



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

February 26, 2007

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

Attention: Mr. Ryan O'Kelley

Re: **E.H. Pipkin Well No. 10F**
API No. 30-045-34099
1895' FNL & 1475' FEL, Unit G,
Section 1, T-27 North, R-11 West, NMPM,
San Juan County, New Mexico

Administrative Order NSL-5572

Dear Mr. O'Kelley:

Reference is made to the following:

- (a) XTO Energy, Inc.'s ("XTO") application for a non-standard well location (*administrative application reference No. pTDS0702547484*) for the E.H. Pipkin Well No. 10F that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on January 25, 2007; and
- (b) the Division's records pertinent to XTO's request.

XTO requests approval for an unorthodox oil well location in the Kutz-Gallup Pool (Oil - 36550) for its proposed E.H. Pipkin Well No. 10F which is to be drilled 1895 feet from the North line and 1475 feet from the East line (Unit G) of Section 1, Township 27 North, Range 11 West, NMPM, San Juan County, New Mexico. The SW/4 NE/4 of Section 1 is to be dedicated to the well forming a standard 40-acre spacing and proration unit for the Kutz-Gallup Pool. The Kutz-Gallup Pool is currently governed by Division Rule No. 19.15.3.104(B). This rule requires standard 40-acre spacing and proration units with wells to be located no closer than 330 feet to the outer boundary of the proration unit.

The subject well is to be completed in both the Kutz-Gallup Pool and the Basin-Dakota Gas Pool. The well is at a standard gas well location for the Basin-Dakota Gas Pool.

The proposed unorthodox location is necessitated by:


- (a) applicant's desire to locate the well as far as possible from the existing E.H. Pipkin Well No. 10E, a Basin-Dakota Gas Pool producing well located in the SE/4 NE/4 of Section 1; and
- (b) topographic considerations within the SW/4 NE/4 of Section 1.

Division records show that the E.H. Pipkin Well No. 10F will be the only well producing from the Kutz-Gallup Pool within the SW/4 NE/4 of Section 1, and the third well producing from the Basin-Dakota Gas Pool within the N/2 of Section 1.

The affected offset acreage is the SE/4 NE/4 of Section 1. The applicant stated that XTO is the operator of the affected offset acreage, and that the interest ownership between the SW/4 NE/4 and the SE/4 NE/4 of Section 1 is common throughout. Consequently, the applicant is not required to provide notice of this application to any party.

Pursuant to the authority granted under the provisions of Division Rule 19.15.3.104.F(2), the above-described unorthodox oil well location in the Kutz-Gallup Pool is hereby approved.

Sincerely,


Mark E. Fesmire, P.E.
Division Director

MES/drc

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