

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR THE
PURPOSE OF CONSIDERING:

CASE NO. 13545
ORDER NO. R-12437

APPLICATION OF XTO ENERGY INC. FOR SURFACE COMMINGLING, SAN
JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on August 25, 2005 before Examiner Richard I. Ezeanyim

NOW, on this 12th day of October, 2005, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, XTO Energy Inc. ("Applicant"), seeks authority pursuant to Division Rule No. 303.B to surface commingle gas production from the following-described wells located in Township 29 North, Range 11 West, NMPM, San Juan County, New Mexico:

<u>Well Name & Number</u>	<u>Well Location</u>	<u>Producing Pools</u>
Hare Gas Com D No. 1 (API No. 30-045-08303)	2510' FSL & 1170' FEL Unit I, Section 14	Basin-Dakota Prorated Gas Pool
Hare Gas Com D No. 1E (API No. 30-045-23859)	2110' FNL & 1560' FEL Unit G, Section 14	Basin-Dakota Prorated Gas Pool
Hare Gas Com J No. 1 (API No. 30-045-26056)	2220' FSL & 1400' FEL Unit J, Section 14	Otero-Chacra Gas Pool

(3) Division Rule No. 303.B(1)(a) through (c) state in part:

Rule No. 303.B(1)(a) through (c): "Surface commingling - oil, gas or oil and gas

(1) Introduction - To prevent waste, to promote conservation and to protect correlative rights, the division shall have the authority to grant exceptions to permit the surface commingling of oil, gas, or oil and gas in common facilities from two or more pools, two or more leases or combination of pools and leases provided that:

(a) the method used to allocate the production to the various leases or pools to be commingled is approved by the division;

(b) If federal, Indian or state lands are involved, the United states bureau of land management or the commissioner of public lands for the state of New Mexico (as applicable) has been notified of the proposed commingling; and

(c) all other applicable requirements set out in Subsection B of 19.15.5.303 NMAC are met".

(4) XTO Energy Inc provided notice of this application to all working, royalty and overriding royalty interest owners within the Unit. No interest owner appeared at the hearing in opposition to the application.

(5) The Applicant presented testimony that demonstrates that:

(a) The gas production from each well will be separately metered before commingling, and the commingled gas will use a shared compressor located at the Hare Gas Com D Well No. 1;

(b) the proposed commingling of production is intended to reduce operating expenses and therefore result in an increased economic life of each well; and

(c) there will be no reduction in the value of the gas as a result of the surface commingling.

(6) Approval of the proposed surface commingling will allow the Applicant recover additional gas reserves from these wells that may otherwise not be recovered, thereby preventing waste, will benefit the interest owners in these wells, and will not violate correlative rights.

IT IS THEREFORE ORDERED THAT :

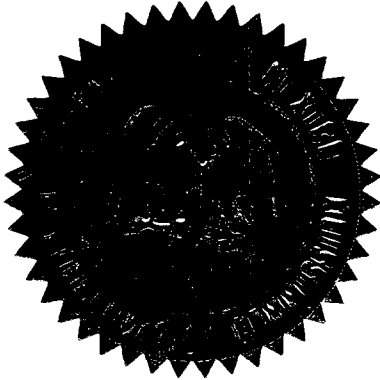
(1) The Applicant, XTO Energy Inc., is hereby authorized to surface commingle gas production in the Basin-Dakota Prorated Gas Pool and Otero-Chacra Gas Pool from the following-described wells located in Township 29 North, Range 11 West, NMPM, San Juan County, New Mexico:

<u>Well Name & Number</u>	<u>Well Location</u>	<u>Producing Pools</u>
Hare Gas Com D No. 1 (API No. 30-045-08303)	2510' FSL & 1170' FEL Unit I, Section 14	Basin-Dakota Prorated Gas Pool
Hare Gas Com D No. 1E (API No. 30-045-23859)	2110' FNL & 1560' FEL Unit G, Section 14	Basin-Dakota Prorated Gas Pool
Hare Gas Com J No. 1 (API No. 30-045-26056)	2220' FSL & 1400' FEL Unit J, Section 14	Otero-Chacra Gas Pool

(2) The gas production from each well shall be separately metered before commingling.

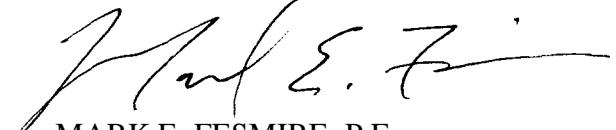
(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


MARK E. FESMIRE, P.E.
Director