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**TKELLAHIN@COMCAST.NET**

April 28, 2008

**HAND DELIVERED**

Mr. Mark Fesmire, P.E., Director  
Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

*Case 14143*

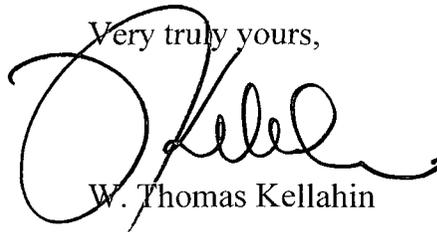
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Re: Application of XTO Energy, Inc. to Amended Division Order R-12824 to include the simultaneous dedication and an exception to the well density requirements of the Special Rules and Regulations for the Basin-Dakota Gas Pool to authorize a fifth Dakota well within a 407.56 acre non-standard gas proration and spacing unit consisting of the S/2S/2 of Section 19, and the N/2 of Section 30 T29N, R9W, San Juan County, New Mexico

Dear Ms. Fesmire:

On behalf of XTO Energy, Inc., please find enclosed our referenced application which we request be set for hearing on the Examiner's docket now scheduled for June 26, 2008. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,



W. Thomas Kellahin

cc: XTO Energy, Inc.  
Attn: Chris Spencer

CASE 14143 Application of XTO Energy, Inc. to amended Division Order R-12824 to include simultaneous dedication and an exception to the well density requirements of the Special Rules and Regulations for the Basin-Dakota Gas Pool. Applicant seeks an exception to the well density requirements Rule I.B of this Dakota pool and approval for the simultaneous dedication of its Gerk GC B-2, to be located 10 feet FSL and 660 feet FEL of Section 19 as the fifth producing well to a 407.56 acre non-standard gas proration and spacing unit consisting of the S/2S/2 of Section 19 and the N/2 of Section 30, T29N, R9W, San Juan County, New Mexico. These wells are located approximately 2-1/2 miles southeast of the Blanco, New Mexico.

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

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APR 28 PM 2 42

**IN THE MATTER OF THE APPLICATION OF  
XTO ENERGY, INC. TO AMEND DIVISION  
ORDER R-12824 TO INCLUDE AN EXCEPTION TO  
THE WELL DENSITY REQUIREMENTS FOR  
THE BASIN-DAKOTA GAS POOL,  
AND SIMULTANEOUS DEDICATION,  
SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. 14143

**APPLICATION**

XTO Energy, Inc. ("XTO") by its attorneys, Kellahin & Kellahin, seeks to amend Division Order R-12824 to include an exception to the well density requirements of Rule I.B of the Special Rules and Regulations for the Basin-Dakota Gas Pool including simultaneous dedication to permit its Gerk Gas Com B Well No. 2 (API #30-045-pending) in Unit P to be located 10 feet FSL and 660 feet FEL of Section 19 and to produced with the other 4 Dakota wells in the same non-standard spacing and proration unit consisting 407.56 acres and comprising the S/2S/2 of Section 19 and the N/2 of Section 30, T29N, R9W, NMPM, San Juan County, NM:

In Support, XTO States:

(1) On June 28, 1961, the Oil Conservation Commission entered Order R-2046 that approved a 407.56-acre non-standard proration and spacing unit for the Basin-Dakota Gas Pool consisting of the S/2S/2 of Section 19 and the N/2 of Section 30, T29N, R9W, San Juan County, NM

- (2) This non-standard proration and spacing unit, excluding the Gerk Gas Com B No. 2 (the new wellbore) currently has 4 existing Dakota gas wells:

| API Number   | ULSTR       | Footages            |
|--|-------------|---------------------|
| (a) 3004531286   | O-19-29N-9W | 656 FSL & 2255FWL   |
| Well Name & Number: Gerk GAS COM B No. 1F              |             |                     |
| Operator: XTO ENERGY, INC----Mesaverde and Dakota well |             |                     |
| (b) 3004524953   | N-19-29N-9W | 160 FSL & 790 FWL   |
| Well Name & Number: GERK GAS COM B No. 1M              |             |                     |
| Operator: XTO ENERGY, INC---Mesaverde and Dakota well  |             |                     |
| (c) 3004507886   | G-30-29N-9W | 1450 FNL & 1720 FEL |
| Well Name & Number: GERK GAS COM B No. 1               |             |                     |
| Operator: XTO ENERGY, INC---Dakota Well                |             |                     |
| (d) 3004531285   | F-30-29N-9W | 1785 FNL & 855 FWL  |
| Well Name & Number: GERK GAS COM "B" No. 1G            |             |                     |
| Operator: XTO ENERGY, INC-----Mesaverde & Dakota Well  |             |                     |

- (1) The Basin-Dakota Gas Pool is governed by Special Rules and Regulations which provide for 320-acre spacing and proration units on which as many as four wells may be drilled. See Order R-10987-B, effective June 30, 2000 and as superseded by Order R-10981-B(1), effective January 29, 2002. This Special Pool Rules and Regulations provide, among other things, that an infill well shall not be located within the same quarter-quarter section (40-acre tract) and another well.
- (2) Using 4 wells to a standard 320-acre unit results in an acreage density of one (1) well per 80-acres.
- (3) Because the subject unit contains 407.56 acres, if approved for 5 wells, it will have a density of one (1) well per 81.51 acres.

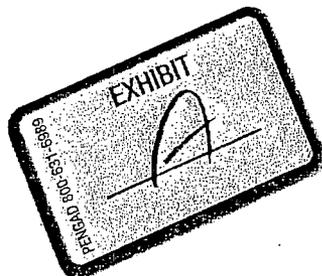
- (4) XTO will drill the Gerk Gas Com B Well No. 2 at a location within Unit P that appears not to be depleted by existing wells. See locator map, Exhibit "A" attached
- (5) By Division Order R-12824, dated October 24, 2007, the Division approved XTO's application to drill and complete this well in the Mesaverde formation. See copy of order attached as Exhibit "B"
- (6) Now, XTO would like permission to add the Dakota formation to this wellbore.
- (7) Approval of this application will not impair the correlative rights of any other interest owner in the Basin-Dakota Gas Pool and will afford XTO the opportunity to utilize a new wellbore to produce the reserves from this GPU that would otherwise not be recovered
- (8) Notice of this application will be sent to all offsetting affected persons set forth on Exhibit "C" attached.
- (9) Approval of this application will be in the best interests of conversations, the prevention of waste and the protection of correlative rights.

WHEREFORE, XTO Energy, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on June 26, 2008 and after notice and hearing as required by law, the Division enter its order granting an exception to the well density requirements of Rule I.B of the Special Rules and Regulations of the Basin-Dakota Gas Pool and approving the Gerk Gas Com "B" Well No. 2 in the Dakota formation and authorizing XTO Energy, Inc to simultaneously produced all 5 Dakota wells.

RESPECTFULLY SUBMITTED:



W. THOMAS KELLAHIN  
KELLAHIN & KELLAHIN  
706 Gonzales Road  
Santa Fe, New Mexico 87501  
(505) 982-4285



XTO  
SNYDER GC B 1M  
0/0 123/157  
0/0 68/85

0404-0701 / 0403-0701  
MVRD / DKOT

XTO  
SNYDER GC 1  
18 3,148  
0 96

5802-0701  
MVRD

XTO  
SNYDER GC 1A  
2 882  
0 48

7806-0701  
MVRD

XTO  
SNYDER GC-B 1  
3 808  
0 40

6506-0701  
DKOT

XTO  
SNYDER GU B 1N

XTO  
SNYDER GC B 1F  
0/1 124/156  
0/0 66/83

0306-0701 / 0306-0701  
MVRD / DKOT

XTO  
GERK GC B 1F  
1/1 142/178  
0/0 55/69

0305-0701 / 0305-0701  
MVRD / DKOT

XTO  
GERK GC B 2

XTO  
GERK GC B 1M  
2/1 418/261  
0/0 21/56

8211-0701 / 8211-0701  
DKOT / MVRD

XTO  
GERK GC 1  
1 1,163  
0 58

PdCum - CUMOIL, MBBLs  
PdCum - OILRATE YTD, BBL/D

PdCum - CUMGAS  
PdCum - GASRATE

PdCum - FROM DATE-TO DATE  
PdCum - FMNAME

XTO  
GERK GC B 1G  
1/1 155/195  
0/0 89/112

0304-0701 / 0304-0701  
MVRD / DKOT

XTO  
GERK GC B 1  
5/0 560/48  
0/0 16/23

6504-0701 / 9612-0701  
DKOT / CHCR

ATTRIBUTE MAP

- Shallow
- Farmington
- Fruitland Sand
- Fruitland Coal
- Pictured Cliffs
- Chacra
- Mesaverde
- Gallup
- Dakota
- Morrison
- Deep

WELL SYMBOLS

- Gas Well
- Dry Hole
- Location

REMARKS

Dakota/Mesaverde Producers

By: Jane Foster

June 12, 2007

BURLINGTON  
CAIN 3R  
0/2 238/635  
0/0 23/25

9112-0701 / 7903-0701  
CHCR / MVRD

BURLINGTON  
CAIN 16  
0/6/0 73/960/105  
0/0/0 21/7/32

0209-0611 / 6112-0611 / 0209-0611  
CHCR / DKOT / MVRD

AZTEC  
CAIN 3  
3 1,007  
0 0

5301-7508  
MVRD

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. 13970  
ORDER NO. R-12824

APPLICATION OF XTO ENERGY, INC. FOR  
AN EXCEPTION TO THE WELL DENSITY  
REQUIREMENTS FOR THE BLANCO-  
MESAVERDE GAS POOL AND  
SIMULTANEOUS DEDICATION, 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 23, 2007, at Santa Fe, New Mexico, before Examiner David K. Brooks.

NOW, on this 24<sup>th</sup> day of October, 2007, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

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

(2) In this application, XTO Energy, Inc. ("XTO" or "Applicant") seeks approval to complete a fifth well in the Blanco-Measverde Gas Pool (72319), within a previously established, non-standard 407.56-acre gas spacing and proration unit comprising the S/2 S/2 of irregular Section 19 and the N/2 of irregular Section 30, Township 29 North, Range 9 West, NMPM, in San Juan County, New Mexico ("the subject unit").

(3) This case was consolidated for purposes of hearing with Case No. 13971. However, since the two cases involve different lands, separate orders are being issued.

(4) Well spacing and density in the Blanco-Mesaverde Gas Pool are governed by Rules I.A and I.B 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 generally provide for 320-acre units, and allow up to four wells per unit, no more than two of which may be in a quarter section, and no more than one of which may be in a quarter/quarter section.

(5) By Order No. R-1098, issued in Case No. 1346 on December 18, 1957, the Oil Conservation Commission approved the establishment of the subject unit.

(6) There are presently four wells that are completed in the Mesaverde within the subject unit, as follows:

3004531286                      O -19-29N-9W                      656 FSL & 2255 FWL  
Well Name & Number: GERK GAS COM B No. 001F  
Operator: XTO ENERGY, INC

3004524953                      N -19-29N-9W                      160 FSL & 790 FWL  
Well Name & Number: GERK GAS COM B No. 001M  
Operator: XTO ENERGY, INC

3004507911                      B -30-29N-9W                      990 FNL & 1650 FEL  
Well Name & Number: GERK GAS COM No. 001  
Operator: XTO ENERGY, INC

3004531285                      F -30-29N-9W                      1785 FNL & 855 FWL  
Well Name & Number: GERK GAS COM B No. 001G  
Operator: XTO ENERGY, INC

(7) XTO seeks to simultaneously dedicate the subject unit to its proposed Gerk Gas Com B Well No. 2, to be located 10 feet from the South line and 660 feet from the East line (Unit P) of Section 19, in addition to the four existing wells.

(8) Since the subject unit contains 407.56 acres, instead of the 320 acres in a standard Blanco Mesaverde unit, dedication of the subject unit to five, instead of the prescribed four, wells would equate to approximately 80 acres per well, the same average well density as the special pool rules allow for a standard unit.

(9) At the hearing, XTO presented geologic testimony to the effect that:

(a) The Mesaverde in this area "is generally of low porosity and not great permeability," such that the existing wells are not draining the entire unit.

(b) While the productive zones in the Mesaverde can generally be correlated in the existing wells in the subject unit and its immediate vicinity, they are characterized by a high degree of variability in thickness, and stringers exist that are discontinuous between proximate wells, indicating that an additional well would likely encounter productive zones not present in any of the existing wells.

(10) In addition, XTO presented engineering testimony to the effect that the average drainage area calculated for the wells in the subject unit and the adjacent unit to the north, based on available geologic information and on the indicated decline curves of these wells, would be approximately 57 acres - considerably less than the 80 acres per well contemplated by the special pool rules.

(11) No other party appeared at the hearing or otherwise opposed this application.

(12) Allowing simultaneous dedication of the subject unit to the additional well proposed by Applicant would prevent waste by enabling Applicant to recover gas underlying the subject unit that cannot be produced from the existing wells, and would not impair correlative rights.

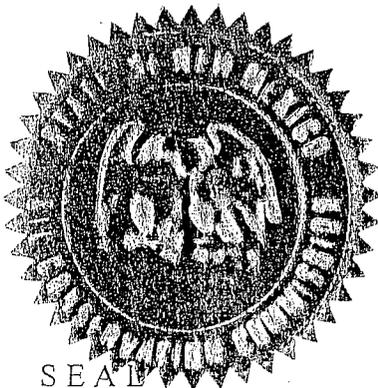
**IT IS THEREFORE ORDERED THAT:**

(1) Applicant is granted an exception to the four-wells per unit well density provided in the Special Pool Rules for the Blanco-Mesaverde Gas Pool, as herein provided.

(2) Simultaneous dedication of the subject unit to Applicant's proposed Gerk Gas Com B Well No. 2, to be located 10 feet from the South line and 660 feet from the East line (Unit P) of Section 19, and to the four existing wells located on the subject unit and completed in the Blanco-Mesaverde Gas Pool, is hereby approved.

(3) Jurisdiction of this case is 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.



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Mark E. Fesmire", is written over the printed name.

MARK E. FESMIRE, P.E.  
Director

Gerk Gas Com B No. 2 and Snyder Gas Cum B No. 1N Notice List

Burlington Resources Oil & Gas Company, LP  
P O Box 4289  
Farmington NM 87499-0656

ConocoPhillips Company  
P O Box 4289  
Farmington NM 87499-0656

BP America Production Company  
501 Westlake Park Blvd  
Houston TX 77079

D. J. Simmons Company  
P O Box 1469  
Farmington NM 87499

San Juan 1984 Partnership  
c/o Smokey Oil Company  
P O Box 2360  
Casper WY 82602-2360

William G. Webb Estate  
John G. Taylor, Independent Executor  
1401 Elm Street Suite 3435  
Dallas TX 75202

Bill L. Bledsoe, Trustee  
5615 Netherland Court  
Dallas TX 75229

J. Glenn Turner, Jr.  
Two Turtle Creek Village  
3838 Oak Lawn Suite 1450  
Dallas TX 75219

John L. Turner  
317 S. Sidney Baker # 400  
PMB 285  
Kerrville TX 78028

Fred E. Turner  
4925 Greenville Ave Ste. 852  
Dallas TX 75206-4079



Mary Frances Turner Jr. Trust  
PO Box 200890  
Houston TX 77216-0890

Betty Turner Calloway  
P O Box 191767  
Dallas, Texas 75219-1767

Candace L Kelton Cox  
17 S Meadow Ridge  
Concord MA 01742-3000

Georgia Lee Kelton  
5500 Old Clarksville Rd  
Paris TX 754627800

Production Gathering Company  
8080 N Central Expwy Ste.1090  
Dallas TX 75206