



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



September 27, 2011

XTO Energy, Inc.
Attn: Mr. Aaron Austin

Administrative Order NSL-6482
Administrative Application Reference No. pTWG11-24351307

XTO Energy, Inc.
OGRID 5380
Breech E Well No. 70H
API No. 30-039-

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Township</u>	<u>Range</u>	<u>County</u>
Surface	1612 FNL & 150 FEL	H	4	26N	6W	Rio Arriba
Penetration Point	same as surface location					
Terminus	1750 FNL & 1980 FEL	G	5	26N	6W	Rio Arriba

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
Section 4: All	960 + or -	Basin Mancos Gas	97232
Section 5: E/2			

Reference is made to your application received on August 30, 2011

You have requested to drill this horizontal well at an unorthodox gas well location described above in the referenced pool or formation. Spacing in this pool is governed by the Special Rules for the Basin-Mancos Gas Pool, as promulgated in Order R-12984, issued on September 3, 2008, which provide for 320-acre units, with wells located at least 660 feet from a unit outer boundary. This location is unorthodox because portions of the proposed producing interval are less than 660 feet from an outer boundary of the project area.

Oil Conservation Division
1220 South St. Francis Drive • Santa Fe, New Mexico 87505
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Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that you are seeking this location for engineering reasons, in order to penetrate the maximum amount of the target zone within the producing area with the wellbore lateral.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9 [19.15.5.9 NMAC].

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 "Jami Bailey", with a stylized, cursive script.

Jami Bailey
Director

JB/db

cc: New Mexico Oil Conservation Division – Aztec
United States Bureau of Land Management