both well's gas production.

The Davidson Gas Com F #1E gas production will be calculated as follows:

$$\text{Gas Prod.} = (\text{Well's allocation meter vol.}) + (\text{Allocated compressor \& separator fuel gas vol.})$$

The J. C. Davidson #2R gas production will be calculated as follows:

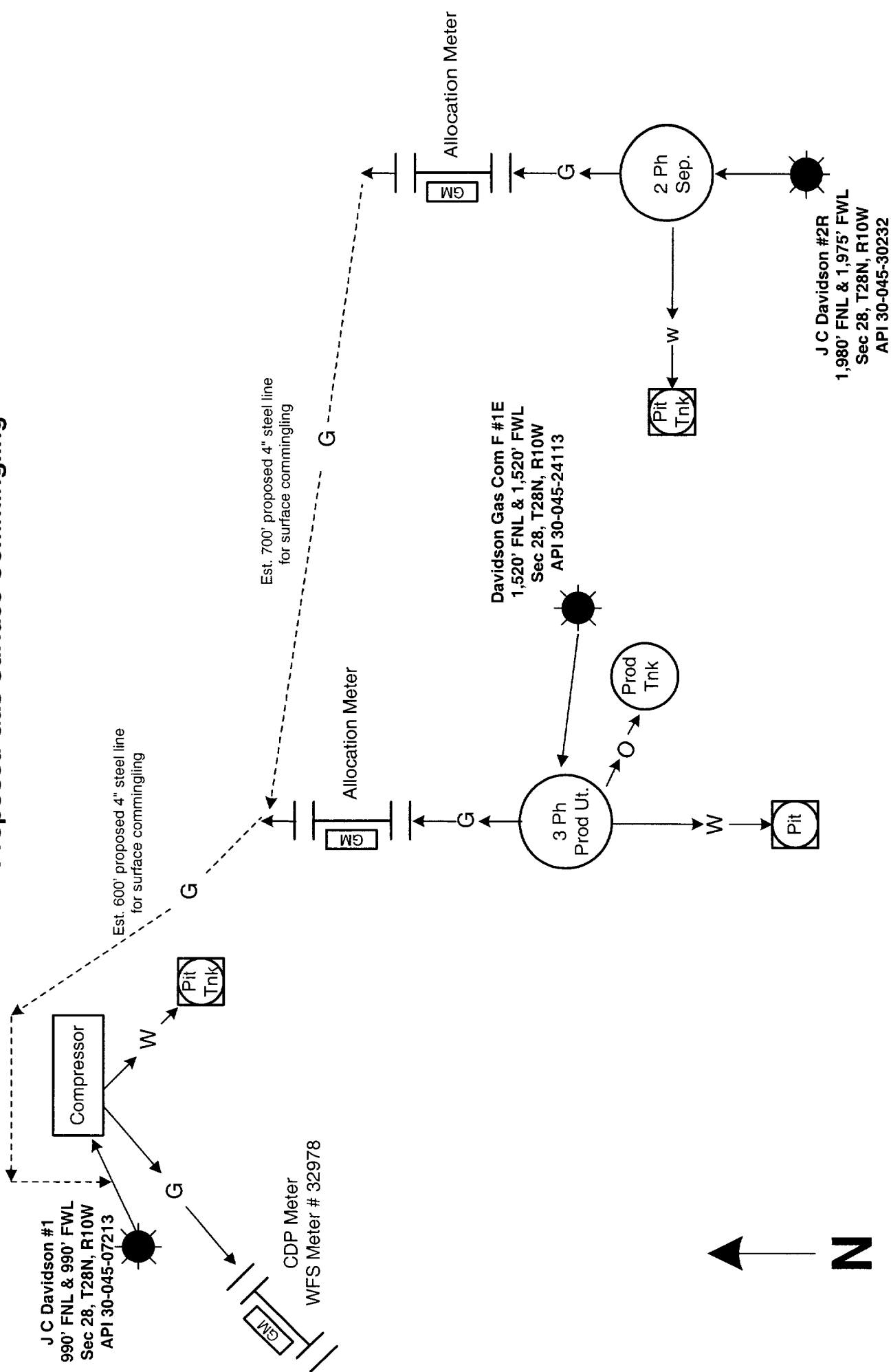
$$\text{Gas Prod.} = (\text{Well's allocation meter vol.}) + (\text{Allocated compressor \& separator fuel gas vol.})$$

The J. C. Davidson #1 gas production will be calculated as follows:

$$\text{Gas Prod.} = (\text{WFS CDP meter \#32978 vol.}) - (\text{F \#1E's allocation meter vol.}) - (\text{\#2R's allocation meter vol.}) + (\text{Allocated compressor fuel gas vol.})$$

The total fuel gas usage is estimated to be 9 MCFD for the compressor. The compressor's fuel usage will be divided equally between the three wells. During the winter if the separator's water bath's are heated, the fuel gas usage is estimated to be 1 MCFD on the two well's with separators.

Cross Timbers Operating Company
J C Davidson #1, Davidson F #1E & J C Davidson #2R
Proposed Gas Surface Commingling



CTOC
J F DAY C 002
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0 0
5002-9812
PCCF
CTOC
J F DAY D 001E
0/3 124/524
0/0 13/45
8112-0003/8111-0003
CHCR/DKTA

BRECK OPER
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CTOC
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0 111
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DKTA
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PCCF/FRLDC

BURLINGTON
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BURLINGTON
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TRANSCAL REALTY & DEV
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PCCF
DAVIDSON J C 2R
CROSS TIMBERS OPR CO

WADE
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D&A 280
SMITH R M
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CTOC 8009-0003
HUBELL 20 DKTA
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9810-0003
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LACKEY HUBBELL
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LOC 2100
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KOCH EXPL
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PCCF/DKTA
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BURLINGTON
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CTOC
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KUTZ GOVERNMENT 3J
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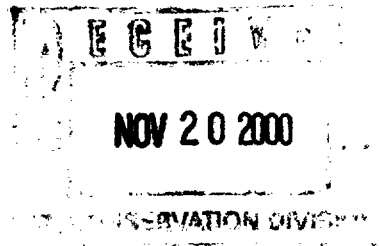
T28N & R10W

BURLINGTON
FEASEL FED 001R
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Cross Timbers Operating Company

November 16, 2000



Mr. Mark Ashley
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

RE: Administrative Approval to Surface Commingle Gas
J. C. Davidson #1, Davidson Gas Com F #1E & J. C. Davidson #2R
Sec 28, T38N, R10W
San Juan County, NM

Dear Mr. Ashley,

Per our November 9, 2000 phone conversation, I have attached a revised schematic of the proposed surface commingling installation and a revised gas production allocation formula. The revised installation schematic shows the separate gas allocation meter that will be installed on the J. C. Davidson #1. The revised gas production allocation formula calculates each well's gas production based on their individual gas allocation meter's production.

Notification of all working and royalty interest owners of the proposed surface commingling has been sent by certified mail. If no objections are received within the 20 day waiting period, I will contact you by phone and mail you another letter stating none of the owners objected so you can approve this surface commingling request.

If you need additional information or have any questions, I can be contacted at (505) 324-1090.

Sincerely,

Ray Martin
Operations Engineer

cc: Oil Conservation Division Aztec
George Cox, FW Land Dept.
Jerry Stadulis, FW Eng. Dept.
Well Files

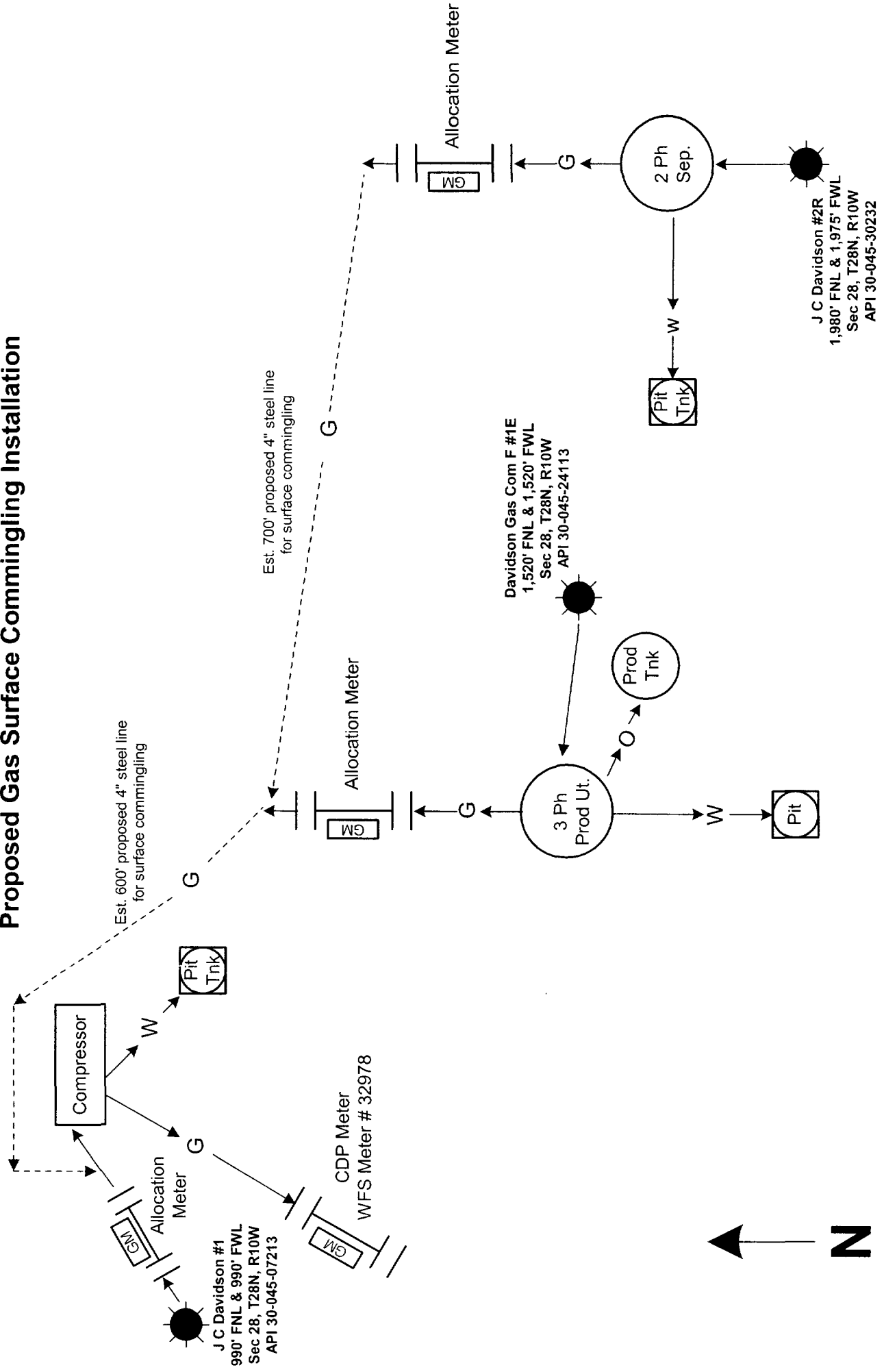
attachments (3)

WELL INFORMATION

	J C Davidson #1	Davidson Gas Com F #1E	J C Davidson #2R
			New drill well
Location	990' FNL & 990' FWL Sec 28, T28N, R10W	1,520' FNL & 1,520' FWL Sec 28, T28N, R10	1,980' FNL & 1,975' FWL Sec 28, T28N, R10
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Gas Rate (MCFD)	55	60	150 est.

Cross Timbers Operating Company
J C Davidson #1, Davidson F #1E & J C Davidson #2R
Revised

Proposed Gas Surface Commingling Installation



**J C Davidson #1, Davidson Gas Com F #1E & J C Davidson #2R
Revised Gas Allocation Formula**

Williams Field Services meter #32978 will be the central distribution point (CDP) gas sales meter for the three wells. Allocation meters will be set on all three wells. These meters will separately measure each well's gas production.

The Davidson Gas Com F #1E gas production will be calculated as follows:

$$\text{Gas Prod.} = [(\text{\#1E's allocation meter vol.} \div \text{the sum of all 3 allocation meter vols.}) \times \text{CDP sales meter vol.}] + (\text{Allocated compressor \& separator fuel gas vol.})$$

The J. C. Davidson #2R gas production will be calculated as follows:

$$\text{Gas Prod.} = [(\text{\#2R's allocation meter vol.} \div \text{the sum of all 3 allocation meter vols.}) \times \text{CDP sales meter vol.}] + (\text{Allocated compressor \& separator fuel gas vol.})$$

The J. C. Davidson #1 gas production will be calculated as follows:

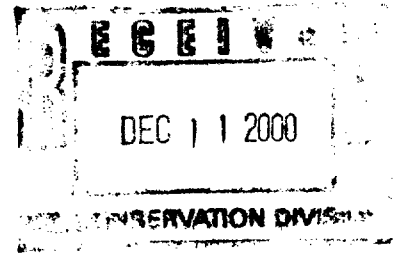
$$\text{Gas Prod.} = [(\text{\#1's allocation meter vol.} \div \text{the sum of all 3 allocation meter vols.}) \times \text{CDP sales meter vol.}] + (\text{Allocated compressor fuel gas vol.})$$

The total fuel gas usage is estimated to be 9 MCFD for the compressor. The compressor's fuel usage will be divided equally between the three wells. During the winter if the separator's water bath's are heated, the fuel gas usage is estimated to be 1 MCFD on the two well's with separators.



Cross Timbers Operating Company

December 6, 2000



Mr. Mark Ashley
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

RE: Administrative Approval to Surface Commingle Gas
J. C. Davidson #1, Davidson Gas Com F #1E & J. C. Davidson #2R
Sec 28, T38N, R10W
San Juan County, NM

Dear Mr. Ashley,

Notification of the proposed surface commingling was sent by certified mail to all working and royalty interest owners. No objections are received within the 20 day waiting period.

If you need additional information or have any questions, I can be contacted at (505) 324-1090.

Sincerely,

Ray Martin
Operations Engineer

cc: Oil Conservation Division Aztec
George Cox, FW Land Dept.
Jerry Stadulis, FW Eng. Dept.
Well Files