

OIL CONSERVATION DIV.

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Phyllis G Phillipy  
PO Box 52013  
Indianapolis, IN 46253-0013  
December 29, 2001

New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

RE: Application of XTO Energy Inc. for  
approval of surface commingling  
San Juan County, New Mexico.  
Hearing scheduled January 10, 2002.

Ladies and Gentlemen:

Commingling involving acts of business of two unrelated people or separate businesses is inherently risky. Sound business principle should avoid procedures which have the potential for inequitable division of assets of mutual interests.

I have no desire to create an air of distrust for any individual or business involved in this proposal to commingle the gas or oil production of these two separate properties. However, to agree to a proposal that I feel is flawed and open to dispute is not using good judgement.

The proposed calculation of distribution of Garcia royalty interest would be determined by a meter which may not be functioning accurately. The meter is more likely to be inoperative or short which would reduce Garcia payments.

The proposal is to split fuel cost between both wells. If approved it should be based on the same production percentage of each well and not on even split as proposed.

The safe and proper procedure is to sell the production of these two unrelated wells without commingling.

I respectfully request the permit be denied.

Sincerely,

*Phyllis G. Phillipy*  
Phyllis G. Phillipy