



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

August 29, 2001

Lori Wrotenbery
Director
Oil Conservation Division

XTO Energy, Inc.
810 Houston Street
Fort Worth, Texas 76102-6289
Attention: Tim Welsh

Telefax No. (817) 870-1671

Administrative Order NSL-4634

Dear Mr. Welsh:

Reference is made to the following: (i) your application (*application reference No. pKRV0-121854256*) submitted to the New Mexico Oil Conservation Division ("Division") on August 6, 2001; and (ii) the Division's records in Santa Fe and Aztec: all concerning XTO Energy, Inc.'s request for an off-pattern non-standard Basin-Fruitland coal gas well location for the existing Valencia Canyon Unit Well No. 15 (**API No. 30-039-211475**), located 1450 feet from the South line and 790 feet from the East line (Unit I) of Section 27, Township 28 North, Range 4 West, NMPM, Basin-Fruitland Coal (Gas) Pool (**71629**), Rio Arriba County, New Mexico.

According to the Division's well records the Valencia Canyon Unit Well No. 15 was initially drilled in 1978 and completed at a standard gas well location in the Choza Mesa-Pictured Cliffs Pool within a standard 160-acre gas spacing and proration unit comprising the SE/4 of Section 27.

It is our understanding that XTO Energy, Inc. intends to abandoned the Pictured Cliffs interval and recompleted this well up-hole into the Basin-Fruitland Coal (Gas) Pool. Pursuant to the "*Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool*," as promulgated by Division Order No. R-8768, as amended, the location of this well is considered to be unorthodox. Further, the S/2 of Section 27 is to be dedicated to this well in order to form a standard 320-acre lay-down gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool.

By the authority granted me under the provisions of Rule 8 of these special pool rules the above-described unorthodox coal gas well location for the Valencia Canyon Unit Well No. 15 is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington