



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



April 13, 2011

XTO Energy, Inc.
Attn: Mr. Ryan O'Kelley
810 Houston Street
Fort Worth, TX 76102-6298

Administrative Order NSL-6366

Re: C.A. McAdams C Well No. 2
API No. 30-045-06845
2090 feet FSL & 1680 feet FWL
Unit K, Section 5-27N-10W
San Juan County, New Mexico

Dear Mr. O'Kelley:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW11-09655143**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on April 6, 2011, and

(b) the Division's records pertinent to this request.

XTO Energy, Inc. (XTO) [OGRID 5380] has requested to re-complete the above-referenced well in the Pictured Cliffs formation at an unorthodox gas well location, as described above in the caption of this letter. The SW/4 of Section 5 will be dedicated to this well in order to form a standard, 160-acre gas spacing unit in the Fulcher Kutz Pictured Cliffs Gas Pool (77200). This pool is governed by statewide Rule 15.10.C [19.15.15.10.C NMAC], which provides for 160-acre units, with wells located at least 660 feet from a unit outer boundary. This location is less than 660 feet from the northern unit boundary.

Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

Oil Conservation Division
1220 South St. Francis Drive • Santa Fe, New Mexico 87505
Phone (505) 476-3440 • Fax (505) 476-3462 • www.emnrd.state.nm.us/OCD



It is our understanding that you are seeking this location in order to utilize an existing wellbore.

It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 15.13.B [19.15.13.B NMAC], the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9 [19.15.5.9 NMAC].

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

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey". The signature is fluid and cursive, with the first name "Jami" written in a larger, more prominent script than the last name "Bailey".

Jami Bailey
Director

JB/db

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