





December 10, 2012

**FEDERAL EXPRESS**

Mr. David Brooks  
New Mexico Oil Conservation Division  
1220 S St Francis Dr  
Santa Fe NM 87504

Re: Application for Administrative Approval of Unorthodox Location  
XTO Energy Inc.'s Krause WN Federal #1E  
790' FNL and 1,520' FWL, Section 32, T28N, R11W  
San Juan County, New Mexico  
Gallup Formation

Dear Mr. Brooks:

XTO Energy Inc. (XTO) hereby requests administrative approval for an unorthodox location for the above referenced well. Attached for your reference are the following exhibits:

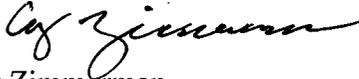
1. Well location plat (NMOCD Form C-102)
2. Gallup Ownership Map
3. Gallup Production Map

The above captioned well was drilled and completed in 1980 as a W/2, 320 acre Dakota unit. XTO would now like to move uphole in the existing wellbore and recomplete the well to the Gallup formation. The rules state that a well should be located no closer than 330' to the outer boundary of the 40-acre unit. Therefore the existing location will not conform to the current footage requirements and is encroaching on the NW/4NW/4 40-acre unit. A new well would not be economically feasible to drill for the Gallup formation alone. The existing wellbore is in acceptable condition for the recompletion attempt. By moving uphole to the Gallup formation, XTO would be able to minimize environmental impact while obtaining additional production.

XTO owns 100% of the offsetting operating rights in the Gallup Formation in the NW/4NW/4 40-acre unit; therefore no offset owner notice is required. Taking this into account, in addition to the statements made above, XTO requests your administrative approval for the unorthodox location. Should you need any additional information, please feel free to contact me at (817) 885-1130.

*Mr. David Brooks*  
*New Mexico Oil Conservation Division*  
*Krause WN Federal #1E - GA*  
*March 15, 2011*  
*Page Two*

Yours truly,

A handwritten signature in cursive script, appearing to read "Cy Zimmerman".

Cy Zimmerman  
Associate Landman

Enclosures

State of New Mexico

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

NOV 01 2012

Form C-102

Revised October 19, 2009

Submit one copy to appropriate District Office

- District I**  
1625 N. French Dr., Hobbs, NM 88240
- District II**  
811 South First, Artesia, NM 88210
- District III**  
1000 Rio Brazos Rd., Aztec, NM 87410
- District IV**  
1220 S. St. Francis Dr., Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-045-24210		Pool Code 36550	Pool Name KUTZ GALLUP
Property Code 22755	Property Name KRAUSE WN FEDERAL		Well Number #1E
GRID No. 5380	Operator Name XTO ENERGY INC.		Elevation 5898'

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	32	28N	11W		790'	NORTH	1520'	WEST	SAN JUAN

Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
SAME									

Dedicated Acres GP: 40 ACRES	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p><b>OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true &amp; complete to the best of my knowledge &amp; belief and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p>
<p><b>KUTZ GALLUP</b></p>	<p><b>32</b></p>
<p><b>SURVEYOR CERTIFICATION</b> I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true &amp; correct to the best of my belief.</p>	
<p>6/23/1984 Date of Survey Original Survey Signed By John A. Vukonich 14831 Certificate Number</p>	



SECTION PLAT OF 9 SQUARE MILES

STATE: New Mexico COUNTY: San Juan

PROSPECT: Krause WN Federal #1E DATE: December 6, 2012

SECTION: 32 TOWNSHIP: 28North RANGE: 11 West

SCALE: 1"=2000'

19	20	21
30	29	28
31	32	33

Detailed description of the section plat: The plat is a 3x3 grid of sections. Section 32 (bottom center) is subdivided into a 3x2 grid. The top row of this subdivision contains two cells, each labeled 'XTO 100%'. The middle and bottom rows each contain two empty cells.

