

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
 - Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



XTO Energy

Evensen #3

**ADMINISTRATIVE APPLICATION CHECKLIST**

30-045-06387

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATION 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]

Evensen #19-1  
30-045-27725

[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 \_\_\_\_\_

*Diverted*  
*Gas only*  
*2 Pools*  
*2 wells*  
*Continuous measurement*  
*Notice of Future well*  
*but w/o parameters*

[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 Tech 4/29/2011  
 Title Date

Jennifer.Morrow@xtoenergy.com  
 e-mail Address



April 29, 2011

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

Subject: Proposed Surface Commingle  
Evensen #3 and Evensen 19-1  
San Juan County, NM

Dear Mr. Ezeanyim:

XTO Energy Inc. requests administrative approval for surface commingling of natural gas produced from the following wells: Evensen #3 and Evensen 19-1. These wells are located in Section 19-Township 27N-Range 10W in San Juan County, New Mexico.

XTO plans to produce the commingled gas through a central compressor, thus lowering operating expenses and extending the economic life of the wells. 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, 2011.

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,

A handwritten signature in black ink that reads 'Jennifer Morrow'.

Jennifer Morrow  
Senior Regulatory Compliance Technician

xc: OCD, Aztec Office



XTO ENERGY

Evenson #3 CDP

Sec: 19, T27N, R10W

W: Petra/Virginia/San Juan

POSTED WELL DATA

Operator  
Well Label

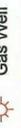


SYMBOL HIGHLIGHT

EVENSEN #3 CDP



WELL SYMBOLS



Gas Well

By: VI

February 7, 2011

NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102  
Supersedes C-128  
Effective 1-1-65

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

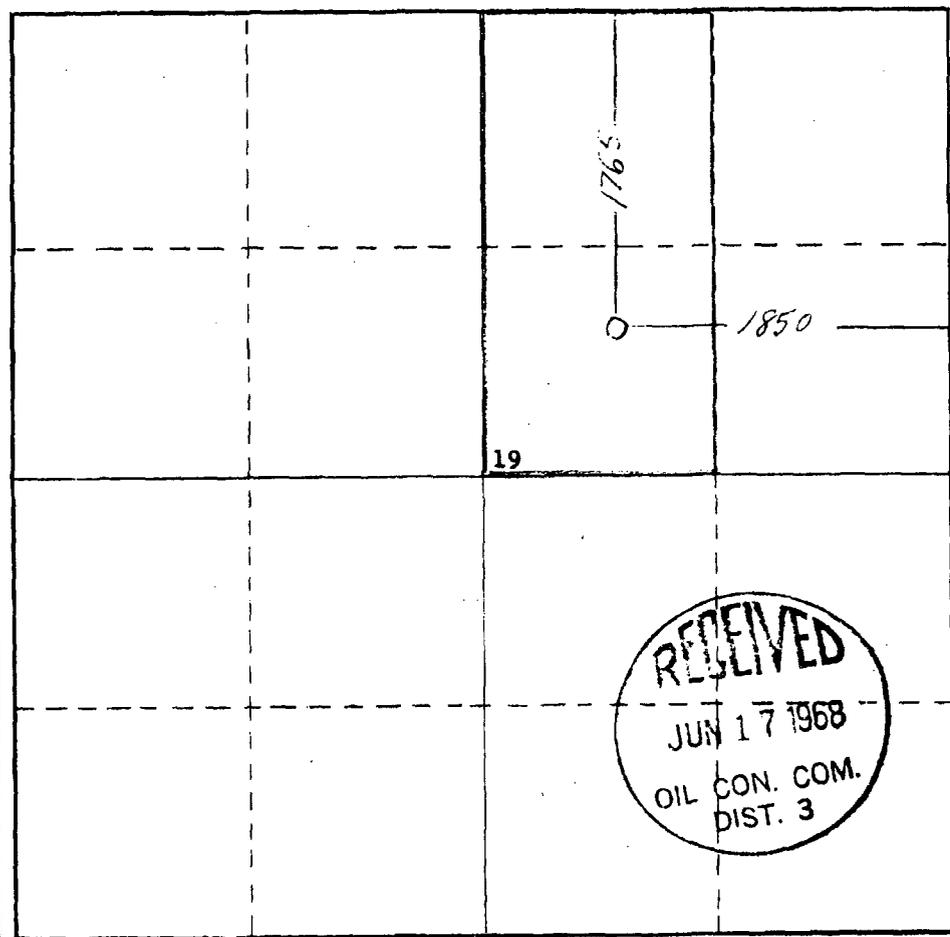
Operator <b>HUSKY OIL COMPANY</b>		Lease <b>EVENSEN</b>		Well No. <b>3</b>
Unit Letter <b>G</b>	Section <b>19</b>	Township <b>27 NORTH</b>	Range <b>10 WEST</b>	County <b>SAN JUAN</b>
Actual Footage Location of Well: <b>1765</b> feet from the <b>NORTH</b> line and <b>1850</b> feet from the <b>EAST</b> line				
Ground Level Elev. <b>5900.9</b>	Producing Formation <b>GALLUP</b>	Pool <b>ANGELS PEAK - GALLUP</b>	Dedicated Acreage: <b>8.0</b> Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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 allowable 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.

*Roger T. Bush*  
Name **ROGER T. BUSH**

Position **DISTRICT ENGINEER**

Company **HUSKY OIL CO.**

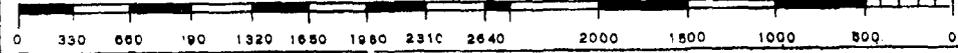
Date **JUNE 13, 1968**

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

Registered Professional Engineer and/or Land Surveyor

Certificate No.



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

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240

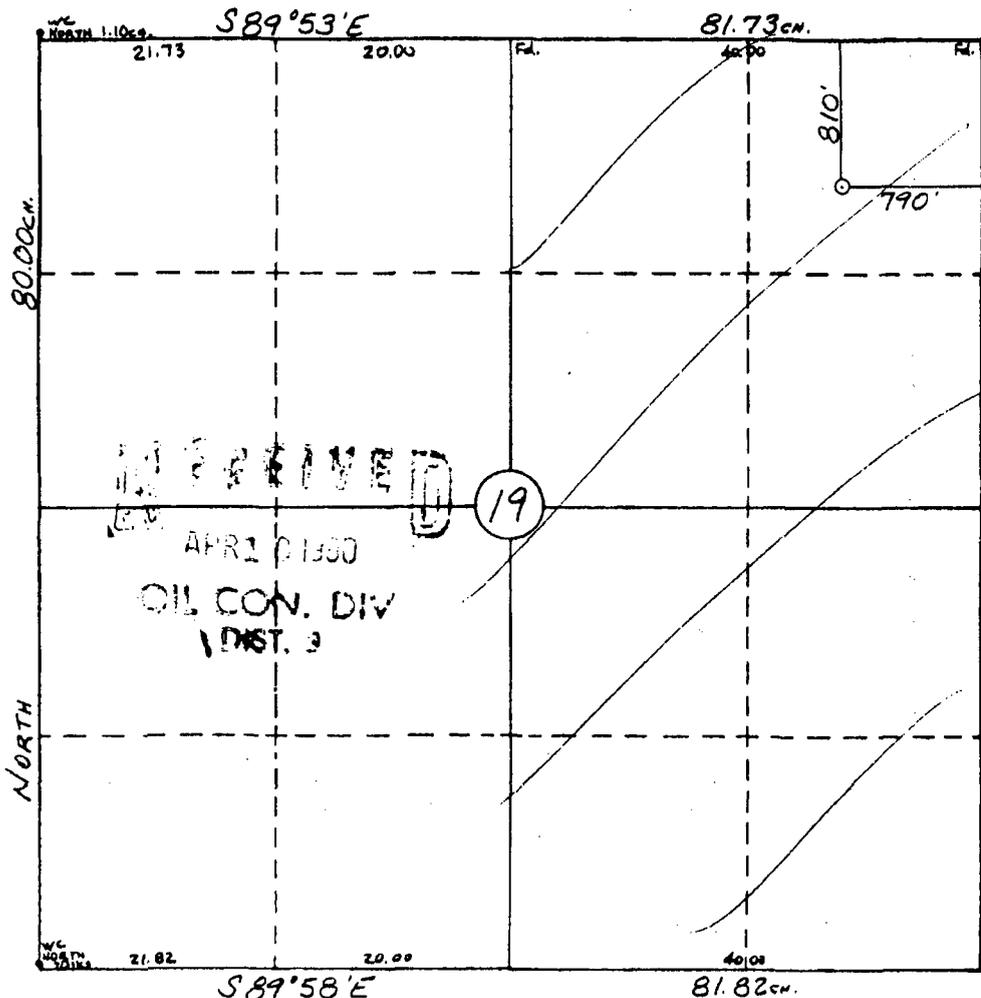
DISTRICT II  
P.O. Drawer DD, Artesia, NM 88210

DISTRICT 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 MARATHON OIL COMPANY			Lease EVENSEN 19		Well No. 19-1
Unit Letter A	Section 19	Township 27 N	Range 10 W	County San Juan	
Actual Footage Location of Well: 810 feet from the North line and 790 feet from the East line					
Ground level Elev. 5898	Producing Formation Fruitland Coal	Pool Basin Fruitland Coal		Dedicated Acreage: ± 320 $\frac{1}{2}$ Acres	
<p>1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.</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 communitization, 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 acreage will be assigned to the well until all interests have been consolidated (by communitization, unitization, force-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.</p>					

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0



OPERATOR CERTIFICATION

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

Signature: *S. L. Atnipp*  
 Printed Name: S. L. Atnipp  
 Position: Drilling Superintendent  
 Company: Marathon Oil Company  
 Date: 3/3/90

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 knowledge and belief.

Date Surveyed: 2-13-90  
 Name Surveyed: William S. Mahnke II  
 Signature: *William S. Mahnke II*  
 Professional Surveyor  
 Seal: WILLIAM S. MAHNKE II, NEW MEXICO, 8496, 8460, PROFESSIONAL LAND SURVEYOR

Evensen #3 CDP

Well Name	API#	Pool	S-T-R	FNL/FSL	FEL/FWL	Lease Number	Agreement Number	Permits	Gravity	BTU	Est Daily Gas Rate
Evensen #3	30-045-06387	Gallup	19G-27N-10W	1765' FNL	1850' FEL	NMSF-078004	N/A	N/A	41.8	1.321	82
Evensen 19-1	30-045-27725	Fruitland Coal	19A-27N-10W	810' FNL	790' FEL	NMSF-078004	N/A	N/A	0	1.037	134

**SURFACE COMMINGLE APPLICATION CHECKLIST**

5/27/2011

Company: XTO Energy INC Contact: Jennifer Mason  
 Date in: \_\_\_\_\_ Date of Request: \_\_\_\_\_

Commingle	Battery or "Store" Location	Sales Location	Offlease?
Oil or Cond.		<u>E</u>	
Gas	<input checked="" type="checkbox"/>	<u>G 1/19 / 27<del>th</del> / 10<del>th</del> / 11<del>th</del></u>	<u>NO</u>

Ownership  
 Identical?   
 Diverse?   
 Included Notice List?   
 Date of Last Notice: 2/1/11

Permit Type  
PLC-337

Lease (y/n)  
 Federal/Tribal   
 State \_\_\_\_\_  
 Fee \_\_\_\_\_  
 Allocation: \_\_\_\_\_  
 Continuous Metering   
 Well Tests \_\_\_\_\_  
 Subtraction \_\_\_\_\_  
 Other \_\_\_\_\_

Noticed? \_\_\_\_\_ What Parameter for future additions?  
 Future Addition yes None

#	All Pool Names	Pool Num	Type
1	<u>Angel Peak Gallup</u>	<u>02170</u>	<u>ASSOC</u> ( <del>ASSOC</del> )
2	<u>Basin FRC</u>	<u>71629</u>	<u>Gas</u>
3			
4			

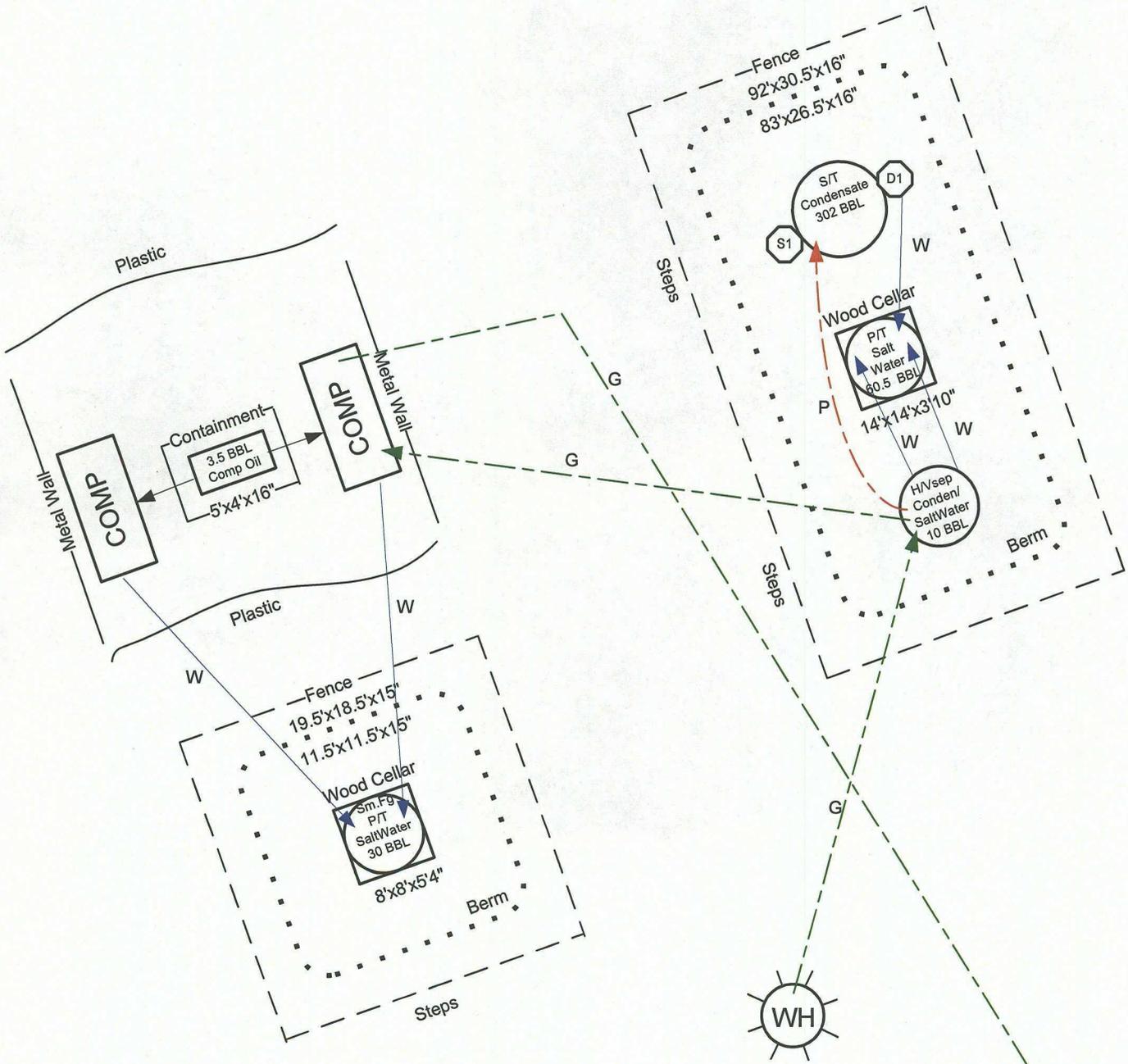
WELLST  
G  
A

Offlease?	API Numbers	Pools	DHC Permit
<u>NO</u>	<u>30-045-06387</u>	<u>1</u>	<u>80000 "BG"</u>
<u>NO</u>	<u>" -27725</u>	<u>2</u>	<u>320000 #12</u>

Well Name: Evensen #3  
 Field: San Juan County NM  
 Lease #: NMSF-078004, API # 30-045-06387  
 Section: Sec. 19 (G), T-27N, R-10W  
 CA # If Applicable: N/A  
 Updated: 3/18/2010



← Drainage



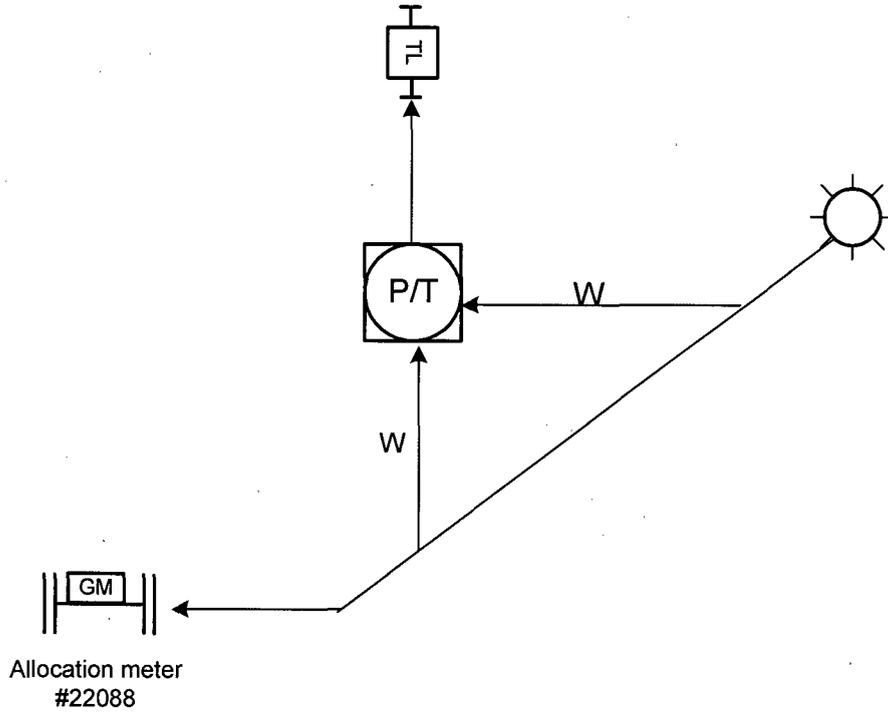
Production  
 Gas  
 Oil  
 Water  
 Equalizing Line  
 Catch Basin- □

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

GM  
 Allocation meter #22087

**XTO ENERGY INC.**  
**Lease: EVENSEN 19 #1**  
**Location: 810' FNL & 790' FEL**  
**NE/4 NE/4 SEC.19,T27N,R10W**  
**API#: 30-045-27725**



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

## Evensen #3 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 =  $((W \times \text{Individual well BTU}/SUM (@ \times \text{individual well BTU})) \times Y$ . Individual well gas heating values to be determined in accordance with BLM regulations (currently Onshore Order #5).

**Compressor Information**

Location:	Evensen #3 CDP	
Lat/Long:	36.56310/107.93369	
Manufacturer:	Caterpillar	
Engine:	G3306NA	
Horse Power:	90	
Fuel Usage:		
	100%	21.6 mcf
	75%	18.3 mcf
	50%	15.1 mcf



February 1, 2011

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 Evensen #3 and Evensen 19-1. 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 or Alfonso Atencio, Field Compliance Coordinator, at (505) 333-3699. 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

RAMIREZ FAMILY TRUST SHIRLEY  
RAMIREZ & BENJAMIN RA  
P O BOX 6  
OAKLEY, CA 945612530

EVENSEN 03 CDP JMorrow Reg

RAMIREZ FAMILY TRUST SHIRLEY  
RAMIREZ & BENJAMIN RA  
P O BOX 6  
OAKLEY, CA 945612530

EVENSEN 03 CDP JMorrow Reg

RAMIREZ FAMILY TRUST SHIRLEY  
RAMIREZ & BENJAMIN RA  
P O BOX 6  
OAKLEY, CA 945612530

EVENSEN 03 CDP JMorrow Reg

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
Angel Peak Gallup      02170				
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 Tech      DATE: 4/29/2011  
TYPE OR PRINT NAME Jennifer Morrow      TELEPHONE NO.: (505) 333-3682  
E-MAIL ADDRESS: Jennifer\_Morrow@xtoenergy.com