

DATE IN <u>4/6</u>	SUSPENSE	ENGINEER <u>RE</u>	LOGGED IN <u>4/6</u>	TYPE <u>PLC</u>	APP NO. <u>DMVJ 100980052</u>
--------------------	----------	--------------------	----------------------	-----------------	-------------------------------

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

PLC-327

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 \_\_\_\_\_

**[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.**

Jennifer Morrow  
 Print or Type Name

Jennifer Morrow  
 Signature

Sr. Regulatory Compliance Technician  
 Title

April 5, 2010  
 Date

Jennifer.Morrow@xtoenergy.com  
 e-mail Address



RECEIVED OCD

April 5, 2010

2010 APR -6 A 11:11

Mr. Richard Ezeanyim  
New Mexico Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, NM 87505

Subject: Proposed Surface Commingle  
MKL #2 and MKL #2R  
Rio Arriba County, NM

Dear Mr. Ezeanyim:

XTO Energy Inc. requests administrative approval for surface commingling of natural gas produced from the following wells, both on Lease Number NMSF-079162: MKL #2 and MKL #2R. These wells are located in Section 05-Township 26N-Range 7W in Rio Arriba County, New Mexico.

XTO plans to produce the commingled gas through a central compressor, thus increasing efficiency while minimizing emissions, consequently reducing the compressor footprint and environmental impact. This increases the ultimate recoveries on all leases. The anticipated allocated fuel production and fuel usage for the compressor is noted in the attachments.

Each well will be equipped with allocation meters that will be maintained by XTO Energy in accordance with State and Federal Regulations (Onshore Order No. 5). Produced liquids will not be surface commingled. All interest owners have been notified via certified mail, return receipt, on February 1, 2010.

The following attachments are included with this application:

Form C107B (application for surface commingle; diverse ownership)  
Map of all wells and their associated leases  
Form C-102 for each well (plats)  
Table of well with lease and agreement information, spacing, permits, gravities/BTU, MCF  
Schematic diagram showing all flowlines, compressors & equipment  
Details of allocation formula  
Letter to WI, NRI & ORRI owners & list of owners  
Administrative Application Checklist

Sincerely,

Jennifer Morrow  
Senior Regulatory Compliance Tech

xc: OCD, Aztec Office

District I  
1625 N. French Drive, Hobbs, NM 88240  
District II  
1301 W. Grand Ave, 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 June 10, 2003

**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, New Mexico 87410

APPLICATION TYPE:

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

LEASE TYPE: ☐ Fee ☐ 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
S BLANCO PICTURED CLIFFS 72439					
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: Jennifer Morrow

TITLE: Sr. Regulatory Compliance Technician DATE: 4/5/2010

TYPE OR PRINT NAME: JENNIFER MORROW

TELEPHONE NO.: (505) 333-3682

E-MAIL ADDRESS: Jennifer\_Morrow@XTOEnergy.com

NEW MEXICO  
OIL CONSERVATION COMMISSION

Gas Well Plat

Date February 19, 1954

KING-LOG PETROLEUM COMPANY

Operator

MKL

Lease

MKL #2

Well No.

Name of Producing Formation Pictured Cliff Pool South Blanco P.C.

No. Acres Dedicated to the Well 160

Indicate land status and show ownership Federal Lease No. S.P. 079162-A - 160 A.

SECTION 5 TOWNSHIP 26N RANGE 7W

"L" MKL #2			

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

Name George J. Linder  
Position Secretary-Treasurer

Representing KING-LOG PETROLEUM COMPANY

Address 1400 Luhrs Tower, Phoenix, Arizona

(over)

RECEIVED

NOV 15 1989

Form C-102  
Revised 1-1-89

RECEIVED

DEC 18 1989

OIL CON. DIV.  
DIST. 3Submit to Appropriate  
District Office  
State Lease - 4 copies  
Fee Lease - 3 copies

RECEIVED

JAN 03 1990

State of New Mexico  
Energy, Minerals and Natural Resources Department

OIL CON. DIV.

DIST. 3

Santa Fe, New Mexico 87504-2088

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240DISTRICT II  
P.O. Drawer DD, Artesia, NM 88210DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

## WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

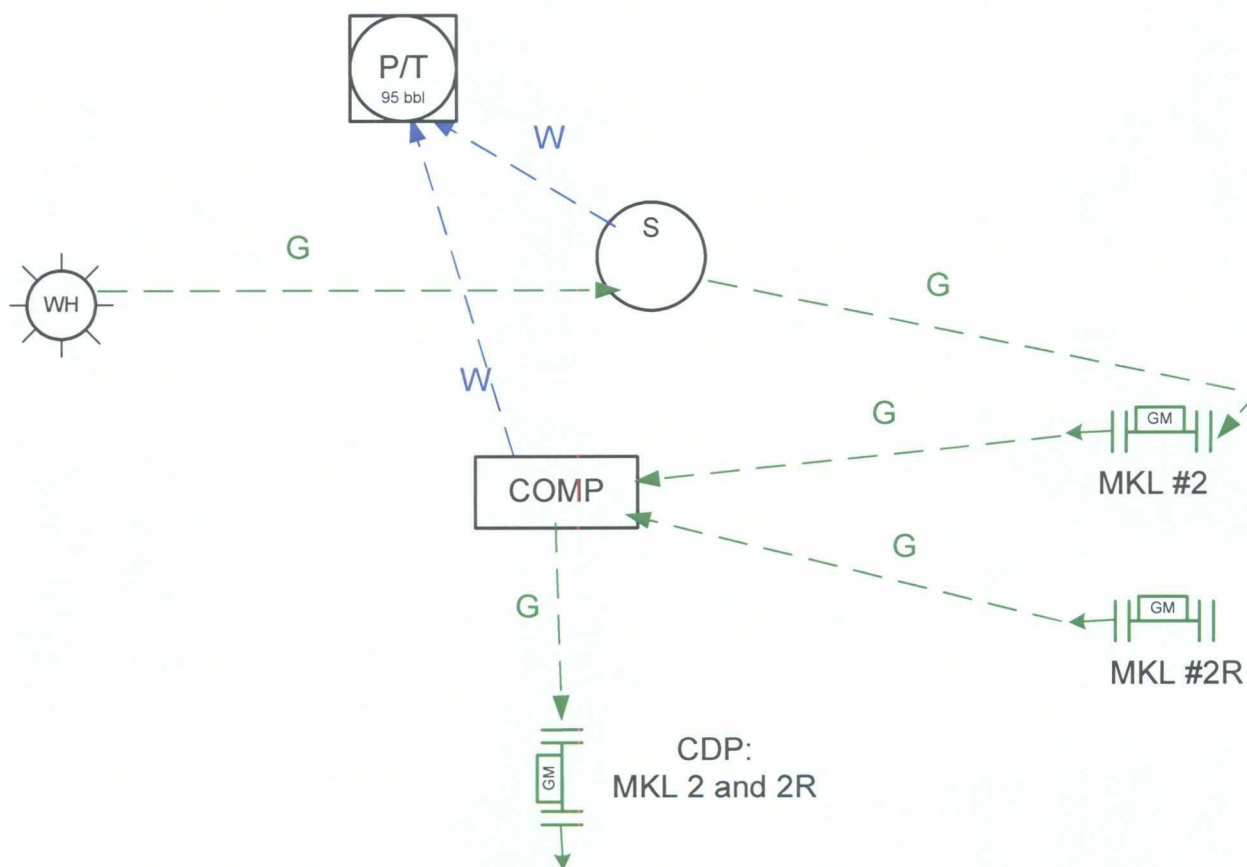
Operator <b>DEKALB ENERGY</b>			Lease <b>MKL</b>		Well No. <b>2R</b>
Unit Letter <b>N</b>	Section <b>5</b>	Township <b>26N</b>	Range <b>7W</b>	County <b>NMPM</b> <b>Rio Arriba</b>	
Actual Footage Location of Well: <b>1075</b> feet from the <b>South</b> line and <b>1580</b> feet from the <b>West</b> line					
Ground level Elev. <b>6034</b>	Producing Formation <b>FRUITLAND COAL/ P.C.</b>		Pool <b>BASIN/SOUTH BLANCO</b>	Dedicated Acreage: <b>320/160</b> Acres	
<p>1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below. <span style="float: right;">W/2:SW/4</span></p> <p>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).</p> <p>3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communization, unitization, force-pooling, etc.?  <input type="checkbox"/> Yes <input type="checkbox"/> 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 allowable will be assigned to the well until all interests have been consolidated (by communization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.</p>					
<b>OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature: <i>John S. Wylie</i> Printed Name: <b>John S. Wylie</b> Position: <b>Dist. Prod. Supt.</b> Company: <b>DEKALB Energy Company</b> Date: <b>Dec. 27, 1989</b>					
<b>SURVEYOR CERTIFICATION</b> 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: <b>October 23, 1989</b> Signature: <i>Cecily B. Tullis</i> Professional Surveyor Registered Professional Land Surveyor New Mexico 9672 Certificate No. <b>9672</b>					

EXHIBIT "A"

MKL #2 and MKL #2R

Well Name	API#	Pool	S-T-R	FNL/FSL	FEL/FWL	Lease Number	Agreement Number	Permits	Gravity	BTU	Est Daily Gas Rate
MKL #2	30-039-06674	S Blanco Pictured Cliffs	5-26N-7W	1592' FSL	847' FWL	NMSF-079162	N/A	N/A	N/A	1127	72.04
MKL #2R	30-039-24611	Basin Fruitland Coal	5-26N-7W	1075' FSL	1580' FWL	NMSF-079162	N/A	N/A	N/A	1107	63.79

Well Name: MKL #2  
 Field: Rio Arriba County, NM  
 Lease #: NMSF-079162 API #: 30-039-06674  
 Section: Sec 5 - T 26 N - R 7 W  
 CA # If Applicable : N/A  
 Updated: 1/29/2010

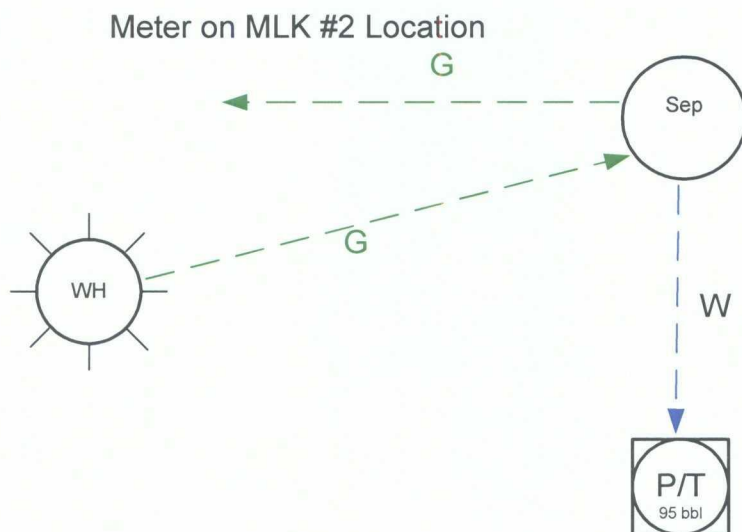


Production  
 Gas  
 Oil  
 Water  
 Equalizing Line  
 Catch Basin-

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

Well Name: MKL #2R  
Field: San Juan County NM  
Lease #: NMSF-079162 API #: 30-039-24611  
Section: Sec. 5 - T 26 N - R 7 W  
CA # If Applicable : N/A  
Updated: 1/20/2010



Production  
Gas  
Oil  
Water  
Equalizing Line  
Catch Basin-

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



## **MKL #2 and MKL #2R**

### *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

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

Production and fuel use will be based on the following formula:

$$\text{Allocated sales volume (MCF)} = (W / \text{Sum } W) \times X$$

NOTE: Production liquids will not be surface commingled.

#### *Compressor specs:*

Manufacturer	Engine Size	100% fuel mcfd	75% fuel mcfd	50% fuel mcfd	Horsepower @ 6500'
Cat	3306NA	21.6	18.3	15.1	90



February 1, 2010

RE: Notice to Working and Royalty Interest Owners  
Application to Surface Commingle Gas Production  
San Juan County, New Mexico

XTO Energy Inc. is applying to the New Mexico Oil Conservation Division (NMOCD) for approval to surface commingle gas production from the MKL #2 and MKL #2R. NMOCD requires that all interest owners be notified of plans to surface commingle when ownership is different between wells.

Produced gas from each well will be measured separately prior to being commingled. We plan to produce the commingled gas through a shared compressor. Produced liquids will not be surface commingled. In the future, additional wells, pools, and acreage may be added to this surface commingle or this gathering system.

If you need additional information, or have any questions, please contact me at (505) 333-3682. If you have an objection 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. If there are no objections raised, an application will be submitted to NMOCD at that time.

Sincerely,

A handwritten signature in cursive script that reads "Jennifer Morrow".

Jennifer Morrow  
Senior Regulatory Compliance Technician

Xc: Well Files  
FW Land Department  
NMOCD, Aztec

B RUSSELL YOUNGMAN JR  
238 TWIN BEACH RD  
PASADENA, MD 211220000

MKL 02 REG DEPT JENNIFER M.

B RUSSELL YOUNGMAN JR  
238 TWIN BEACH RD  
PASADENA, MD 211220000

MKL 02 REG DEPT JENNIFER M.

B RUSSELL YOUNGMAN JR  
238 TWIN BEACH RD  
PASADENA, MD 211220000

MKL 02 REG DEPT JENNIFER M.

EMMA VIRGINIA BODIE  
4 BERTWELL CT  
TIMONIUM, MD 210930000

MKL 02 REG DEPT JENNIFER M.

EMMA VIRGINIA BODIE  
4 BERTWELL CT  
TIMONIUM, MD 210930000

MKL 02 REG DEPT JENNIFER M.

EMMA VIRGINIA BODIE  
4 BERTWELL CT  
TIMONIUM, MD 210930000

MKL 02 REG DEPT JENNIFER M.

JULIA DRYDEN  
18720 UPPER BECKLEYSVILLE RD  
HAMPSTEAD, MD 210740000

MKL 02 REG DEPT JENNIFER M.

JULIA DRYDEN  
18720 UPPER BECKLEYSVILLE RD  
HAMPSTEAD, MD 210740000

MKL 02 REG DEPT JENNIFER M.

JULIA DRYDEN  
18720 UPPER BECKLEYSVILLE RD  
HAMPSTEAD, MD 210740000

MKL 02 REG DEPT JENNIFER M.

MRS LILLIAN C MONTGOMERY  
4705 COLORADO AVE NW  
WASHINGTON, DC 200110000

MKL 02 REG DEPT JENNIFER M.

MRS LILLIAN C MONTGOMERY  
4705 COLORADO AVE NW  
WASHINGTON, DC 200110000

MKL 02 REG DEPT JENNIFER M.

MRS LILLIAN C MONTGOMERY  
4705 COLORADO AVE NW  
WASHINGTON, DC 200110000

MKL 02 REG DEPT JENNIFER M.

XTO ENERGY PARTNERS  
OPERATING, LLC  
810 HOUSTON STREET  
FORT WORTH, TX 761026298

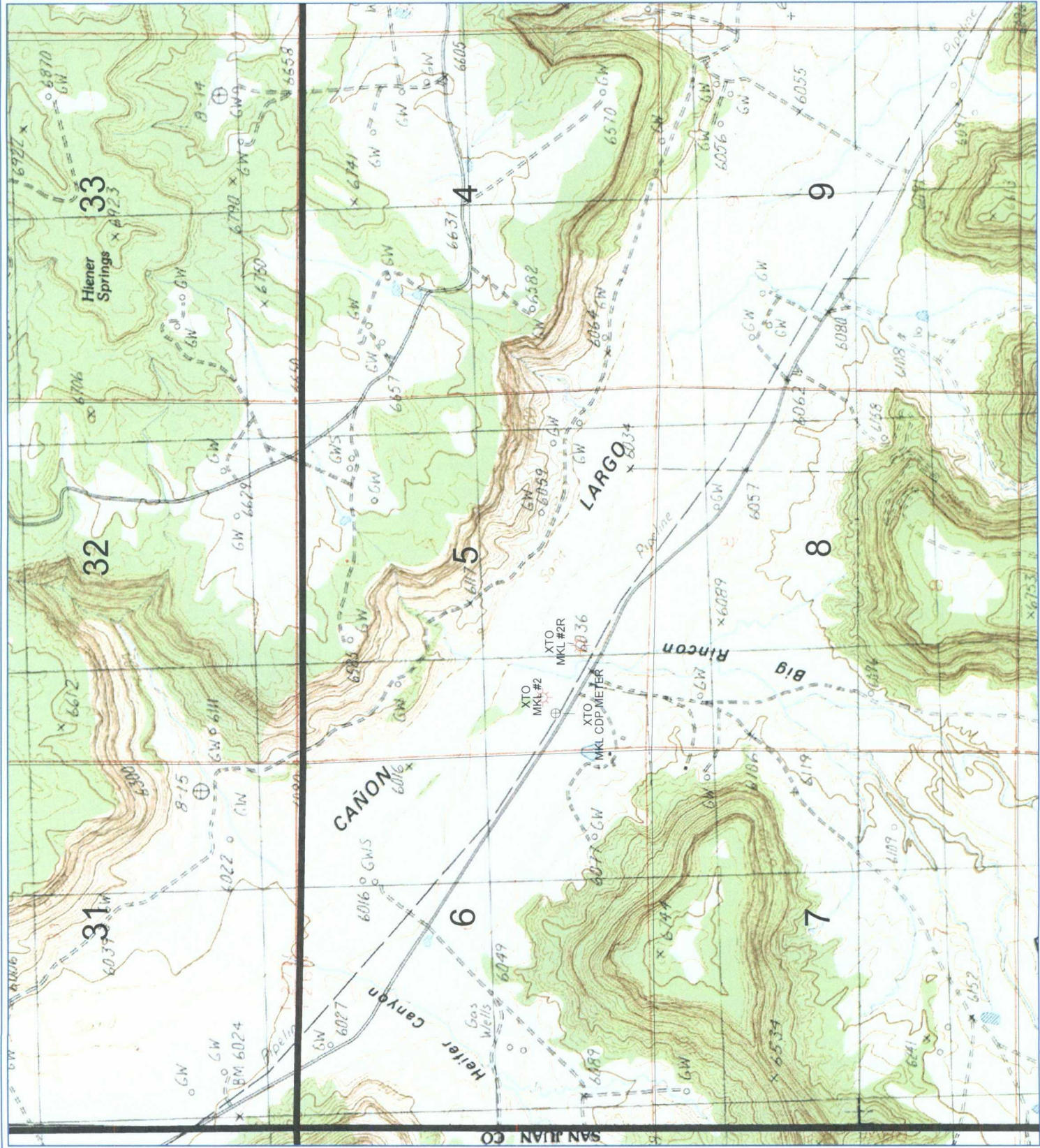
MKL 02 REG DEPT JENNIFER M.

XTO ENERGY PARTNERS  
OPERATING, LLC  
810 HOUSTON STREET  
FORT WORTH, TX 761026298

MKL 02 REG DEPT JENNIFER M.

XTO ENERGY PARTNERS  
OPERATING, LLC  
810 HOUSTON STREET  
FORT WORTH, TX 761026298

MKL 02 REG DEPT JENNIFER M.



XTO ENERGY INC.

MKL #2 & #2R CDP

SEC. 5, T28N-R07W

SAN JUAN COUNTY, NM



POSTED WELL DATA

Operator  
Well Label

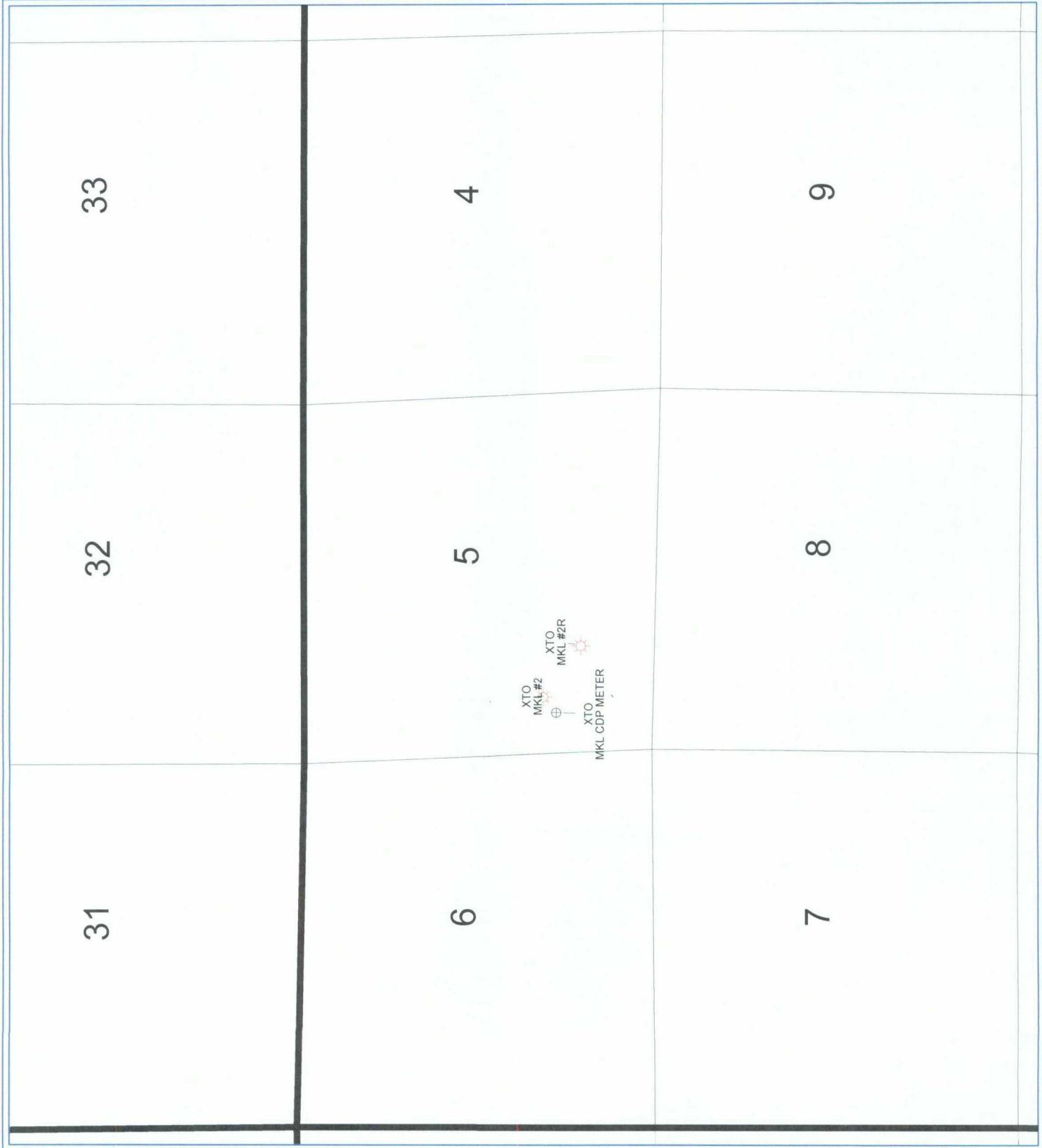
WELL SYMBOLS

Gas Well

Unknown Status

March 17, 2010





XTO ENERGY INC.
MKL #2 & #2R CDP
SEC. 5 T26N-R07W
SAN JUAN COUNTY, NM
<div>0 1 933</div> <div>FEET</div>
POSTED WELL DATA Operator Well Label
WELL SYMBOLS Gas Well Unknown Status
March 17, 2010