



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**June 27, 2005**

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

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

**Attention: George A. Cox, CPL**  
*george\_cox@xtoenergy.com*

***Administrative Order NSL-5223 (BHL)***

Dear Mr. Cox:

Reference is made to the following: (i) your application that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on June 1, 2005 (*administrative application reference No. pMES0-517832272*); and (ii) the Division's records in Aztec and Santa Fe: all concerning XTO Energy, Inc.'s ("XTO") request for an unorthodox subsurface gas well location in the Chacra formation for the existing Dawson Federal Well No. 1-B (**API No. 30-045-30886**), located at a surface location 2420 feet from the North line and 950 feet from the West line (Unit E) of Section 26, Township 27 North, Range 8 West, NMPM, San Juan County, New Mexico. The SW/4 of Section 26 is to be dedicated to this well in order to form a standard 160-acre gas spacing unit within the Otero-Chacra Pool (**82329**).

Under the provisions of Division Rules 111.A (7) and 111.C (1) and the well location and spacing provisions of the "*Special Rules for the Blanco-Mesaverde Pool*," as promulgated by Division Order No. R-10987-A, issued in Case No. 12069 and dated February 1, 1999, as amended by Division Order No. R-10987-A (1), dated December 2, 2002, XTO received authorization to directionally drill the Dawson Federal Well No. 1-B into the Blanco-Mesaverde Pool (**72319**) as an infill well in such a manner that the proposed subsurface location, 1900 feet from the South line and 660 feet from the West line (Unit L) of Section 26, would be "standard" within the existing standard 320-acre stand-up gas spacing and proration unit ("GPU") comprising the W/2 of Section 26.

It is the Division's understanding that XTO missed its intended mark by some 560 feet and the actual subsurface location of this wellbore at total depth, 5,100 (MD), is approximately 2463 feet from the South line 933 feet from the West line (Unit L) of Section 26, which pursuant to the special pool rules for the Blanco-Mesaverde Pool is still considered to be "orthodox" within this 320-acre GPU.

It is further understood that XTO now indents to perforate the Dawson Federal Well No. 1-B up-hole in an attempt to establish gas production within the Chacra interval.

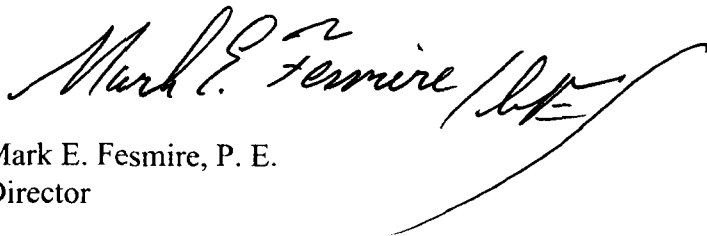
From the information provided the top of the Chacra interval within this well is 2,868 feet and the corresponding subsurface location at this depth is approximately 2495 feet from the South line and 946 feet from the West line (Unit L) of Section 26. The subsurface location of this well throughout the Otero-Chacra Pool is considered to be unorthodox, pursuant to Division Rules 104.C (3) and 111.A (13).

This application has been duly filed under the provisions of Division Rules 104.F and 111.C (2).

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox subsurface Chacra gas well location within the 160-acre unit comprising the SW/4 of Section 26 for XTO's Dawson Federal Well No. 1-B, is hereby approved.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, reading "Mark E. Fesmire" followed by a stylized flourish or set of initials.

Mark E. Fesmire, P. E.  
Director

MEF/ms

cc: New Mexico Oil Conservation Division - Aztec  
U. S. Bureau of Land Management – Farmington