

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 _____

- PLC 466
 - XTO ENERGY, INC
 5380

Wey
 - JFB # 2E
 30-045-25266
 - JFB # 4
 30-045-32326

[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

POO
 - Basin Fruitland
 Coal
 71625
 - Basin Dakota
 (Promoted GAS)
 71595

[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.

Cherylene L. Weston
 Print or Type Name

Cherylene L. Weston
 Signature

Sr. Permitting Analyst
 Title

3-16-17
 Date

cherylene_weston@xtoenergy.com
 e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240

District II
811 S. First St., Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised August 1, 2011

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: XTO Energy Inc.

OPERATOR ADDRESS: 382 Road 3100, Aztec, NM 87410

APPLICATION TYPE:

Pool Commingling Lease Commingling Pool and Lease Commingling Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: Fcc State Federal

Is this an Amendment to existing Order? Yes No If "Yes", please include the appropriate Order No. _____

Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling.

Yes No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes
Basin Dakota (71599)					
Basin Fruitland Coal (71629)					

(2) Are any wells producing at top allowables? Yes No

(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No

(4) Measurement type: Metering Other (Specify)

(5) Will commingling decrease the value of production? Yes No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

(1) Pool Name and Code

(2) Is all production from same source of supply? Yes No

(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No

(4) Measurement type: Metering Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

(1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

(1) Is all production from same source of supply? Yes No

(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.

(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.

(3) Lease Names, Lease and Well Numbers, and API Numbers.

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

SIGNATURE Cherylene L. Weston TITLE Sr. Permitting Analyst DATE 3-16-17

TYPE OR PRINT NAME Cherylene L. Weston TELEPHONE NO. 505-333-3190

E-MAIL ADDRESS: cherylene_weston@xtoenergy.com

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

DISTRICT II
1301 W. Grand Avenue, Artesia, N.M. 88210

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

DISTRICT IV
1220 South St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87504-2088

Form C-102
Revised June 10, 2003
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 API Number 30-045-32326	² Pool Code 71629	³ Pool Name BASIN FRUITLAND COAL
⁴ Property Code 22615	⁵ Property Name J.F. BELL	⁶ Well Number 4
⁷ OCRD No. 167067	⁸ Operator Name XTO ENERGY INC.	⁹ Elevation 5755

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
P.	3	30-N	13-W	.	945	SOUTH	1070	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 319.6		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

RECEIVED
2004 APR 27 AM 11:15
070 EASTERN CO. N.M.

MAY 2004
OIL CONSERVATION DIV.
LIB. 3

QTR. CORNER
FD 3 1/4" BC
BLM 1952

SEC. CORNER
FD 3 1/4" BC
BLM 1952

QTR. CORNER
FD 3 1/4" BC
BLM 1952

S 89°34'38" W
2612.39' (M)

N 02°06'11" E
2545.09' (M)

1070'

945'

LAT: 36°50'14" N. (NAD 27)
LONG: 108°11'11" W. (NAD 27)

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

Brian Wood

Signature
BRIAN WOOD

Printed Name
CONSULTANT

Title
APR. 23, 2004

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.

DAVID A. JOHNSON
NEW MEXICO
REGISTERED PROFESSIONAL SURVEYOR
14827

Date of Survey
Signature and Seal of Professional Surveyor

14827

Certificate Number

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-85

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

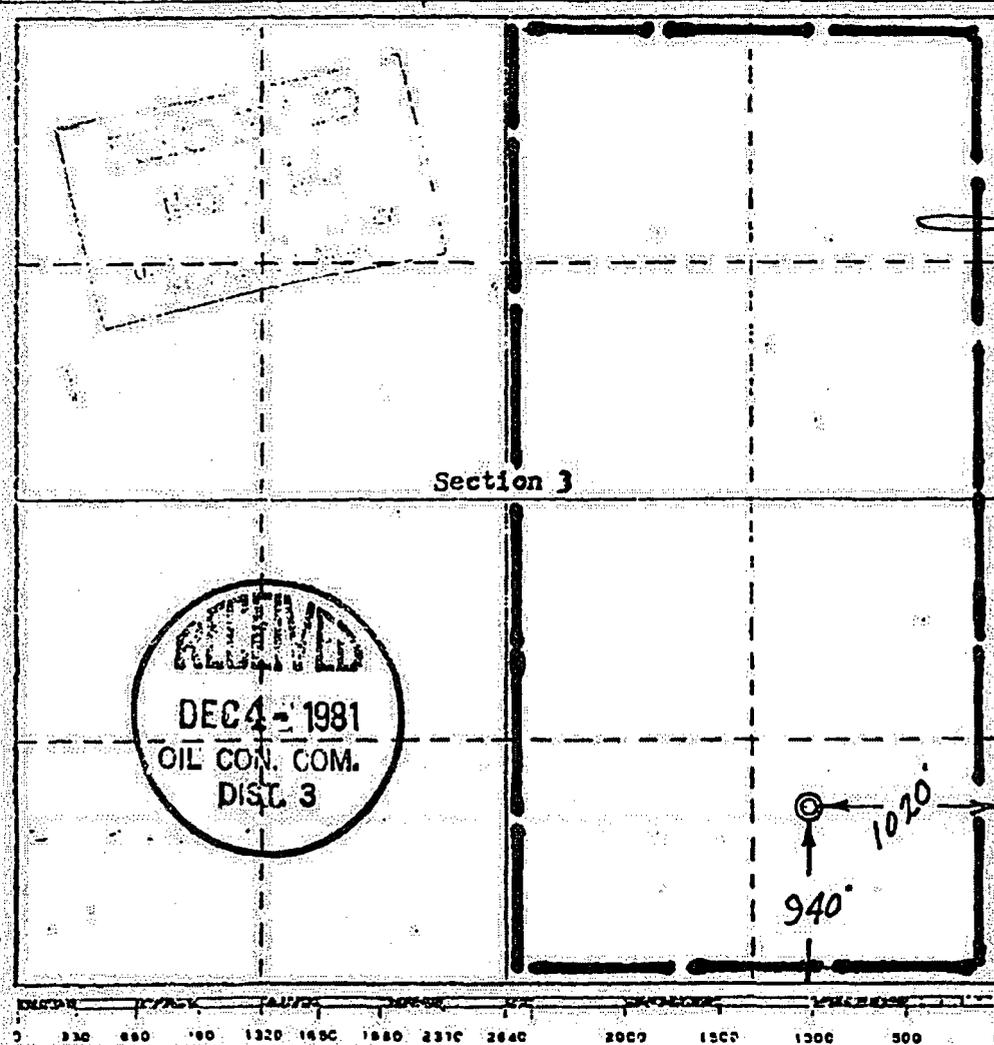
Operator M. R. Schalk		Lease J F Bell			Well No. 2B
Unit Letter P	Section 3	Township 30 North	Range 13 West	County San Juan	
Actual Footage Location of Well: 940 feet from the South line and 1020 feet from the East line					
Ground Level Elev. 5749	Producing Formation Dakota	Pool Basin	Dedicated Acreage: 300 E 319.60		

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 allowance 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.



CERTIFICATION

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

Steve Schalk

Steve Schalk

Position
Agent

Company
M. R. Schalk

Date
Nov. 16, 1981

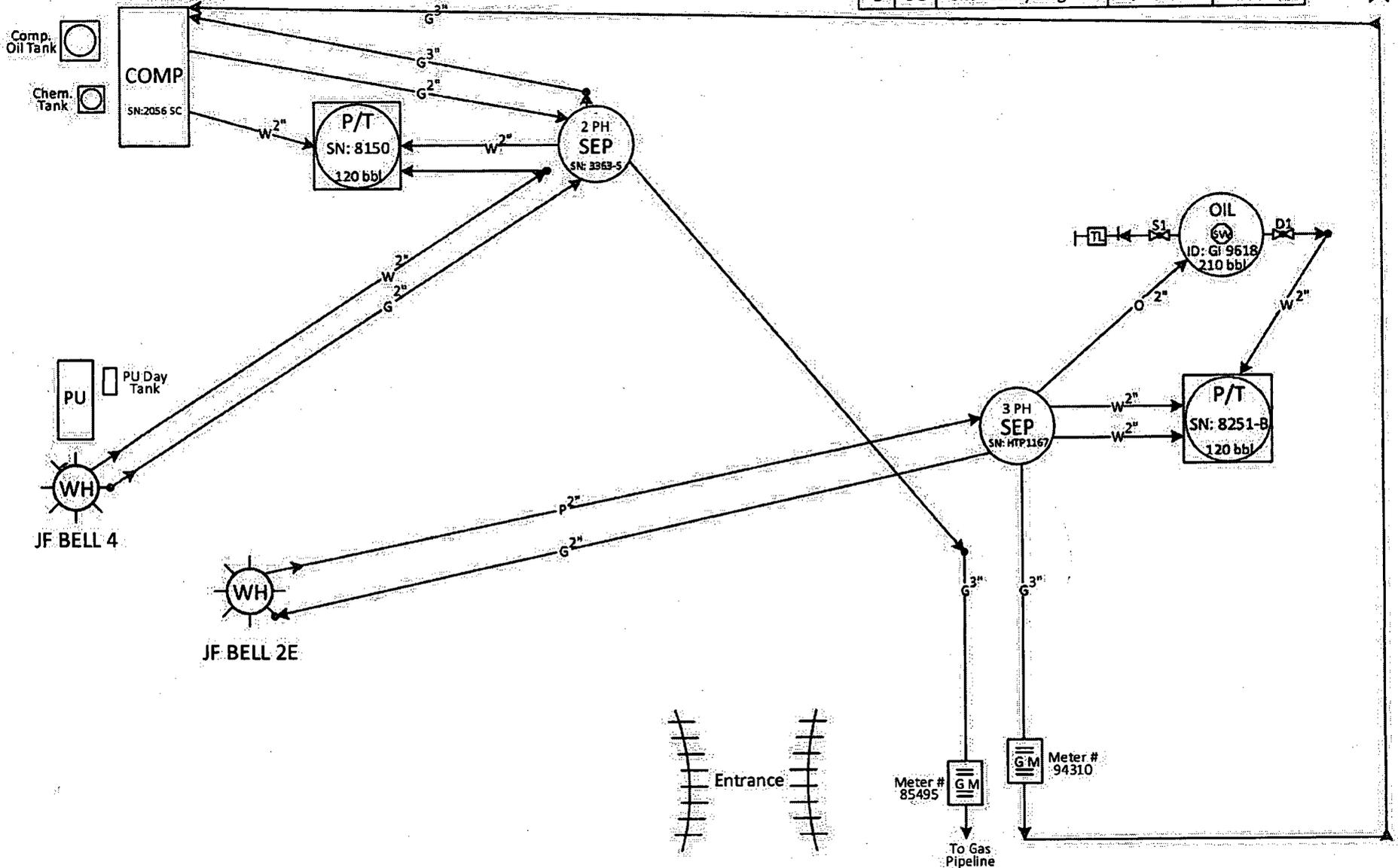
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
OCTOBER 26, 1981

Registered Professional Engineer and
3084
STATE OF NEW MEXICO
ENGINEER & LAND SURVEYOR

PROPOSED SURFACE COMMINGLE

Rev	By	Description	Date	Approval
1	DG	Site Facility Diagram	1/28/2016	1/29/2016



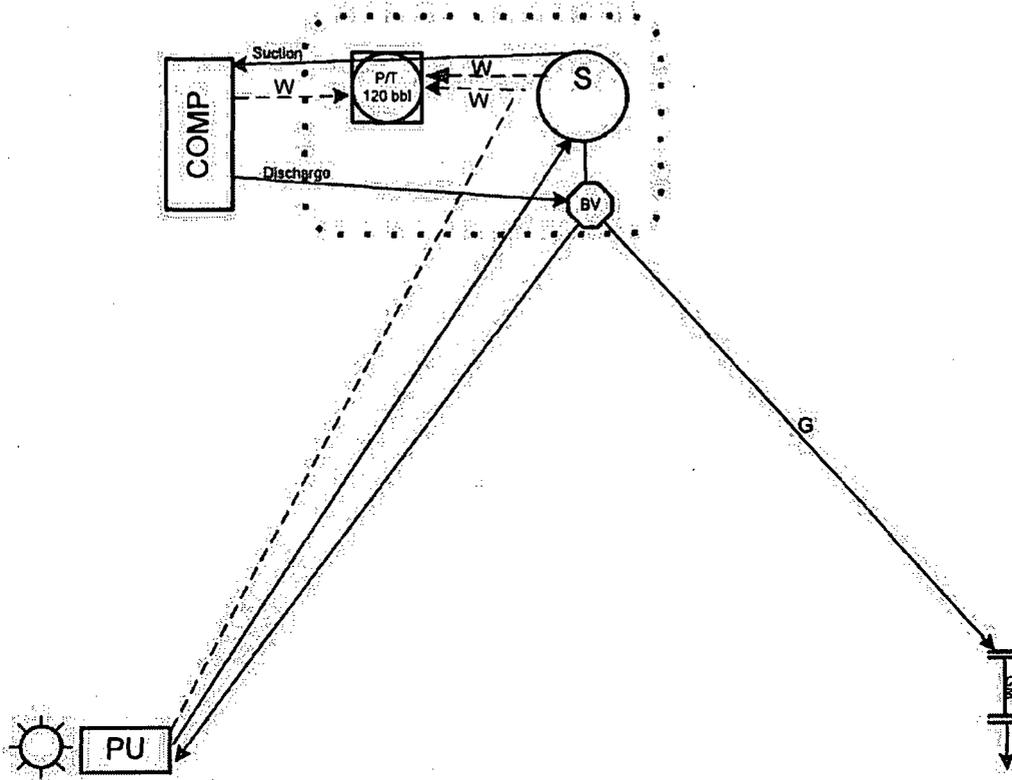
The plan is located at:
XTO Energy
 9127 S. Jamaica St.
 Englewood, CO 80112

General sealing of valves, sales by tank gauging
 Production phase: Drain valve D1 and sales valve S1 sealed closed.
 Sales phase: Drain valve D1 sealed closed. Sales valve S1 open.
 Draining phase: Drain valve D1 open. Sales valve S1 closed.

JF BELL 2E
 SESE SEC 3, T30N, R13W
 940 FSL 1020 FEL
 API # 30-045-25266
 LEASE # NMNM28226C
 SAN JUAN COUNTY, NEW MEXICO

JF BELL 4
 SESE SEC 3, T30N, R13W
 945 FSL 1070 FEL
 API # 30-045-32326
 LEASE # NMNM28226C
 SAN JUAN COUNTY, NEW MEXICO

XTO ENERGY INC.
Lease: BELL JF #004
Location: SEC.03,T30N,R13W UNIT A
LEASE #: NMNM-028226C
API#: 30-045-32326



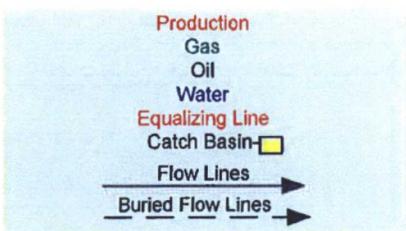
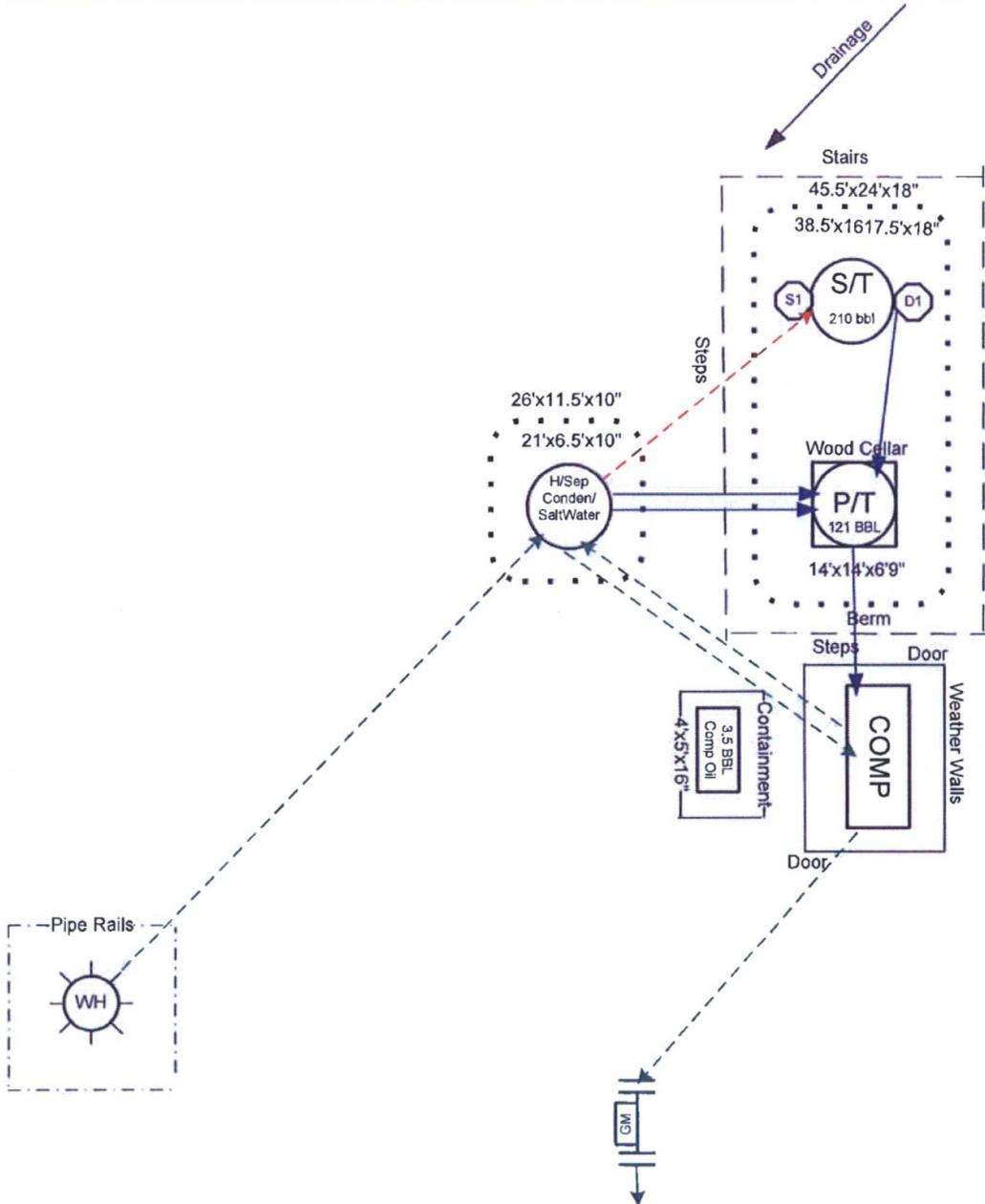
General sealing of valves, sales by tank gauging:
Production phase: Drain valve D1 and sales valve S1 sealed closed.
Sales Phase: Drain valve D1 sealed closed. Sales valve S1 sealed open.
Draining phase: Drain valve D1 open. Sales valve S1 sealed closed.

This lease is subject to the site security plan for San Juan Basin Area.

The plan is located at:
XTO ENERGY INC.
2700 Farmington Ave., Bldg. K, Ste. 1
Farmington, NM 87401
1/8/2007

Plot Plan/ Facility Diagram

Well Name: J F Bell # 2 E
 Field: San Juan County NM
 Serial Number: Lease # NM-028226-C, API # 30-045-25266
 Section: SE/SE Sec. 03(P), T-30N, R-13W
 Updated: 7/26/2012



General sealing of valves, sales by tank gauging
 Production phase: Drain valve D1 and sales valve S1 sealed closed.
 Sales phase: Drain valve D1 sealed closed. Sales valve S1 open.
 Draining phase: Drain valve D1 open. Sales valve S1 closed.

This lease is subject to the site security plan for San Juan Basin Area. The plan is located at:
 XTO ENERGY INC.
 382 Road 3100
 Aztec, NM 87410

Compressor Information		
Location:	JF Bell 4 CDP	
Property #	68889	
XTO Compressor #	2056SC	
Lat/Long:	36.83729	-108.18637
Manufacturer:	CATERPILLAR	
Engine:	G3306NA	
Horse Power:	145	
Fuel Usage:	21.6	mcf/d
DK	50	mcf/d
FC	120	mcf/d

Well	Pumping Unit		Separator(s)		Vented Gas (mcf/d)
	Engine	Fuel Usage (mcf/d)	Burners (y/n)	Fuel Usage (mcf/d)	
JF Bell 2E	None - Plunger Lift	0	Y	5.7	0.0
JF Bell 4	Arrow C-46	2.6	Y	5.7	0.0

Well	JF Bell 2E	JF Bell 4
Formation	Dakota	Fruitland Coal
Production (mcf)		
June	54	109
July	56	179
August	56	170
September	55	191
October	55	181
November	51	150

J F Bell #4 CDP
Proposed Allocation Procedure

Base Data:

W = Gas Volume (Mcf) from allocation meters at individual wells during allocation period

X = Gas Volume (Mcf) from CDP Sales Meter during allocation period

Y = BTU's from CDP Sales Meter during allocation period

Allocation Period is typically a calendar month and will be the same for all wells.

1. Individual Well Gas Production = A + B + C + D + E

A = Allocated Sales Volume, Mcf = $(W/SUM W) \times X$

(individual well volume divided by the sum of the well volumes; multiplied by total from CDP)

B = On lease fuel usage, Mcf. Determined from equipment specifications and operating conditions.

C = Purged and/or vented gas from well and/or lease equipment, Mcf. Calculated using equipment specifications and pressures.

D = Allocated fuel from gathering system equipment. The total fuel required to operate gathering system equipment will be allocated to the individual wells benefiting from the equipment using allocation factors determined by $W/SUM W$ for the wells involved.

E = Allocated volume of gas lost and/or vented from the gathering system and/or gathering system equipment, Mcf. The total volume will be determined using industry accepted procedures for the conditions existing at the time of the loss. All volumes corresponding to liquid condensation within the gathering system will also be determined. The total volume lost and/or vented will be allocated to the individual wells affected using factors determined by $W/SUM W$.

2. Allocated Individual Well BTU's = $((W \times \text{Individual well BTW}/SUM (@ \times \text{individual well BTU})) \times Y$.
Individual well gas heating values to be determined in accordance with BLM regulations (currently Onshore Order #5).



XTO Energy Inc.
382 Road 3100
Aztec, New Mexico 87410
Office: 505.333.3100
Fax: 505.333.3280

VIA CERTIFIED MAIL – RETURN RECEIPT REQUESTED

March 21, 2017

RE: Amended Notice to Working and Royalty Interest Owners
Application to Surface Commingle Gas Production
SE/4 SE/4 Sec. 3, T30N, R13W
San Juan County, New Mexico

Dear Interest Owner:

XTO Energy Inc. (XTO) is applying to the New Mexico Oil Conservation Division (NMOCD) and Bureau of Land Management (BLM) for approval to surface commingle gas production from the JF Bell 4 (Basin Fruitland Coal) and JF Bell 2E (Basin Dakota) wells. NMOCD requires that all interest owners be notified of plans to surface commingle when ownership is different between wells and formations.

XTO previously notified all affected interest owners by letter dated December 16, 2016. Upon submitting the application to the NMOCD, it was discovered the allocation method was not what was intended.

This letter serves as notification of our intent to clarify the allocation method as follows: XTO will meter gas from the JF Bell 2E well prior to entering the compressor on JF Bell 4 well. The JF Bell 4 gas will be metered after commingling with the JF Bell 2E gas, and we will use the subtraction method to allocate the production volumes for the JF Bell 4. There will be one CDP on the JF Bell 4 well. By surface commingling the wells, it will reduce air emissions, lower compression costs, and reduce the footprint on the location.

If you need additional information, or have any questions, please contact me at (505) 333-3190. If you object to our application, you must file a protest in writing to the NMOCD, Santa Fe office at 1220 South Saint Francis Drive, Santa Fe, NM 87505 within 20 days from the date of this letter.

Sincerely,

Cherylene L. Weston, CPLTA
Sr. Permitting Analyst

/clw

xc: Well Files
FTW Land Department
NMOCD, Aztec

J F Bell #4 – Basin Fruitland Coal
J F Bell #2E – Basin Dakota

Interest Owners

DIANE ELEY

BRUCE MACKINNON HOPE

TIMOTHY WILLIAM HOPE

TRACY LEE HOPE BUGG

JEFFERY SCOTT HOPE

CHRISTOPHER JOHN HOPE

JOHN H GILLIAM JR

CAROLE ANN YARBOROUGH

RUTH G CUPPLES

SUSAN GILLIAM NEFF

LLOYD V GILLIAM III

JAMES F & JILL A BELL

LEGACY ROYALTIES LTD

MMS XTO FEDERAL

M R SCHALK LLC

XTO ENERGY INC

JF Bell 4 and 2E Owner List
3-21-17 Surface Commingle Amended Notice Letter

Owner Name	Address 1	Address 2	City	State	Zip Code	Well	Certified Article Number
BRUCE MACKINNON HOPE	308 PRINCE HAVEN CT		KERNERSVILLE	NC	27284	Re: JF Bell 4 & 2E	7011 1150 0000 5129 5840
CAROLE ANN YARBOROUGH	PO BOX 2346		NEW SMYRNA BEACH	FL	32170	Re: JF Bell 4 & 2E	7011 1150 0000 5129 5796
CHRISTOPHER JOHN HOPE	9 STURBRIDGE LN		STAFFORD	VA	22554	Re: JF Bell 4 & 2E	7011 1150 0000 5129 5888
DIANE ELEY	99 DUCK HOLLOW CIR		STROUDSBURG	PA	18360	Re: JF Bell 4 & 2E	7011 1150 0000 5129 5819
JAMES F & JILL A BELL	504 WHITE SURF DR #D		GAITHERSBURG	MD	20878-2937	Re: JF Bell 4 & 2E	7011 1150 0000 5129 5925
JEFFERY SCOTT HOPE	2646 WESTMINSTER DR		WINTERVILLE	NC	28590	Re: JF Bell 4 & 2E	7011 1150 0000 5129 5871
JOHN H GILLIAM JR	PO BOX 467		BALA CYNWYD	PA	19004-0467	Re: JF Bell 4 & 2E	7011 1150 0000 5129 5789
LEGACY ROYALTIES LTD	PO BOX 1360		TYLER	TX	75710-1360	Re: JF Bell 4 & 2E	7011 1150 0000 5129 5833
LLOYD V GILLIAM III	5215 SNOW VALLEY LN		HAMILTON	OH	45011	Re: JF Bell 4 & 2E	7011 1150 0000 5129 5918
M R SCHALK LLC	PO BOX 25825		ALBUQUERQUE	NM	87125-0825	Re: JF Bell 4 & 2E	7011 1150 0000 5129 5802
MMS XTO FEDERAL C/O BLM	ATTN WILLIAM TAMBEKOU	6551 COLLEGE BLVD	FARMINGTON	NM	87402	Re: JF Bell 4 & 2E	7011 1150 0000 5129 5826
RUTH G CUPPLES	658 CLYMER LN		RIDLEY PARK	PA	19078-1303	Re: JF Bell 4 & 2E	7011 1150 0000 5129 5895
SUSAN GILLIAM NEFF	1625 OLD WELSH RD		HUNTINGDON VY	PA	19006-5835	Re: JF Bell 4 & 2E	7011 1150 0000 5129 5901
TIMOTHY WILLIAM HOPE	3500 CORNELL RD		FAIRFAX	VA	22030	Re: JF Bell 4 & 2E	7011 1150 0000 5129 5857
TRACY LEE HOPE BUGG	808 WINDHAM DR		SOUTH HILL	VA	23970	Re: JF Bell 4 & 2E	7011 1150 0000 5129 5864
XTO ENERGY INC	810 HOUSTON		FORT WORTH	TX	76102	Re: JF Bell 4 & 2E	N/A

McMillan, Michael, EMNRD

From: Weston, Cherylene <Cherylene_Weston@xtoenergy.com>
Sent: Tuesday, March 21, 2017 12:02 PM
To: McMillan, Michael, EMNRD
Subject: RE: JF Bell 4 and JF Bell 2E Surface Commingle

I asked the Superintendent for one of our areas and he said he never heard of the Low-volume charges from the P/L companies. Is it something that happens down in the SE part of the State?

From: McMillan, Michael, EMNRD [mailto:Michael.McMillan@state.nm.us]
Sent: Tuesday, March 21, 2017 11:58 AM
To: Weston, Cherylene
Subject: RE: JF Bell 4 and JF Bell 2E Surface Commingle

Yes.
E-mail me the new letter, proof of mailing and the 20-day clock will start then
Mike

From: Weston, Cherylene [mailto:Cherylene_Weston@xtoenergy.com]
Sent: Tuesday, March 21, 2017 11:56 AM
To: McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us>
Subject: RE: JF Bell 4 and JF Bell 2E Surface Commingle

Do I have to wait for the 20-days after I re-send the letters?

From: McMillan, Michael, EMNRD [mailto:Michael.McMillan@state.nm.us]
Sent: Tuesday, March 21, 2017 11:41 AM
To: Weston, Cherylene
Subject: RE: JF Bell 4 and JF Bell 2E Surface Commingle

Cherylene:
Thanks for the quick response
You will have to renounce them
Also, are you doing this to reduce low volume charges that pipelines are charging by having one meter?
If so state that in the letter. The OCD will use this for justification for your application
Mike

From: Weston, Cherylene [mailto:Cherylene_Weston@xtoenergy.com]
Sent: Tuesday, March 21, 2017 11:38 AM
To: McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us>
Subject: RE: JF Bell 4 and JF Bell 2E Surface Commingle

I confirmed with the Engineer, Meghan Wilson, that the measurement method is the subtraction method.

From: McMillan, Michael, EMNRD [mailto:Michael.McMillan@state.nm.us]
Sent: Tuesday, March 21, 2017 11:37 AM