



November 7, 2001

Ms. Lori Wotenberg
New Mexico Oil Conservation District
2040 South Parkway Street
Santa Fe, New Mexico 87505

Re: Administrative Approval to Surface Commingle
Hancock Gas Com #1 and Hancock Gas Com #2
Section 15, T30N, R12W
San Juan County, New Mexico

Dear Ms. Wotenberg,

Cross Timbers Operating Company requests administrative approval to surface commingle the referenced wells. Surface commingling will allow the use of a single compressor to produce both wells. Oil and water 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 Hancock Gas Com #1 and Hancock Gas Com #2 share a common well pad.

The following is enclosed for your review of the proposed commingling.

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

The Hancock Gas Com #1 and Hancock Gas Com #2 are located on a fee 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 II (Aztec)



Hancock Gas Com #1 and Hancock Gas Com #2
Well Information

	Hancock Gas Com #1	Hancock Gas Com #2
Location	L, Sec 15, T30N, R12W	L, Sec 15, T30N, R12W
Formation	Dakota	Fruitland Coal
API#	30-045-09487	30-045-30087
Pool Name	Basin Dakota	Basin Fruitland Coal
Pool Code	71599	71629
Gas Gravity	0.724	0.568
Gas Rate (MCFPD)	36	250
Oil Gravity	50.4	NA
Oil Rate (BPD)	0.2	NA
Water Rate (BPD)	0.5	30



Hancock Gas Com #1 and Hancock Gas Com #2

Gas Allocation Method

The EPNG meter #98191 will be the sales meter (CDP) for the Hancock Gas Com #1 and the Hancock Gas Com #2 gas sales. An allocation meter will be set between the Hancock Gas Com #1 separator and the suction side of the compressor. This meter will only measure gas flow from the Hancock Gas Com #1.

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

(Hancock Gas Com #1 allocation meter volume) + (Hancock Gas Com #1 separator fuel gas)

Hancock Gas Com #2 gas production will be calculated as follows:

(EPNG meter #98191 volume) – (Hancock Gas Com #1 allocation meter volume) + (compressor fuel gas) + (Hancock Gas Com #2 separator 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 Hancock Gas Com #1 percentage of compressor fuel usage would be calculated as follows:

$$\frac{(\text{Hancock Gas Com \#1 allocation meter volume})}{(\text{EPNG meter \#98191 volume}) + (\text{compressor fuel gas})}$$

Compressor fuel gas will be obtained using the operating conditions of the compressor and manufactures published fuel gas volumes.

Hancock Gas Com #1 gas sales will be calculated as follows:

(Hancock Gas Com #1 allocation meter volume) – (Hancock Gas Com #1 allocated compressor fuel gas)

Hancock Gas Com #2 gas sales will be calculated as follows:

(EPNG meter #98191 volume) – (Hancock Gas Com #1 gas sales)

No commingling of liquid hydrocarbon or water will occur. Production and sales will be based on actual measured volumes from each well. Hancock Gas Com #1 does not produce liquid hydrocarbon.

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.



10

T-30-N R-12-W

XTO
CHRISMAN 1
0/9 3/682 CHF
2/0 46/21
0103-0104/6509-0104
MVRD/DKOT 00
F

NORTHWEST PROD
BLANCO 5
0 27
0 0
5703- UNKN
PCCF

BURLINGTON
BLANCO A 3
0 225
0 0
5612- 8511
FRLD

BURLINGTON
BLANCO FEE 6
0 408
0 0
5703- 9107
FRLD

LD

AMOCO
JOHNSON E 1
0 23
0 0
8206- 8611
MVRD

XTO
JOHNSON D 1 E
4 401
0 31
8206- 0105
DKOT

BLANCO 30-12
7-15
D&A 2057
NORTHWEST PROD CORP
7/4/1957

XTO JOHNSON D 1
20 1103
1 68
6109- 0104
DKOT

XTO JOHNSON D 2
0 5
0 57
0102- 0104
FRLDC

15

XTO
HANCOCK 2
0 11
0 93
0101- 0104
FRLDC

BLANCO 30-12 14-15
D&A 1930
NORTHWEST PROD CORP
6/15/1957

XTO
HANCOCK 1
16 726
1 39
6011- 0104
DKOT

XTO
HANCOCK 1E
6 504
1 51
8301- 0104
DKOT

CYNOVA P U
GAS 1916
TRADERS D
11/24/1953

STATE
1-X
D&A 2025
MESA VERDE DRLG
7/5/1920

STATE
D&A-OG 2000
BLACK M G

XTO 2/30/1978
DANBURG B 1E

MA O&G 6 646
CO 1 1 92
116 8206- 0104
18 DKOT
0105
D TEXAKOMA O&G
TEXAKOMA-AMOCO A 1
0 179
0 91
9401- 0105
FRLDC

XTO
DANBURG B 1
15 1648
1 73
6508- 0104
DKOT

BURLINGTON
FLORA VISTA 1
13 1002
0 49
6706- 0104
DKOT

22

BAYLESS RL
OLLIE SULLIVAN 1
27 2132
0 0
6108- 0101
DKTA

MANANA GAS
MARY WHEELER 1
12 833
0 1
7705- 0105
DKOT

BAYLE
LEORA W
20
0
6108-
DK



CROSS TIMBERS OPERATING COMPANY
Lease: HANCOCK GAS COM #1 & HANCOCK GAS COM #2
Location: NW/4 SW/4 SEC. 15,T30N,R12W
LEASE #: FEE



