



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

December 21, 2001

Lori Wrotenbery
Director
Oil Conservation Division

XTO Energy, Inc.
810 Houston Street - Suite 2000
Fort Worth, Texas 76102-6298
Attention: George A. Cox
George_Cox@XTOEnergy.com

Telefax No. (817) 870-1671

Administrative Order NSL-4676

Dear Mr. Cox:

Reference is made to the following: (i) your application dated November 29, 2001 (*application reference No. pKRV0-133938343*); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Aztec and Santa Fe: all concerning XTO Energy, Inc.'s ("XTO") request to drill its E. H. Pipkin Well No. 8-R 1845 feet from the South line and 1085 feet from the West line (Unit L) in Section 1, Township 27 North, Range 11 West, NMPM, San Juan County, New Mexico: (i) as a replacement Dakota gas well within the S/2 of Section 1, being a standard 320-acre lay-down gas spacing and proration unit for the Basin-Dakota Pool; and (ii) to test the shallower Gallup formation for oil within the NW/4 SW/4 of Section 1, being a standard 40-acre oil spacing and proration unit for the Kutz-Gallup Oil Pool (36550).

Pursuant to the well location requirements of the "*Special Rules and Regulations for the Basin-Dakota Pool*," as promulgated by Division Order No. R-10987-B, dated June 30, 2000, as amended by Division Order No. R-10987-B (1), dated August 10, 2000, the proposed well is considered to be standard for the 320-acre Dakota gas spacing and proration unit, but, pursuant to Division Rule 104.B (1) is unorthodox within the 40-acre Gallup oil unit.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

At appears that all of Section 1 is a single federal lease (U. S. Government lease No. SF-078019) with common mineral ownership; therefore, there are no adversely effected offset mineral interests to the subject 40-acre tract.

By the authority granted me under the provisions of Division Rule 104.F (2) the above-described unorthodox Gallup oil well location within the above-described 40-acre standard oil spacing and proration unit for the proposed E. H. Pipkin Well No. 8-R is hereby approved.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

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