



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

BETTY RIVERA

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

October 31, 2002

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

SECOND ADDENDUM TO ADMINISTRATIVE ORDER NSL-130-A, AS AMENDED

Dear Mr. Cox:

Reference is made to the following: (i) your initial application that was submitted to the New Mexico Oil Conservation Division ("Division") on August 20, 2002 (**reference No. pKRV0-223248911**); (ii) the Division's initial response by letter dated September 18, 2002 from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe **dismissing** this application as incomplete; (iii) your re-submittal of this application to the Division on October 3, 2002; (iv) the Division's records in Santa Fe and Aztec, including the files on Division Administrative Orders NSL-130 and 130-A, as amended: all concerning XTO Energy, Inc.'s ("XTO") request to amend the previous orders to reflect the actual directional drilling tract of its Schwerdtfeger "A" Well No. 3-F (**API No. 30-045-31051**), located on the surface 2385 feet from the North line and 2580 feet from the West line (Unit F) of Section 6, Township 27 North, Range 8 West, NMPM, San Juan County, New Mexico

On July 24, 2002 the Division issued "*Addendum to Administrative Order NSL-130-A, as Amended*," which order acknowledged TXO's intent to directionally drill the Schwerdtfeger "A" Well No. 3-F from the above-described surface location to a targeted standard subsurface location within the Blanco-Mesaverde, Basin-Dakota, and Otero-Chacra Pools 1905 feet from the North line and 1964 feet from the West line (Unit F) of Section 6. This order also placed two previous Division administrative orders, which approved this well to be drilled vertically from its surface location to unorthodox infill gas well locations in the Blanco-Mesaverde Pool (**72319**) (see Division Administrative Order NSL-130-A, dated December 3, 2001) and the Basin-Dakota Pool (**71629**) (see "*AMENDED Division Administrative Order NSL-130-A*," dated March 25, 2002), in abeyance until further notice.

From the information provided, the bottomhole location of this well at a depth of 7133 feet (MD) is 2140.35 feet from the North line and 1931.74 feet from the West line (Unit F) of Section 6. Further, this well's subsurface locations within the:

- (a) Otero-Chacra Pool (**82329**) are found to be: (i) at the top of this zone at a depth of 3974 feet (MD) is 2179 feet from the North line and 2033 feet from the

West line (Unit F) of Section 6; and (ii) at the bottom at a depth of 3982 feet (MD) is 2178 feet from the North line and 2023 feet from the West line (Unit F) of Section 6. Pursuant to Division Rule 104.C (3) the entire "producing interval" within this wellbore is unorthodox. Lots 3, 4, and 5 and the SE/4 NW/4 (NW/4 equivalent) of Section 6 is to be dedicated to this well in order to form a standard 160.78-acre gas spacing unit within the Otero-Chacra Pool;

(b) Blanco-Mesaverde Pool are as follows: (i) from the top, at a depth of 4315 feet (MD), is 2174 feet from the North line and 2013 feet from the West line (Unit F) of Section 6; and (ii) to the bottom at a depth of 5686 feet (MD) is 2158 feet from the North line and 1974 feet from the West line (Unit F) of Section 6. Pursuant to Rule I.B (1) of the "*Special Rules for the Blanco-Mesaverde Pool*," as promulgated by Division Order No. R-10987-A, issued in Case No. 12069 on February 1, 1999, a large portion of the "producing interval" within this wellbore is unorthodox. This well will be a third infill gas well within an existing standard 320.68-acre stand-up gas spacing and proration unit ("GPU") for the Blanco-Mesaverde Pool comprising Lots 3 through 7, the SE/4 NW/4, and the E/2 SW/4 (W/2 equivalent) of Section 6. This GPU is currently dedicated to the following XTO operated wells:

(i) Schwerdtfeger "A" Well No. 3-M (API No. 30-045-11605), located at a standard gas well location 885 feet from the North line and 815 feet from the West line (Lot 4/Unit D) of Section 6;

(ii) Schwerdtfeger "A" Well No. 3-E (API No. 30-045-24583), located at a standard gas well location 1800 feet from the South line and 800 feet from the West line (Lot 6/Unit L) of Section 6; and

(iii) Schwerdtfeger "A" LS Well No. 12 (API No. 30-045-06756), located at an unorthodox gas well location (approved by Division Administrative Order NSL-130, dated January 29, 1958) 500 feet from the South line and 2350 feet from the West line (Unit N) of Section 6.

(c) the Gallup formation [designated the "*Wildcat 27N8W6A; Gallup (Gas)*," **96925**] are found to be: (i) at the top of this zone at 6625 feet (MD) is 2146 feet from the North line and 1946 feet from the West line (Unit F) of Section 6; and (ii) at the bottom at a depth of 6762 feet (MD) is 2145 feet from the North line and 1942 feet from the West line (Unit F) of Section 6. Pursuant to Division Rule 104.C (3) the entire "producing interval" within this wellbore is unorthodox. Lots 3, 4, and 5 and the SE/4 NW/4 (NW/4 equivalent) of Section 6 is to be dedicated to this well in order

to form a standard 160.78-acre gas spacing unit within the Gallup formation.

(d) Basin-Dakota Pool are as follows: (i) from the top, at a depth of 7340 feet (MD), is 2138 feet from the North line and 1926 feet from the West line (Unit F) of Section 6; and (ii) to the bottom at a depth of 7570 feet (MD) is 2135 feet from the North line and 1919 feet from the West line (Unit F) of Section 6. Pursuant to Rule II.C (1) of the "*Special Rules for the Basin-Dakota Pool*," as promulgated by Division Order No. R-10987-B (2), issued in Case No. 12745 on January 29, 2002, the entire "producing interval" within this wellbore is considered to be standard. This well will be a second infill gas well within an existing standard 320.68-acre stand-up GPU for the Basin-Dakota Pool comprising Lots 3 through 7, the SE/4 NW/4, and the E/2 SW/4 (W/2 equivalent) of Section 6. This GPU is currently dedicated to the following XTO operated wells:

- (i) Schwerdtfeger "A" Well No. 3-M (API No. 30-045-11605), located at a standard gas well location 885 feet from the North line and 815 feet from the West line (Lot 4/Unit D) of Section 6; and
- (ii) Schwerdtfeger "A" Well No. 3-E (API No. 30-045-24583), located at a standard gas well location 1800 feet from the South line and 800 feet from the West line (Lot 6/Unit L) of Section 6.

The application has been duly filed under the provisions of Division Rules 104.F and 605.B.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described Schwerdtfeger "A" Well No. 3-F is hereby approved as: (i) an unorthodox gas well location in both the Otero-Chacra Pool and Gallup gas producing interval underlying the aforementioned 160.78-acre gas spacing unit; and (ii) a third infill Mesaverde gas well location on the 320.68-acre GPU comprising the W/2 equivalent of Section 6.

Division Administrative Order NSL-130-A, dated December 3, 2001, AMENDED Administrative Order NSL-130-A, dated March 25, 2002, and the "*Addendum to Administrative Order NSL-130-A, as Amended*," dated July 24, 2002 are hereby placed in abeyance until further notice.

The aforementioned gas well and applicable spacing units will be subject to all existing rules, regulations, policies, and procedures applicable to the four gas producing intervals.

Jurisdiction of this case is retained for the entry of such further orders, as the Division may

deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori Wrotenbery", followed by a large, sweeping flourish that extends across the page.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec /
U. S. Bureau of Land Management - Farmington
File: NSL-130
NSL-130-A