



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

July 13, 2007

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

Attention: Mr. Ryan O'Kelley

Re: **CM Morris Com "A" Well No. 1F**
API No. 30-045-34172
535' FSL & 1325' FWL (Unit N)
Section 13, T-27 North, R-10 West, NMPM,
San Juan County, New Mexico

Administrative Order NSL-5655

Dear Mr. O'Kelley:

Reference is made to the following:

- (a) XTO Energy, Inc.'s ("XTO" or "applicant") application for a non-standard well location (*administrative application reference No. pCLP0717146074*) for the CM Morris Com "A" Well No. 1F that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on June 19, 2007; and
- (b) the Division's records pertinent to your request.

XTO requests approval of an unorthodox well location for its proposed CM Morris Com "A" Well No. 1F in the Basin-Dakota Gas Pool (Gas – 71599) and Wildcat Basin-Mancos Pool (Gas – N/A) to be drilled 535 feet from the South line and 1325 feet from the West line (Unit N) of Section 13, Township 27 North, Range 10 West, NMPM, San Juan County, New Mexico. The SW/4 of Section 13 is to be dedicated to the well in the Wildcat Basin-Mancos Pool thereby forming a standard 160-acre spacing and proration unit. The well is also to be dedicated to an existing 320-acre gas spacing and proration unit ("GPU") in the Basin-Dakota Gas Pool comprising the W/2 of Section 13.

The Wildcat Basin-Mancos Pool is currently governed by Division Rule 19.15.3.104(C) which requires standard 160-acre spacing and proration units with wells to be located no closer than 660 feet to the outer boundary of the unit nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

The Basin-Dakota Gas Pool is currently governed by special pool rules that require 320-acre gas spacing and proration units with parent and infill wells to be located no closer than 660 feet to the outer boundary of the GPU, and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

The applicant presented evidence that demonstrates that the proposed unorthodox location is necessitated by topographic and engineering considerations within the SW/4 of Section 13.

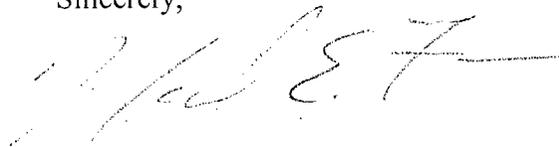
It is our understanding that XTO proposes to complete the well in both the Mancos and Dakota formations, and that the well will be downhole commingled in the Wildcat Basin-Mancos and Basin-Dakota Gas Pools.

XTO operates the affected offset acreage, being the W/2 of Section 24, Township 27 North, Range 10 West, NMPM. In accordance with Division Rule 19.15.14.1210, the applicant has provided notice of this application to all working interest owners within the W/2 of Section 24. No party objected to the application within the 20-day waiting period prescribed by Division Rule 19.15.3.104(F).

Division records show that the CM Morris Com "A" Well No. 1F will be the third well producing from the Basin-Dakota Gas Pool within the W/2 of Section 13, and the first well producing from the Wildcat Basin-Mancos Pool within the SW/4 of Section 13. XTO currently operates the CM Morris Com "A" Well No. 1 (API No. 30-045-20170) and the CM Morris Com "A" Well No. 1E (API No. 30-045-24099) located, respectively, in Units L and E.

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-Dakota and Wildcat Basin-Mancos Pools is hereby approved.

Sincerely,



Mark E. Fesmire, P.E.
Division Director

MEF/drc

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