

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

OIL CONSERVATION DIV
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APPLICATION OF XTO ENERGY INC. FOR
APPROVAL OF SURFACE COMMINGLING,
SAN JUAN COUNTY, NEW MEXICO.

No. 12827

APPLICATION

XTO Energy Inc. applies for an order approving surface commingling of gas production from two wells, pursuant to Division Rule 303.B, and in support thereof, states:

1. Applicant is the operator of Armenta Gas Com. C Well No. 1A, which has the following acreage dedicated to it:

Township 29 North, Range 10 West, N.M.P.M.
Section 27: N $\frac{1}{2}$

The well is located 2120 feet from the north line and 835 feet from the east line of Section 27, and is producing from the Blanco-Mesaverde Gas Pool.

2. Applicant is also the operator of Armenta Gas Com. G Well No. 1, which has the following acreage dedicated to it:

Township 29 North, Range 10 West, N.M.P.M.
Section 27: E $\frac{1}{2}$

The well is located 2254 feet from the north line and 698 feet from the east line of Section 27, and is producing from the Basin-Fruitland Coal Gas Pool.

3. Applicant proposes to surface commingle gas production from the two wells, using the gas sales meter for the Armenta Gas Com. C Well No. 1A as the central distribution point. Applicant intends to use a shared compressor to compress gas from both wells. Information on the proposed surface commingling is attached hereto as Exhibit A.

4. Sharing a compressor will lower operating costs and fuel usage, and extend the economic lives of both wells, and thus will increase their ultimate recoveries.

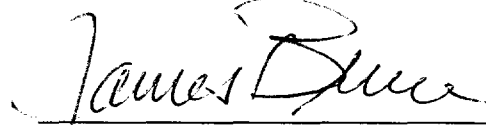
5. Interest ownership between the two wells is not common, and notice of this application has been given to all interest owners in both wells.

6. The granting of this application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

7. **Applicant requests that, in the absence of objection, this matter be taken under advisement.**

WHEREFORE, applicant requests that, after notice and hearing, the relief requested above be granted.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce", is written over a horizontal line.

James Bruce
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Attorney for XTO Energy Inc.

**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:

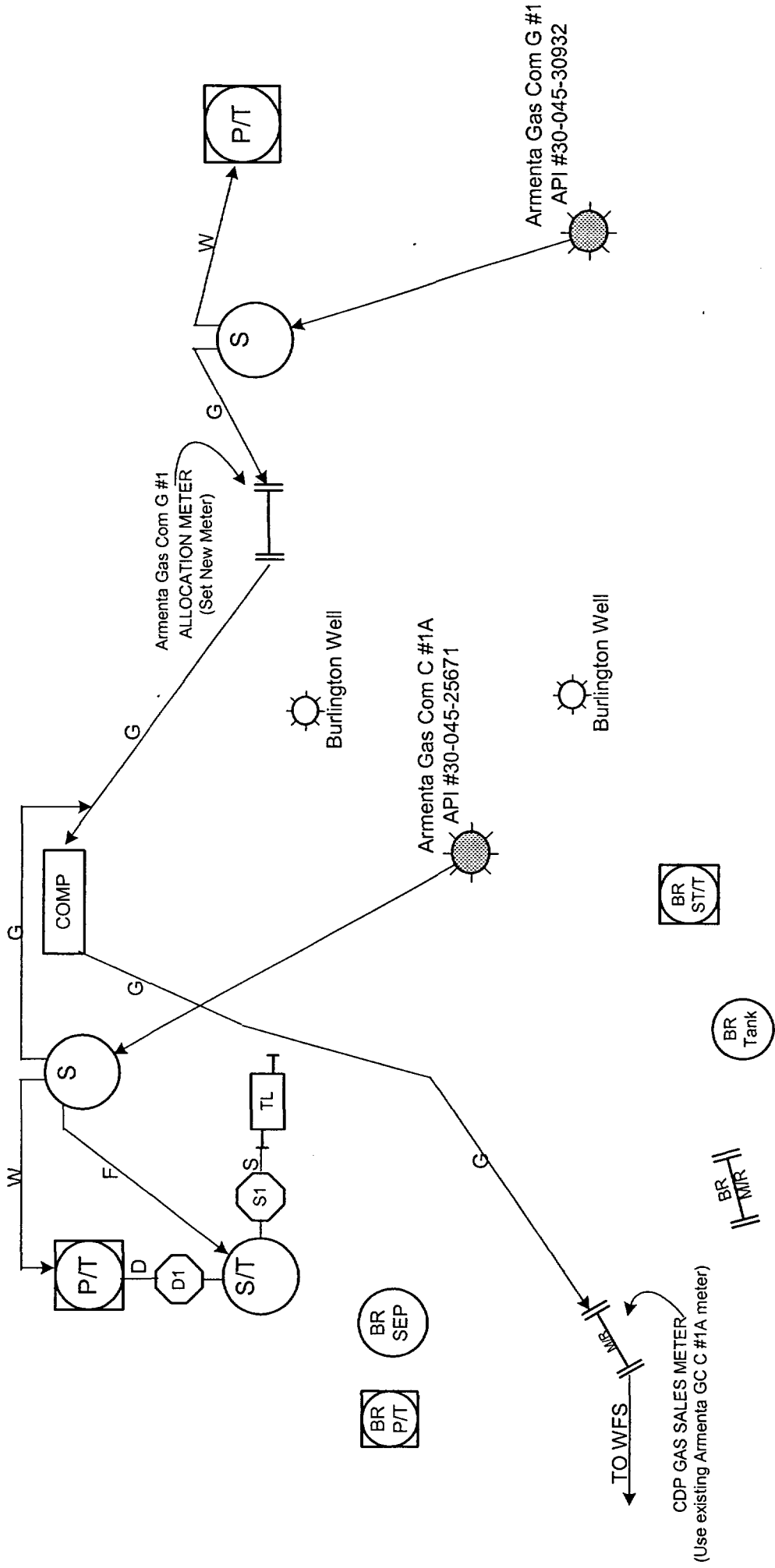
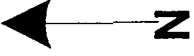
$$\text{Gas Prod.} = \text{Armenta Gas Com G \#1 allocation meter vol.} + \text{Allocated fuel gas vol.}$$

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.



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**



WELL INFORMATION

	Armenta Gas Com C #1A	Armenta Gas Com G #1
Location	2,120' FNL & 835' FEL Sec 27, T29N, R10W	2,254' FNL & 698' FEL Sec 27, T29N, R10W
API #	30-045-25671	30-045-30932
Pool	Blanco Mesaverde	Basin Fruitland Coal
Pool Code	72319	71629
Acreage Dedication	N/2 of Sec. 27	E/2 of Sec. 27
Lease Type	Fee	Fee
Gas Gravity	0.74	0.65 est.
Gas Rate	45 MCFD	500 MCFD est.