

AMEND PC

N/R

**Cross Timbers Operating Company**

May 22, 2000

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

Re: Administrative Approval to Surface Commingle
Stedje Gas Com # 1E and Stedje Gas Com # 2R
Sec 27, T30N, R12W
San Juan County, New Mexico

Dear Ms Wrotenbery:

Cross Timbers Operating Company (CTOC) requests administrative approval to surface commingle gas production from the Stedje Gas Com #1E (Basin Dakota) and the Stedje Gas Com #2R (Basin Fruitland Coal). Approval was obtained on September 15, 1999 to surface commingle the Stedje Gas Com #1E and the Stedje Gas Com #2 by commingling order PC-1002. The Stedje Gas Com #2 was plugged and will be replaced by the Stedje Gas Com #2R (Basin Fruitland Coal).

Both wells (Stedje Gas Com #1E and Stedje Gas Com #2R) are located on the same production pad and surface commingling of the gas streams will allow a single compressor to service both wells. This will result in a lower operating costs compared to setting two compressors and will extend the life of the wells. Commingling will increase the value of the wells.

Oil and water production will not be commingled. Oil production and sales will be based on actual measured volume from each well. The Stedje Gas Com #2R is not expected to produce oil but if it does it will be measured separately.

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

1. Commingling Order PC-1002
2. Well information
3. Well location plat
4. Well site schematic of the proposed installation
5. Allocation method sheet

If you need additional information or have any questions, please feel free to contact me at (505)-324-1090.

Sincerely,

Thomas DeLong
Production Engineer

cc: Oil Conservation Division (Aztec)

Attachments (5)



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

COMMINGLING ORDER PC-1002

REC'D / SAN JUAN

SEP 20 1999

Cross Timbers Operating Company
2700 Farmington Avenue, Building K, Suite 1
Farmington, New Mexico 87401

Attention: Mr. Ray Martin

LEASE: Stedje Gas Com Wells No. 1E (API No. 30-045-25560) and 2 (API No. 30-045-29738)
DESCRIPTION: NE/4 NE/4 of Section 27, Township 30 North, Range 12 West, NMPM, San Juan County, New Mexico.


The above-named company is hereby authorized to commingle Basin-Fruitland Coal (Gas – 71629) and Basin-Dakota (Prorated Gas – 71599) Pool production from the above mentioned lease and to determine production from each pool by separately metering the production from the Basin-Dakota Prorated Gas Pool (Stedje Gas Com Well No. 1-E) and determining the Basin-Fruitland Coal Gas Pool production (Stedje Gas Com Well No. 2) by the subtraction method. Oil production will not be commingled. Fuel gas usage will be allocated equally between the two wells.

NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 303 of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

REMARKS: The commingled natural gas production shall be delivered to the El Paso Field Services CDP (#99922) located in Section 27, Township 30 North, Range 12 West, NMPM, San Juan County, New Mexico.

FURTHER: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

DONE at Santa Fe, New Mexico, on this 15th day of September, 1999.


LORI WROTENBERY,
Division Director

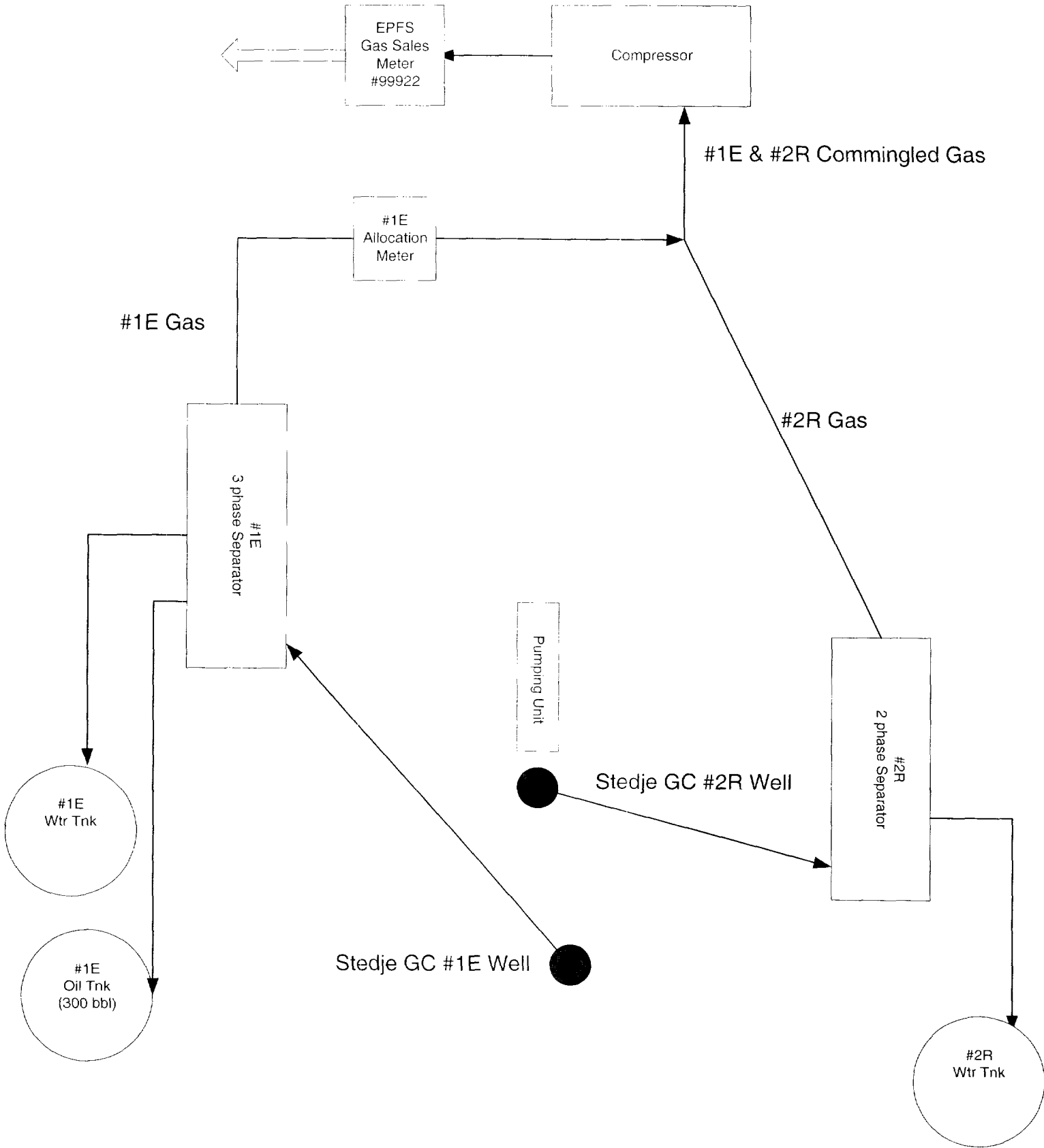
LW/MWA/kv

cc: Oil Conservation Division- Aztec

WELL INFORMATION

	Stedje Gas Com #1E	Stedje Gas Com #2R
Location	1190' FNL & 830' FEL Sec 27, T30N, R20W	1085' FNL & 660' FEL Sec 27, T30N, R20W
API #	30-045-25560 12	30-045-30175 12
Pool	Basin Dakota	Basin Fruitland Coal
Pool Code	71599	71629
Gas Gravity	0.665	0.560 est
Gas Rate (MCFD)	40	200 est

Stedje #1E & #2R Battery
Gas Surface Commingled



Stedje Gas Com #1E & Stedje Gas Com #2R Gas Allocation Formula

EPFS meter #99922 will be the gas sales meter for the Stedje Gas Com #1E (Basin Dakota) and the Stedje Gas Com #2R (Basin Fruitland Coal). An allocation meter for the Stedje Gas Com #1E will be set between its separator and the suction side of the compressor. This meter will measure only the Stedje Gas Com #1E's gas production.

The Stedje Gas Com #1E (Dakota) gas production will be calculated as follows:

$$\text{Dakota Production} = (\text{Allocation meter volume}) + (\text{Allocated compressor fuel gas volume}) + (\text{Separator fuel gas volume})$$

The Stedje Gas Com #2R (Fruitland Coal) gas production will be calculated as follows:

$$\begin{aligned} \text{Fruitland Coal Production} = & (\text{EPFS meter \#99922 volume}) - (\text{Dakota allocation meter volume}) \\ & + (\text{Allocated compressor fuel gas volume}) + (\text{Pumping unit fuel gas volume}) + (\text{Separator fuel gas volume}) \end{aligned}$$

The compressor's fuel gas will be allocated equally between the two wells.