



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

January 10, 2004

Lori Wrotenbery

Director

Oil Conservation Division

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

Attention: Tim Welch
Senior Landman
tim_welch@xtoenergy.com

Administrative Order NSL-4475-A

Dear Mr. Welch:

Reference is made to the following: (i) your initial application submitted to the New Mexico Oil Conservation Division ("Division") on November 20, 2003 (***administrative application reference No. pMES0-332535109***) for XTO Energy, Inc.'s ("XTO") proposed Aztec Com. "4" Well No. 2; (ii) the Division's response by letter from Mr. Michael E. Stogner, Engineer/Hearing Officer in Santa Fe dated November 21, 2003 inquiring about the approval of XTO's existing Aztec Com. "4" Well No. 1 (**API No. 30-045-30272**) at an unorthodox Mesaverde gas well location; (iii) your amended application of November 25, 2003 to include the Aztec Com. "4" Well No. 1; and (iv) the Division's records in Santa Fe and Aztec, including the files on Division Administrative Orders NSL-4475 and NSL-4476: all concerning XTO Energy, Inc.'s request for exceptions to the well location requirements provided within the:

(a) the "*Special Rules for the Basin-Dakota Pool*," as promulgated by Division Order No. R-10987-B, issued in Case No. 12290 and dated June 30, 2000, as amended by Division Orders No. R-10987-B (1), dated August 10, 2000, and R-10987-B (2), dated January 29, 2002; and/or

(b) 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.

XTO proposes to drill and complete its Aztec Com. "4" Well No. 2 into both the Blanco-Mesaverde (**72319**) and Basin-Dakota (**71599**) Pools at an unorthodox infill gas well location 540 feet from the South line and 2020 feet from the West line (Unit N) of Section 16, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico.

Blanco-Mesaverde gas production from the proposed Aztec Com. "4" Well No. 2 is to be included within an existing standard 320-acre stand-up gas spacing and proration unit ("GPU") comprising the W/2 of Section 16, which is currently dedicated to XTO's aforementioned Aztec Com. "4" Well No. 1, which is also located at an unorthodox gas well location 2370 feet from the North line and 2045 feet from the West line (Unit F) of Section 16.

Further, Basin-Dakota gas production from XTO's proposed Aztec Com. "4" Well No. 2 is to be included within an existing standard 320-acre stand-up GPU that also comprises the W/2 of Section 16, which unit is currently dedicated to XTO's: (i) above-described Aztec Com. "4" Well No. 1 is located at an unorthodox gas well location for the Basin-Dakota Pool (approved by Division Administrative Order NSL-4475, dated July 3, 2000); and (ii) Aztec Com. "4" Well No. 1-E (API No. 30-045-30273), located at a standard gas well location 1050 feet from the South line and 870 feet from the West line (Unit M) of Section 16 (this well prior to drilling was the subject of Division Administrative Order NSL-4476, dated July 3, 2000, now defunct).

Your application, as amended, has been duly filed under the provisions of Division Rules 104.F and 605.B and the rules governing the applicable pool or pools.

By the authority granted me under the provisions of Division Rule 104.F (2), the above described unorthodox: (i) Basin-Dakota/Blanco-Mesaverde infill gas well location for XTO's proposed Aztec Com. "4" Well No. 2; and (ii) initial Blanco-Mesaverde gas well location for XTO's existing Aztec Com. "4" Well No. 1, are hereby approved. The two aforementioned producing gas wells and both spacing units will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,



Lori Wrotenbery
Director

LW/mes

cc: New Mexico Oil Conservation Division – Aztec
New Mexico State Land Office – Santa Fe
Files: NSL-4475
NSL-4476