DATE IN 7/11/03	SUSPENSE 7/31/03	ENGINEER MES	LOGGED IN MS	TYPE NSL	APP NO pMES0-31925151S

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505

ADMINISTRATIVE APPLICATION CHECKLIST

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

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 _____

RECEIVED
JUL 11 2003
OIL CONSERVATION DIVISION

[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.

Tim Welch	Tim Welch	Senior Landman	7-10-03
Print or Type Name	Signature	Title	Date

tim_welch@xtoenergy.com
e-mail Address

XTO ENERGY

July 8, 2003

Mr. Michael E. Stogner
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Federal Express

Re: Application for Administration Approval of Unorthodox Location
XTO Energy Inc. Ute Mountain Tribal "L" #3 Well
Proposed Location: 660' FSL & 1,785' FWL of Sec. 24-T32N-R14W
Unit N (SE/4 SW/4) San Juan County, New Mexico

Dear Mr. Stogner:

XTO Energy Inc. hereby requests approval of the following unorthodox location:

Well Name:	Ute Mountain Tribal "L" #3 **(API # 30-045-31602)**
Pool:	Ute Dome-Paradox Pool
Location:	660' FSL & 1,785' FWL of Section 24-T32N-R14W
Acreage Dedication:	All of Section 24, being 640 acres, more or less
County/State:	San Juan County, New Mexico
Pool Rules:	1,650' from outer boundary of the section line

Attached please find the following support and documentation for this application:

1. C-102 Plat;
2. Geologic/Geophysical Summary;
3. Paradox Production map;
4. Ownership map; and
5. Well history for the Ute Mountain Tribal "L" #1.

The proposed well is located on the following lease: **Tribal "L" MOO-C-1420-627**. All of Section 24 and the adjoining spacing unit to the south, towards which the requested unorthodox location encroaches, are 100% owned and operated by XTO Energy Inc.; therefore, there are no other offset operators or owners to notify.

The Paradox formation in the existing Paradox well in Section 24 (Ute Mountain Tribal "L" #1) is currently being P&A'd. In this regard, please see the attached Well History for this well.

By certified mail and/or Federal Express, a copy of this application has been sent to the three (3) parties listed below. The same three (3) parties are in agreement with our proposed location and the related APD has been approved by the BLM.

Thank you for your consideration in this matter and please call me at (817) 885-2661 if you have any questions.

Very truly yours,

Tim Welch

Tim Welch
Senior Landman
XTO Energy Inc.
FAX # (817) 885-2224
Email: tim_welch@xtoenergy.com

Enclosures

cc: Gordon Hammond — Certified Mail
Ute Mountain Ute Tribe
P.O. Box 42
Towaoc, Colorado 81334

Dan Rabinowitz — Federal Express
Bureau of Land Management
15 Burnett Court
Durango, Colorado 81301-3647

Gerry Simon — Certified Mail
Data Consultants Incorporated
P.O. Box 14749
Albuquerque, New Mexico 87191

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
811 South First, Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised August 15, 2000

Submit to Appropriate District Office
State Lease – 4 Copies
Fee Lease – 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name	
[4] Property Code	[5] Property Name: UTE MOUNTAIN TRIBAL "C"		[6] Well Number: 3
[7] OGRID No.	[8] Operator Name: XTO ENERGY INC.		[9] Elevation: 6730'

[10] Surface Location

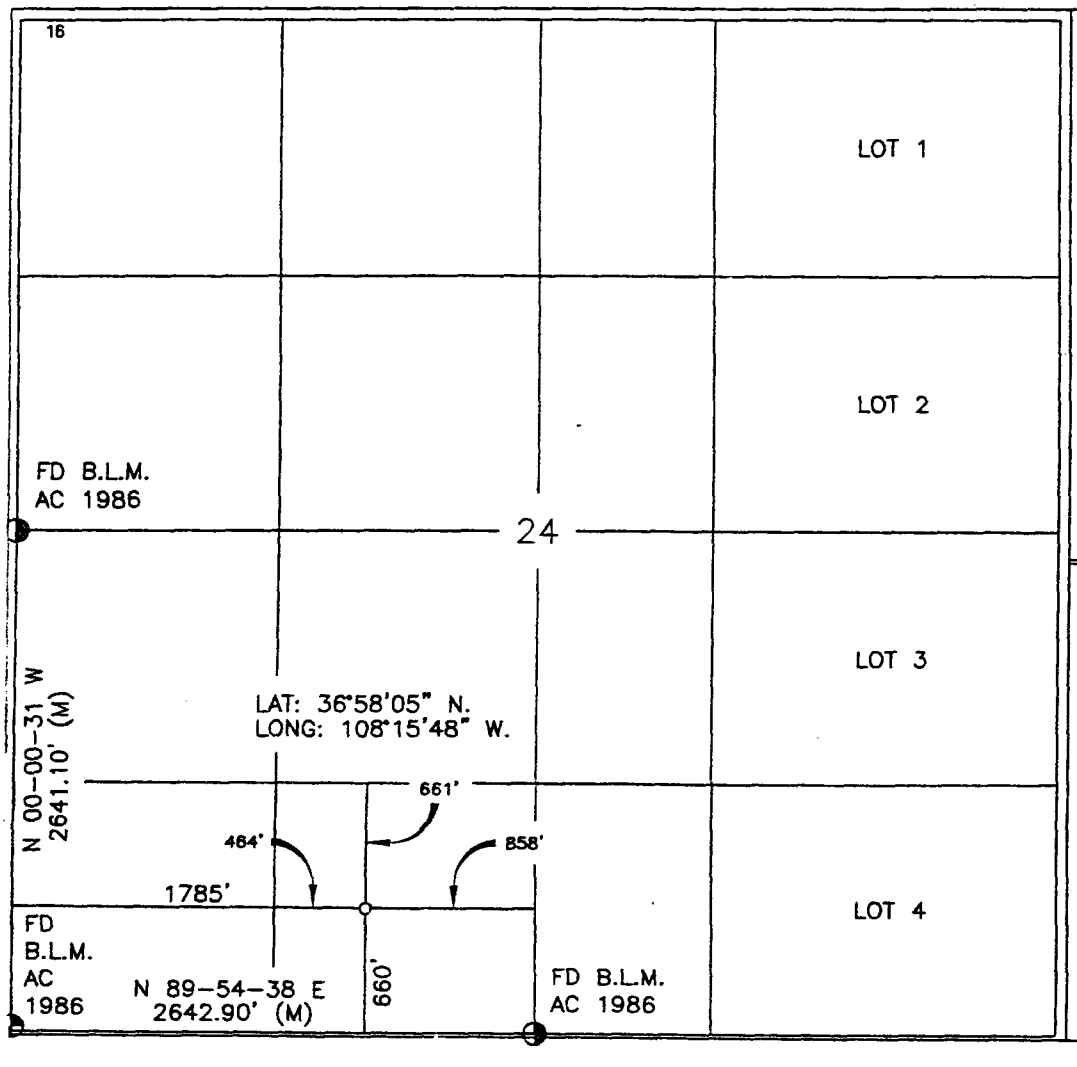
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	24	32-N	14-W		660'	SOUTH	1785'	WEST	SAN JUAN

[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

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.

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



[17] OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Signature

Printed Name

Title

Date

[18] SURVEYOR CERTIFICATION

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 and correct to the best of my belief.

8-24-01

Date of Survey

Signature and Seal of Professional Surveyor:

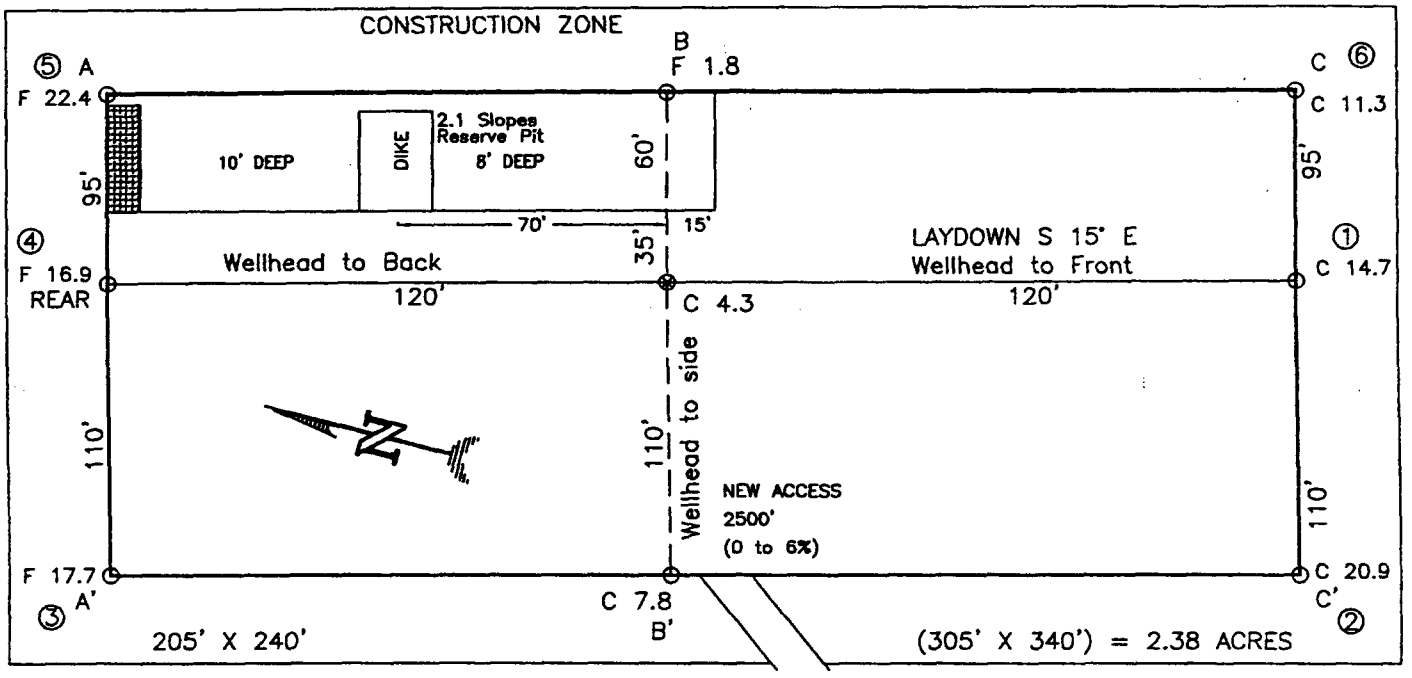
ROY A. RUSH
NEW MEXICO
8894
REGISTERED PROFESSIONAL LAND SURVEYOR

8894

Certificate Number

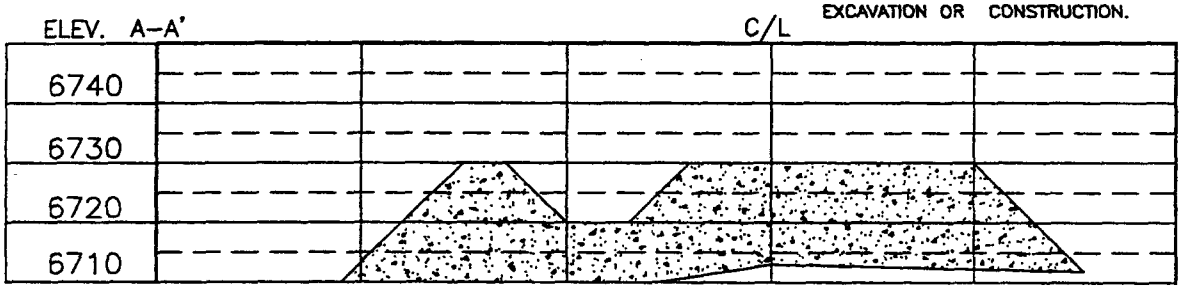
XTO ENERGY INC.
UTE MOUNTAIN TRIBAL "L" #3, 660' FSL 1785' FWL
SECTION 24, T32N, R14W, N.M.P.M., SAN JUAN COUNTY, N. M.
GROUND ELEVATION: 6730', DATE: AUGUST 24, 2001

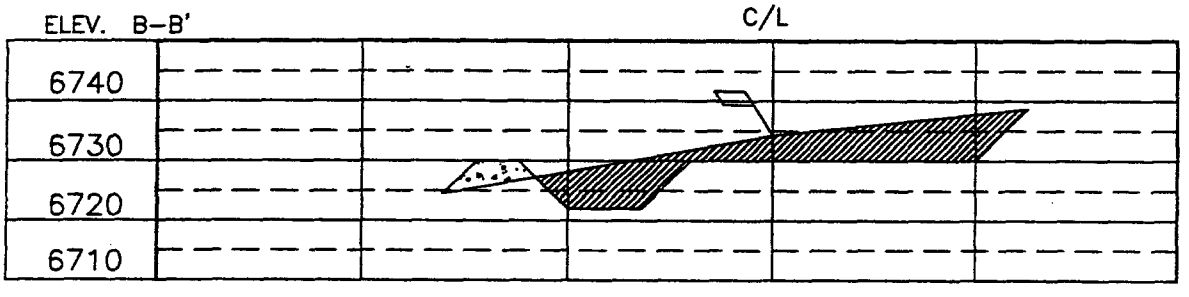
LAT. = 36°58'05"N
LONG. = 108°15'48"W

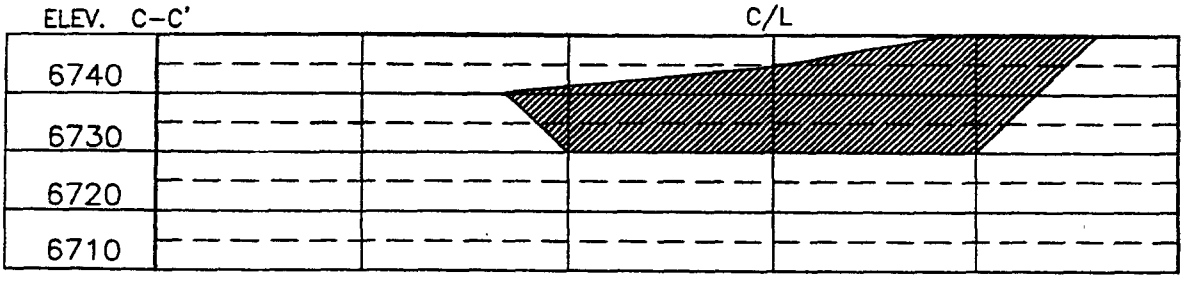


RESERVE PIT DIKE: TO BE 8' ABOVE DEEP SIDE (OVERFLOW – 3' WIDE AND 1' ABOVE SHALLOW SIDE).
BLOW PIT: OVERFLOW PIPE HALFWAY BETWEEN TOP AND BOTTOM AND TO EXTEND OVER PLASTIC LINER AND INTO BLOW PIT.

NOTE: DAGGETT ENTERPRISES, INC. IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES. NEW MEXICO ONE CALL TO BE NOTIFIED 48 HOURS PRIOR TO EXCAVATION OR CONSTRUCTION.





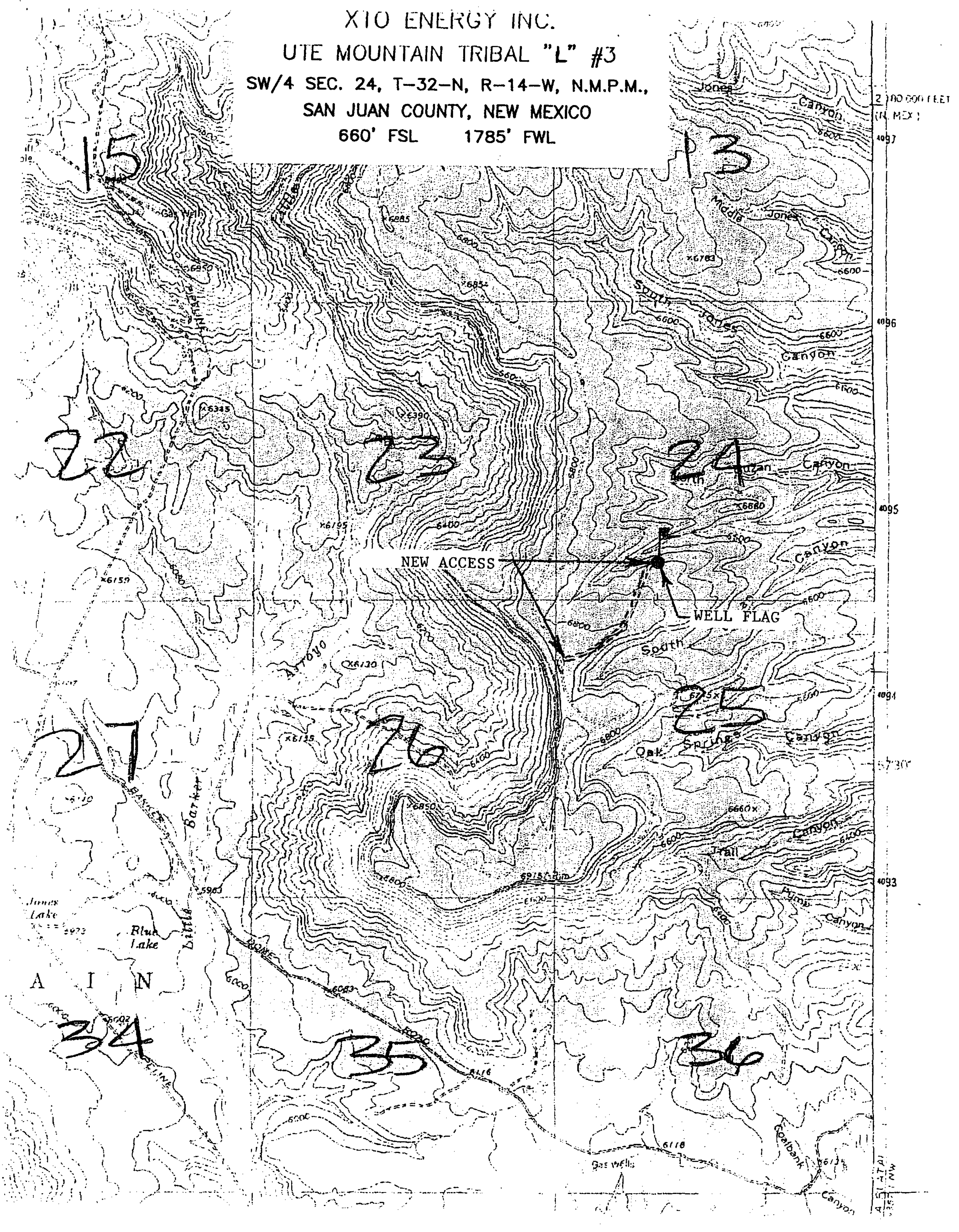


NOTE: CONTRACTOR SHOULD CALL ONE-CALL FOR LOCATION OF ANY MARKED OR UNMARKED BURIED PIPELINES OR CABLES ON WELL PAD AND OR ACCESS ROAD AT LEAST TWO (2) WORKING DAYS PRIOR TO CONSTRUCTION.

DRAWN BY: B.S. ROW#: CR050 CADFILE: CR050CF8 DATE: 8/30/01

Daggett Enterprises, Inc.
Surveying and Oil Field Services
P. O. Box 15068 Farmington, NM 87401
Phone (505) 326-1772 Fax (505) 326-6019

XTO ENERGY INC.
UTE MOUNTAIN TRIBAL "L" #3
SW/4 SEC. 24, T-32-N, R-14-W, N.M.P.M.,
SAN JUAN COUNTY, NEW MEXICO
660' FSL 1785' FWL



Ute Mountain Tribal "L" #3
Geologic/Geophysical Summary

The Ute Mountain Tribal "L" #3 is a proposed 9,425' Pennsylvanian Paradox Formation test to be located 660' FSL & 1,785' FWL of section 24-T32N-R14W in Ute Dome Field, San Juan County, New Mexico. The Ute Mountain Tribal "L" #1 is a Paradox producer in this section that has had water production increase substantially during 2003. Our plans are to plug and abandon the Paradox in the "L" #1.

The Paradox Formation at Ute Dome is approximately 900' thick and is primarily composed of algal and fossiliferous carbonates deposited in a shallow water shelf environment. The Paradox has been subdivided into five members, which are, in ascending order, the Alkali Gulch, Barker Creek, Akah, Desert Creek and the Ismay. All of the members are productive at Ute Dome. Vertical communication between members appears to be negligible due to unique gas/water contacts for each member.

The Ute Dome feature is a structural high formed at the crest of an asymmetrical, northeast plunging anticline. Steeper dips are found on the southern and eastern sides of the anticline, which forms the edge of the present day San Juan Basin. In 2000, XTO Energy Inc. acquired additional seismic data and merged it with the original 3-D survey shot by Amoco Production in 1995, extending 3-D coverage over the entire productive area of Ute Dome. The attached seismic structure maps on the top of The Ismay and Alkali Gulch Members were interpreted from the latest 3-D seismic survey.

Several wells along the downdip margins of the productive area have experienced problems with water encroachment. Most recently, the Ute Mountain Tribal "L" #1 in section 24-T32N-R14W. In addition, the Ute Mountain Tribal "D" #1 well in section 10-T31N-R14W saw average production rates in 1971 plummet from 50,000 Mcf/month to 2,000 Mcf/month. Numerous attempts were made through the years to shut off the water production and restore gas production to economic rates. The well has since been shut-in. There are several other wells along the margin of the field that have had deeper perforations squeezed or plugged back due to water encroachment including the "L" #1 and the Mountain Ute Gas Com "F" #1 in section 25-T32N-R14W. To maximize ultimate gas recovery and to minimize water encroachment, it is imperative that any future wells be drilled as far updip on the structure as practical.

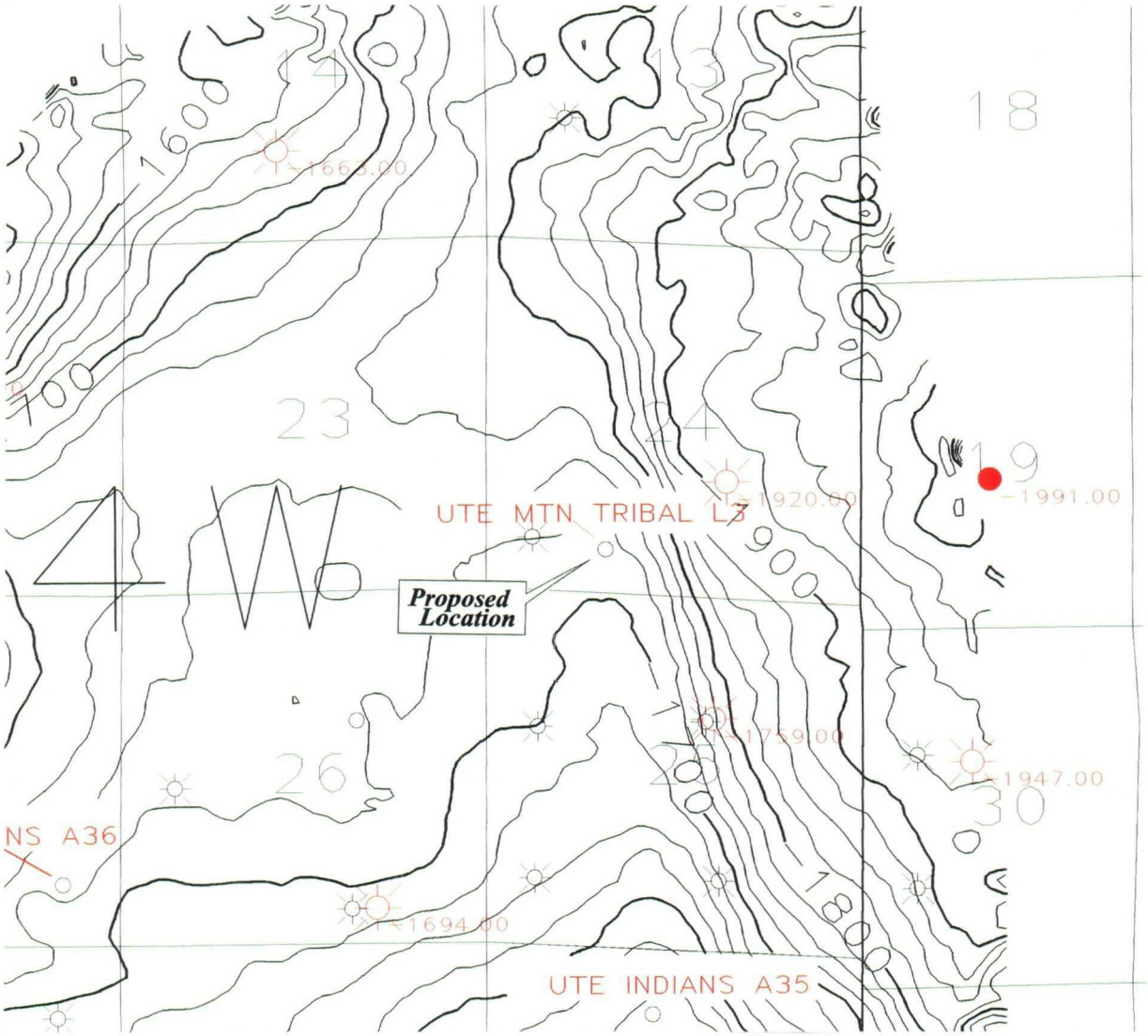
Just to the east of the proposed location, there is a fault through the Alkali Gulch. The fault does not appear to continue into the Ismay Member, but does influence the Ismay structure. The proposed location is on the upthrown side of this fault. At the Alkali Gulch level, a well at the proposed location would be approximately 230' high to the Ute Mountain Tribal "L" #1 well in the section and approximately 50' high to the Mountain Ute Gas Com "F" #1 well in section 25 to the south. At the Ismay level, a well at the proposed location would be approximately 200' high to the "L" #1 and approximately 40' high to the "F" #1 to the south.

Ute Mountain Tribal "L" #3
Geologic/Geophysical Summary Continued

An unorthodox location is requested in order to get as structurally high as possible in section 24, thereby reducing the risk of encountering water which would seriously affect the performance of the well. The proposed location will allow development of gas reserves which can not be recovered by any other well in the unit and will thus prevent waste.

R 14 W

R 13 W



T 32 N

UTE DOME

Ute Mountain Tribal "L" #3

SW/4 Section 24 T32N - R14W

SAN JUAN COUNTY, NEW MEXICO

STRUCTURE MAP

TOP OF ISMAY

CONTOUR INTERVAL: 25' **DATE: JULY, 2003**

N

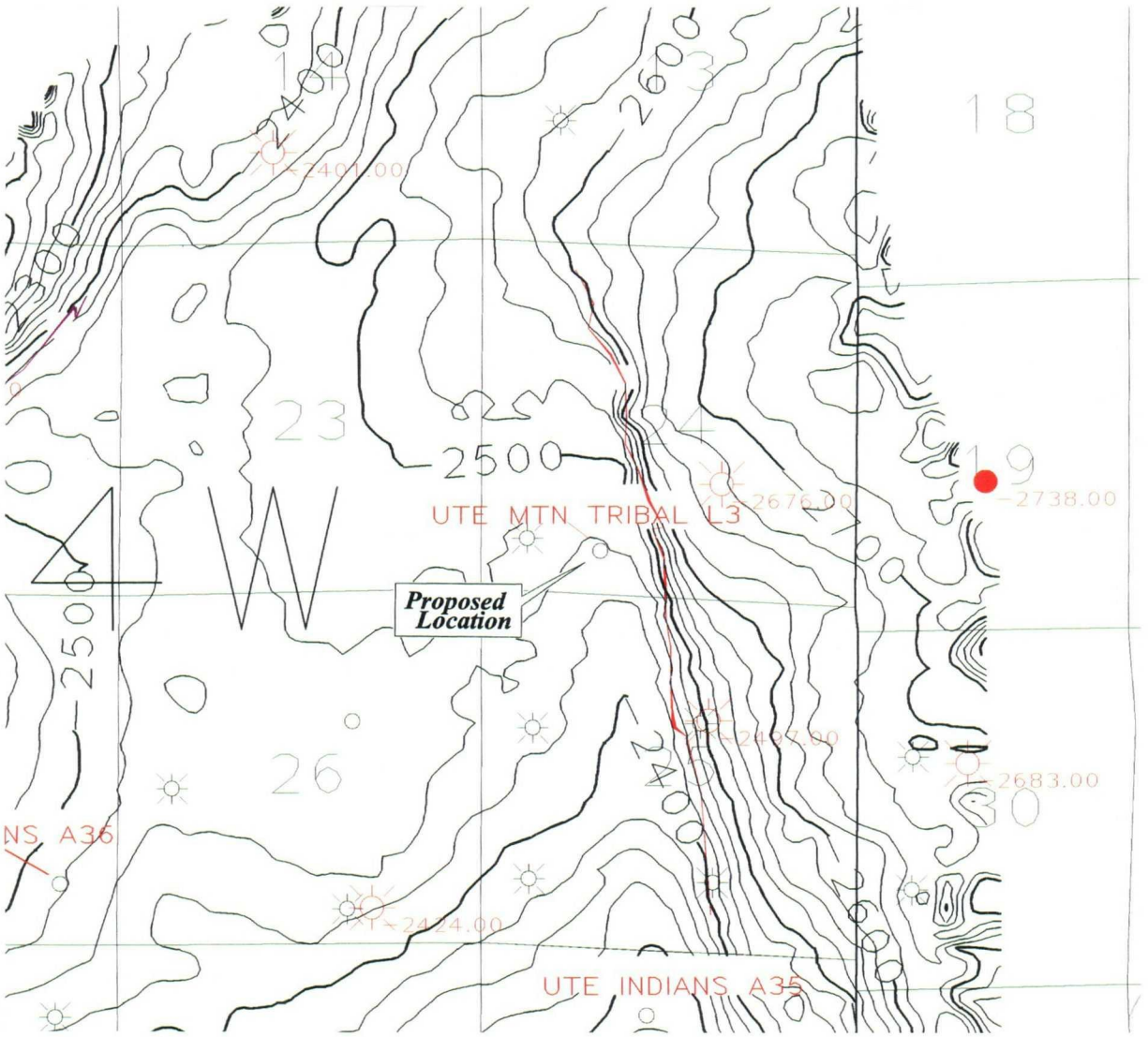
SCALE

0' 2000'

XTO ENERGY INC.

R 14 W

R 13 W



T 32 N

N

UTE DOME

Ute Mountain Tribal "L" #3

SW/4 Section 24 T32N - R14W

SAN JUAN COUNTY, NEW MEXICO

STRUCTURE MAP

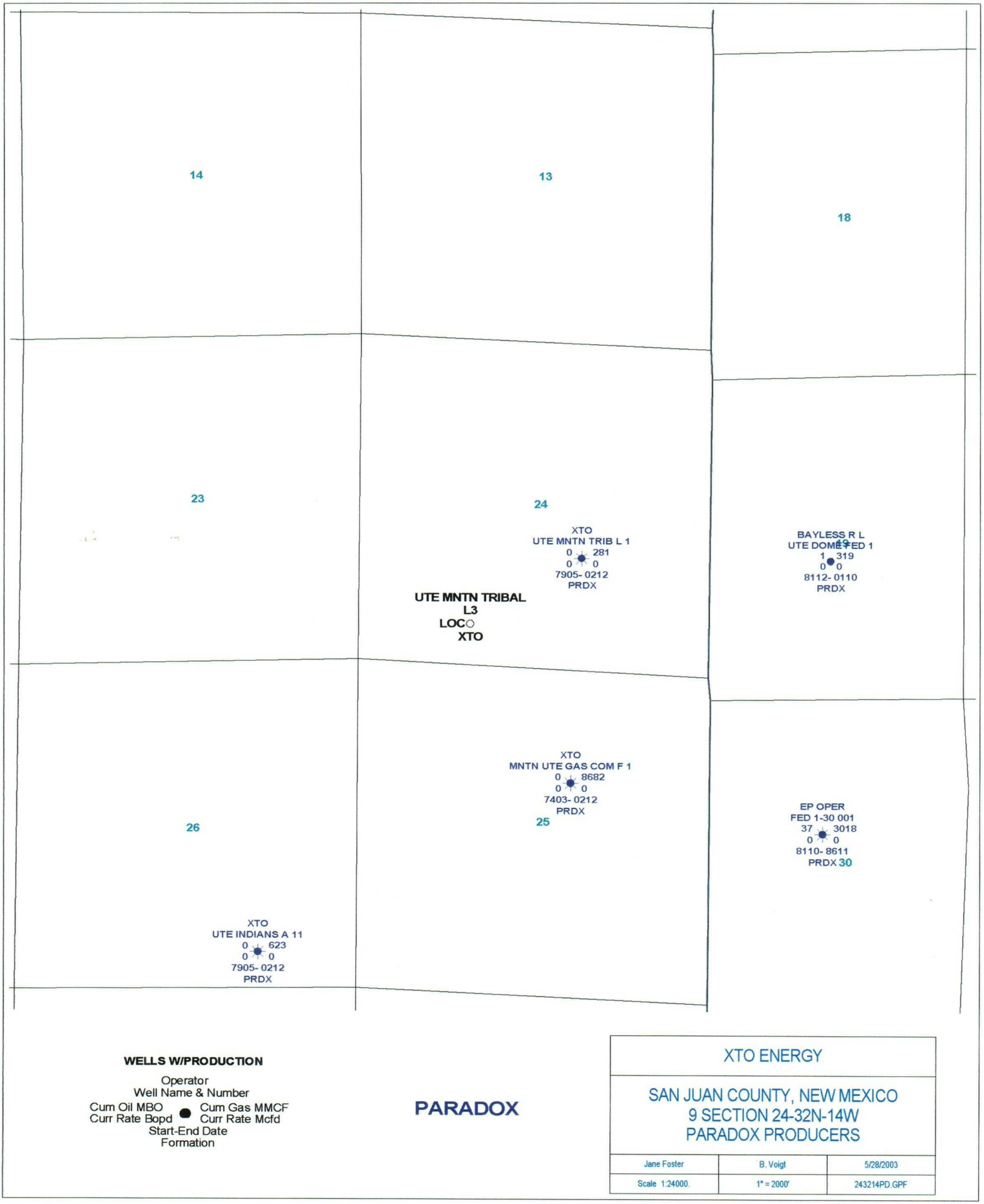
TOP OF ALKALI GULCH

CONTOUR INTERVAL: 25' **DATE: JULY, 2003**

SCALE

0' 2000'

XTO ENERGY INC.



WELLS W/PRODUCTION

Operator
Well Name & Number
Cum Oil MBO ● Cum Gas MMCF
Curr Rate Bopd Curr Rate Mcfd
Start-End Date
Formation

PARADOX

XTO ENERGY

SAN JUAN COUNTY, NEW MEXICO
9 SECTION 24-32N-14W
PARADOX PRODUCERS

Jane Foster	B. Voigt	5/28/2003
Scale 1:24000.	1" = 2000'	243214PD.GPF

XTO ENERGY

Ownership Map for all Formations UTE Mountain Tribal "L"#3

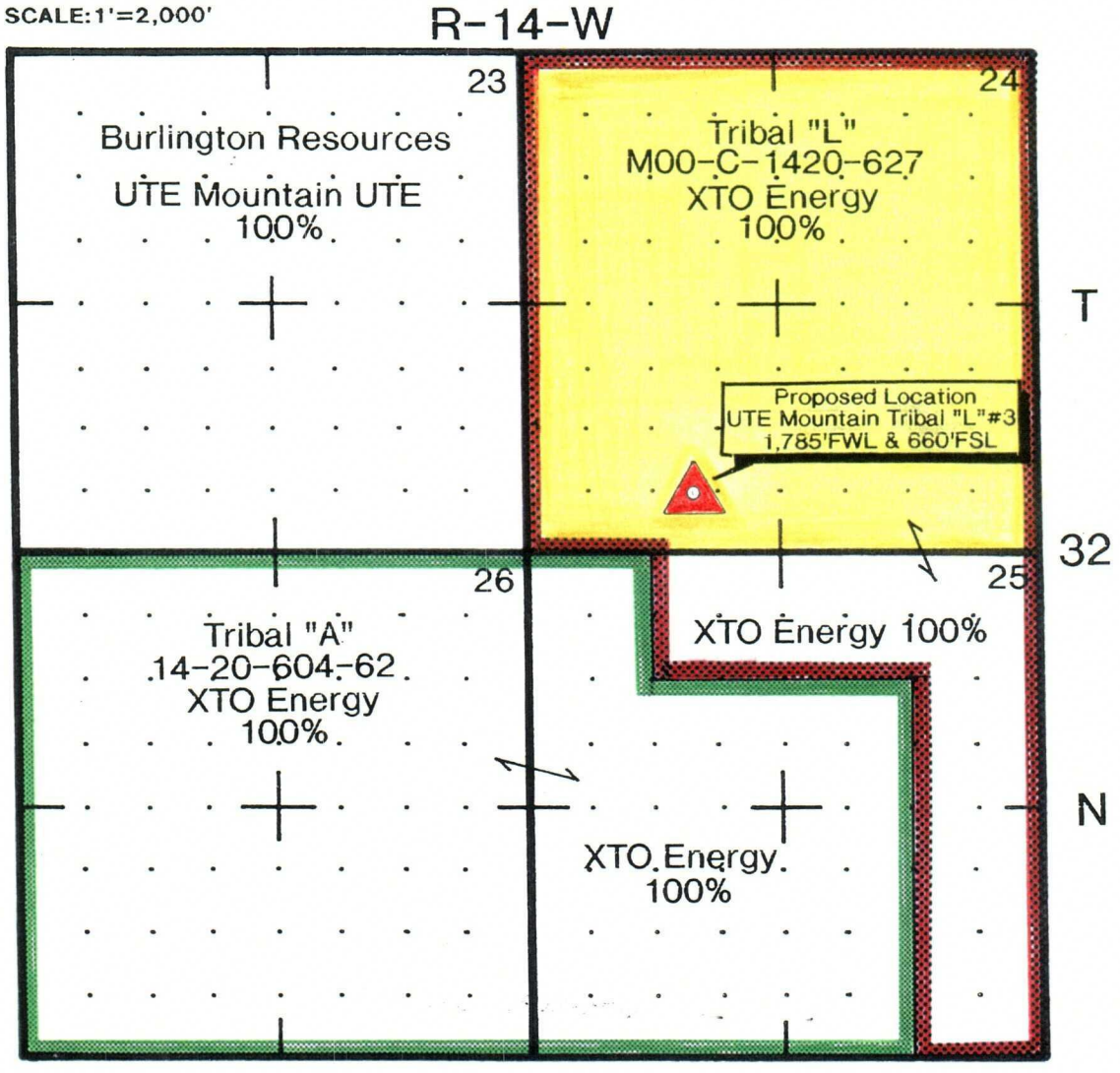
STATE: New Mexico COUNTY: San Juan

PROSPECT: 640 Acre Gas Spacing & Proation Unit (Paradox) DATE: July 7,2003

SECTIONS: 24 BLOCK: _____ SURVEY: _____

ACRES: _____ TOWNSHIP: 32 North RANGE: 14 West

SCALE:1'=2,000'



Ute Mountain Tribal L #1
Well History

The Ute Mountain Tribal L #1 was drilled as a Paradox well in section 24 of Township 32 North, Range 14 West. The well was completed in November of 1977. The well was completed in the Upper and Lower Barker Creek, Desert Creek, and Ismay intervals of the Paradox. The Upper and Lower Barker Creek tested wet and were never produced. The Desert Creek and Ismay have been producing since 1979. The well has cumulative production of 281 mmcf through December of 2002. A production plot for the well has been attached for reference.

In June of 2001, additional pay was perforated in the Desert Creek and Ismay intervals. During the acid job, all of the perforated pay in the Desert Creek and the Ismay was found to be in communication with each other. The well was returned to production at approximately 130 mcfd.

In May of 2003, the well appeared to have loading problems and was not producing. Even after swabbing 250 barrels of water over 4 days and the fluid level had only changed 1400 feet from 5000 feet to 6400 feet, the well would not swab in and flow. The final fluid level was approximately 2000 feet above the top perforation.

In July of 2003, a casing leak was found at 4973 feet. The casing at this interval was isolated with a bridge plug and packer and tested to 600 psig. The pressure bled off at a rate of 65-70 psig/minute. An attempt was made to swab the casing leak interval, but no fluid entry or fluid recovery was obtained.

Based on the history of this well and the testing done in July, it has been determined that the fluid entry was coming from within the Paradox producing interval. On July 10, 2003, plugging operations began to abandon the Paradox interval in the Ute Mountain Tribal L #1.

XTO Energy Inc.

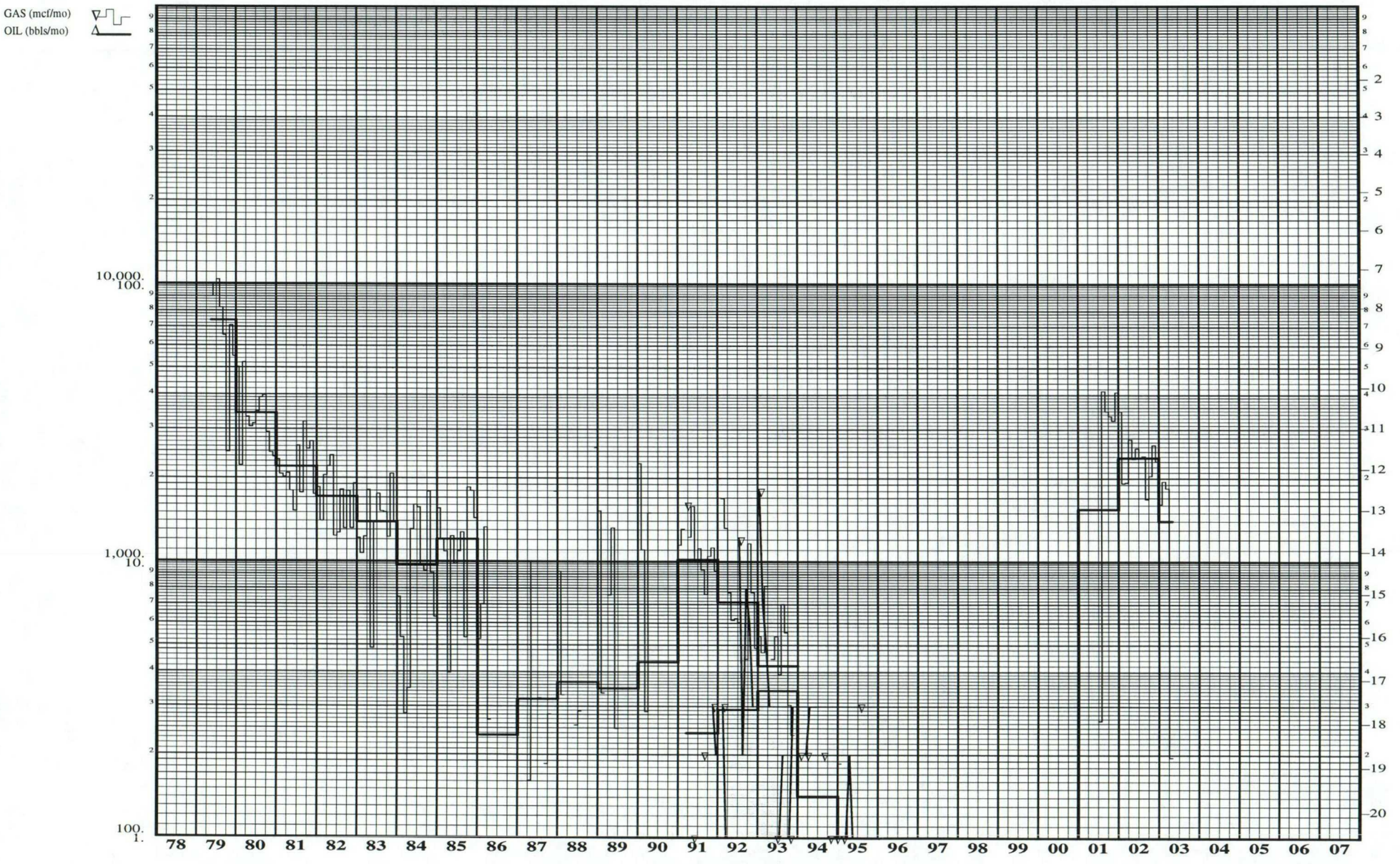
UTE MTN TRIBAL L 1

XTO ENERGY
UTE DOME (PARADOX)
SAN JUAN, NEW MEXICO

BASE	*24J 32N 14W*	*SAN JUAN*
522564	*BGV*	*71091*

Run Date :
Run Time: 7:24:17

TWD KJH WDM

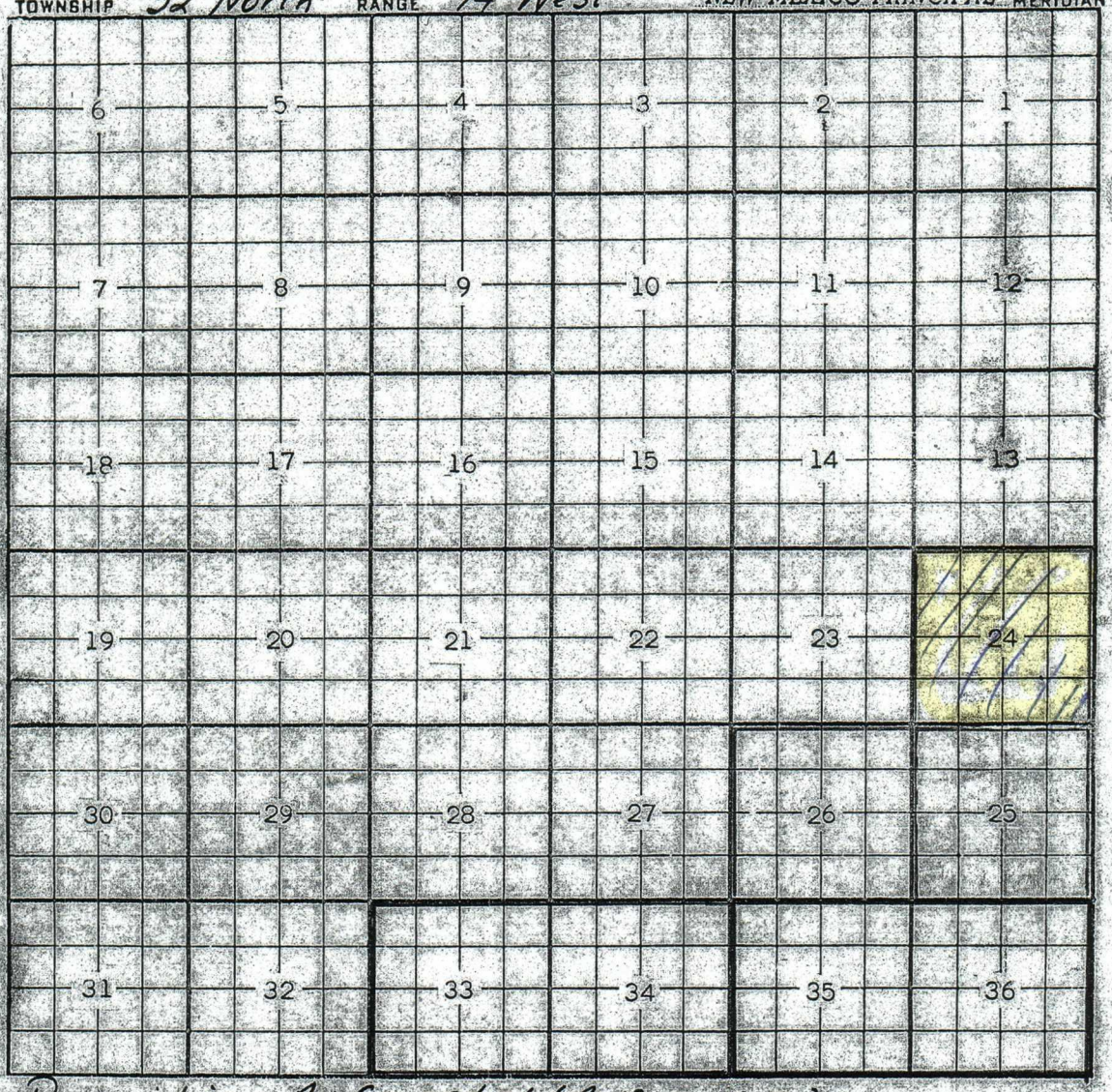


07 / 09 / 2003 15 : 04 : 27 21 Pw

30045225640000 PI PLOTS SJSPLIT00812 522564

County San Juan Pool Ute Dome - Paradox

TOWNSHIP 32 North RANGE 14 West NEW MEXICO PRINCIPAL MERIDIAN



Description: All Sec 35 & 36 (R-13, 3-15-50)
Ext: All Secs 33 & 34 (R-4292, 5-1-72). Ext. All sec 25 (R-4690, 12-1-73)
Ext. All Secs 24 & 26 (R-5772, 7-1-78)