

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



December 8, 2009

XTO Energy, Inc.
Attn: Ms. Kristy Ward
200 N. Loraine, Suite 800
Midland, TX 79701

Administrative Order NSL-6121
Administrative Order NSP-1933

Re: AL Christmas NCT C Well No. 17
API No. 30-025-30649
990 feet FNL and 460 feet FWL
Unit D, Section 18-22S-37E
Lea County, New Mexico

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Dear Ms. Ward:

Reference is made to the following:

(a) your application (**administrative non-standard location [NSL] application reference No. pTGW09-28957709**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on October 16, 2009,

(b) your application (**administrative non-standard proration unit [NSP] application reference No. pTGW09-28957979**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on October 16, 2009, and

(c) the Division's records pertinent to these requests.

The AL Christmas NCT C Well No. 17 (the subject well), located as described in the caption of this letter, has been producing as an oil well in the Eumont-Yates/Seven Rivers/Queen Pool (22800). The subject well is now classified as a gas well. The subject well cannot, however, be dedicated to a standard 640-acre gas well unit in the Eumont because there are other producing oil wells in Section 18. In addition, the location of the subject well is unorthodox for a gas well.

XTO Energy, Inc. (XTO) has requested approval of the unorthodox gas well location of the subject well, as described above in the caption of this letter. Spacing in the Eumont-



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Yates/Seven Rivers/ Queen Gas Pool is governed by Rule 3(a)(2) of the Special Rules for the Eumont Gas Pool, as amended by Order R-8170-P, effective December 14, 2001, which provides that a gas well shall be at least 660 feet from any unit outer boundary, 660 feet from any governmental quarter section line, and 330 feet from any quarter/quarter section line. This location is less than 660 feet from the western boundary of Section 18.

In addition, XTO has requested establishment of a non-standard 40-acre gas spacing unit in the Eumont-Yates/Seven Rivers/Queen Gas Pool (76480). The standard gas spacing unit in this pool is 640 acres, as provided in the above-referenced Special Pool Rules.

Your NSL application has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2). Your NSP application has been duly filed under the provisions of Division Rules 15.11.B and 4.12.A(3).

It is our understanding that you are seeking approval of this unorthodox location and non-standard unit in order to continue producing the subject well, which is producing above the defining gas-oil ratio for a gas well this pool, and would otherwise have to be shut in to preserve your also existing AL Christmas NCD C Well No. 10, located in Unit F of Section 18, which is an oil well producing from the Eumont Pool.

It is also understood that you have given due notice of this application to all operators or owners to whom notice is required in Rules 4.12.A(2) and 4.12.A(3).

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved. Pursuant to the authority of Rule 15.11.B, the above-described non-standard gas spacing unit is hereby approved and dedicated to the subject well.

These approvals are subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9.

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

Sincerely,

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs
United States Bureau of Land Management - Carlsbad