



SUSPENSE 7/9/01	ENGINEER M.S	LOGGED IN KN	TYPE NSL	APP NO. 117031501
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NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505

ABOVE THIS LINE FOR DIVISION USE ONLY

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

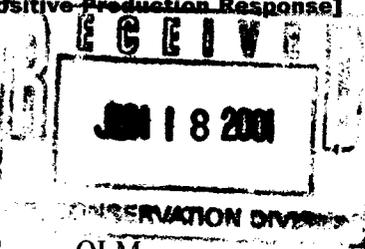
[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR



[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or _ Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **INFORMATION / DATA SUBMITTED IS COMPLETE** - Certification

I hereby certify that I, or personnel under my supervision, have reviewed the applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common.

I understand that any omission of data (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name

Signature

Title

Date

Brian Wood

Consultant

6-16-01

e-mail Address

brian@permitswest.com

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87505 (505) 466-8120

June 16, 2001

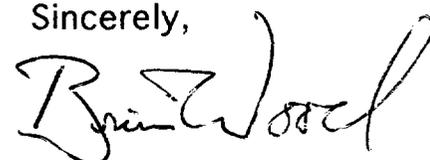
Mike Stogner
NM Oil Conservation Div.
1220 South St. Francis Dr.
Santa Fe, NM 87505

Dear Mike,

Enclosed are two copies of a NSL for XTO Energy Inc. for its Krause WN Federal 1 R at 1950 FSL & 1190 FWL 32-28n-11w. This Kutz Gallup well was originally planned for 1980 FSL & 660 FWL, but is NSL due to topography. The closest lease line 1,950' south.

Please call me if you have any questions.

Sincerely,



Brian Wood

cc: Aztec OCD
Patton

REQUEST FOR ADMINISTRATIVE APPROVAL FOR NON-STANDARD LOCATION
FOR XTO ENERGY INC.

KRAUSE WN FEDERAL 1 R WELL

1950' FSL & 1190' FWL SEC. 32, T. 28 N., R. 11 W., SAN JUAN COUNTY, NM

I. The well is on Navajo Tribal surface and a BLM oil and gas lease (NMSF-078863). The proposed location is non-standard for the Kutz Gallup. A standard location must be at least 330' from the quarter-quarter line. This well is staked 200' further east than standard. (Closest standard location would be 1950' FSL and 990' FWL.) The APD is attached.

II. A C-102 showing the well location and proration unit (NW4SW4 for the Kutz Gallup) is attached. The lease (contains 2,560 acres) is shown on the attached composite copy of the Gallegos Trading Post and Horn Canyon USGS topo maps.

III. According to NM Oil Conservation Division records reviewed in the Santa Fe office on May 16, 2001; the closest Gallup producer is XTO Energy's Rhodes #2 well which is 4,891' northwest at 960 FSL & 1160 FEL 30-28n-11w. A standard location would actually be closer to the Rhodes #2. A composite copy of the Gallegos Trading Post and Horn Canyon 7.5' USGS maps is attached showing the proposed well site, Gallup spacing unit (dashed line including all of NW4SW4 Sec. 32), and lease (solid line including all of Sections 28, 29, 31, & 32). There is only one lease within a minimum 1,950' radius. XTO Energy is the operator of the Gallup rights in the BLM lease. Registered letters were sent on June 16 to all of the offset interest owners (all in the same lease). A copy of the receipts and letters will be provided.

IV. A composite copy of the Gallegos Trading Post and Horn Canyon USGS maps is attached. The proposed well site is marked. Proration unit for the Kutz Gallup is the 40.00 acre northwest quarter of the southwest quarter of Section 32, Township 28 North, Range 11 West, NMPM, San Juan County, NM.

V. XTO selected its location due to topography. The drilling window is in a very dissected badland area

VI. No archaeology sites were found.

VII. See item V. above and attached map for a description of the surface conditions.

VIII. Directional drilling is not feasible because it is not cost effective.

IX. I hereby certify notice has been sent to the following lessees, lessors, operators of spacing units, or owners of undrilled leases which adjoin the applicant's spacing unit on one or more of the two sides or the single closest corner to the proposed well and that the information is current and correct.

A. E. Oyger Trust
Atlantic Richfield Co.
BLM
Conoco Inc.
M&G Drilling Co.
Greg McManus
Rio Arriba Investments
Roddy Production Co. Inc.
Vaster Resources Inc.

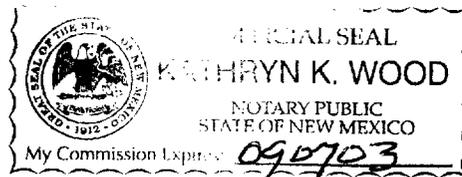
Brian Wood Consultant 6-16-01

Signature, Title, & Date

STATE OF NEW MEXICO)
) SS:
COUNTY OF SANTA FE)

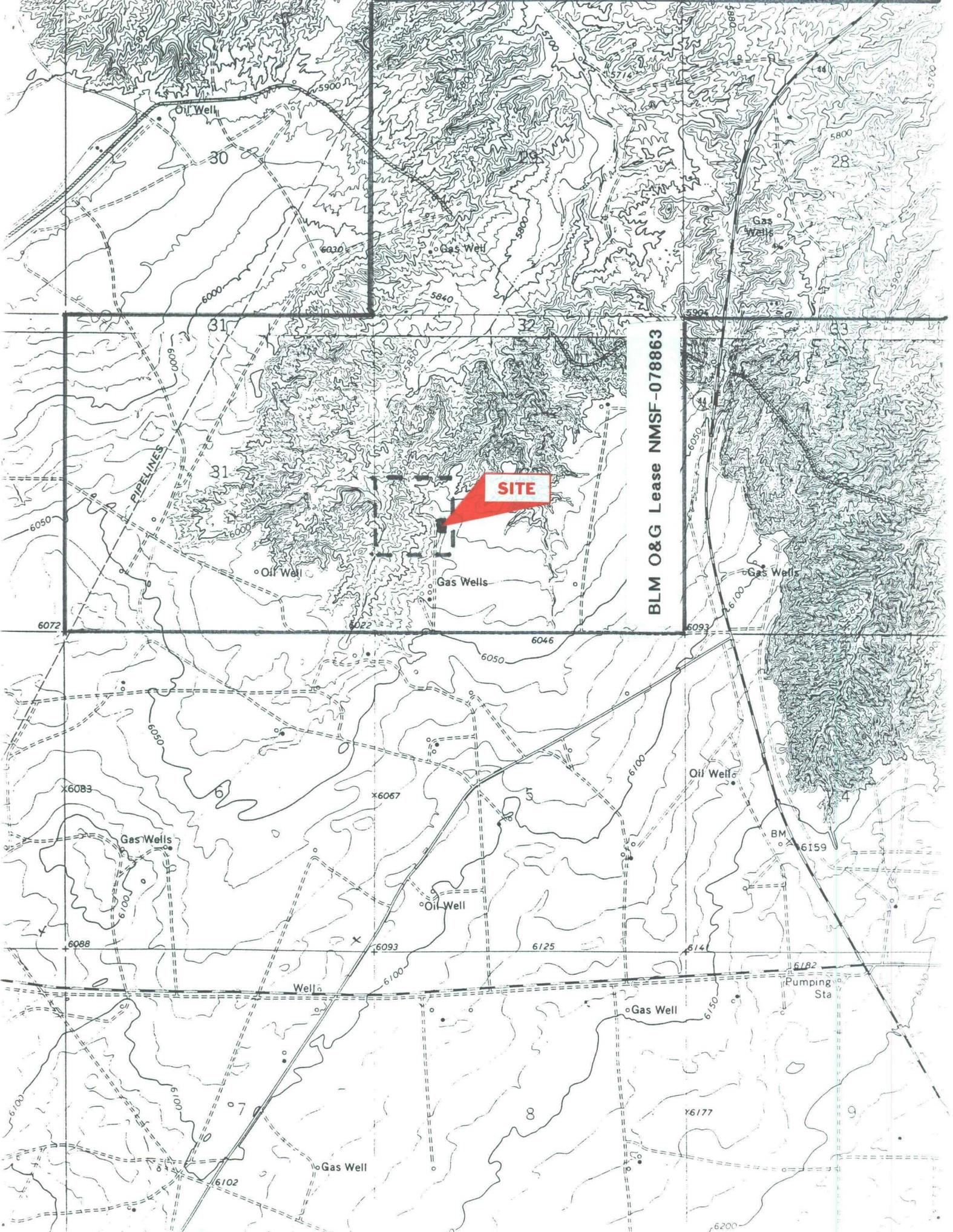
The foregoing instrument was acknowledged before me this 16th day of June, 2001 by Brian Wood. Witness my hand and official seal.

Kathryn K. Wood
Notary Public



My Commission Expires: 090703
Business Address: 37 VERANO LOOP, SANTA FE, NM 87505

cc: Aztec OCD, Patton



SITE

BLM O&G Lease NMSF-078863

Oil Well

Gas Well

Gas Wells

31

32

28

31

Gas Wells

Gas Wells

6072

6022

6046

6093

6083

6067

Oil Wells

BM 6159

6088

6093

6125

6144

Gas Wells

Oil Well

Pumping Sta

Wells

Gas Well

6100

6100

6102

Gas Well

6150

6200

6177

9

6050

6050

6050

6100

6100

PIPELINES

6050

6050

6100

6150

6050

6050

6100

6100

6150

6200

5700

5800

5900

6000

6050

6100

6150

6200

5700

5800

5900

6000

6050

6100

6150

6200

6072

6030

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6050

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6083

6088

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5900

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6046

6050

6100

6150

6200

5700

5800

5900

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CERTIFIED MAIL (Domestic Mail) ~~0012-5353~~

7000 1670 0012-5353 7511

Postage	\$ 34
Certified Fee	1.90
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 374



Sent To Atlantic Richfield
 Street, Apt. No. or PO Box No. 1670 Broadway
 City, State, ZIP+4 Denver CO 80202

PS Form 3800, May 2000 See Reverse for Instructions

PERMITS WEST, INC.
 PROVIDING PERMITS for LAND USERS
 17 Arano Loop, Santa Fe, New Mexico 87505 (505) 466-8120

June 16, 2001

Atlantic Richfield Co. c/o BP Amoco
 1670 Broadway
 Denver, Co. 80202

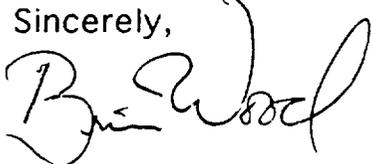
As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following non-standard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

XTO Energy Inc. is applying to drill its Krause WN Federal 1 R well. The minimum state distance for a Kutz Gallup oil well is 330' from a quarter-quarter line. The proposed well is 200' further east than is standard. Thus, it is a non-standard location. The NSL is due to topography (see attached map). It is 1,950' from the closest lease boundary.

Well Name: Krause WN Federal 1 R Total Depth: 6,850'
Proposed NSL Producing Zone: Kutz Gallup sandstone
NSL Acreage Dedication: 40.00 ac. (NWSW Sec. 32) to Kutz Gallup
Location: 1950' FSL & 1190' FWL Sec. 32, T. 28 N., R. 11 W.,
 San Juan County, NM on Federal lease NMSF-078863
Approximate Location: ~8 air miles south-southwest of Bloomfield, NM
Applicant Name: XTO Energy Inc. (505) 324-1090
Applicant's Address: 2700 Farmington Av., Bldg. K, Suite 1, Farm. NM 87401

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,

 Brian Wood

CERTIFIED MAIL PERMIT
(Domestic Mail Only)

7588
1555
2102
0919
0007

Postage	\$ 4.00	UNIT 10
Certified Fee	1.90	
Return Receipt Fee (Endorsement Required)	1.50	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 7.40	



Sent To: **BIA**
 Street, Apt. No. or P.O. Box: **PO Box 3538**
 City, State, ZIP: **Shiprock NM 87420**

PS Form 3800, May 2000 See Reverse for Instructions



June 16, 2001

Linda Taylor
 BIA Real Estate Services
 P. O. Box 3538
 Shiprock, NM 87420

Dear Linda,

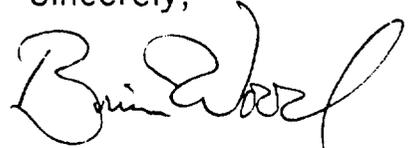
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Please call me if you have any questions.

Sincerely,

 Brian Wood

7000 1670 0012 5351 7498

CERTIFIED MAIL
(Domestic Mail Only; No Insurance Coverage Allowed)

PERMIT TO POST 87505

Postage	\$ 3.50	UNIT ID: 0971
Certified Fee	1.50	
Return Receipt Fee (Endorsement Required)	1.50	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 6.90	

Sent To: **BLM**

Street, Apt. No., or PO Box No.: **1235 LaPlata Hwy**

City, State, ZIP+4: **Farmington NM 87401**

PS Form 3800, May 2000 See Reverse for Instructions



PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
17 Arriano Loop, Santa Fe, New Mexico 87505 (505) 466-8120

June 16, 2001

Jeff Tafoya
BLM
1235 LaPlata Highway
Farmington, NM 87401

Dear Jeff,

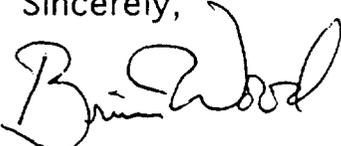
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San Juan County, NM on Federal lease NMSF-078863
- Approximate Location: ~8 air miles south-southwest of Bloomfield, NM
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- Applicant's Address: 2700 Farmington Av., Bldg. K, Suite 1, Farm. NM 87401

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,

Brian Wood

7504
7551
2700
0700
7000

CERTIFIED MAIL
(Domestic Mail Only - No Postage Needed)

Postage	\$ -34
Certified Fee	1.90
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 3.24

Sent To: Conoco
Street, Apt. No. or PO Box No. 600 N Dairy Ashford
City, State, ZIP+4 Houston Tx 77079

PS Form 3800, May 2000 See Reverse for Instructions



June 16, 2001

Bill Franklin
Conoco Inc.
600 N. Dairy Ashford
Houston, Tx. 77079

Dear Bill,

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following non-standard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

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 San Juan County, NM on Federal lease NMSF-078863
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Applicant's Address: 2700 Farmington Av., Bldg. K, Suite 1, Farm. NM 87401

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,

 Brian Wood

7000 1670 0012 5351 7542

Domestic Mail	
Postage	\$ 34
Certified Fee	190
Return Receipt Fee (Endorsement Required)	150
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 374



Sent To	McManus
Street, Apt. No. or PO Box No.	PO Box 6853
City, State, ZIP+4	Kamuela Hi 96743

PS Form 3800, May 2000 See Reverse for Instructions

PERMITS WEST, INC.
 PROVIDING PERMITS for LAND USERS
 17 Verano Loop, Santa Fe, New Mexico 87505 (505) 466-8120

June 16, 2001

Greg McManus
 P. O. Box 6853
 Kamuela, Hi. 96743

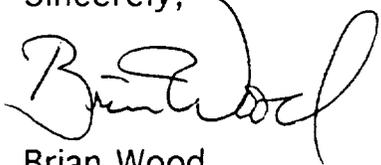
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Approximate Location: ≈8 air miles south-southwest of Bloomfield, NM
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Applicant's Address: 2700 Farmington Av., Bldg. K, Suite 1, Farm. NM 87401

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,

 Brian Wood

7000 1670 0012 5351 7535

PERMITS WEST, INC.
(Domestic Mail Only No Postage)

Postage	34
Certified Fee	1.90
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 374



Sent To: M+G
 Street, Apt. No. or PO Box No: PO Box 9560
 City, State ZIP+4: Palm Springs Ca 92263
 PS Form 3800, May 2000 See Reverse for Instructions

PERMITS WEST, INC.
 PROVIDING PERMITS for LAND USERS
 37 Volano Loop, Santa Fe, New Mexico 87505 (505) 466-8120

June 16, 2001

M&G Drilling Co.
 P. O. Box 9560
 Palm Springs, Ca. 92263

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following non-standard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

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- NSL Acreage Dedication: 40.00 ac. (NWSW Sec. 32) to Kutz Gallup
- Location: 1950' FSL & 1190' FWL Sec. 32, T. 28 N., R. 11 W.,
San Juan County, NM on Federal lease NMSF-078863
- Approximate Location: ≈8 air miles south-southwest of Bloomfield, NM
- Applicant Name: XTO Energy Inc. (505) 324-1090
- Applicant's Address: 2700 Farmington Av., Bldg. K, Suite 1, Farm. NM 87401

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,

 Brian Wood

CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

7526
7800 1670 0012 5351

Postage	\$ 34
Certified Fee	1.90
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 374



Sent To: Oyger Trust
 Street, Apt. No. or P.O. Box No.: P.O. Box 8180
 City, State, ZIP+4: Palm Springs Ca 92663
 PS Form 3800, May 2000 See Reverse for Instructions

PERMITS WEST, INC.
 PROVIDING PERMITS for LAND USERS
 17 Camino Loop, Santa Fe, New Mexico 87505 (505) 466-8120

June 16, 2001

A. E. Oyger Trust
 P. O. Box 8180
 Palm Springs, Ca. 92663

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following non-standard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

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Applicant Name: XTO Energy Inc. (505) 324-1090
Applicant's Address: 2700 Farmington Av., Bldg. K, Suite 1, Farm. NM 87401

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,

 Brian Wood

CERTIFIED MAIL
(Domestic Mail Only, No Insurance Coverage)

Postage	\$ 34
Certified Fee	1.90
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 374

Sent To: **Project Review**
 Street, Apt. No. or PO Box: **PO Box 9000**
 City, State, ZIP: **Window Rock Az 86515**

PS Form 3800, May 2000 See Reverse for Instructions



PERMITS WEST, INC.
 PROVIDING PERMITS for LAND USERS
 17 Arano Loop, Santa Fe, New Mexico 87505 (505) 466-8120

June 16, 2001

Howard Draper
 Project Review Office
 P. O. Box 9000
 Window Rock, Az. 86515

Dear Howard,

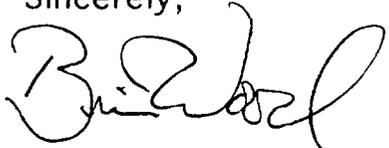
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XTO Energy Inc. is applying to drill its Krause WN Federal 1 R well. The minimum state distance for a Kutz Gallup oil well is 330' from a quarter-quarter line. The proposed well is 200' further east than is standard. Thus, it is a non-standard location. The NSL is due to topography (see attached map). It is 1,950' from the closest lease boundary.

- Well Name: Krause WN Federal 1 R Total Depth: 6,850'
- Proposed NSL Producing Zone: Kutz Gallup sandstone
- NSL Acreage Dedication: 40.00 ac. (NWSW Sec. 32) to Kutz Gallup
- Location: 1950' FSL & 1190' FWL Sec. 32, T. 28 N., R. 11 W.,
San Juan County, NM on Federal lease NMSF-078863
- Approximate Location: ≈8 air miles south-southwest of Bloomfield, NM
- Applicant Name: XTO Energy Inc. (505) 324-1090
- Applicant's Address: 2700 Farmington Av., Bldg. K, Suite 1, Farm. NM 87401

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,

 Brian Wood

7000 1670 0012 5351 7559

Postage	\$ 34
Certified Fee	1.90
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 374



Sent To Rio Arriba Investments
 Street, Apt. No., or PO Box No. 82 Devonshire
 City, State, ZIP+4 Boston, Ma 02109

PS Form 3800, May 2000 See Reverse for Instructions

PERMITS WEST, INC.
 PROVIDING PERMITS for LAND USERS
 17 Arriano Loop, Santa Fe, New Mexico 87505 (505) 466-8120

June 16, 2001

Rio Arriba Investments
 82 Devonshire St.
 Boston, Ma. 02109

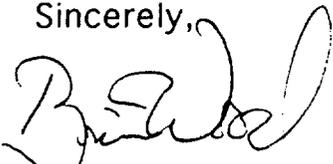
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Please call me if you have any questions.

Sincerely,

 Brian Wood

CERTIFIED MAIL
(Domestic Mail Only; No Insurance Coverage)

Postage \$ 34
Cert. Post Fee 1.90
Return Receipt Fee
(Endorsement Required) 1.50
Restricted Delivery Fee
(Endorsement Required)
Total Postage & Fees \$ 3.74



Sent To Roddy
Street, Apt. No. or PO Box No. PO Box 2221
City, State, ZIP+4 Farmington NM 87499
PS Form 3800, May 2000 See Reverse for Instructions

7000 1670 0012 5351 7566

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
17 Verano Loop, Santa Fe, New Mexico 87505 (505) 466-8120

June 16, 2001

Roddy Production Co. Inc.
P. O. Box 2221
Farmington, NM 87499

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Please call me if you have any questions.

Sincerely,

Brian Wood

CERTIFIED MAIL RECEIPT*(Domestic Mail Only; No Insurance Coverage Provided)*

7551 5351 0012 1670 7000

Postage	\$ 34
Certified Fee	1.90
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 379



Sent To	Vaster
Street, Apt. No.; or PO Box No.	15375 Memorial
City, State, ZIP+4	Houston Tx 77079

PS Form 3800, May 2000 See Reverse for Instructions

PERMITS WEST, INC.
 PROVIDING PERMITS for LAND USERS
 17 Verano Loop, Santa Fe, New Mexico 87505 (505) 466-8120

June 16, 2001

Vaster Resources Inc.
 15375 Memorial Dr.
 Houston, Tx. 77079

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Please call me if you have any questions.

Sincerely,

Brian Wood

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
 DRILL DEEPEN

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
XTO Energy Inc. (505) 324-1090

5. LEASE DESIGNATION AND SERIAL NO.
NMSF-078863

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
 N/A

7. UNIT AGREEMENT NAME
 N/A

8. FARM OR LEASE NAME, WELL NO.
Krause WN Fed. 1 R

9. API WELL NO.

3. ADDRESS AND TELEPHONE NO.
2700 Farmington Av, Bldg K, Ste 1, Farmington, NM 87401

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface: **1950' FSL & 1190' FWL**
 At proposed prod. zone: **Same**

10. FIELD AND POOL, OR WILDCAT
Kutz Gall. & Bas. Dak.

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
32-28n-11w NMPM

12. COUNTY OR PARISH
San Juan

13. STATE
NM

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
8 air miles SSW of Bloomfield

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
1,950'

16. NO. OF ACRES IN LEASE
2,560

17. NO. OF ACRES ASSIGNED TO THIS WELL
40 & 320

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
977'

19. PROPOSED DEPTH
6,850'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
6,026' ungraded

22. APPROX. DATE WORK WILL START*
Dec. 1, 2001

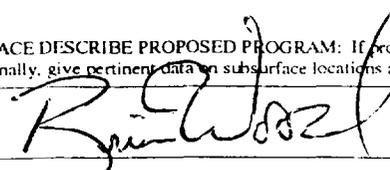
23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	J-55 8-5/8"	24	300'	≈248 cu. ft. & to surface
7-7/8"	J-55 4-1/2"	10.5	6,850'	≈2,035 cu. ft. & to surface

Effective June 1, 2001 Cross Timbers Operating Company has merged into its parent company, Cross Timbers Oil Company, and Cross Timbers Oil Company has changed its name to XTO Energy Inc.

cc: BIA, BLM, NAPI, OCD (via BLM), Patton, Tribe

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED  TITLE Consultant (505) 466-8120 DATE 6-14-01

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
 CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY _____ TITLE _____ DATE _____

*See Instructions On Reverse Side

DISTRICT I
P.O. Box 1980, Hobbs, N.M. 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994

DISTRICT II
P.O. Drawer DD, Artesia, N.M. 88211-0719

Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, NM 87504-2088

DISTRICT IV
PO Box 2088, Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
		36550 & 71599		KUTZ GALLUP & BASIN DAKOTA	
⁴ Property Code		⁶ Property Name			⁵ Well Number
		KRAUSE WN FEDERAL			1R
⁷ OGRID No.		⁸ Operator Name			⁹ Elevation
167067		XTO Energy Inc.			6026'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	32	28-N	1J-W		1950'	SOUTH	1190'	WEST	SAN JUAN

¹¹ 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

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.

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>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Brian Wood</i> Signature</p> <p>BRIAN WOOD Printed Name</p> <p>CONSULTANT Title</p> <p>JUNE 14, 2001 Date</p>
	<p>18 SURVEYOR CERTIFICATION</p> <p>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 and correct to the best of my belief.</p> <p>2-26-2001 Date of Survey</p> <p><i>[Signature]</i> Signature and Seal of Professional Surveyor</p> <p>8894 Certificate Number</p>

XTO Energy Inc.
 Krause WN Federal 1 R
 1950' FSL & 1190' FWL
 Sec. 32, T. 28 N., R. 11 W.
 San Juan County, New Mexico

Drilling Program

1. ESTIMATED FORMATION TOPS

<u>Formation Name</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Subsea Elevation</u>
Nacimiento Fm	000'	12'	+6,026'
Ojo Alamo Ss	676'	688'	+5,350'
Kirtland Sh	766'	778'	+5,260'
Fruitland Fm	1,526'	1,538'	+4,500'
Pictured Cliffs Ss	1,826'	1,838'	+4,200'
Lewis Sh	1,966'	1,978'	+4,060'
Mesa Verde Ss	2,776'	2,788'	+3,250'
Cliffhouse Ss	3,426'	3,438'	+2,600'
Pt. Lookout Ss	4,276'	4,288'	+1,750'
Mancos Sh	4,576'	4,588'	+1,450'
Gallup Niobrara Ss & Sh	5,436'	5,448'	+590'
Gallup Skelly Ss & Sh	5,601'	5,613'	+425'
Gallup Sullivan Ss & Sh	5,676'	5,678'	+350'
Gallup Nelson Ss & Sh	5,731'	5,743'	+295'
Tocito Ss & Sh	5,841'	5,853'	+185'
Sanostee Ss & Sh	5,896'	5,908'	+130'
Greenhorn Ls	6,241'	6,253'	-215'
Graneros Sh	6,301'	6,313'	-275'
Dakota Ss	6,326'	6,338'	-300'
Morrison Fm	6,586'	6,598'	-560'
Total Depth (TD)*	6,850'	6,862'	-824'

* all elevations reflect the ungraded ground level of 6,026'

2. NOTABLE ZONES

Gas or Oil Zones
 Fruitland

Water Zones
 Nacimiento

Coal or Uranium Zones
 Fruitland

XTO Energy Inc.
 Krause WN Federal 1 R
 1950' FSL & 1190' FWL
 Sec. 32, T. 28 N., R. 11 W.
 San Juan County, New Mexico

<u>Gas or Oil Zones</u>	<u>Water Zones</u>	<u>Coal or Uranium Zones</u>
Pictured Cliffs	Kirtland	Menefee
Cliff House	Fruitland	Morrison
Menefee		
Pt. Lookout		
Dakota		

Water zones will be protected with casing, cement, and weighted mud. Fresh water found while drilling will be recorded. Oil or gas shows will be tested for commercial potential based on the geologist's recommendations.

3. PRESSURE CONTROL

The drilling contract has not yet been awarded, thus the exact BOP system to be used is not yet known. A typical 2,000 psi stack and manifold are on PAGES 3 and 4. Testing procedures are on the same pages.

4. CASING & CEMENT

	<u>Surface Casing</u>	<u>Production Casing</u>
Interval	0' - 300'	0' - 6700'
Hole Diameter	12-1/4"	7-7/8"
Casing Diameter	8-5/8"	4-1/2"
Weight (pounds/foot)	24	10.5
Grade	J-55	J-55
Coupling	ST&C	ST&C
Collapse Rating (psi)	1370	4010
Burst Rating (psi)	2950	4790
Jt.-Str. (M-lbs)	244	132
I. D. (inches)	8.097	4.052
Drift (inches)	7.972	3.875
SF Coll	9.44	1.28
SF Burst	13.72	1.06
SF Ten	33.89	1.87
Centralizers	3-4	20



BOP SCHEMATIC FOR DRILLING OPERATIONS CLASS 1 (2M) NORMAL PRESSURE

1. Test BOP after installation:

Pressure test BOP to 200-300 psig (low pressure) for 5 min.

Test BOP to Working Press or to 70% internal yield of surf csg (10 min).

2. Test operation of (both) rams on every trip.

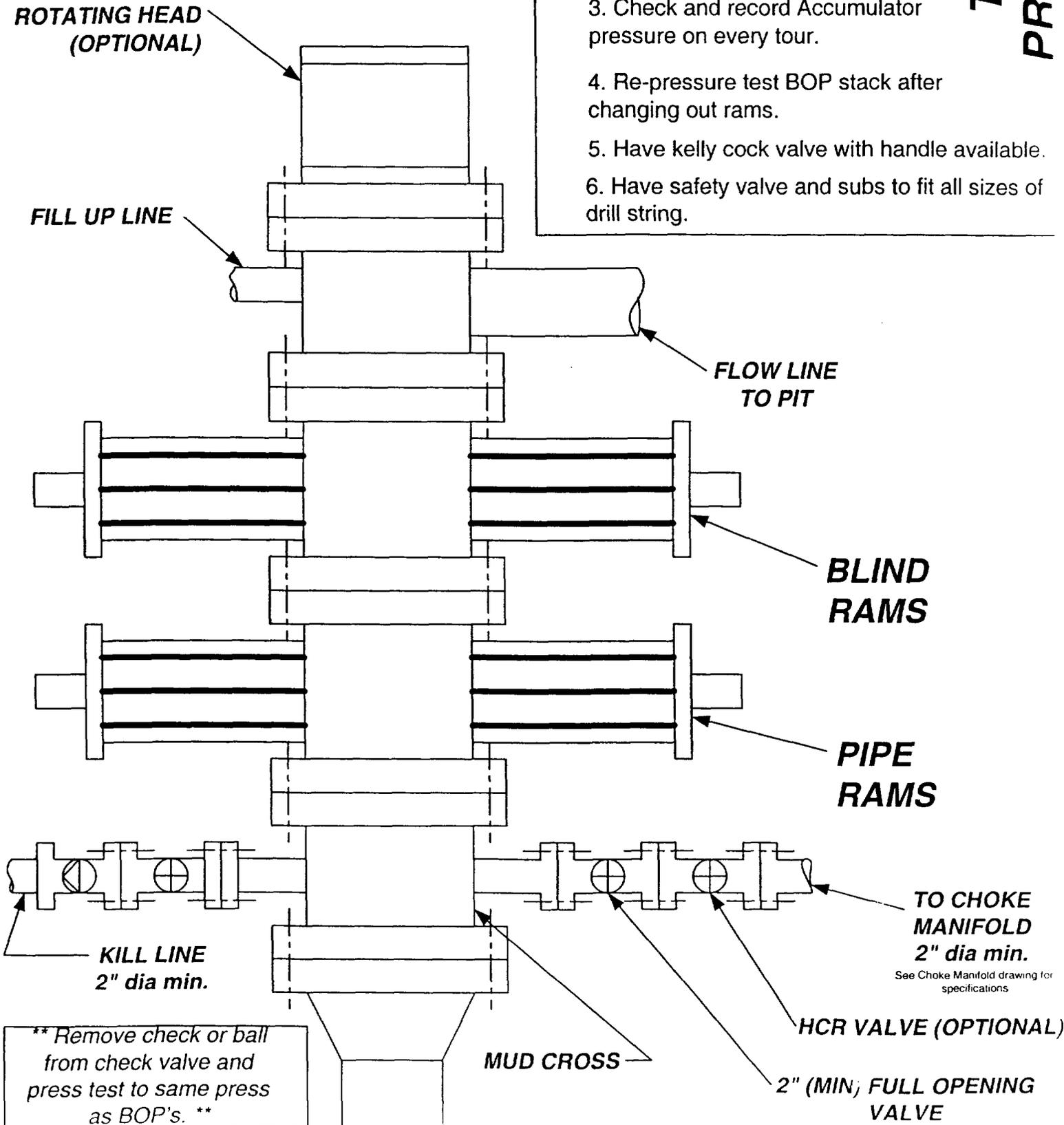
3. Check and record Accumulator pressure on every tour.

4. Re-pressure test BOP stack after changing out rams.

5. Have kelly cock valve with handle available.

6. Have safety valve and subs to fit all sizes of drill string.

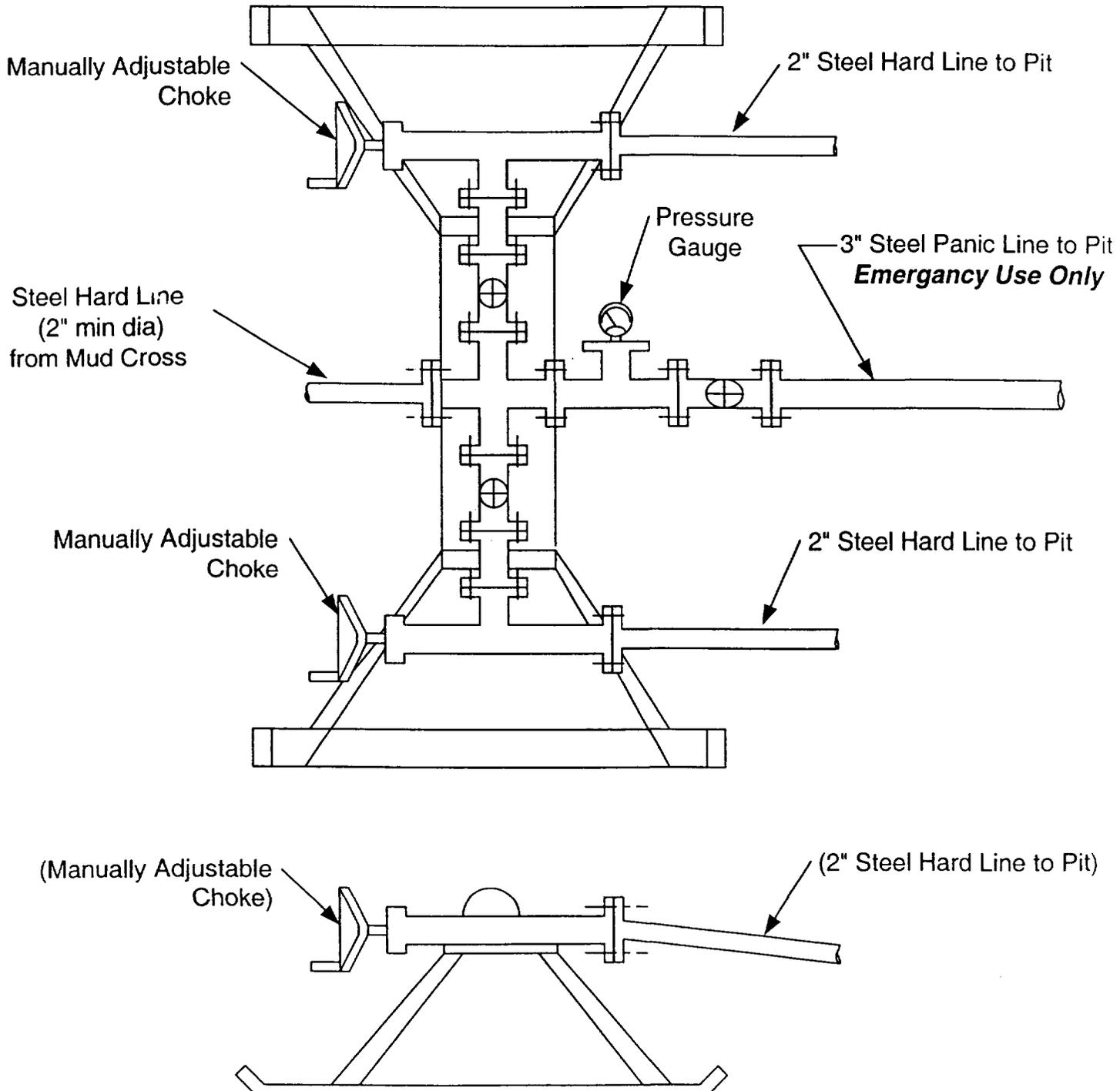
TESTING PROCEDURE



CHOKE MANIFOLD SCHEMATIC FOR DRILLING OPERATIONS CLASS 1 (2M) NORMAL PRESSURE

1. Stake all lines from choke manifold to pit.
2. Pressure test choke manifold after installation.
3. Pressure test manifold at the same time with the BOP Stack. Test manifold to the same test pressures.

**TESTING
PROCEDURE**



XTO Energy Inc.
Krause WN Federal 1 R
1950' FSL & 1190' FWL
Sec. 32, T. 28 N., R. 11 W.
San Juan County, New Mexico

PAGE 5

Casing head will be Larkin Fig 92 or its equivalent, 9" nominal, 2000 psi WP, (4000 psi test) with 8-5/8" 8 rounded thread on bottom, and 11-3/4" 8 rounded thread on top.

Tubing head will be Larkin Fig 612 or its equivalent, 2000 psi WP (4000 psi test), 4-1/2" 8 rounded female thread on bottom, and 8-5/8" rounded thread on top.

Surface casing will be cemented to surface with ≈ 185 sx Type III cement with 2% CaCl_2 + 1/4 pound per sack cello flake mixed with 6.33 gallons of water per sack. Weight = 14.8 pounds/gallon. Density = 1.34 cubic feet/sack. Total volume = 248 cubic feet based on 100% excess.

Production casing will be cemented to surface in two stages. DV tool will be set at $\approx 4,500'$. Total first stage volume = 705 cubic feet. Total second stage volume = 1,330 cubic feet. Volumes to be based on caliper log + 30% excess.

First stage lead will be ≈ 280 sx 65/35 Class H with 6% gel + 1/4 pound per sack cello flake + 3% NaCl + 0.5% fluid loss additive + 0.2% dispersant mixed with 10.59 gallons of water per sack. Weight = 12.5 pounds/gallon. Density = 2.08 cubic feet/sack.

First stage tail will be cemented with ≈ 105 sx Class H + 1/4 pound per sack cello flake + 0.5% fluid loss additive mixed with 5.23 gallons of water per sack. Weight = 15.6 pounds per gallon. Volume = 1.18 cubic feet per sack.

Second stage lead will be cemented with ≈ 395 sx Class H with 3% extender + 1/4 pound per sack cello flake mixed with 10.19 gallons of water per sack. Weight = 11.2 pounds per gallon. Volume = 3.07 cubic feet per sack.

Second stage tail will be cemented with ≈ 105 sx Class H with 1/4 pound per sack cello flake + 0.5% fluid loss additive mixed with 5.23 gallons of water per sack. Weight = 15.6 pounds per gallon. Volume = 1.18 cubic feet per sack.

XTO Energy Inc.
Krause WN Federal 1 R
1950' FSL & 1190' FWL
Sec. 32, T. 28 N., R. 11 W.
San Juan County, New Mexico

PAGE 6

5. MUD PROGRAM

<u>INTERVAL</u>	<u>MUD TYPE</u>	<u>WEIGHT</u>	<u>VISCOSITY</u>	<u>WATER LOSS</u>
0' - 300'	Fresh Water-Spud	8.6-9.0	28-32	NC
300' - 4,900'	Fresh Water-Polymer	8.4-8.8	28-32	NC
4,900'-TD	LSND	8.6-9.0	45-60	8-10 cc

Fibrous material (e.g., cedar bark, cotton seed hulls) will be on site to control seepage and lost circulation. High viscosity sweeps will be used as needed for hole cleaning. Viscosity will be raised at TD for logging. Viscosity will be reduced after logging for cementing. A two person mud logging crew will be on site from $\approx 5,500'$ to TD.

6. CORES, TESTS, & LOGS

No cores or DSTs are planned. The following open hole logs will be run:

Array Induction/SFL/GR/SP from TD to bottom of surface casing
CNL/LDT(Lithodensity)/GR/Cal and PE from TD to $\approx 4,700'$
Formation Micro Imager (FMI) from TD to $\approx 6,150'$

7. DOWNHOLE CONDITIONS

No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum reservoir pressure will be $\approx 1,500$ psi.

8. OTHER INFORMATION

The anticipated spud date is December 1, 2001. It is expected it will take about twelve days to drill and thirty days to complete the well.

XTO Energy Inc.
Krause WN Federal 1 R
1950' FSL & 1190' FWL
Sec. 32, T. 28 N., R. 11 W.
San Juan County, New Mexico

PAGE 7

Surface Use Plan

1. DIRECTIONS & EXISTING ROADS (See Pages 12 & 13)

From the junction of US 64 and NM 44/US 550 in Bloomfield ...
Go South for 8.3 mi. on NM 44/US 550
Then turn right onto paved County Road 7010 and go West 100 yards
Then turn right and go NW 2.0 mi. on paved N-4014
Then turn right onto a dirt road and go N 0.2 mil to two wells
Continue N another 0.2 mi. along a pipeline road to the SW corner of the pad

Roads will be maintained to a standard at least equal to their present condition.

2. ROAD TO BE BUILT & UPGRADED (See Page 13)

The last 490' of road will be upgraded and built. It will be crowned and ditched with a 15' wide running surface. Maximum disturbed width will be 25'. Borrow ditches will turn out every 100 yards. Two water bars built at least half in cut and skewed at a $\approx 45^\circ$ angle to drain. No culvert or cattleguard is needed. Maximum cut or fill is 2'. Maximum grade is 7%.

3. EXISTING WELLS (See Page 13)

Twenty-six gas or oil wells and one plugged and abandoned well are within a mile radius according to NM Oil Conservation Division records reviewed in Santa Fe on May 16, 2001. There are no water or injection wells within a mile.

XTO Energy Inc.
Krause WN Federal 1 R
1950' FSL & 1190' FWL
Sec. 32, T. 28 N., R. 11 W.
San Juan County, New Mexico

PAGE 8

4. PROPOSED PRODUCTION FACILITIES (See Page 13)

A 300 bbl steel tank, 100 barrel above grade water tank, and a meter will be installed on the pad. Surface equipment will be painted a flat Carlsbad tan.

A ≈ 4.5 " O.D. welded steel natural gas pipeline will be laid ≈ 490 ' parallel to the road south to an existing El Paso pipeline. Maximum operating pressure = 1750 psi. Test pressure = 2100 psi. Will pressure test with water which will discharge into the reserve pit. Wall thickness ≥ 0.156 ". Burial depth ≥ 48 ". Route will be posted with intervisible markers. All of the route is on lease.

5. WATER SUPPLY

Water will be trucked from a private water well along NM 44.

6. CONSTRUCTION MATERIALS & METHODS

NM One Call (1-800-321-ALERT) will be notified before construction starts. Brush stripped from the well site will be piled below the northeast corner of the pad. The top 6" of soil will be stockpiled east of the pit. A minimum 10 mil plastic liner will be installed in the reserve pit. A diversion ditch will be cut on the south side of the pad to drain east and on the west side of the pad to drain north.

7. WASTE DISPOSAL

All trash will be placed in a portable trash cage. It will be hauled to the county landfill. There will be no trash burning. Once dry, contents of the reserve pit will be buried in place. Human waste will be disposed of in chemical toilets and hauled to an approved dump station.

XTO Energy Inc.
Krause WN Federal 1 R
1950' FSL & 1190' FWL
Sec. 32, T. 28 N., R. 11 W.
San Juan County, New Mexico

PAGE 9

8. ANCILLARY FACILITIES

There will be no air strips or camps. Camper trailers will be on location for the company man, tool pusher, or mud logger.

9. WELL SITE LAYOUT

See Pages 14 and 15 for depictions of the well pad, cross section, cut and fill diagram, reserve pit, trash cage, access onto the location, parking, living facilities, and rig orientation.

10. RECLAMATION

Reclamation starts once the reserve pit is dry. It usually takes a year for a reserve pit to fully evaporate, at which point it will be backfilled. The pad and backfilled pit will be recontoured to a natural appearance. Soil and brush will be evenly spread over disturbed areas. Disturbed areas will be ripped or harrowed. BLM seed mix #1 will be drilled between July 1 and September 15. If broadcast, the rate will be doubled. A harrow or cable will be dragged over the area to assure seed cover.

If the well is a producer, then the reserve pit, pipeline route, and any other areas not needed for workovers will be reclaimed as previously described. Pipeline route will have water bars installed in cut every 100 yards and skewed at a $\approx 45^\circ$ angle to drain. All pipeline and road disturbance will be within one 40' wide corridor.

11. SURFACE OWNER

All construction is on lease on Navajo Nation Tribal Trust surface. Address is P. O. Box 9000, Window Rock, Az. 86515. Phone number is (520) 871-6447.

XTO Energy Inc.
Krause WN Federal 1 R
1950' FSL & 1190' FWL
Sec. 32, T. 28 N., R. 11 W.
San Juan County, New Mexico

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12. OTHER INFORMATION

The nearest hospital is a 30 minute drive away in southwest Farmington.

13. REPRESENTATION

Anyone having questions concerning the APD should call:

Brian Wood, Consultant
Permits West, Inc.
37 Verano Loop
Santa Fe, NM 87505
(505) 466-8120 FAX: (505) 466-9682 Cellular: (505) 699-2276

Field representative will be:

Jeff Patton
XTO Energy Inc.
2700 Farmington Ave., Building K, Suite 1
Farmington, NM 87401
(505) 324-1090 FAX: (505) 564-6700 Home: (505) 632-7882

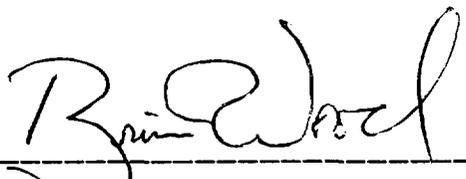
XTO Energy Inc. has the necessary consents from the proper lease owners to conduct lease operations in conjunction with this well. Bond coverage pursuant to 43 CFR 3104 for lease activities and operations is being provided by XTO Energy Inc.

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by XTO Energy Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the

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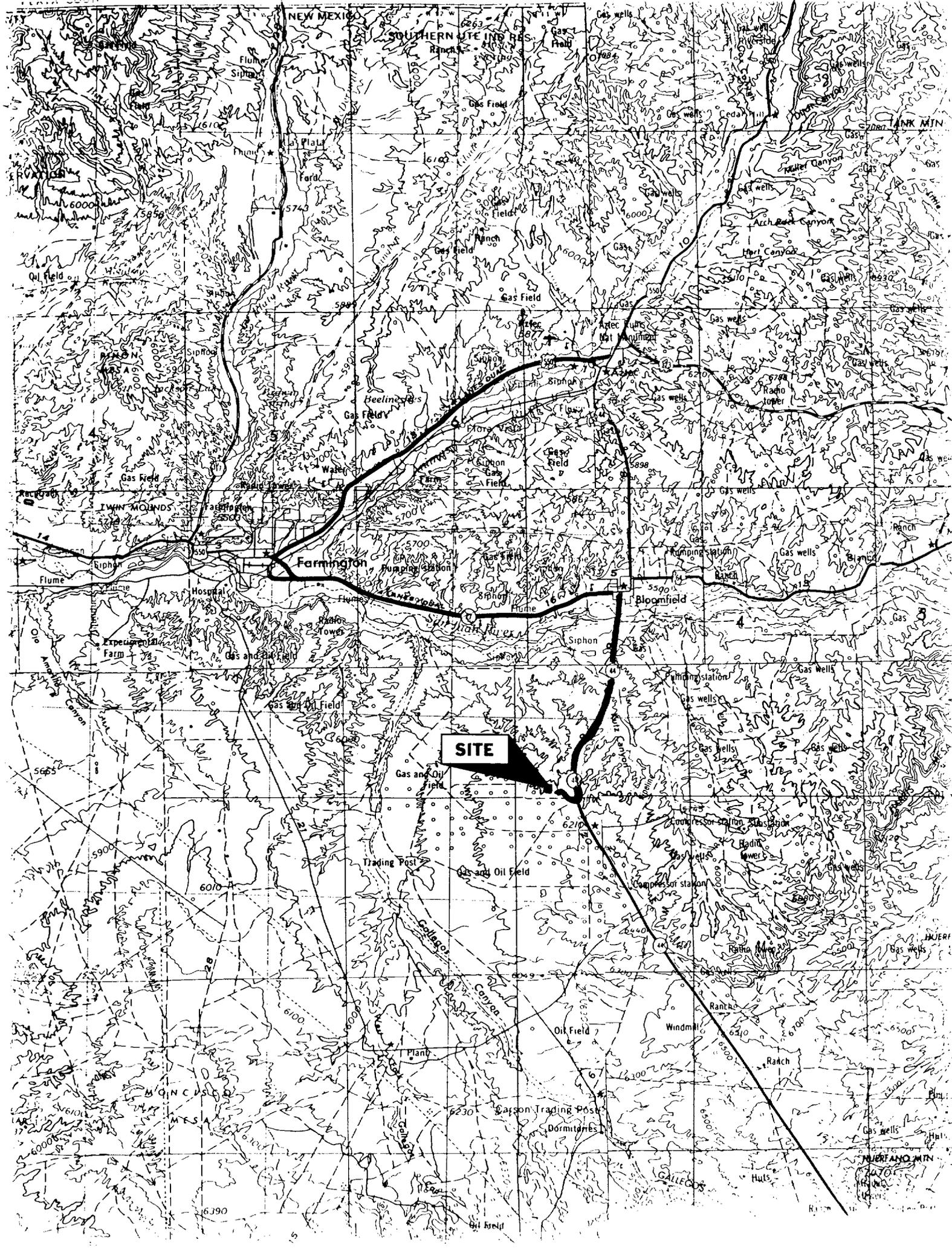
PAGE 11

provisions of 18 U.S.C. 1001 for the filing of a false statement.

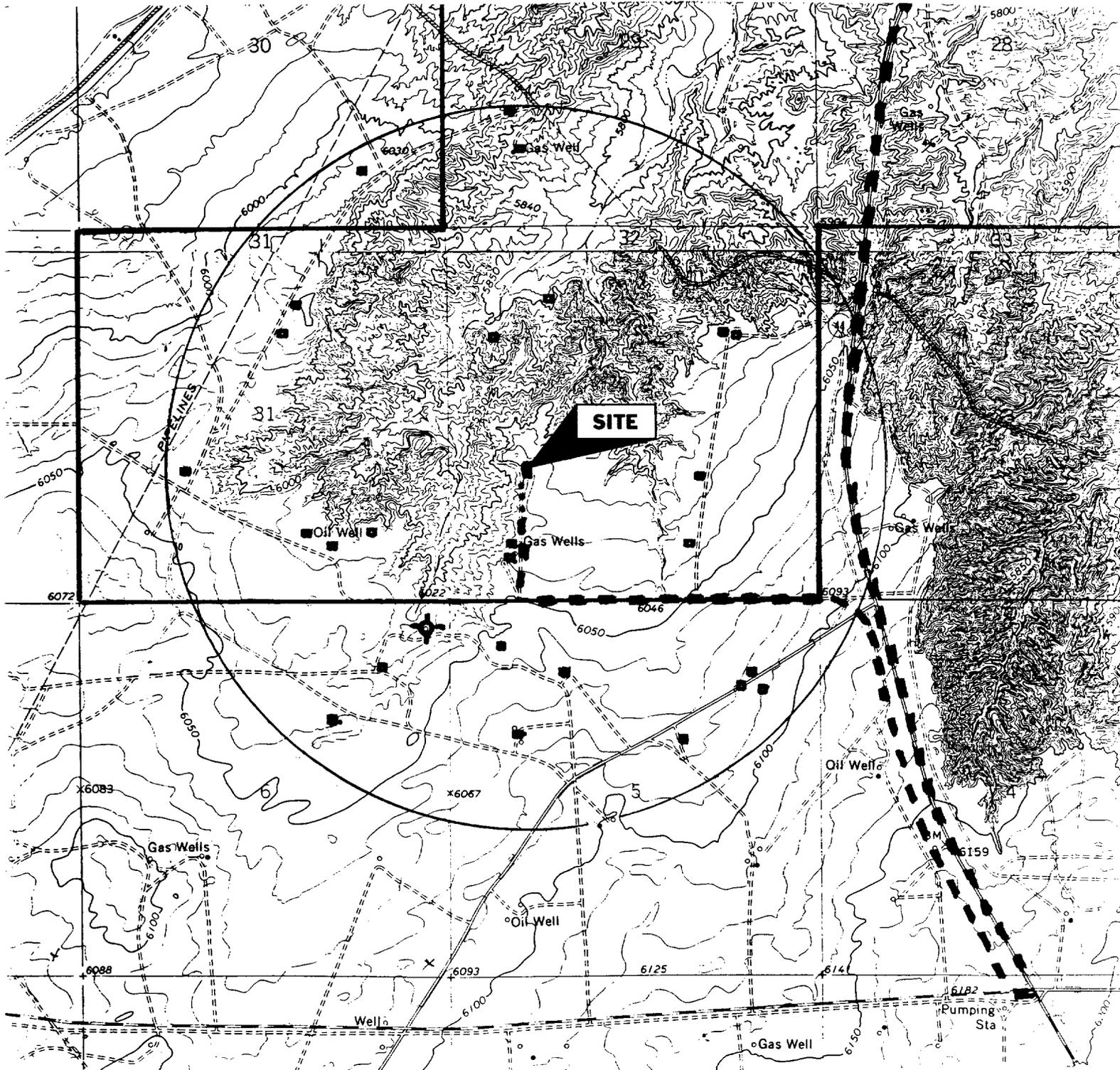


Consultant

June 14, 2001
Date

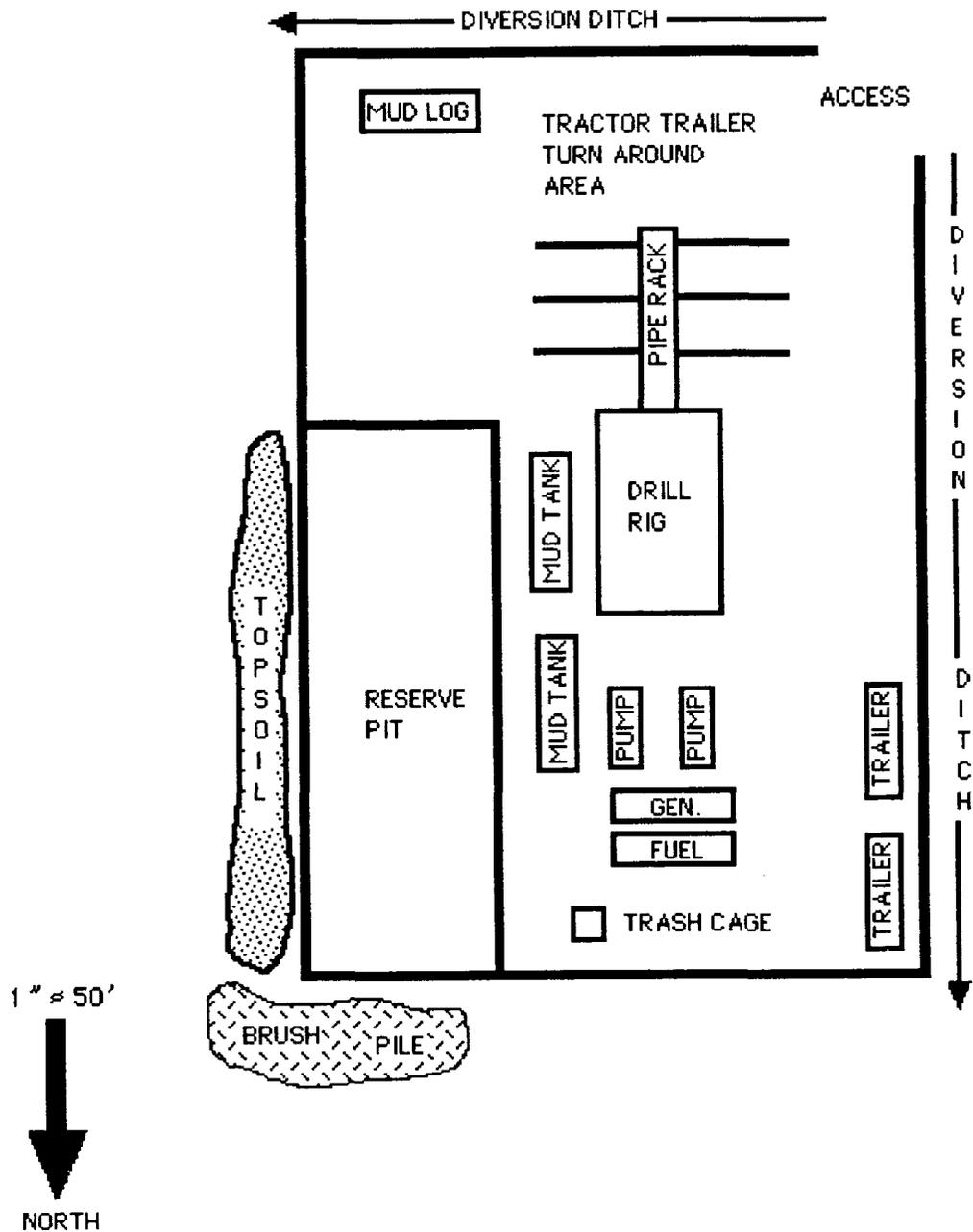


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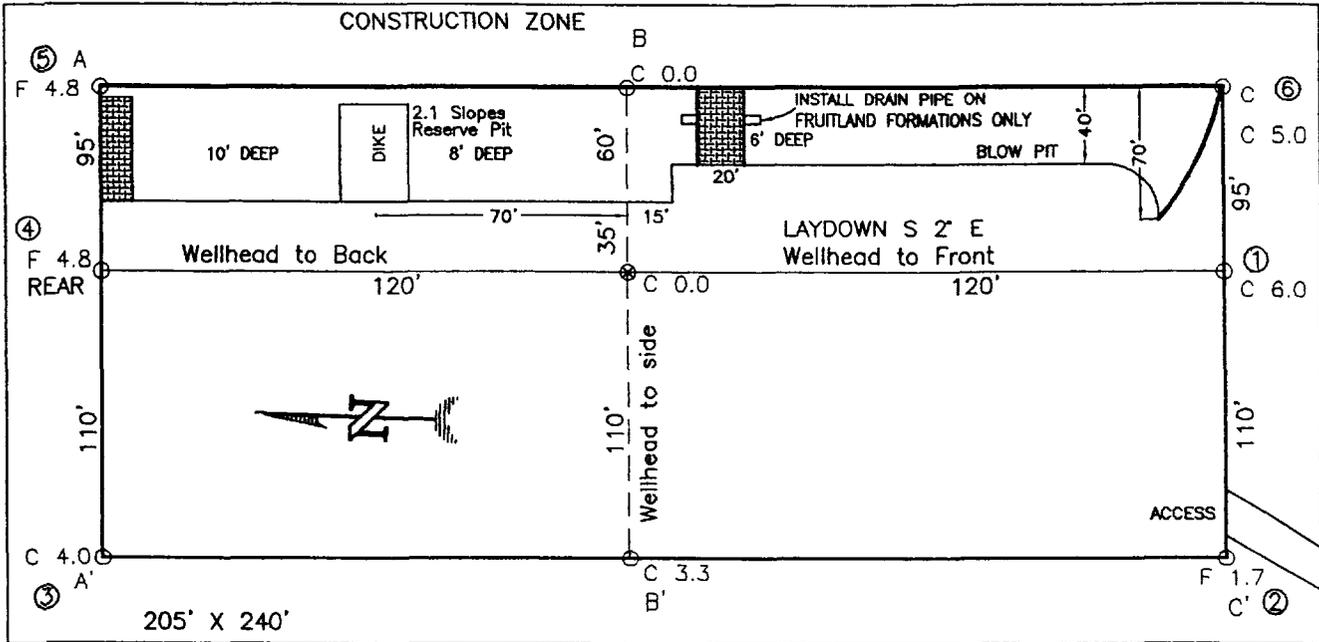
- | | |
|------------------|-----------------------------|
| PROPOSED WELL: ■ | ROAD & PIPELINE WORK: -.-.- |
| EXISTING WELL: ● | EXISTING ROAD: - - - - |
| P&A WELL: ⊕ | LEASE: ┌ |

XTO Energy Inc.
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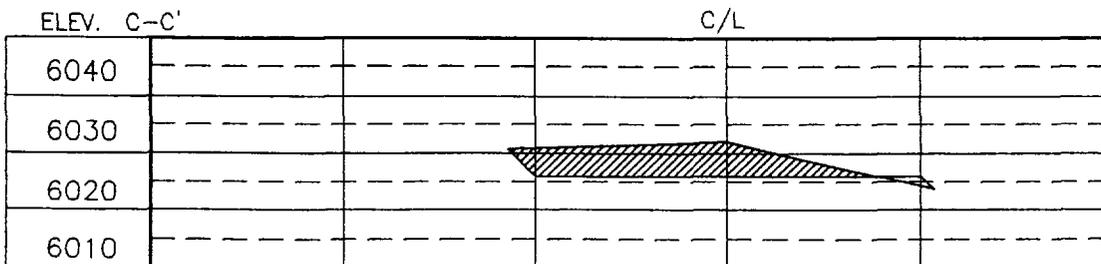
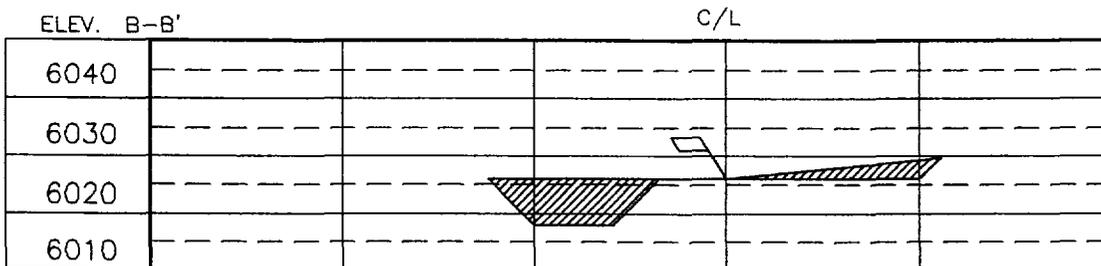
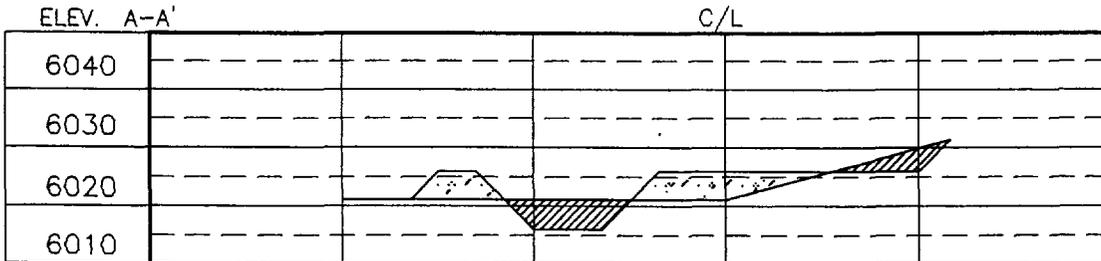


CROSS TIMBERS OPERATING COMPANY
 KRAUSE WN FEDERAL #1R, 1950 FSL 1190 FWL
 SECTION 32, T28N, R11W, N.M.P.M., SAN JUAN COUNTY, N. M.
 GROUND ELEVATION: 6026, DATE: FEBRUARY 26, 2001

LAT. = 36°37'01"N
 LONG. = 108°01'56"W



RESERVE PIT DIKE: TO BE 8' ABOVE DEEP SIDE (OVERFLOW - 3' WIDE AND 1' ABOVE SHALLOW SIDE).
 BLOW PIT: OVERFLOW PIPE HALFWAY BETWEEN TOP AND BOTTOM AND TO EXTEND OVER PLASTIC LINER AND INTO BLOW PIT.



NOTE: CONTRACTOR SHOULD CALL ONE-CALL FOR LOCATION OF ANY MARKED OR UNMARKED BURIED PIPELINES OR CABLES ON WELL PAD AND OR ACCESS ROAD AT LEAST TWO (2) WORKING DAYS PRIOR TO CONSTRUCTION.

DRAWN BY: A.G. ROW#: CR040 CADFILE: CR040CF1 DATE: 03/06/01

Daggett Enterprises, Inc.
 Surveying and Oil Field Services
 P. O. Box 15088 Farmington, NM 87401
 Phone (505) 328-1772 Fax (505) 328-6019



CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

07/16/01 08:54:05
OGOMES -TPSN
PAGE NO: 1

Sec : 32 Twp : 28N Rng : 11W Section Type : NORMAL

D 40.00 Federal owned	C 40.00 Federal owned A	B 40.00 Federal owned	A 40.00 Federal owned
E 40.00 Federal owned	F 40.00 Federal owned	G 40.00 Federal owned A	H 40.00 Federal owned A

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

07/16/01 08:54:10
OGOMES -TPSN
PAGE NO: 2

Sec : 32 Twp : 28N Rng : 11W Section Type : NORMAL

L 40.00 Indian owned	K 40.00 Indian owned	J 40.00 Federal owned A	I 40.00 Federal owned
M 40.00 Indian owned A A	N 40.00 Indian owned	O 40.00 Federal owned A	P 40.00 Federal owned

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

7-16-2001



State of New Mexico
OIL CONSERVATION COMMISSION

From

MICHAEL E. STOGNER
PETROLEUM ENGINEER

Memo

To Steve Hayden / Charlie Perrin

Attached is a copy of an appl. filed by Brian Wood for XTO for its proposed Krause "WN" Fed. #1-R. I assume its to replace the Krause WN Fed. #1 (30-045-06972) which is currently producing Basin Dk gas at a rate of 2000/1800 MCF/Mo.

Anyway this request is for an NS fullup oil completion. I'll wait for Aztec's ~~response~~ response before doing anything else.

Thanks MS

8-7-2001
Reminded Steve
about this appl.
will checkout.

P.O. BOX 2088
LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
505-827-5811

Stogner, Michael

From: Hayden, Steven
Sent: Tuesday, August 07, 2001 9:23 AM
To: Stogner, Michael
Cc: Ezeanyim, Richard
Subject: XTO NSL applications: T.L. Rhodes C #3, Krause WN Federal #1R, Bolack C LS # 15A

Mike, in answer to your request I have reviewed these NSL applications. The T>L> Rhodes C #3 and the Krause WN Federal # 1 R are applications to recomplete to the Kutz Gallup Pool and are non-standard due to being less than 330' from an interior line in the respective Dakota GPUs. XTO originally called me for guidance and I assigned them to the Kutz Gallup. I have no objection to these NSL applications.

The Bolack C LS #15A NSL app is for the Otero Chacra Pool and this is a member of the Cliff House Fm of the Mesaverde Group. Since the well already has a nonstandard location order for the Mesaverde, I see no reason it should not be extended to cover the Chacra.



Steve Hayden
NM OCD District III
1000 Rio Brazos Rd.
Aztec, NM 87410

shayden@state.nm.us
(505) 334-6178 Ext. 14
Fax: (505) 334-6170