



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

August 5, 2003

Lori Wrotenbery

Director

Oil Conservation Division

XTO Energy, Inc.
810 Houston Street
Fort Worth, Texas 76102-6298

Attention: **George A. Cox**
George_Cox@XTOEnergy.com

Administrative Order NSL-4930 (BHL)

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 July 7, 2003 (*administrative application reference No. pMES0-318938636*); (ii) your telephone conversation with Mr. Michael E. Stogner, Engineer/Hearing Officer with the Division in Santa Fe on Tuesday afternoon, July 8, 2003; (iii) your letter dated July 9, 2003 amending this application; and (iv) the Division's records in Santa Fe and Aztec: all concerning XTO Energy, Inc.'s ("XTO") request for an for an unorthodox gas well location in both the Mancos formation and Blanco-Mesaverde Pool (72319) for XTO's existing Valencia Canyon Unit Well No. 43-C (API No. 30-039-26924), recently drilled from a surface location 2690 feet from the North line and 1565 feet from the West line (Unit F) of Irregular Section 27, Township 28 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.

From the information provided, the bottomhole location of this well within the Mancos formation at a depth of 6,918 feet (MD) is 2013 feet from the South line and 2331 feet from the West line (Unit K) of irregular Section 27. Further, this well's subsurface locations within the:

(a) Blanco-Mesaverde Pool are as follows: (i) from the top, at a depth of 4409 feet (MD), is 2382 feet from the South line and 1927 feet from the West line (Unit K) of irregular Section 27; and (ii) to the bottom at a depth of 6770 feet (MD) is 2031 feet from the South line and 2292 feet from the West line (Unit K) of irregular Section 27. Pursuant to Rule I.C (1) of the "*Special Rules for the Blanco-Mesaverde Pool*," as promulgated by Division Order No. R-10987-A, issued in Case No. 12069 and dated February 1, 1999, as amended by Division Order No. R-10987-A (1), dated December 2, 2002, the entire "producing interval" within this wellbore is unorthodox. This well will be a second infill gas well within an existing standard 320-acre, more or less, lay-down gas spacing and proration unit ("GPU") for the Blanco-Mesaverde Pool comprising the S/2 equivalent) of irregular Section 27. This GPU is currently dedicated to XTO's following two wells:

(i) Valencia Canyon Unit Well No. 43 (API No. 30-039-22442), located at a standard gas well location 1030 feet from the South line and 1050 feet from the West line (Unit M) of irregular Section 27; and

(ii) Valencia Canyon Unit Well No. 43-A (API No. 30-039-26504), located at a standard infill gas well location 990 feet from the South line and 725 feet from the East line (Unit K) of irregular Section 27.

(b) The top of the Mancos formation at a depth 6770 feet (MD) is 2031 feet from the South line and 725 feet from the East line (Unit K) of irregular Section 27. Pursuant to Division Rule 104.C (3) the entire "producing interval" within this wellbore is unorthodox. The SW/4 equivalent of irregular Section 27 is to be dedicated to this well in order to form a standard 160-acre, more or less, gas spacing unit within the Mancos formation.

This application has been duly filed under the provisions of Division Rules 104.F and 605.B and the applicable rules governing the Blanco-Mesaverde Pool.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described Valencia Canyon Unit Well No. 43-C is hereby approved as: (i) a second infill Mesaverde gas well location within the 320-acre, more or less, GPU comprising the S/2 equivalent of irregular Section 27; and (ii) an unorthodox gas well location in the Mancos formation underlying the aforementioned 160-acre, more or less, gas spacing unit comprising the SW/4 equivalent of irregular Section 27.

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

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

Sincerely,



Lori Wrotenbery
Director

LW/mes

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