



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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OIL CONS. DIV
DIST. 3

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

January 17, 2007

XTO Energy, Inc.
810 Houston Street
Fort Worth, Texas 76102-6298

Attention: Mr. Ryan O'Kelley

Re: **Schwerdtfeger "S" Well No. 16**
API No. 30-045-32151
850' FNL & 2135' FWL, Unit C,
Section 16, T-27 North, R-11 West, NMPM,
San Juan County, New Mexico

Administrative Order NSL-5549

Dear Mr. O'Kelley:

Reference is made to the following:

- (a) XTO Energy, Inc.'s ("XTO") application for a non-standard well location (*administrative application reference No. pTDS0635649751*) for the Schwerdtfeger "S" Well No. 16 that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on December 22, 2006; and
- (b) the Division's records pertinent to XTO's request.

XTO requests approval for an unorthodox gas well location in the Basin-Fruitland Coal Gas Pool (Gas – 71629) for its proposed Schwerdtfeger "S" Well No. 16 which is to be drilled 850 feet from the North line and 2135 feet from the West line (Unit C) of Section 16, Township 27 North, Range 11 West, NMPM, San Juan County, New Mexico. The W/2 of Section 16 is to be dedicated to the well forming a standard 320-acre gas spacing and proration unit for the Basin-Fruitland Coal Gas Pool. The Basin-Fruitland Coal Gas Pool is currently governed by special pool rules established by Division Order No. R-8768, as amended. These rules require standard 320-acre gas spacing and proration units with wells to be located no closer than 660 feet to the outer boundary of the proration unit nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

According to applicant's evidence, the proposed unorthodox gas well location is necessitated by topographic considerations within the NW/4 of Section 16.

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Division records show that the Schwerdtfeger "S" Well No. 16 will be the second well producing from the Basin-Fruitland Coal Gas Pool within the W/2 of Section 16. The existing well producing from the Basin-Fruitland Coal Gas Pool is the XTO Schwerdtfeger "S" Well No. 15 located in Unit K.

The affected offset acreage is the E/2 of Section 16. XTO is the operator and 100% interest owner of the affected offset acreage.

Pursuant to the authority granted under the provisions of Division Rule 19.15.3.104.F(2), the above-described unorthodox gas well location in the Basin-Fruitland Coal Gas Pool is hereby approved.

Sincerely,



Mark E. Fesmire, P.E.
Division Director

MES/drc

cc: New Mexico Oil Conservation Division - Aztec
Bureau of Land Management-Farmington