

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB NO. 1004-0135  
Expires: November 30, 2000

**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 <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMSF081239
2. Name of Operator XTO ENERGY INC.		6. If Indian, Allottee or Tribe Name
3a. Address 2700 FARMINGTON AVE, BLDG K, SUITE 1 FARMINGTON, NM 87401		7. If Unit or CA/Agreement, Name and/or No.
3b. Phone No. (include area code) Ph: 505.324.1090 Ext: 4020 Fx: 505.564.6700		8. Well Name and No. Multiple--See Attached
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Multiple--See Attached 5-30-12		9. API Well No. Multiple--See Attached
		10. Field and Pool, or Exploratory DK /FTC/PC
		11. County or Parish, and State SAN JUAN COUNTY, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Surface Commingling
	<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 recompleate 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 recompleation 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 site is ready for final inspection.)

XTO Energy Inc. proposes to surface commingle the L.C. Kelly #2 and the L.C. Kelly #12. Attached is a copy of the information sent to the NMOCD for their approval.

14. I hereby certify that the foregoing is true and correct. <b>Electronic Submission #11967 verified by the BLM Well Information System For XTO ENERGY INC., sent to the Farmington</b>	
Name (Printed/Typed) THOMAS DELONG	Title OPERATIONS ENGINEER
Signature (Electronic Submission)	Date 08/15/2002

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved By <u>/s/ Jim Lovato</u>	Title	Date <u>OCT - 7 2002</u>
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, make 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.

**\*\* ORIGINAL \*\* ORIGINAL \*\* ORIGINAL \*\* ORIGINAL \*\* ORIGINAL \*\* ORIGINAL \*\* ORIGINAL \*\***

**NMOCD**

## Additional data for EC transaction #11967 that would not fit on the form

### Wells/Facilities, continued

Agreement	Lease	Well/Fac Name, Number	API Number	Location
	NMSF081239	L.C. KELLY 2	30-045-09986	Sec 5 T30N R12W SWNE 1040FNL 1600FEL
	NMSF081239	L.C. KELLY 12	30-045-31113	Sec 5 T30N R12W NENE 1145FNL 1000FEL

**August 15, 2002**

Ms. Lori Wrotenbery  
New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Re: Administrative Approval to Surface Commingle  
LC Kelly #2 and LC Kelly #12  
Section 5, T30N, R12W  
San Juan County, New Mexico

Dear Ms. Wrotenbery,

XTO Energy Inc requests administrative approval to surface commingle the referenced wells. Surface commingling will allow the use of a single compressor to produce both wells. Oil production will not be commingled.

The gas line pressures in this area are high and compression is required to maximize recoveries. The installation of a single compressor will reduce operating expenses, minimize surface use impact, extend the life of the wells and increase ultimate recoveries. The LC Kelly #2 and LC Kelly #12 will share a common well pad. The LC Kelly #12 is in the permitting process and has not been drilled. It is scheduled to be drilled this year.

The following is enclosed for you review of the proposed commingling:

1. Well Information Table
2. Gas Allocation Method
3. Well Location Map
4. Battery schematic of proposed commingling

The LC Kelly #2 and LC Kelly #12 are located on a federal lease and have common interest. If you need additional information or have any questions, please feel free to contact me at (505)-324-1090.

Sincerely,

Thomas DeLong  
Operations Engineer

CC: NMOCD – District III (Aztec)

## **LC Kelly #2 and LC Kelly #12**

### **Allocation Method**

The EPNG meter #73848 will be the sales meter (CDP) for the LC Kelly #2 and the LC Kelly #12 gas sales. An allocation meter will be set between the LC Kelly #2 separator and the suction side of the compressor. This meter will only measure gas flow from the LC Kelly #2.

#### **LC Kelly #2 gas production will be calculated as follows:**

(LC Kelly #2 allocation meter volume) + (LC Kelly #2 separator fuel gas & pumping unit fuel gas)

#### **LC Kelly #12 gas production will be calculated as follows:**

(EPNG meter #73848 volume) – (LC Kelly #2 allocation meter volume) + (compressor fuel gas) + (LC Kelly #12 separator fuel gas & pumping unit fuel gas)

Compressor fuel gas usage will be allocated to each well based on the percentage of gas compressed for each well. For example the LC Kelly #2 percentage of compressor fuel usage would be calculated as follows:

$$\frac{(\text{LC Kelly \#2 allocation meter volume})}{(\text{EPNG meter \#73848 volume}) + (\text{compressor fuel gas})}$$

Compressor fuel gas will be obtained using the operating conditions of the compressor and manufactures published fuel gas volumes or calculated volumes using the results of actual measurements of fuel gas usage.

#### **LC Kelly #2 gas sales will be calculated as follows:**

(LC Kelly #2 allocation meter volume) – (LC Kelly #2 allocated compressor fuel gas)

#### **LC Kelly #12 gas sales will be calculated as follows:**

(EPNG meter #73848 volume) – (LC Kelly #2 gas sales)

No commingling of liquid hydrocarbon will occur. Production and sales will be based on actual measured volumes from each well. LC Kelly #12 should not produce liquid hydrocarbon.

The LC Kelly #2 has averaged under 0.3 BWPD over the last year. This is considered to be insignificant and it would be poor economics to set an additional water tank for the LC Kelly #12. All water production will be allocated to the LC Kelly #12. Interests are common in the LC Kelly #2 and #12.

Surface commingling will allow the installation of one compressor to serve both wells and will not decrease the value of the gas. It will allow the gas to be compressed at a lower cost than two compressors and will extend the economic life of the wells. Due to high line pressures in this area, compression is required to effectively produce the wells.

**LC Kelly #2 and LC Kelly #12**  
**Well Information**

	<b>LC Kelly #2</b>	<b>LC Kelly #12</b>
<b>Location</b>	B, Sec 5, T30N, R12W	A, Sec 5, T30N, R12W
<b>Formation</b>	Dakota	Fruitland Coal & Pictured Cliffs
<b>API#</b>	30-045-09986	30-045-31113
<b>Pool Name</b>	Basin Dakota	Basin Fruitland Coal & Aztec Pictured Cliffs
<b>Pool Code</b>	71599	71629 (FC) 71280 (PC)
<b>Gas Gravity</b>	0.691	0.580 (estimated)
<b>Gas Rate (MCFPD)</b>	19	NA
<b>Oil Gravity</b>	51 (estimated)	NA
<b>Oil Rate (BPD)</b>	0.12	NA
<b>Water Rate (BPD)</b>	0.29	NA