



218252811 PC NA

June 12, 2002

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

Re: Administrative Approval to Surface Commingle  
LC Kelly #5M and LC Kelly #8  
Section 3, T30N, R12W  
San Juan County, New Mexico

Dear Ms. Wrotenbery,

XTO Energy Inc 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.

A gas line will be laid from the LC Kelly #5M to the LC Kelly #8 well pad along the LC Kelly #5M access road. The distance between pads is approximately 500'. The LC Kelly #5M is currently producing from the Mesaverde only. Approval has been obtained to downhole commingle the Mesaverde and Dakota. The work to downhole commingle is scheduled to be completed prior to the proposed surface commingle.

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 LC Kelly #5M and LC Kelly #8 are located on a federal 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,

A handwritten signature in black ink, appearing to read 'Thomas DeLong', written over a horizontal line.

Thomas DeLong  
Operations Engineer

CC: NMOCD – District III (Aztec)

## LC Kelly #5M and LC Kelly #8

### Well Information

	<b>LC Kelly #5M</b>	<b>LC Kelly #8</b>
<b>Location</b>	A, Sec 3, T30N, R12W	H, Sec 3, T30N, R12W
<b>Formation</b>	Dakota & Mesaverde	Fruitland Coal & Pictured Cliffs
<b>API#</b>	30-045-30761	30-045-30665
<b>Pool Name</b>	Basin Dakota & Blanco Mesaverde	Basin Fruitland Coal & Aztec Pictured Cliffs
<b>Pool Code</b>	71599 (DK) 72319 (MV)	71629 (FC) 71280 (PC)
<b>Gas Gravity</b>	0.60	0.672
<b>Gas Rate (MCFPD)</b>	500 (est)	130
<b>Oil Gravity</b>	50 (est)	NA
<b>Oil Rate (BPD)</b>	2.0 (est)	0
<b>Water Rate (BPD)</b>	40 (est)	20

LC Kelly #5M is currently producing from the Mesaverde only. Approval has been obtained to downhole commingle the Mesaverde and Dakota. The work to downhole commingle is scheduled to be completed prior to the proposed surface commingle.

## **LC Kelly #5M and LC Kelly #8 Allocation Method**

The EPNG meter #98374 will be the sales meter (CDP) for the LC Kelly #5M and the LC Kelly #8 gas sales. An allocation meter will be set between the LC Kelly #5M separator and the suction side of the compressor. This meter will only measure gas flow from the LC Kelly #5M.

### **LC Kelly #5M gas production will be calculated as follows:**

(LC Kelly #5M allocation meter volume) + (LC Kelly #5M separator fuel gas & pumping unit fuel gas)

### **LC Kelly #8 gas production will be calculated as follows:**

(EPNG meter #98374 volume) – (LC Kelly #5M allocation meter volume) + (compressor fuel gas) + (LC Kelly #8 separator fuel gas & pumping unit 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 LC Kelly #5M percentage of compressor fuel usage would be calculated as follows:

$$\frac{(\text{LC Kelly \#5M allocation meter volume})}{(\text{EPNG meter \#98374 volume}) + (\text{compressor fuel gas})}$$

Compressor fuel gas will be obtained using the operating conditions of the compressor and manufactures published fuel gas volumes or calculated volumes using the results of actual measurements of fuel gas usage.

### **LC Kelly #5M gas sales will be calculated as follows:**

(LC Kelly #5M allocation meter volume) – (LC Kelly #5M allocated compressor fuel gas)

### **LC Kelly #8 gas sales will be calculated as follows:**

(EPNG meter #98374 volume) – (LC Kelly #5M gas sales)

No commingling of liquid hydrocarbon or water will occur. Production and sales will be based on actual measured volumes from each well. LC Kelly #8 should 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.

T30N R12W

INGTON  
NCO 1  
138/169  
0/0  
5704-8511  
D/FRLD

XTO  
KELLY 3E  
6/665  
1/142  
4/8308-0104  
P/DKOT

XTO  
L C KELLY 4E  
3/0/1 124/172/344  
0/0/0 5/115/24  
8408-0104/9706-0104/8408-0104  
GLLP/MVRD/DKOT

XTO  
L C KELLY 5A  
1 262  
0 86  
9512-0104  
MVRD

XTO  
LC Kelly #5m  
MV/DK  
KELLY LC 8  
PC/PC  
LOC  
CROSS TIMBERS OPR CO

BURLINGTON  
ZACHRY 1A  
3 985  
0 87  
7907-0104  
MVRD

3

AMOCO  
L C KELLY 4  
7 353  
0 0  
6408-9411  
DKTA

XTO  
L C KELLY 5  
4/11/2 141/132/300  
0/0/1 0/0/95  
6412-8903/6412-9110/9408-0104  
DKTA/GLLP/MVRD

GREYSTONE  
CLAYTON 2  
5 894  
0 83  
8408-0105  
MVRD

BAYLESS RL  
MOSELEY 1  
0 293  
0 84  
9406-0104  
FRLDC

AIKMAN 1  
D&A 2260  
EMPIRE STATES DRLG  
10/21/1958

600  
WILLIAMS  
1/1/

MOCO  
ENZIE A 1  
374  
0  
3-8508  
DKTA  
T PROD  
C 9  
103  
0  
NKN  
0

EL PASO EXPL  
BLANCO B 4  
0 238  
0 0  
6702-8106  
FRLD

BAYLESS RL  
BROWN 1Y  
0 210  
0 256  
9407-0104  
FRLDC

BROWN 1  
J&A 2200  
BAYLESS ROBERT L LLC  
6/13/1994

XTO  
CHRISMAN 1E  
2/1 58/119  
0/0 3/10  
8203-0104/8203-0104  
GLLP/DKOT

D&A-G  
AZTEC  
WILLIAMS  
1/1/

XTO  
L C KELLY 6A  
2 297  
0 29  
8506-0104  
MVRD

10

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

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

XTO  
CHRISMAN 1  
0/9 3/682  
2/0 46/21  
0103-0104/8509-0104  
MVRD/DKOT

XTO  
CHRISMAN 2  
0 57  
0 230  
0005-0104  
FRLDC

AMOCO  
JOHNSON E 1

**XTO ENERGY INC.**  
**Lease: L.C. KELLY #5M & #8**  
**SEC. 3, T30N, R12W**  
**AGREEMENT #: NMSF081239**

