



June 16, 2006

HAND DELIVERED

Mr. Michael E. Stogner
New Mexico Oil Conservation Division
1220 S St Francis Dr
Santa Fe NM 87504

Re: Application for Approval of Unorthodox Location
XTO Energy Inc.'s L. C. Kelly #20 Well
815' FSL and 2,515' FWL, Section 3, T30N, R12W
San Juan County, New Mexico
Mesaverde and Dakota Formations

30-045-33441

Dear Mr. Stogner:

XTO Energy Inc. hereby requests 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. Topographic map
3. Aerial photograph
4. Ownership map
5. Production map showing Mesaverde and Dakota Formation Gas Production

The L.C Kelly #20, located in Section 3, T30N, R12W, was drilled at a non-standard location. The well was staked at what would have been a legal location for a lay-down proration unit; however, the proration units in section 3 are stand-up, resulting in the well being within the 660' setback required for a legal location. This was an oversight on our part, and unfortunately was not recognized as a mistake until after the well was drilled.

Section 3, T30N, R12W is covered by one base lease, and correlative rights are common between the west-half proration unit in which the L.C. Kelly #20 was drilled and the east-half proration unit that the well encroaches. We have not initiated completion operations on L.C. Kelly #20, and will not until we can hopefully resolve our oversight. We have corrected the internal procedures which led to a well being drilled at a non-standard-location without an approved NSL, and apologize for the oversight.

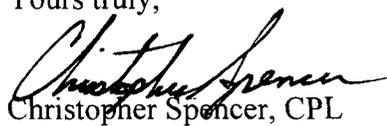
XTO Energy Inc. requests your approval for the unorthodox location based on the above

*Fed lease
SF 081234
4B*

Mr. Michael E. Stogner
New Mexico Oil Conservation Division
L. C. Kelly #20
June 16, 2006
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information. If approval of the unorthodox location of this well should require a hearing, please advise me of the hearing date at your first convenience. If you need any additional information, please contact me at (817) 885-2540.

Yours truly,

A handwritten signature in cursive script that reads "Christopher Spencer".

Christopher Spencer, CPL
Landman

/cks

Enclosures

DISTRICT I
1825 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
1301 W. Grand Ave., Artesia, N.M. 88210

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

DISTRICT IV
1220 South 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 June 10, 2003

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 L. C. KELLY			⁶ Well Number 20
⁷ GRID No.		⁸ Operator Name XTO ENERGY INC.			⁹ Elevation 5812'

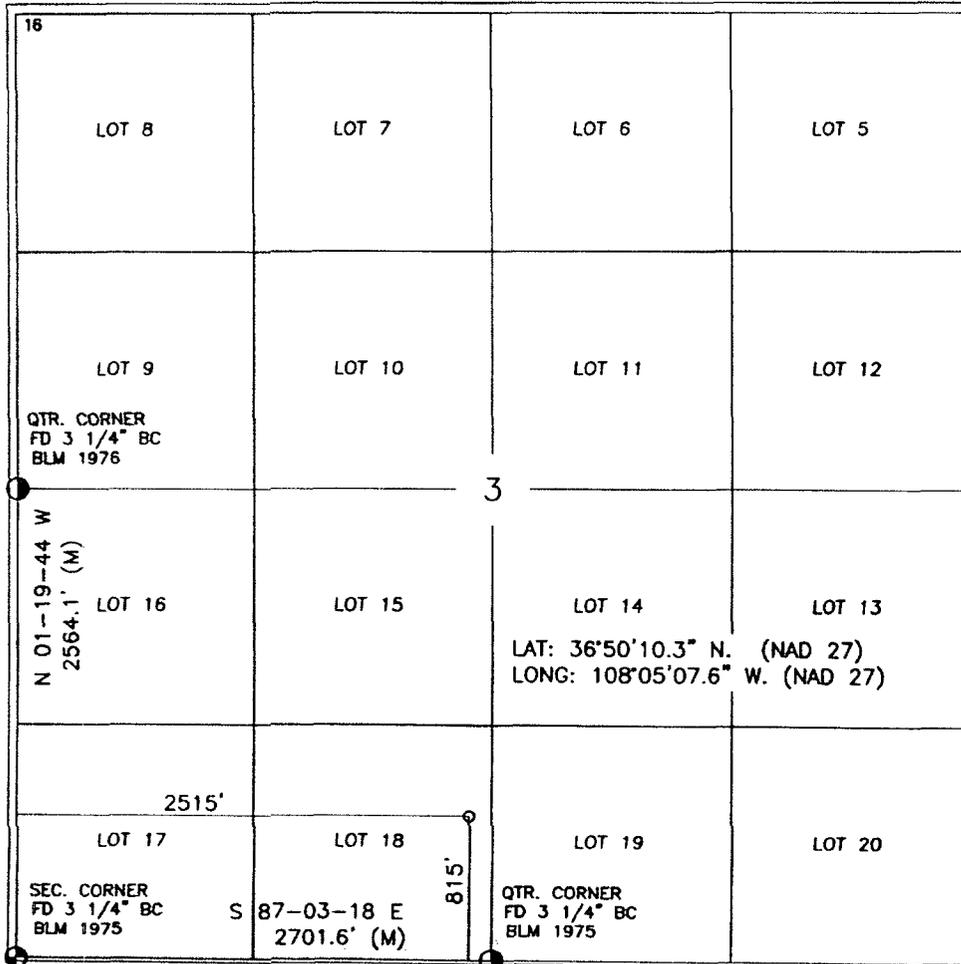
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	3	30-N	12-W	18	815	SOUTH	2515	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.

MARCO
Date of Survey _____
Signature of Registered Professional Surveyor: _____

Certificate Number _____

108°06'00" W

108°05'00" W

NAD27 108°04'00" W

XTO ENERGY INC.

L. C. KELLY No. 20

SW/4 SEC. 3, T30N, R12W, N.M.P.M.

SAN JUAN COUNTY, NEW MEXICO

815 FSL 2515 FWL

250 FT. NEW ACCESS 500 FT. TWO-TRACK ROAD

35

36°51'00" N

36°51'00" N

36°50'00" N

36°50'00" N

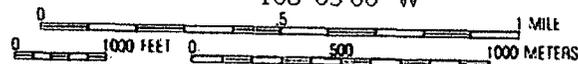
36°49'00" N

36°49'00" N

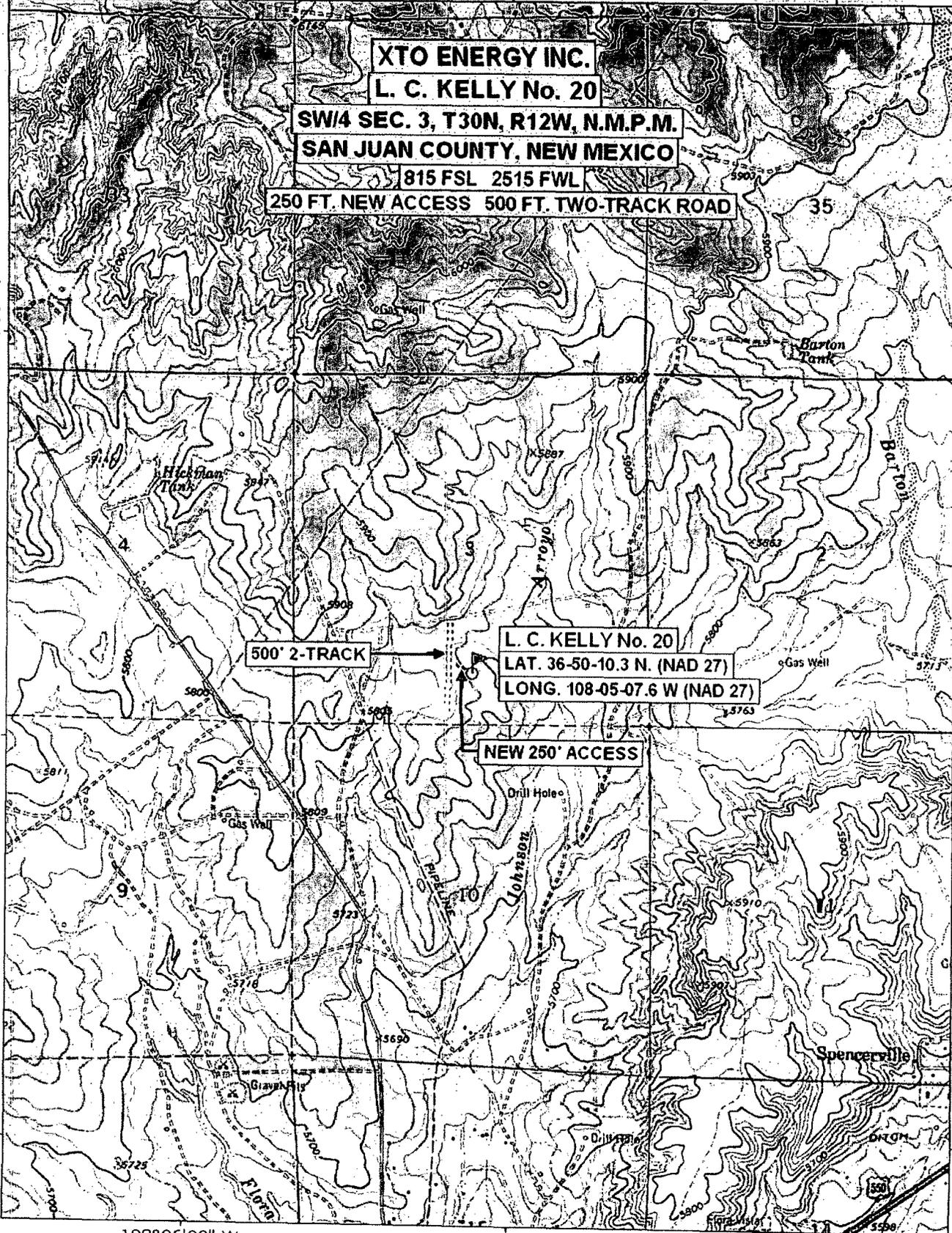
108°06'00" W

108°05'00" W

NAD27 108°04'00" W



Map created with TOPO!® ©2002 National Geographic (www.nationalgeographic.com/topo)



XTO ENERGY INC.

L.C. KELLY No. 20

SEC. 3, T-30-N, R-12-W, N.M.P.M.

SAN JUAN COUNTY, NEW MEXICO



LEGEND



L.C. KELLY No. 20



Daggett Enterprises, Inc.
Surveying and Oil Field Services
P. O. Box 10088 Farmington, NM 87401
Phone (505) 328-1772 Fax (505) 328-8019

PAGE 1 OF 1

DRAWN BY: A.S.

CAUPFILE: CR485AM1

ROW#:CR486 DATE:06/14/06



SECTION PLAT OF 9 SQUARE MILES

STATE: New Mexico COUNTY: San Juan

PROSPECT: L C Kelly #20 MV/DK DATE: May 26, 2006

SECTION: 03 TOWNSHIP: 30 North RANGE: 12 West

SCALE: 1'=2000'

33	34		35
04	XTO 100%	03 XTO 100%	02
09	10		11

XTO ENERGY INC.

Sec. 3 T30N R12W

SAN JUAN BASIN
CUM PROD @ 9/2005
San Juan County, NM



POSTED WELL DATA

PCUM - CUMUL. UNITS PROD. (MMBBL)
PCUM - CUMUL. VOLUME (MMBBL)
PCUM - DATE OF LAST REPORT
PCUM - NAME

ATTRIBUTE MAP



WELL SYMBOLS
Gas Well

May 25, 2006

