



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

May 20, 2004

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

XTO Energy, Inc.
c/o Permits West, Inc.
37 Verano Loop
Santa Fe, New Mexico 87505

Attention: Brian Wood
brian@permitswest.com

Administrative Order NSL-5055 (SD)

Dear Mr. Wood:

Reference is made to the following: (i) your application on behalf of the operator, XTO Energy, Inc. ("XTO"), submitted to the New Mexico Oil Conservation Division ("Division") on April 26, 2004 (*administrative application reference No. pMES0-412162015*); and (ii) the Division's records in Aztec and Santa Fe: all concerning XTO's request for an exception to the well location requirements [Rule 7 (a) (1)] provided within the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended, for a non-standard infill gas well location within an existing standard 320-acre lay-down gas spacing unit for the Basin-Fruitland Coal (Gas) Pool (**71629**) comprising the S/2 of Section 22, Township 27 North, Range 11 West, NMPM, San Juan County, New Mexico.

This application has been duly filed under the provisions of: (i) Rule 7 (b) of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*"; (ii) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission ("Commission") in Case No. 12119 on August 12, 1999; and (iii) Rule 1207.A (2), revised by Division Order No. R-11205, issued by the Commission in Case No. 12177 on June 17, 1999.

This unit is currently dedicated to XTO's Scott "E" Federal "22" Well No. 23 (**API No. 30-045-28256**), located at a standard coal gas well location 1670 feet from the South line and 1675 feet from the West line (Unit K) of Section 22.

From your application and the Division's records, it is our understanding that all of Sections 22, 23, and 25, the W/2 of Section 24, and the W/2 of Section 36, all in Township 27 North, Range 11 West, NMPM, San Juan County, New Mexico, is a single Federal lease (*United States Government lease No. NM-078089*) in which XTO is now the leasehold operator.

By the authority granted me under the applicable provisions of the special pool rules governing the Basin-Fruitland Coal (Gas) Pool and Division Rule 104.F (2), the following described well to be drilled as an unorthodox infill coal gas well within this 320-acre gas spacing unit is hereby approved:

**Scott "E" Federal "22" Well No. 23-S or Scott Federal Well No. 223
790' FSL & 325' FEL (Unit P)
(API No. 30-045-31119).**

Further, XTO is hereby authorized to simultaneously dedicate production attributed to the Basin-Fruitland Coal (Gas) Pool from its existing Scott "E" Federal "22" Well No. 23 with the proposed Scott "E" Federal "22" Well No. 23-S/Scott Federal Well No. 223.

Jurisdiction of this cause 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 "Michael E. Stogner", with a long horizontal flourish extending to the right.

Michael E. Stogner
Engineer/Hearing Officer

MS/mes

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