

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 _____

FEB 11 2002

- [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.

Ray Martin  Operations Engineer 2/7/02
 Print or Type Name Signature Title Date

 e-mail Address



February 7, 2002

Mr. David Catanach
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

RE: Application to Surface Commingle Gas Production
Armenta Gas Com C #1A & Armenta Gas Com G #1
Sec 27, T29N, R10W
San Juan County, NM

Dear Mr. Catanach,

XTO Energy, Inc. requests approval to surface commingle gas production from the Armenta Gas Com C #1A and the Armenta Gas Com G #1. The Armenta Gas Com C #1A is a Mesaverde well drilled in 1983. The Armenta Gas Com G #1 is a new Fruitland Coal well drilled in December, 2001 and located approximately 190' southeast of the Armenta Gas Com C #1A. XTO plans to compress gas from both wells through a shared compressor. Having both wells on compression will help them overcome sales line pressure, maximizing their gas rates. Sharing a compressor will lower operating costs and reduce fuel gas usage versus setting two compressors and independently compressing gas from each well. This will extend the economic lives of both wells, thus increasing their ultimate recoveries.

A gas allocation meter will be set on the Armenta Gas Com G #1. The existing gas meter on the Armenta Gas Com C #1A will become the central distribution point (CDP) gas sales meter for both wells. The Armenta Gas Com G #1's gas production will be measured independently by its own gas allocation meter. The Armenta Gas Com C #1A gas production will be calculated by the difference between the CDP gas sales meter volume and the Armenta Gas Com G #1 gas allocation meter volume. The fuel gas usage will be allocated between the wells. The oil and water production from each well will be kept separate and not surface commingled.

The interest ownership between the two wells is not common. Notification of the proposed surface commingle was sent by certified mail to all working and royalty interest owners in both wells on January 9, 2002. One objection was received within the 20 day waiting period. Mr. Fred Armenta a royalty interest owner in the wells has protested the application. I have attached a copy of Mr. Armenta's letter. XTO responded to Mr. Armenta's objection on February 6, 2002 reiterating the advantages of surface commingling with a shared compressor and asking him to withdraw his objection (copy enclosed). If Mr. Armenta signs and returns the withdrawal of objection it will be forwarded to you and we would request administrative approval of this application. If Mr. Armenta does not response then we request a hearing on this application. Mr. Jim Bruce will be contacting you about getting on the docket.

Mr. David Catanach
February 7, 2002
Page Two

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

1. Administrative Application Checklist.
2. Well information table.
3. Gas production allocation formula sheet.
4. Battery schematic of proposed installation.
5. Form C-102 Acreage Dedication Plats for both wells.
6. List of interest owners who were notified.
7. Copies of objection letter and XTO's response.

If you need additional information or have any questions, please contact me at (505) 324-1090.

Sincerely,

A handwritten signature in cursive script that reads "Ray Martin".

Ray Martin
Operations Engineer

cc: Oil Conservation Division Aztec
FW Land Dept.
James Bruce
Well Files

WELL INFORMATION

	Armenta Gas Com C #1A	Armenta Gas Com G #1
Location	2,120' FNL & 835' FEL Sec 27, T29N, R10W	2,254' FNL & 698' FEL Sec 27, T29N, R10W
API #	30-045-25671	30-045-30932
Pool	Blanco Mesaverde	Basin Fruitland Coal
Pool Code	72319	71629
Acreage Dedication	N/2 of Sec. 27	E/2 of Sec. 27
Lease Type	Fee	Fee
Gas Gravity	0.74	0.65 est.
Gas Rate	45 MCFD	500 MCFD est.

**Armenta Gas Com C #1A & Armenta Gas Com G #1
Gas Allocation Formula**

The Armenta Gas Com C #1A's existing gas sales meter will be used as the central distribution point (CDP) gas sales meter for both wells. A gas meter will be set on the Armenta Gas Com G #1 and used as its allocation meter. See the attached proposed gas surface commingle installation diagram. The Armenta Gas Com G #1 allocation meter will separately measure its gas production. The Armenta Gas Com C #1A gas production will be calculated by difference between the CDP sales meter volume and the Armenta Gas Com G #1's allocation meter volume. Fuel gas usage will be allocated between the two wells. Williams Field Services is the gas transporter for these leases.

Armenta Gas Com C #1A gas production will be calculated as follows:

$$\text{Gas Prod.} = [\text{CDP sales meter vol.} - \text{Armenta Gas Com G \#1 allocation meter vol.}] + \text{Allocated fuel gas vol.}$$

Armenta Gas Com G #1 gas production will be calculated as follows:

$$\text{Gas Prod.} = \text{Armenta Gas Com G \#1 allocation meter vol.} + \text{Allocated fuel gas vol.}$$

The total fuel gas usage is estimated to be 14.4 MCFD for the compressor. During the winter if either well's separator water bath is heated, the fuel gas usage is estimated to be 1 MCFD for that well.

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

DISTRICT II
811 South First, Artesia, N.M. 88210

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

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

AMENDED REPORT

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 71629	³ Pool Name BASIN FRUITLAND COAL
⁴ Property Code	⁵ Property Name ARMENTA GAS COM G	⁶ Well Number 1
⁷ GRID No. 167067	⁸ Operator Name XTO ENERGY INC.	⁹ Elevation 5512'

¹⁰ Surface Location

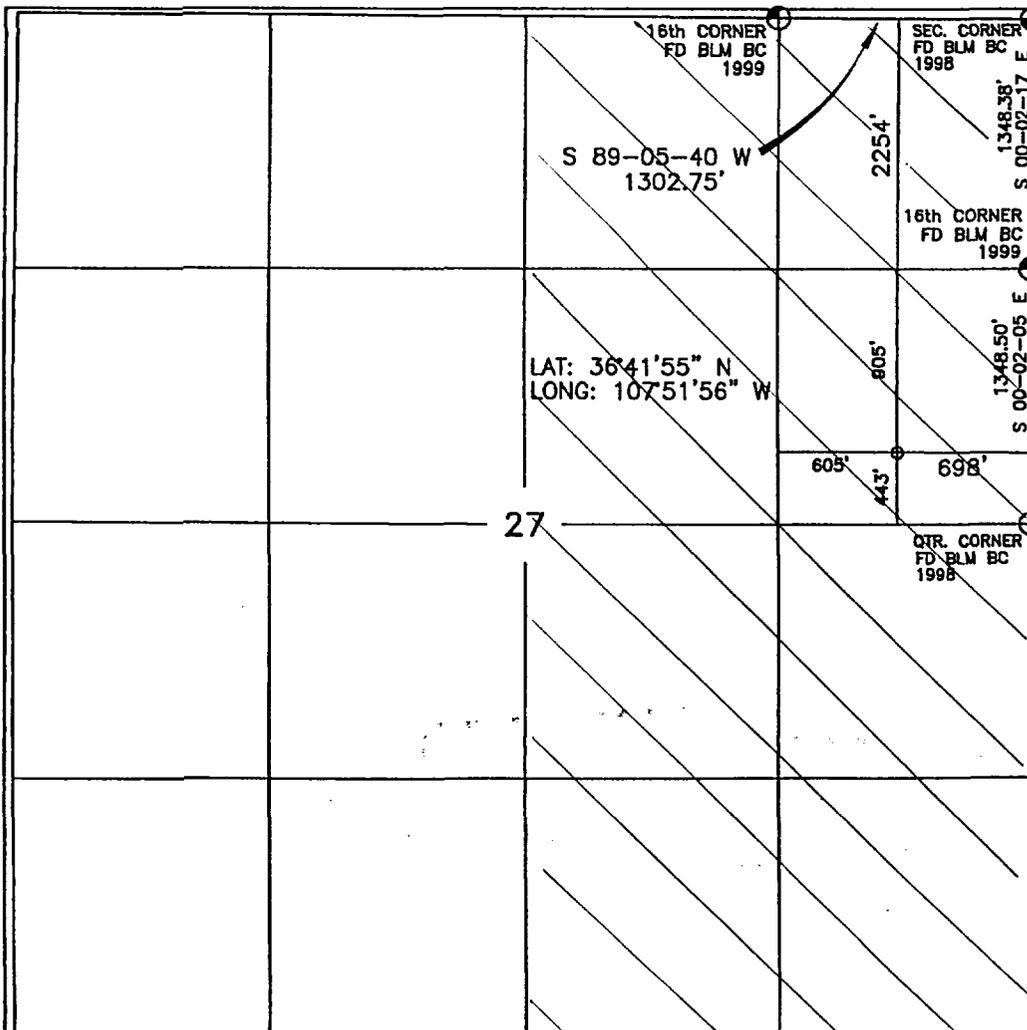
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	27	29-N	10-W		2254	NORTH	698	EAST	SAN JUAN

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 320.00 E/2		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



17 OPERATOR CERTIFICATION

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

Jeffrey W. Patton
Signature

JEFFREY W PATTON
Printed Name

DRIVING ENGINEER
Title

11-2-01
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 ability.

ROY A. BUSH
NEW MEXICO
REGISTERED PROFESSIONAL LAND SURVEYOR
8894

Date of Survey
Signature
Seal of Professional Surveyor

8894
Certificate Number

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

Form C-102
 Original Submission 21 100'

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 AM Number 3004525671		1 Pool Code 72319		1 Pool Name Blanco Mesaverde	
1 Property Code 000272		Armenta Gas Com, C Armenta Gas Com F		1 Property Name (former name prior to recompletion)	
1 OGRID No. 000778		Amoco Production Company		1 Operator Name	
				1 Well Number #1A #1	
				1 Elevation 5508 GL	

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
H	27	29N	10W		2120	North	835	East	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 320.00	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 Gail M. Jefferson Printed Name Sr. Admin. Staff Asst. Title 10/25/95 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. April 5, 1983 Date of Survey Signature and Seal of Professional Surveyor: 3950 Certificate Number

RECEIVED
 OCT 27 1995
 OIL CON. DIV.
 DIST. 3



January 9, 2002

RE: Notice of Application to Surface Commingle
Armenta Gas Com C #1A & Armenta Gas Com G #1
Sec 27, T29N, R10W
San Juan County, NM

XTO Energy Inc. (formerly Cross Timbers Operating Company) plans to surface commingle gas production from the Armenta Gas Com G #1 (newly drilled Fruitland Coal well, API #30-045-30932) and the Armenta Gas Com C #1A (existing Mesaverde well), API #30-045-25671. We plan to produce the commingled gas through a new compressor that will be set on the Armenta Gas Com C #1A location. Sharing a compressor will lower operating costs and reduce fuel gas usage versus independently compressing gas from each well. The lower operating costs (vs. independent compression) resulting from a shared compressor will extend the economic lives of both wells, thus increasing their ultimate recoveries.

A gas allocation meter will be set on the Armenta Gas Com G #1. The existing gas meter on the Armenta Gas Com C #1A will be used as the central distribution point (CDP) gas sales meter for both wells. The Armenta Gas Com G #1 production will be measured independently by its own gas allocation meter. The Armenta Gas Com C #1A gas production will be calculated by the difference between the CDP gas sales meter volume and the Armenta Gas Com G #1 gas allocation meter volume. The compressor fuel usage will be divided between the wells. The oil and water production from each well will be kept separate and not surface commingled.

NMOCD requires all interest owners be notified prior to surface commingling when ownership is different between wells. 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, please contact me within 20 days of the date of this letter.

Sincerely,

A handwritten signature in black ink that reads 'Ray Martin' with a stylized flourish at the end.

Ray Martin
Operations Engineer

xc: Well Files
Ft. Worth Land Dept.
RFM

Armenta Gas Com G #1 & Armenta Gas Com C #1A Surface Comingle

OWNER NAME/ADDRESS	INTEREST TYPE	OWNER NAME/ADDRESS	INTEREST TYPE
OPHELIA CANDELARIA P.O. BOX 465 BLANCO, NM 87412-0465	R	LINDA LUNDELL LINDSEY P O BOX 631565 NACOGDOCHES, TX 75963	O
QUILMAN B. DAVIS 6532 STONEBROOK CIRCLE DALLAS, TX 75240-5431	O	CLAUDIA LUNDELL GILMER 101 OAK MEADOW DR GEORGETOWN, TX 78628	O
ASHLEY AND SUSAN BRACKEN P.O. BOX 7550 TYLER, TX 75711-7550	O	ROBERT WALTER LUNDELL 2450 FONDREN #304 HOUSTON, TX 77063	O
JAMES L. SHARP & KATHRYN B. SHARP REVOCABLE LIVING TRUST DATED 4/11/97, J. L. & K. B. SHARP, TRUSTEES 1020 FOXWOOD LANE WYLIE, TX 75098	R	BETTY T. JOHNSTON MARITAL TRUST BETTY JOHNSTON, LYLE CARBAUGH, & PAUL HARDWICK, CO-TRUSTEES 245 COMMERCE GREEN BLVD #280 SUGARLAND, TX 77478	O
SUSIE ARMENTA LIVING TRUST SUSIE M. ARMENTA, TRUSTEE U/A 3/15/9 P.O. BOX 22522 TUCSON, AZ 85734-2522	R	JEAN MARIE COOPER, CHANDA CABRERA AND CATHERINE CLARK, JOINT TENANTS, WROS 2006 SANTA ROSA WAY STOCKTON, CA 95209	R
CHASE OIL CORP.O.RATION P.O. BOX 1767 ARTESIA, NM 88211-1767	O	MANUEL UBALDO MARTINEZ 3291 S 7495 W MAGNA, UT 84044-2148	R
JAMES L. FASHING IRREVOCABLE TRUST DAVID A. ROGERS, TRUSTEE 4855 N. MESA ST., STE. 122 EL PASO, TX 79912-5989	O	JUANITA KASHISHIAN 863 N 1250 E TOOELE, UT 84074-8903	R
MICHELLE D. MINICA IRREVOCABLE TRUST, DAVID A. ROGERS, TRUSTEE 4855 N. MESA ST., STE. 122 EL PASO, TX 79912-5989	O	VERONICA TRUJILLO P.O. BOX 449 BLANCO, NM 87412	R
DAVID A. ROGERS 4855 N. MESA ST., STE. 122 EL PASO, TX 79912-5989	O	JOHNNY TRUJILLO 384 EAST BAYSIDE DRIVENIT 201E SARATOGA SPRINGS, UT 84043	R
ENCAP INVESTMENTS L C 1100 LOUISIANA STE 3150 HOUSTON, TX 77002-5217	O	STEVEN TRUJILLO 7060 W 2820 S WEST VALLEY CITY, UT 84120-1165	R
FRED GILBERT ARMENTA 766 ROAD 4990 BLOOMFIELD, NM 87413	R	MARSHA PETERSON 4229 S 5400 W WEST VALLEY, UT 84120-4603	R
DAVID HENDERSON 18830 EDLEEN DRIVE TARZANA, CA 91356	O	ROBERT W. WOODS 440 CROSS TIMERS DR. DOUBLE OAK, TX 75077	R

<p>GRIFFITH AND STONE ROYALTY TEXAS PARTNERSHIP 114 PAMELLIA DR BELLAIRE, TX 77401-3712</p>	O	<p>NANCY JEANNE WOODS 304 NORTHWEST 30 COURT, #208 POMPAN0, FL 33064-3122</p>	R
<p>L. DORIS WILLIAMS TRUST, WILLIAM P. TRAYLOR AND JOHN G. HEARD, HEARD CO-IND. TRUSTEES P.O. BOX 8306 HOUSTON, TX 77288-8306</p>	O	<p>KAVANAGH-SHIERSHKE FAMILY TRUST DATED 12-27-1995 505 VAQUERO ROAD ARCADIA, CA 91007-6045</p>	O
<p>E. C. FIEDOREK DEFINED BENEFIT PLAN, E. C. FIEDOREK, TRUSTEE 5407 CREEK ARBOR COURT DALLAS, TX 75287-7504</p>	O	<p>MARY HELENE SULLIVAN-SIKES % ANGEL PEAK RANCH #330 ROAD 4960 BLOOMFIELD, NM 87413</p>	R
<p>J. BURTON VETETO 607 ABO HOBBS, NM 88240</p>	R	<p>ST. JOHNS OPERATING #1 L.P. 16800 GREENSPOINT PARK DRIVE 380-S HOUSTON, TX 77060</p>	W
<p>UNITED PIPE & SUPPLY CO. 3622 RANCH CREEK DRIVE AUSTIN, TX 78730</p>	R	<p>SUSAN WOODS BASILE 9 MAHER ROAD FREEHOLD, NJ 07728</p>	R
<p>HARE PRODUCTION COMPANY LTD 1601 E BLANCO BLVD BLOOMFIELD, NM 87413-6033</p>	R	<p>DAVID A. PIERCE CITIZENS BANK, AGENT P.O. BOX 4140 FARMINGTON, NM 87499-4140</p>	R
<p>BARBARA REESE DINGES 6510 SHADOW CREST HOUSTON, TX 77074-6818</p>	O	<p>JOHN B. PIERCE 325 S. 400 W. #57 MT. PLEASANT, UT 84647</p>	R
<p>DAVID ELBERT REESE 2203 N BELMONT RICHMOND, TX 77469-5501</p>	O	<p>SUSAN PIERCE NELSON 4901 CRESTWOOD DR. FARMINGTON, NM 87402-4863</p>	R
<p>REBECCA ANN REESE WARD 280 W RENNER RD #5011 RICHARDSON, TX 75080-2502</p>	O	<p>ELLA ANN SPARGO 523 AZTEC BLVD. N.E. AZTEC, NM 87410-1704</p>	R
<p>ELIZABETH GOODWIN REESE 7800 NAIRN HOUSTON, TX 77074-5321</p>	O	<p>LANCE REEMTSMA 2601 GRANT ST. BERKELEY, CA 94703</p>	R
<p>JULIE ANN ANTWEIL TRUST JULIE A. SILVERMAN, TRUSTEE 4408 CANYON COURT NE ALBUQUERQUE, NM 87111-3010</p>	R	<p>DIRK REEMTSMA CITIZENS BANK, TRUSTEE TRUST DEPARTMENT P.O. BOX 4140 FARMINGTON, NM 87499-4140</p>	R
<p>ROBERT M. WILLIAMS 5 DOVEKIE CT NANTUCKET, MA 02554-6011</p>	R	<p>EARL B. SULLIVAN REVOCABLE TRUST EARL B. SULLIVAN, TRUSTEE 553 HIGHWAY 544 P.O. BOX 534 AZTEC, NM 87410</p>	R
<p>FRANCES HOLMAN WEAVER P.O. BOX 2102 EL PASO, TX 79951-2102</p>	O	<p>JOSEPH SULLIVAN 3520 BRANDYWINE STREET SAN DIEGO, CA 92117</p>	R
<p>V.A. JOHNSTON FAMILY TRUST K. PREWITT & F. CHESSER, TRUSTEES</p>	O		

P.O. BOX 925 RALLS, TX 79357		LEWIS SULLIVAN 1895 W. DEVONSHIRE, #110 HEMET, CA 92545	R
UNION OIL CO. OF CALIFORNIA ATTN: REVENUE ACCOUNTING P.O. BOX 841055 DALLAS, TX 75284-1055	O	KAYLA ANN PERRYMAN 8536 KERN CANYON ROAD, SPACE 104 BAKERSFIELD, CA 93306	R
EULA MAY JOHNSTON TRUST BANK OF AMERICA, NA TRUST DEPARTMENT #01/0066100 P.O. DRAWER 840738 DALLAS, TX 75284-0738	O	KIRK GRAVES 5301 RIO DE JANEIRO COURT BAKERSFIELD, CA 93313	R
SINGER BROTHERS DEPT 1063 TULSA, OK 74182	R	JOE R. ARMENTA ESTATE RAYMOND ARMENTA AND HELLEN LUTHER, PERSONAL REPRESENTATIVES 205 W. GLADDEN FARMINGTON, NM 87401-6019	R
ED STEVE ARMENTA P.O. BOX 25371 ALBUQUERQUE, NM 87125-0371	R	MARGIE ARMENTA SERRANO P.O. BOX 5901 FARMINGTON, NM 87499-5901	R
H. W. SMITH ESTATE GARY W. HARVEY, INDEPENDENT EXECUTOR 300 SW 21ST ST SEMINOLE, TX 79360-3820	R	JOHN G. JOHNSTON 10263 LAS CASITAS COURT N.E. ALBUQUERQUE, NM 87111-1295	R
R. E. BEAMON, III 2603 AUGUSTA SUITE 1050 HOUSTON, TX 77057	O	WILLIAM E. GLOVER TRUST B MARY E. AND THOMAS S. GLOVER, TRUSTEES 348 ALEXANDER PALM ROAD BOCA RATON, FL 33432-7909	R
JERRY J. ANDREW 408 LONGWOODS HOUSTON, TX 77024-5617	O	NIGH REVOCABLE TRUST ROBERT D. NIGH, TRUSTEE UTA DATED 8-3 7080 DEAN ROAD INDIANAPOLIS, IN 46220-3812	R
MMS CTOC FEDERAL C/O CROSS TIMBERS OIL COMPANY 810 HOUSTON ST STE 2000 FORT WORTH, TX 76102-6298	R	GLOVER SURVIVORS TRUST MARILYN S. GLOVER, TRUSTEE 3939 WALNUT AVE. #186 CARMICHAEL, CA 95608-7309	R
LELIA C. MONTOYA P.O. BOX 396 HAWTHORNE, NV 89415-0396	R	CAROL A. ZAHARA 1519 CHARDONNAY PL WEST BANK BC V4T 2P9 CANADA, 00000	R
FELIPE CANDELARIA CR 5010 #40 BLOOMFIELD, NM 87413-9745	R	EVELYN SMITH ESTATE ROBERT E. MCALISTER, EXECUTOR 817 SINGING HILLS DRIVE GARLAND, TX 75044-4128	R
STEVE CANDELARIA 1400 N FAIRVIEW AVE FARMINGTON, NM 87401-7549	R		
ROGERS GIBBARD TRUST, ORVILLE C. ROGERS, SUSAN EVELAND AND ELAINE GIBBARD ALLMAN, TRUSTEES 3630 RIVER OAKS COURT TYLER, TX 75707-1658	O	SAN JUAN BASIN POOL LIMITED P.O. BOX 1237 PANHANDLE, TX 79068-1237	O
		BURLINGTON RESOURCES OIL & GAS COMPANY P.O. BOX 4289 FARMINGTON, NM 87499-0656	W

REC'D / SAN JUAN

JAN 18 2002

January 14, 2002

To: XTO Energy / Ray Martin

RE: Surface Commingle Armentu Gas Com C #1A
and Armentu Gas Com G. #1

I'm writing in protest in the commingle of the above named wells. I'm against the installation of a new compressor as I already have two existing compressors on my property. An additional compressor would aggravate environmental & noise pollution. I see no benefit in commingling the two wells. The existing gathering line is not sufficient to carry the capacity that compressing gas would generate. Also there has not been no settlement on damages to the Armentu G #1 well. I would like to have those damages settled before any new development occurs as was agreed to by myself and Jim Welch / XTO Houston office.

Sincerely

Fred S. Armentu

cc: Frank Chavez - NMCCD

Alan Ralston - SSCA

Jim Lovato - BLM

Tom Udall - Rep. c/o Pete Valencia



February 6, 2002

Mr. Fred Armenta
766 Road 4990
Bloomfield, New Mexico 87413

RE: Surface Commingle Gas Production
Armenta Gas Com G #1 & Armenta Gas Com C #1A

Dear Mr. Armenta,

We have received your letter of objection to surface commingling the Armenta Gas Com G #1 (new drill Fruitland Coal well) with the Armenta Gas Com C #1A (existing Mesaverde well). I would ask you to withdraw your objection for the following reasons:

In your letter you raised concerns about the number of compressors on your property. Compression will be necessary on the existing well to allow it to continue to produce and on the new well to produce at a higher rate. Surface commingling gas production from the two wells will allow them to share a compressor.

In your letter you stated that you saw no benefit in surface commingling the wells. If a compressor is set on each well the operating cost would be higher than if the wells shared a single compressor. The higher operating cost of two compressors will cause the wells to reach their economic limit at a higher gas rate. This would result in a waste of the resource that a prudent operator would avoid.

Should you continue in your objection to surface commingling gas production from these two wells, we will request a hearing before the New Mexico Oil and Gas Conservation Division in Santa Fe, New Mexico. You will be able to be present and testify to your objection at this hearing. Should a hearing be necessary, you will be notified of the date and time of the hearing.

Should you decide to withdraw your objection please sign the enclosed letter and return it in the self-addressed, stamped envelope.

Sincerely,

A handwritten signature in cursive script that reads 'Ray Martin'.

Ray Martin
Operations Engineer

cc: FW Land Dept.
Well Files

After further consideration I hereby withdraw my objection to surface commingling gas production from the Armenta Gas Com G #1 and Armenta Gas Com C #1A.

Fred Armenta

Date: