

DATE IN 2-8-11	SUSPENSE	ENGINEER DKB	LOGGED IN 2.8.11	TYPE NSL	APP NO. 1103942623
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

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



XTO 5380

Block CLS #12A

ADMINISTRATIVE APPLICATION CHECKLIST 30-045-26552

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

2108B

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

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

[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.

RYAN O'Kelley
 Print or Type Name

[Signature]
 Signature

Sr. Landman
 Title

2/3/2011
 Date

RYAN_O'Kelley
 e-mail Address



RECEIVED OOD

February 4, 2011

2011 FEB -8 A 11: 17

FEDERAL EXPRESS

Mr. Mark Fesmire
New Mexico Oil Conservation Division
1220 S St Francis Dr
Santa Fe NM 87504

Re: Application for Administrative Approval of Unorthodox Location
XTO Energy Inc.'s Bolack C LS No. 12A
1,830' FSL and 2,350' FEL, Section 29, T27N, R8W
San Juan County, New Mexico
Pictured Cliffs Formation

Dear Mr. Fesmire:

XTO Energy Inc. (XTO) hereby requests administrative approval for an unorthodox location for the above referenced well. Attached for your reference are the following exhibits:

1. Well location plat (NMOCD Form C-102)
2. Pictured Cliffs Ownership Map
3. Pictured Cliffs Production Map

The above captioned well was drilled and completed in November of 1985 as an E/2, 320 acre Mesaverde unit. The unorthodox location for the Mesaverde unit was approved under Administrative Order NSL-2108 dated August 5, 1985. The above captioned well was then recompleated to the Otero Chacra formation in November of 2001 as an SE/4, 160 acre Chacra unit. The unorthodox location for the Chacra unit was approved under Administrative Order NSL-2108-A dated September 17, 2001. XTO would now like to move uphole again in the existing wellbore and recompleat the well to the Pictured Cliffs formation. The rules state that a well should be located no closer than 330' to the outer boundary of the 160-acre unit. Therefore the existing location will not conform to the current footage requirements and is encroaching on the SW/4 160-acre unit. A new well would not be economically feasible to drill for the Pictured Cliffs formation alone. The existing wellbore is in acceptable condition for the recompleat attempt. By moving uphole to the Pictured Cliffs formation, XTO would be able to minimize environmental impact while obtaining additional production.

XTO owns 100% of the offsetting operating rights in the Pictured Cliffs Formation in the SW/4 160-acre unit, therefore no offset owner notice is required.

*Mr. Mark Fesmire
New Mexico Oil Conservation Division
Bolack C LS No. 12A - PC
February 4, 2011
Page Two*

Taking this into account, in addition to the statements made above, XTO requests your administrative approval for the unorthodox location. Should you need any additional information, please feel free to contact me at (817) 885-3091.

Yours truly,

A handwritten signature in black ink, appearing to read "Ryan O'Kelley". The signature is stylized with a large, looped "R" and a long, sweeping underline.

Ryan O'Kelley
Sr. Landman

Enclosures

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. 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 October 12, 2005
Submit to Appropriate District Office
Fee Lease - 3 Copies
State Lease - 4 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-26552	² Pool Code 72439	³ Pool Name S.BLANCO PICTURED CLIFFS
⁴ Property Code 22596	⁵ Property Name BOLACK C LS	⁶ Well Number #12A
⁷ GRID No. 5380	⁸ Operator Name XTO Energy. Inc.	⁹ Elevation 6770'

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
J	29	27N	8W		1830'	SOUTH	2350'	EAST	SAN JUAN

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
SAME									

¹² Dedicated Acres PC 160 AC	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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

<div style="text-align: center;"> </div>	¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true & complete to the best of my knowledge & belief and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i>	
	Signature Printed Name TEENA M. WHITING	
	Title REGULATORY COMP TECH	
	Date 1/28/2011	
¹⁸ SURVEYOR CERTIFICATION <i>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 & correct to the best of my belief.</i>		
Date of Survey 6/23/1984		
Original Survey Signed By: John A. Vukonich		
Certificate Number 14831		



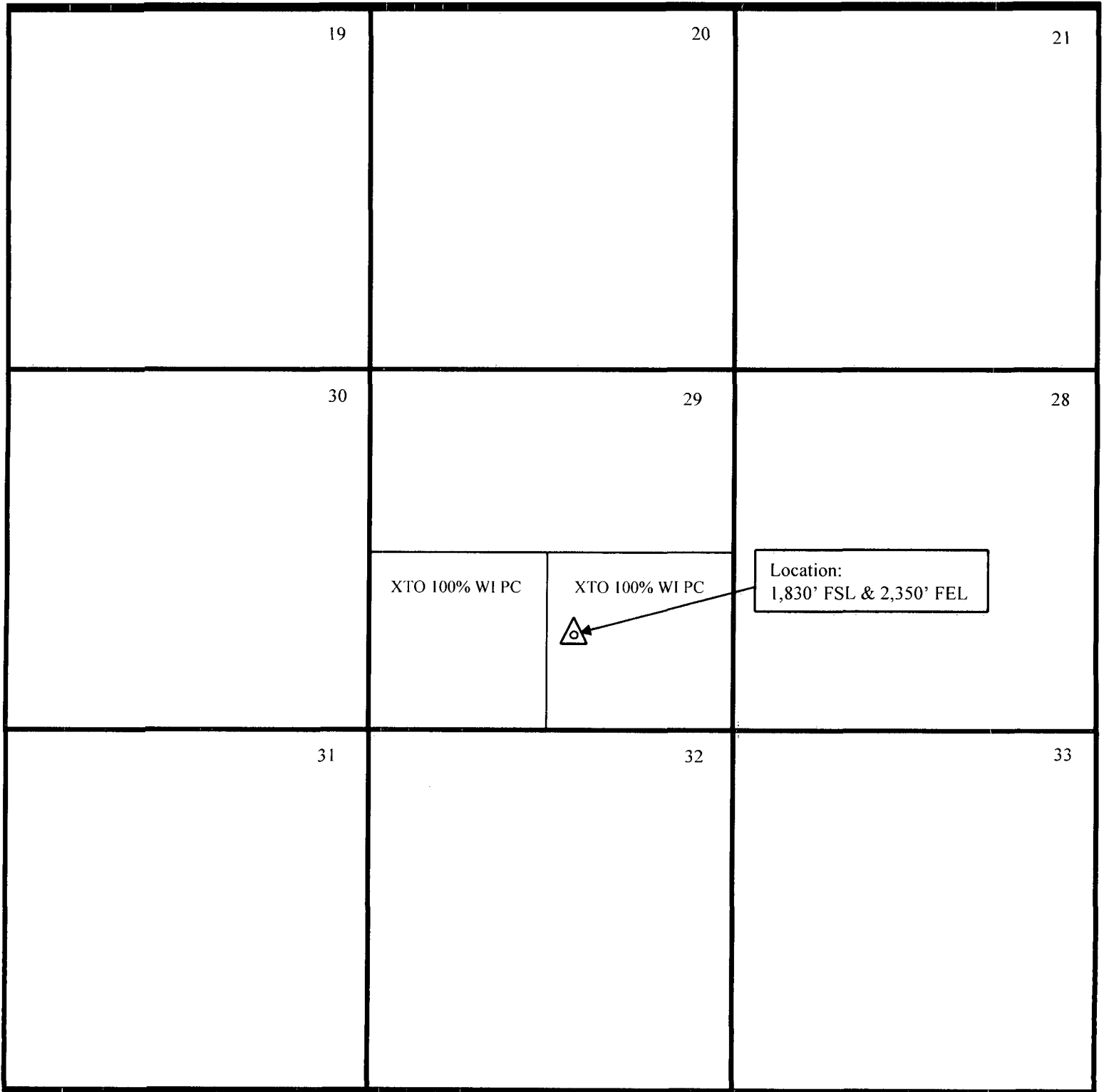
SECTION PLAT OF 9 SQUARE MILES

STATE: New Mexico COUNTY: San Juan

PROSPECT: Bolack C LS No. 12A DATE: February 4, 2011

SECTION: 29 TOWNSHIP: 27 North RANGE: 8 West

SCALE: 1"=2000'





SAN JUAN BASIN

SEC 29 T27N R08W

CUM PROD @ 11/2010

San Juan County, New Mexico

POSTED WELL DATA

Operator
Well Label

P&A - CUMUL. MGRS
P&A - LAST OIL, 1880

P&A - FROM DATE TO DATE
P&A - FUTURE

P&A - COMPLETION DATE - WELL NO PROD

ATTRIBUTE MAP

Shallow

Fractured

Fractured Sand

Fractured Coal

Fractured Cliffs

Chacra

Metaverte

Dalio

Morrison

Paradox

WELL SYMBOLS

Gas Well

P&A Gas Well

REMARKS

January 24, 2011

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Monday, February 28, 2011 5:00 PM
To: 'Ryan_O'Kelley@xtoenergy.com'
Cc: Perrin, Charlie, EMNRD
Subject: Bolack CLS #12A; NSL Application

Dear Mr. O'Kelly

Your letter says "The rule states that a well should be located no closer than 330' to the outer boundary of a 160-acre unit."

I have been unable to find a pool rule that provides for a 330 foot setback in the South Blanco PC. Statewide Rule 15.10.C provides for a 660 foot setback. If the applicable setback is 660 feet, the location of this well encroaches diagonally toward the NW/4 of Section 29, as well as encroaching directly toward the SW/4.

If there is a rule that I have overlooked, please indicate where it may be found. I am copying Mr. Perrin on this in the hope that he can point me in the right direction if I am missing something.

Otherwise please advise if XTO also owns the NW/4. If not notice to the operator or owners in that quarter will be necessary.

Sincerely

David K. Brooks
Legal Examiner

Brooks, David K., EMNRD

From: Ryan_O'Kelley@xtoenergy.com
Sent: Wednesday, March 02, 2011 8:52 AM
To: Brooks, David K., EMNRD
Cc: Perrin, Charlie, EMNRD
Subject: Re: Bolack CLS #12A; NSL Application

Good morning Mr. Brooks - I hope all is well.

After further review, I believe you are correct in that Statewide Rule 15.10.C provides for a 660' setback, not 330' as stated in my application - I apologize for the oversight and confusion. However, according to my calculation (2,640' minus 1,830') the current well location of 1,830' FSL & 2,350' FEL is located 810' FNL of the SE/4 160 acre spacing unit and is therefore not encroaching on either 160-acre Unit within the N/2 of the Section. Therefore, no notification is required for the NW/4 Unit as suggested in your email, only for the direct encroachment SW/4. Please review and confirm - I might be missing something. If I'm still misinterpreting the setbacks, please advise and I'll further research the N/2 ownership for notification purposes - I believe XTO is the only PC operator in the section and owns a 100% WI in PC in the N/2, but will confirm after your review.

Thanks for your time -

Ryan O'Kelley
Sr. Landman
XTO Energy Inc.
810 Houston St.
Fort Worth, TX 76102
Office: (817) 885-3091
Fax: (817) 885-1854

"Brooks, David K., EMNRD" <david.brooks@state.nm.us>

To "Ryan_O'Kelley@xtoenergy.com" <Ryan_O'Kelley@xtoenergy.com>

cc "Perrin, Charlie, EMNRD" <charlie.perrin@state.nm.us>

02/28/2011 06:00 PM

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Sincerely

David K. Brooks

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Thursday, March 03, 2011 3:29 PM
To: 'Ryan_O'Kelley@xtoenergy.com'
Subject: RE: Bolack CLS #12A; NSL Application

Dear Mr. O'Kelly

The issue here is diagonal encroachment toward the NW/4 of Section 39. OCD's definition of "adjoining unit" includes those adjoining at a point. It is our interpretation that a location encroaches toward a diagonally adjoining unit if the well's location is closer to the common corner that would be a well at the standard location closest to that corner. Where setbacks are 660 feet from the side boundaries, the closes standard location to the common corner would be 660 feet from the north and west lines of the quarter section, which would be 933.33 feet, approximately, from the common corner. By my calculation, your well which is located 910 from the north line and 290 from the west line of the quarter section is closer than 933.33 feet from the NW corner of the quarter section, and therefore encroaches toward the NW/4.

Mark Fesmire, when he was director, specifically approved this interpretation of the NSL notice rule.

Sincerely

David K. Brooks
Legal examiner

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Thanks for your time -

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cc "Perrin, Charlie, EMNRD" <charlie.perrin@state.nm.us>

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David K. Brooks
Legal Examiner

Brooks, David K., EMNRD

From: Ryan_O'Kelley@xtoenergy.com
Sent: Monday, March 07, 2011 3:55 PM
To: Brooks, David K., EMNRD
Subject: RE: Bolack CLS #12A; NSL Application

Good afternoon David - thanks for the explanation, that makes sense. I have verified that XTO has a 100% WI in Pictured Cliffs formation in all of Section 29 and therefore no notice is required.

Please advise should you have any questions or need additional information. Thanks for your time -

Ryan O'Kelley
Sr. Landman
XTO Energy Inc.
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Fort Worth, TX 76102
Office: (817) 885-3091
Fax: (817) 885-1854

"Brooks, David K., EMNRD" <david.brooks@state.nm.us>

To "Ryan_O'Kelley@xtoenergy.com" <Ryan_O'Kelley@xtoenergy.com>
cc

03/03/2011 04:29 PM

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