



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

October 11, 2002

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

Administrative Order NSL-4793

Dear Mr. Cox:

Reference is made to the following: (i) your application (**administrative application reference No. pKRV0-225630008**) submitted to the New Mexico Oil Conservation Division (“Division”) on September 12, 2002; and (ii) the Division’s records in Santa Fe and Aztec, including the file on Administrative Order NSL-4390, dated January 14, 2000: all concerning XTO Energy, Inc.’s (“XTO”) request for: (i) an exception to the well location requirements provided within the “*Special Rules and Regulations for the Basin-Dakota Pool*,” as promulgated by Division Order No. R-10987-B, issued in Case No. 12290 and dated June 30, 2000, as amended by Division Orders No. R-10987-B (1), dated August 10, 2000, and R-10987-B (2), dated January 29, 2002, for a non-standard infill gas well location within an existing standard 320-acre gas spacing and proration unit for the Basin-Dakota Pool (**71599**); (ii) an unorthodox gas well location in the Otero-Chacra Pool (**82360**); and (iii) either an unorthodox gas or oil well location in the Gallup formation, for its proposed Florance Well No. 62-F, as identified in the subject application, or Florance “D” Well No. 13-C (**API No. 30-045-31097**), as identified in the Division’s records, to be drilled 2360 feet from the North line and 1923 feet from the West line (Unit F) of Section 20, Township 27 North, Range 8 West, NMPM, San Juan County, New Mexico.

Gas production from the Basin Dakota Pool is to be included within an existing standard 320-acre lay-down gas spacing and proration unit comprising the N/2 of Section 20, which is currently simultaneously dedicated to XTO’s: (i) Florance Well No. 62 (**API No. 30-045-11729**), located at a standard gas well location 790 feet from the North line and 1650 feet from the West line (Unit C) of Section 20; and: (ii) Florance Well No. 62-M (**API No. 30-045-29273**), located at a standard infill gas well location 1880 feet from the North line and 1780 feet from the East line (Unit G) of Section 20.

The NW/4 of Section 20 is to be dedicated to this well in order to form a standard 160-acre gas spacing unit for the Otero-Chacra Pool.

Further, either the NW/4 of Section 20, being a standard 160-acre gas spacing unit in

Administrative Order NSL-4793

XTO Energy, Inc.

October 11, 2002

Page 2

accordance with Division Rule 104.C (3), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, is to be dedicated to this well if completed as a Gallup gas well, or the SE/4 NW/4 (Unit F) of Section 20, being a standard 40-acre oil spacing and proration unit in accordance with Division Rule 104.B (1), as revised, is to be dedicated to this well if completed as a Gallup oil well (96992).

This application has been duly filed under the provisions of: (i) Division Rule 104.F, as revised; (ii) Division Rule 605.B; and (iii) the applicable provisions of the special rules governing the Basin-Dakota Pool.

It is the Division's understanding that all of Section 20 is a single Federal lease (United States Government lease No. NM-03380) in which XTO is the leasehold operator; therefore, there are no effected offsets to the subject unorthodox location.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, and the applicable provisions governing the Basin-Dakota Pool the above-described unorthodox: (i) infill Basin-Dakota gas well location; (ii) Otero-Chacra gas well location; and (iii) Gallup gas or oil well location, for XTO's proposed well to be drilled in Unit "F" of Section 20 is hereby approved.

Further, the aforementioned Florance Wells No. 62 and 62-M and existing 320-acre lay-down Dakota gas spacing and proration unit will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,



Lori Wrotenberg
Director

LW/MES/kv

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