



March 7th, 2007
Oil Conservation Division
1000 Brazos Road
Aztec, New Mexico 87410

30-045-33981

Attention: Charlie Perrin
Dear Mr. Perrin

In answer to your questions concerning the **State Gas Com BD #1R**

Why are the location and the reserve pit so big?

This is one of our deeper wells the reserve pit is average size for the Dakota wells drilled in the area. The location is also average size. At times due to the topography XTO sometimes does round the corners that make the locations smaller. But in this area the topography did not cause a problem so we built the location to the permitted size.

Why not use the location that is close by instead of building a new location?

XTO has used the adjacent location for two wells already.

The State Gas Com #2 well was drilled on the same location, as the State Gas Com BD #1 to minimize surface disturbance. Unfortunately during the completion of the State Gas Com #2 in November, 2003, the casing was collapsed in the offset well (on the same pad), the State Gas Com BD #1. This casing collapse resulted in the need to drill the replacement well, the State Gas Com BD #1R. In addition, XTO Energy Inc. has resorted to lengthy measures to protect the offset wells. XTO Energy Inc. has experienced casing collapses in numerous offset wells. In lieu of this history and the previous complications XTO has had on this location, XTO Energy Inc. believes it is obviously prudent to drill the replacement well the State Gas Com BD #1R, on this alternate location. XTO has designed and positioned the State Gas Com BD #1R location to meet all of the necessary State and Federal requirements.

Is XTO Energy's location too close to a recreational trail?

There is a recreational trail in the vicinity of the location; it is approximately 225 to 250 feet from the edge of the location (on the NE side of the location). The trail is over 300 feet from the NW side of the location.

Mr. Perrin I hope this addresses your concerns for the State Gas Com BD #1R.
If you have any more questions please contact us, @ 505-324-1090.

Sincerely

A handwritten signature in cursive script, reading 'Jerry Lacy'.

Jerry Lacy
XTO Energy Inc.
Drilling Superintendent