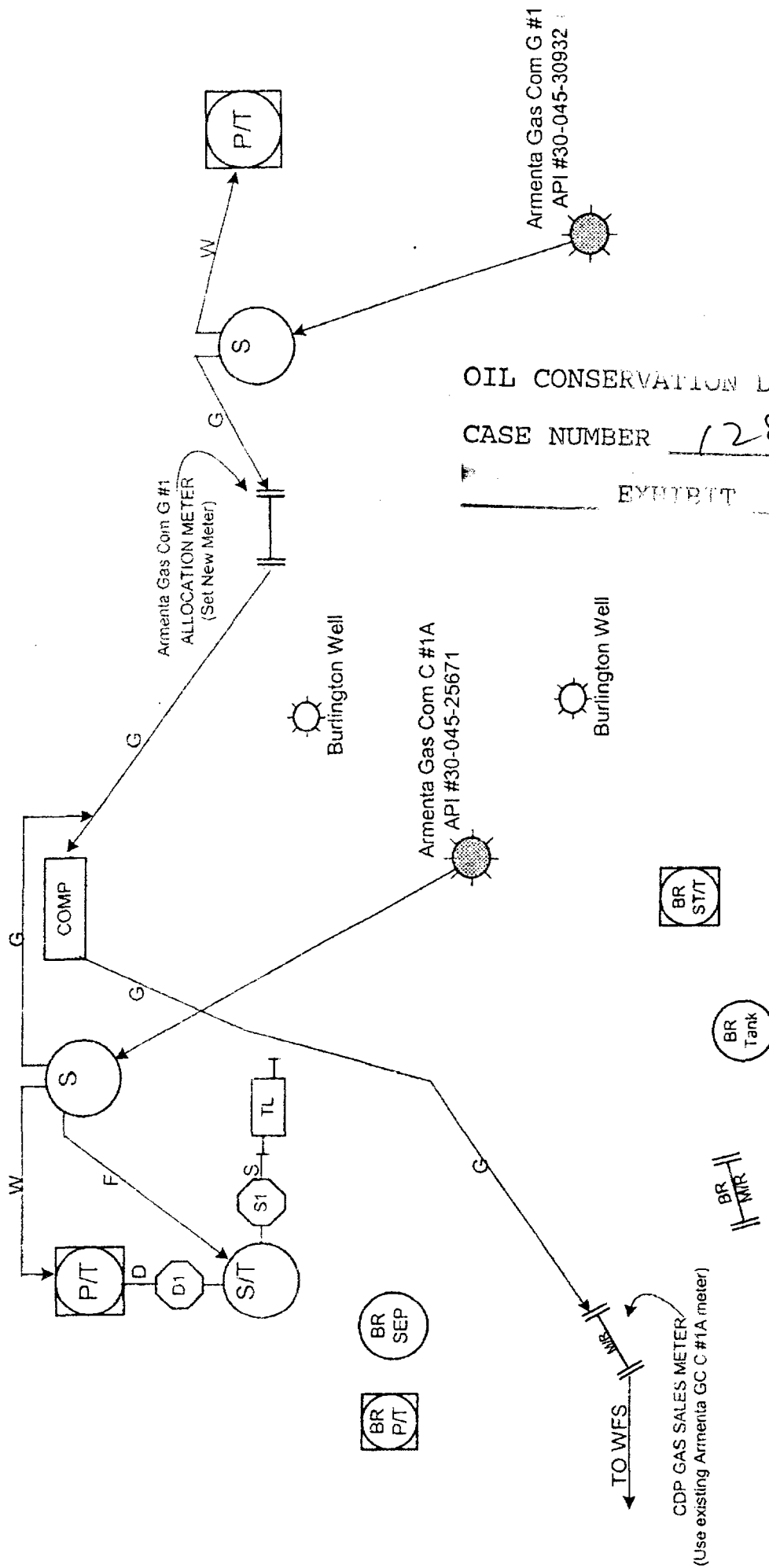


XTO ENERGY INC.
Armenta Gas Com G #1 & Armenta Gas Com C #1A
Proposed Gas Surface Commingling Installation
Location: SE/4 NE/4 SEC 27, T29N, R10W



OIL CONSERVATION DIVISION
CASE NUMBER 12827
EXHIBIT 2

**Armenta Gas Com C #1A & Armenta Gas Com G #1
Gas Allocation Formula**

The Armenta Gas Com C #1A's existing gas sales meter will be used as the central distribution point (CDP) gas sales meter for both wells. A gas meter will be set on the Armenta Gas Com G #1 and used as its allocation meter. See the attached proposed gas surface commingle installation diagram. The Armenta Gas Com G #1 allocation meter will separately measure its gas production. The Armenta Gas Com C #1A gas production will be calculated by difference between the CDP sales meter volume and the Armenta Gas Com G #1's allocation meter volume. Fuel gas usage will be allocated between the two wells. Williams Field Services is the gas transporter for these leases.

Armenta Gas Com C #1A gas production will be calculated as follows:

$$\text{Gas Prod.} = [\text{CDP sales meter vol.} - \text{Armenta Gas Com G \#1 allocation meter vol.}] + \text{Allocated fuel gas vol.}$$

Armenta Gas Com G #1 gas production will be calculated as follows:

$$\text{Gas Prod.} = \text{Armenta Gas Com G \#1 allocation meter vol.} + \text{Allocated fuel gas vol.}$$

The total fuel gas usage is estimated to be 14.4 MCFD for the compressor. During the winter if either well's separator water bath is heated, the fuel gas usage is estimated to be 1 MCFD for that well.

