



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor
Joanna Prukop
Cabinet Secretary

July 31, 2003

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-4928

Dear Mr. Welch:

Reference is made to: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on July 11, 2003 (*administrative application reference No. pMES0-319251518*); and (ii) the Division's records: all concerning XTO Energy, Inc.'s ("XTO") request to drill its proposed Ute Mountain Tribal "L" Well No. 3 (**API No. 30-045-31602**) as a replacement well at an unorthodox gas well location for gas production from the Ute Dome-Paradox Pool (**86760**) within an existing 640-acre, more or less, gas spacing unit comprising all of Section 24, Township 32 North, Range 14 West, NMPM, as projected into the unsurveyed Ute Mountain Indian Reservation, San Juan County, New Mexico.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

Initial development of Ute Dome Paradox gas production within this 640-acre, more or less, gas spacing unit commenced in 1977 when Amoco Production Company drilled and completed its Ute Mountain Tribal "L" Well No. 1 (**API No. 30-045-22564**) at a standard gas well location 1830 feet from the South line and 2040 feet from the East line (Unit J) of Section 24. According to the Division's records XTO, formerly known as Cross Timbers Operating Company, obtained this well from Amoco Production Company on January 1, 1998.

In addition to draining additional reserves within this gas unit not recoverable from the Ute Mountain Tribal "L" Well No. 1, the geologic interpretation submitted with this application indicates that the Ute Mountain Tribal "L" Well No. 3 drilled at the proposed unorthodox gas well location will be at a more favorable geologic position within the Paradox formation than a well drilled at a location considered to be standard within the western portion of this 640-acre, more or less, unit.

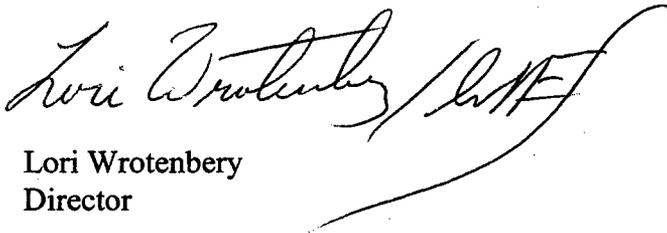
By the authority granted me under the provisions of the special pool rules governing the Ute Dome-Paradox Pool, set forth in Division Order No. R-46, dated December 29, 1950 and Division Rule 104.F (2), as amended, the Ute Mountain Tribal "L" Well No. 3 to be drilled as a replacement Paradox gas well within this 640-acre, more or less, gas spacing unit at the following described unorthodox gas well location is hereby approved:

**Ute Mountain Tribal "L" Well No. 3
660' FSL & 1785' FEL (Unit N)
(API No. 30-045-31602).**

IT IS FURTHER ORDERED THAT, in accordance with Division Rule 104.D (3), at the time the Ute Mountain Tribal "L" Well No. 3 is successfully completed within the Ute Dome-Paradox Pool; XTO shall cease producing Paradox gas production from its Ute Mountain Tribal "L" Well No. 1.

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

Sincerely,



Lori Wrotenberg
Director

LW/mes

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Durango, Colorado