

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



June 1, 2008

XTO Energy, Inc.
Attn: Mr. Ryan O'Kelley
810 Houston St.
Fort Worth, TX 76102-6298

Administrative Order NSL-5835

Re: Florance D Well No. 14C
API No. 30-045-
Unit M, Section 21-27N-8W
San Juan County

Dear Mr. O'Kelley:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-11627753**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on April 25, 2008, and

(b) the Division's records pertinent to this request.

XTO Energy, Inc. (XTO) has requested to drill the above-referenced well at an unorthodox gas well location, 830 feet from the South line and 250 feet from the West line (Unit M) of Section 21, Township 27 North, Range 8 West, N.M.P.M., in San Juan County, New Mexico. The S/2 of Section 21 will be dedicated to this well in order to form a standard 320-acre spacing unit in the Basin-Dakota Gas Pool (71599) and in the Blanco-Mesaverde Gas Pool (72319), and the SW/4 of Section 21 will be dedicated to this well to form a standard 160-acre wildcat Mancos gas spacing unit.

Spacing in the Basin-Dakota Gas pool is governed by Rules II.A and II.C of the Special Rules and Regulations for the Basin-Dakota Gas Pool, as most recently amended by Order No. R-10987-B(2), which generally provide for 320-acre units, with wells located at least 660 feet from a unit outer boundary. Spacing in the Blanco-Mesaverde Gas Pool is governed by Rules I.A and I.C of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool, as amended by Order No. R-10987-A(1), effective December 2, 2002, which have the same unit size and setback provisions.



Spacing in the Mancos is governed by statewide Rule 104.C(3), which provides for 160-acre units, with wells located at least 660 feet from a unit outer boundary.

This location is less than 660 feet from the western section boundary, and is accordingly unorthodox in all three formations.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that you are seeking this location for topographic reasons.

It is also understood that notice of this application to offsetting operators or owners is unnecessary because of common ownership.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', with a stylized flourish at the end.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Aztec
New Mexico State Land Office - Santa Fe
United States Bureau of Land Management - Farmington