



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

May 15, 2003

Lori Wrotenbery
Director
Oil Conservation Division

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

Telefax No. (817) 870-1671

Administrative Order NSL-4885

Dear Mr. Cox:

Reference is made to: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on May 12, 2003 (*administrative application reference No. pKRV0-313453928*); and (ii) the Division's records in Aztec and Santa Fe: all concerning XTO Energy, Inc.'s ("XTO") request for a non-standard Gallup oil well location for the existing E. H. Pipkin Well No. 10-E (API No. 30-045-23781), which was drilled in 1980 by Energy Reserves Group, Inc. and completed in the Basin-Dakota Pool at a standard infill gas well location 1520 feet from the North line and 810 feet from the East line (Unit H) of Section 1, Township 27 North, Range 11 West, NMPM, San Juan County, New Mexico.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

It is our understanding that XTO now intends to recomplete the E. H. Pipkin Well No. 10-E up-hole into the Gallup formation in order to test for oil production. The location of this well however is considered to be unorthodox pursuant Division Rule 104.B (1), as revised. Further, the SE/4 NE/4 of Section 1 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit for the Kutz-Gallup Oil Pool (36550).

It is further understood that all of Section 1 and offsetting Section 36, Township 28 North, Range 11 West, NMPM, San Juan County, New Mexico comprises is a single Federal lease (United States Government lease No. SF-078019) in which XTO is the leasehold operator within the Gallup interval; therefore, there are no effected offsets to the subject 40-acre tract other than XTO.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Gallup oil well location for XTO's E. H. Pipkin Well No. 10-E is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

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