



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

October 14, 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-4794

Dear Mr. Cox:

Reference is made to the following: (i) your application (**administrative application reference No. pKRV0-226049776**) submitted to the New Mexico Oil Conservation Division (“Division”) on September 16, 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 for the Blanco-Mesaverde Pool*,” as promulgated by Division Order No. R-10987-A, issued in Case No. 12069 and dated February 1, 1999, for a non-standard infill gas well location within an existing standard 320-acre gas spacing and proration unit for the Blanco-Mesaverde Pool (72319); (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. 63-F (API No. 30-045-31127) to be drilled 1805 feet from the North line and 2400 feet from the West line (Unit F) of Section 17, Township 27 North, Range 8 West, NMPM, San Juan County, New Mexico.

Gas production from the Blanco-Mesaverde Pool is to be included within an existing standard 320-acre stand-up gas spacing and proration unit comprising the W/2 of Section 17, which is currently simultaneously dedicated to XTO’s: (i) Florance “D” LS Well No. 9 (API No. 30-045-06453), located at a standard gas well location 1090 feet from the South and West lines (Unit M) of Section 17; and (ii) Florance Well No. 63-M (API No. 30-045-11871), located at a standard infill gas well location 1450 feet from the North line and 1190 feet from the West line (Unit E) of Section 17.

The NW/4 of Section 17 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 17, being a standard 160-acre gas spacing unit in 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 (96925), or the SE/4 NW/4 (Unit F) of Section 17, 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).

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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 Blanco-Mesaverde Pool.

It is the Division's understanding that all of Section 17 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 Blanco-Mesaverde Pool the above-described unorthodox: (i) infill Blanco-Mesaverde gas well location; (ii) Otero-Chacra gas well location; and (iii) Gallup gas or oil well location, for XTO's proposed Florance Well No. 63-F to be drilled in Unit "F" of Section 17 is hereby approved.

Further, the aforementioned Florance Wells No. 63-M and 63-F and Florance "D" LS Well No. 9 and existing 320-acre stand-up Mesaverde 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 Wrotenbery
Director

LW/MES/kv

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