



SUSPENSE 8-23-2005	ENGINEER MS	LOGGED IN me	TYPE NSL	APP NO. PMESD-525555445
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NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505

ABOVE THIS LINE FOR DIVISION USE ONLY

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
NSL NSP SD

XTO's
Valencia Canyon Unit 40 B

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
DHC CTB PLC PC OLS OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
WFX PMX SWD IPI EOR PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or _ Does Not Apply

[A] Working, Royalty or Overriding Royalty Interest Owners

[B] Offset Operators, Leaseholders or Surface Owner

[C] Application is One Which Requires Published Legal Notice

[D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] Waivers are Attached

2005 AUG 3 AM 11 47

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name

Signature

Title

Date

BRIAN WOOD
(505) 466-8120
FAX 466-9682

Brian Wood

CONSULTANT

7-25-05

e-mail Address
brian@permitswest.com

REQUEST FOR ADMINISTRATIVE APPROVAL FOR NONSTANDARD LOCATION FOR
XTO ENERGY INC.

VALENCIA CANYON UNIT 40 B

2410' FSL & 2175' FWL SEC. 35, T. 28 N., R. 4 W., RIO ARRIBA COUNTY, NM

I. The well is on U. S. Forest Service surface and on BLM oil and gas lease NMNM-14923. The proposed location is nonstandard for the Blanco Mesa Verde due to topography (large ponderosa pines). A standard location must be at least 660' from the acreage dedication line. This well is staked 430' further north than is standard. (Closest standard location would be 1980' FSL and 2175' FWL.) The APD cover sheet is attached as EXHIBIT A.

II. A C-102 showing the well location and acreage dedication unit (S2 Sec. 35) is attached (EXHIBIT B). The BLM oil and gas lease (640 acres) boundary is marked as a solid line on the attached (EXHIBIT C) copy of the Pine Lake USGS topo map.

The well encroaches on the north half of Section 35, which is part of the same lease. (Proposed NSL is 2175' from closest lease line.) Closest well is XTO's Valencia Canyon Unit 46 which is 1,753' northwest at 1975 FNL & 665 FWL of Section 35.

III. According to NM Oil Conservation Division records, the closest existing or planned Mesa Verde well is XTO's Valencia Canyon Unit 46, an existing Pictured Cliffs and Mesa Verde well which is 1,753' northwest at 1975' FNL & 665' FWL 35-28n-4w. EXHIBIT D shows the proposed NSL well site, Mesa Verde dedicated spacing units, and Mesa Verde wells (circled on map) within those dedications.

Registered letters were sent on July 25, 2005 to all of the offset interest owners. Copies of the postal receipts and letters are attached.

IV. A copy of the USGS map is attached (EXHIBIT D). The proposed well site is marked. Pro ration unit (solid line) for the Blanco Mesa Verde gas is the 320 acre south half of Section 35, Township 28 North, Range 4 West, Rio Arriba County, NM.

V. The nonstandard location is due to topography (trees). The drilling window is in a dense forest of large ponderosa pines. The location was

selected with the aid of the U. S. Forest Service to minimize timber loss.

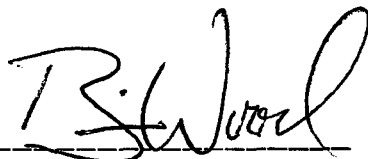
VI. Archaeology is not an issue.

VII. See item V. above for a description of the surface conditions.

VIII. Directional drilling is not feasible because it is not cost effective.

IX. I hereby certify notice (see attached EXHIBIT E) has been sent to the following lessees, lessors, operators of existing spacing units, or owners of undrilled leases which adjoin the applicant's spacing unit on one or more of the two sides or the single closest corner to the proposed well and that the information is current and correct.

BLM
Carson National Forest
Burlington Resources Oil and Gas Company

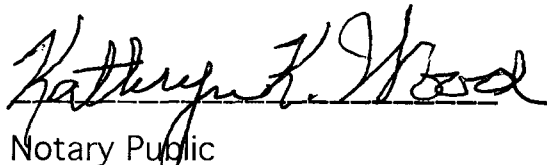


Brian Wood, Consultant

7-25-05

STATE OF NEW MEXICO)
) SS:
COUNTY OF SANTA FE)

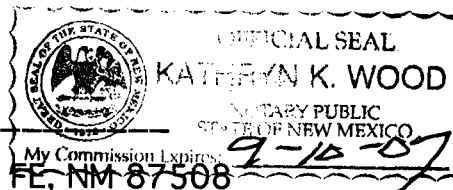
The foregoing instrument was acknowledged before me this 25th day of July, 2005 by Brian Wood. Witness my hand and official seal.



Notary Public

My Commission Expires: 9-10-07

Business Address: 37 VERANO LOOP, SANTA FE, NM 87508



cc: Aztec OCD, Vaughan

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

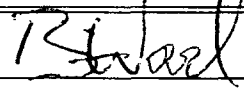
FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM-14923
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator XTO ENERGY INC		7. If Unit or CA Agreement, Name and No. VALENCIA CANYON
3a. Address 2700 FARMINGTON AVE., BLDG. K-1 FARMINGTON, NM 87401		8. Lease Name and Well No. VALENCIA CANYON UNIT 40 B
3b. Phone No. (include area code) (505) 324-1090		9. API Well No. 30-039-
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 2410 FSL & 2175 FWL At proposed prod. zone Same		10. Field and Pool, or Exploratory BLANCO MESA VERDE
14. Distance in miles and direction from nearest town or post office* 26 AIR MILES SOUTHWEST OF DULCE		11. Sec., T. R. M. or Blk. and Survey or Area 35-28N-4W NMPM
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 2175'	16. No. of acres in lease 640	12. County or Parish RIO ARRIBA
17. Spacing Unit dedicated to this well S2	13. State NM	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1,753' (#46)	19. Proposed Depth 6,900'	20. BLM/BIA Bond No. on file BLM NATIONWIDE 57 91 73
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 7,281' GL	22. Approximate date work will start* OCTOBER 1, 2005	23. Estimated duration 4 WEEKS

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) BRIAN WOOD	Date 07-23-2005
Title CONSULTANT PHONE: (505) 466-8120 FAX: (505) 466-9682		
Approved by (Signature)	Name (Printed/Typed)	Date
Title	Office	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

EXHIBIT A

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
1301 W. Grand Ave., Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
1220 South St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102

Revised June 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 72319	³ Pool Name BLANCO MESA VERDE
⁴ Property Code	⁵ Property Name VALENCIA CANYON UNIT	⁶ Well Number 40B
⁷ GRID No. 167067	⁸ Operator Name XTO ENERGY INC.	⁹ Elevation 7281

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K ₁	35	28-N	4-W	.	2410	SOUTH	2175	WEST	RIO ARriba

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 320					¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16	LOCATION IS STAKED RELATIVE TO EXISTING WELLS AND DRY HOLES ON RECORD WITH N.M. OIL & GAS CONSERVATION COMMISSION. SECTION AND QUARTER CORNERS ARE NON-EXISTANT IN THE AREA. DEPENDENT RESURVEY OF THE TOWNSHIP IS REQUIRED TO OBTAIN EXACT DIMENSIONS FROM THE SECTION LINES.	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature <u>Brian Wood</u> Printed Name BRIAN WOOD Title CONSULTANT Date JULY 23, 2005
18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey <u>2004</u> Signature and Seal of Registered Professional Surveyor: <u>[Signature]</u> Certificate Number <u>14831</u>	 EXHIBIT B	

Standard 640-acre Section

Copyright (C) 1997, Maptech, Inc.

[illegible]

EXHIBIT D

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

July 25, 2005

BLM
1235 LaPlata Highway
Farmington, NM 87401

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

XTO Energy Inc. is applying to drill its Valencia Canyon Unit 40 B gas well. The minimum state distance for such a gas well is 660' from an acreage dedication line. The proposed well is 430' further north than is standard. Thus, it is a nonstandard location. The NSL is due to topography.

Well Name: Valencia Canyon Unit 40 B Total Depth: 6,900'
Proposed NSL Zone: Blanco Mesa Verde
NSL Acreage Dedication: 320 acres (= S2)
Location: 2410' FSL & 2175' FWL Sec. 35, T. 28 N., R. 4 W.,
Rio Arriba County, NM on Federal lease NMNM-14923
Approximate Location: ≈26 air miles southwest of Dulce, NM
Applicant Name: XTO Energy Inc. (505) 324-1090
Applicant's Address: 2700 Farmington Blvd, Bldg. K-1, Farmington, NM 87401

Submittal Information: Application for a nonstandard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

estions.

Sincerely,

Brian Wood

Brian Wood

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)
For delivery information visit our website at www.usps.com

OFFICIAL USE	
Postage	\$ 3.85
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 7.90

Sent To: BLM
1235 LaPlata Hwy
Farmington NM 87401

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

July 25, 2005

Burlington Resources Oil and Gas Company
P. O. Box 4289
Farmington, NM 87499

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Please call me if you have any questions.

Sincerely,

Brian Wood
Brian Wood

U.S. Postal ServiceTM
CERTIFIED MAILTM RECEIPT
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OFFICIAL USE	
Postage	\$ 3.77
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.42

Stamp: JUL 25 2005, SANTA FE NM 87508 USPS, Postmark Here

Sent To: Burlington
Street, Apt. No.,
or PO Box No. PO Box 4289
City, State, ZIP+4 Farmington NM 87499

See Reverse for Instructions

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

July 25, 2005

Carson National Forest
664 East Broadway
Bloomfield, NM 87413

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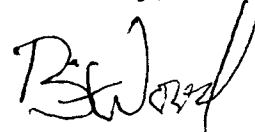
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Return Receipt Fee (Endorsement Required)	\$ 1.00
Restricted Delivery Fee (Endorsement Required)	\$ 1.10
Total Postage & Fees	\$ 5.80

OFFICIAL USE
Postmark Here
JUL 25 2005
SANTA FE NM 87508

Sent To: Carson NF
Street, Apt. No., or PO Box No. 664 E Broadway
City, State, ZIP+4 Bloomfield, NM 87413