

XTO - Valencia Canyon 45C

DATE IN 9/11/06	SUSPENSE	ENGINEER D. Brooks	LOGGED IN 9/11/06	TYPE NSL	APP NO. PTD50625448651
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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 _____
- [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.

Print or Type Name	Signature	Title	Date
e-mail Address			



September 8, 2006

2006 SEP 11 AM 10 37

FEDERAL EXPRESS

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

Re: Application for Administrative Approval of Unorthodox Location
XTO Energy Inc.'s Valencia Canyon Unit No. 45C
1,200' FSL and 2,132' FEL, Section 34, T28N, R4W
Rio Arriba County, New Mexico
Pictured Cliffs Formation

Chozo Mesa PC
74920

Dear Mr. Stogner:

XTO Energy Inc. (XTO) hereby requests administrative 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. Valencia Canyon Unit Map
4. Production Map showing Gas Production from the Pictured Cliffs Formation

API 30-039-29697

The Valencia Canyon Unit No. 45C is a directional well which was drilled with the intentions of being a standard 80 acre infill Blanco Mesaverde well in the SW/4 of Section 34, Township 28 North, Range 4 West. Due to topographic constraints, the surface location was in the SE/4 of Section 34 with a proposed bottom-hole location in the SW/4. Drilling complications associated with the directional drilling plan compounded by lost circulation resulted in the targeted bottom-hole location not being reached. Casing was set through the Pictured Cliffs Formation, and XTO plans on using this wellbore to test the Fruitland Coal Formation in the S/2 of Section 34. The bottom-hole location is standard for a S/2 Fruitland Coal unit.

Prior to testing the Fruitland Coal, XTO would also like to test the Pictured Cliffs. However, the Pictured Cliffs is at a non-standard location, with the top of the Pictured Cliffs being 207' west of the surface location of 1,200' FSL and 1,925' FEL, which results in the well being non-standard by 152'. The S/2 of Section 34 is in the Valencia Canyon Unit; therefore, the encroachment is common ownership. If granted permission to complete the Pictured Cliffs, XTO intends to ultimately commingle the Pictured Cliffs with the Fruitland Coal if both zones test commercial.

1200 FSL 2132 FEL

XTO Energy Inc. requests your administrative approval for the unorthodox location based on the above information. Should you need any additional information, please contact me at (817) 885-3091.

Yours truly,

A handwritten signature in black ink, appearing to read "Ryan O'Kelley". The signature is stylized with a large, looped "R" and "K".

Ryan O'Kelley
Associate Landman

Enclosures



SEC 36 T28N R4W

SAN JUAN BASIN
CUM PROD @ 106
San Juan County, NM



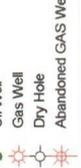
POSTED WELL DATA

Operator: Well Label
Picnum - CUMPROD, MMSL, MMSCF
Picnum - GASGATE, YTD, MCFD
Picnum - OILDATE, YTD, BRLO, MCFD
Picnum - FROM DATE, TO DATE
Picnum - EUR, MMSCF

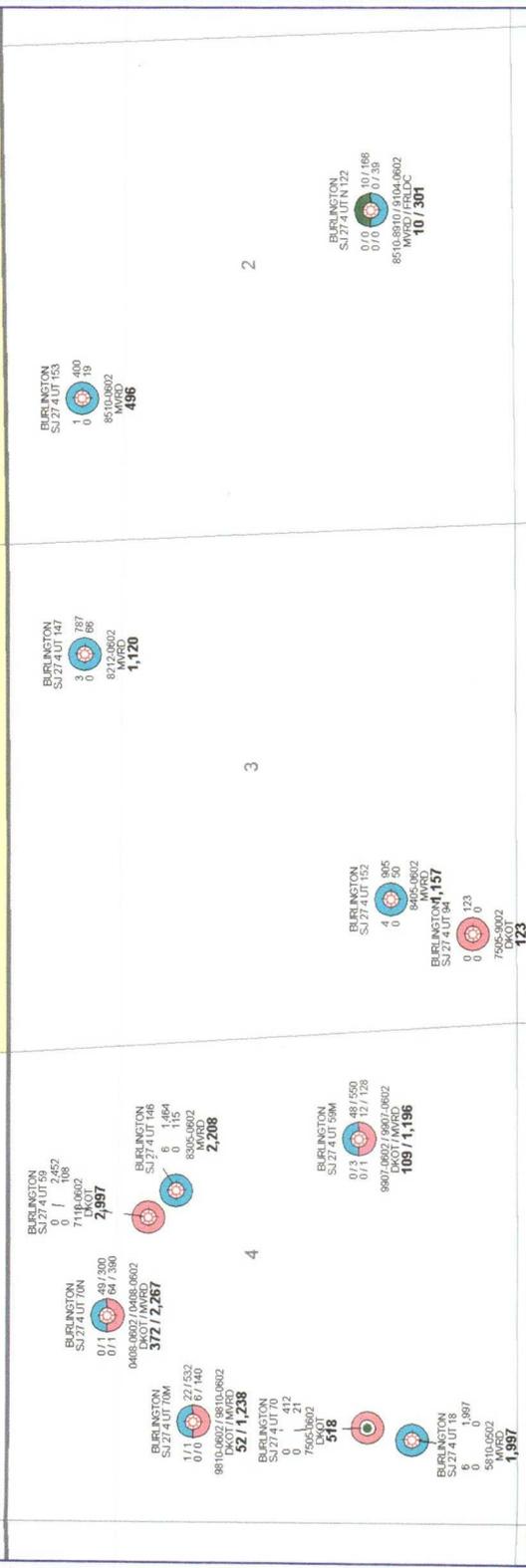
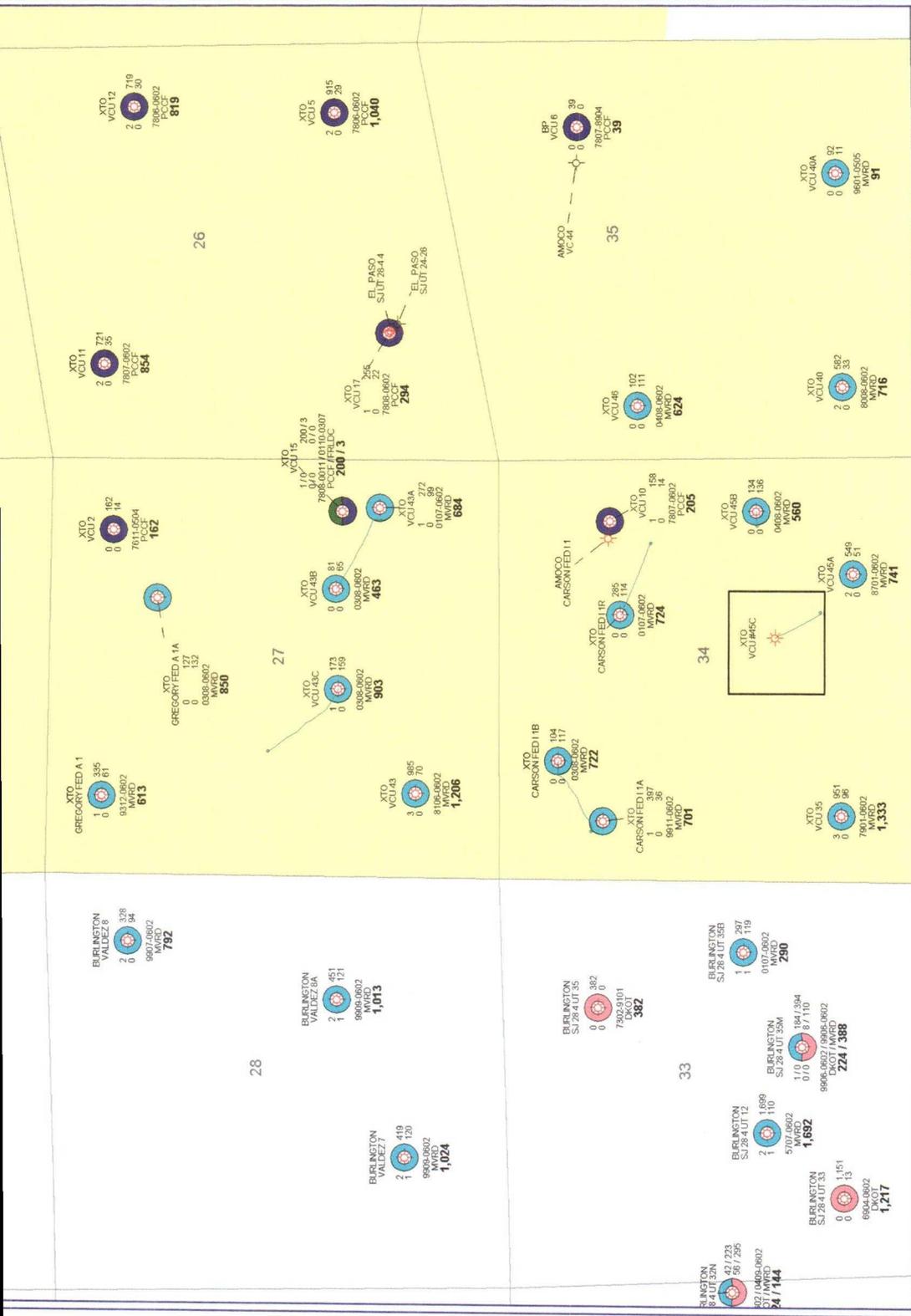
ATTRIBUTE MAP



WELL SYMBOLS



August 25, 2006



DISTRICT I
1625 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 VALENCIA CANYON UNIT		⁶ Well Number 45C
⁷ OGRID No.	⁸ Operator Name XTO ENERGY INC.		⁹ Elevation 7197

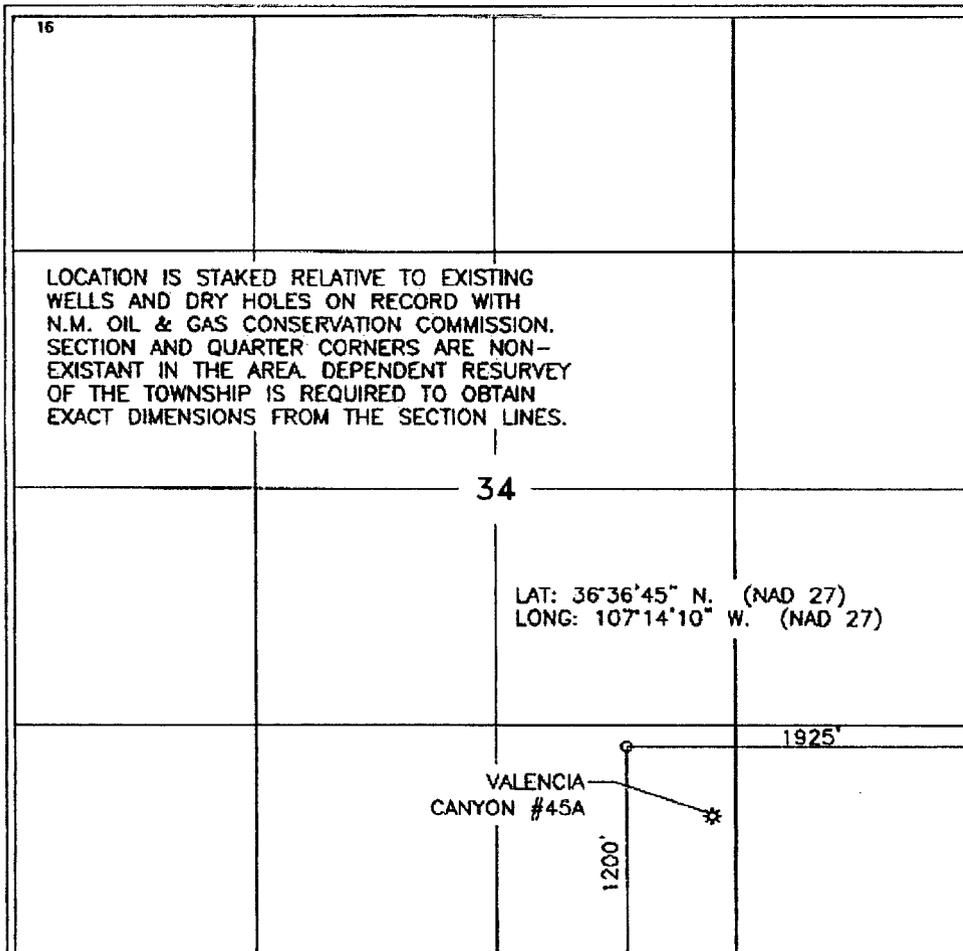
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	34	28-N	4-W		1200	SOUTH	1925	EAST	RIO ARRIBA

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 knowledge and belief

Date of Survey _____
Signature and Seal of Professional Surveyor

Certificate Number 14831

107°15'00" W

107°14'00" W

NAD27 107°13'00" W

36°38'00" N

36°38'00" N

36°37'00" N

36°37'00" N

36°36'00" N

36°36'00" N

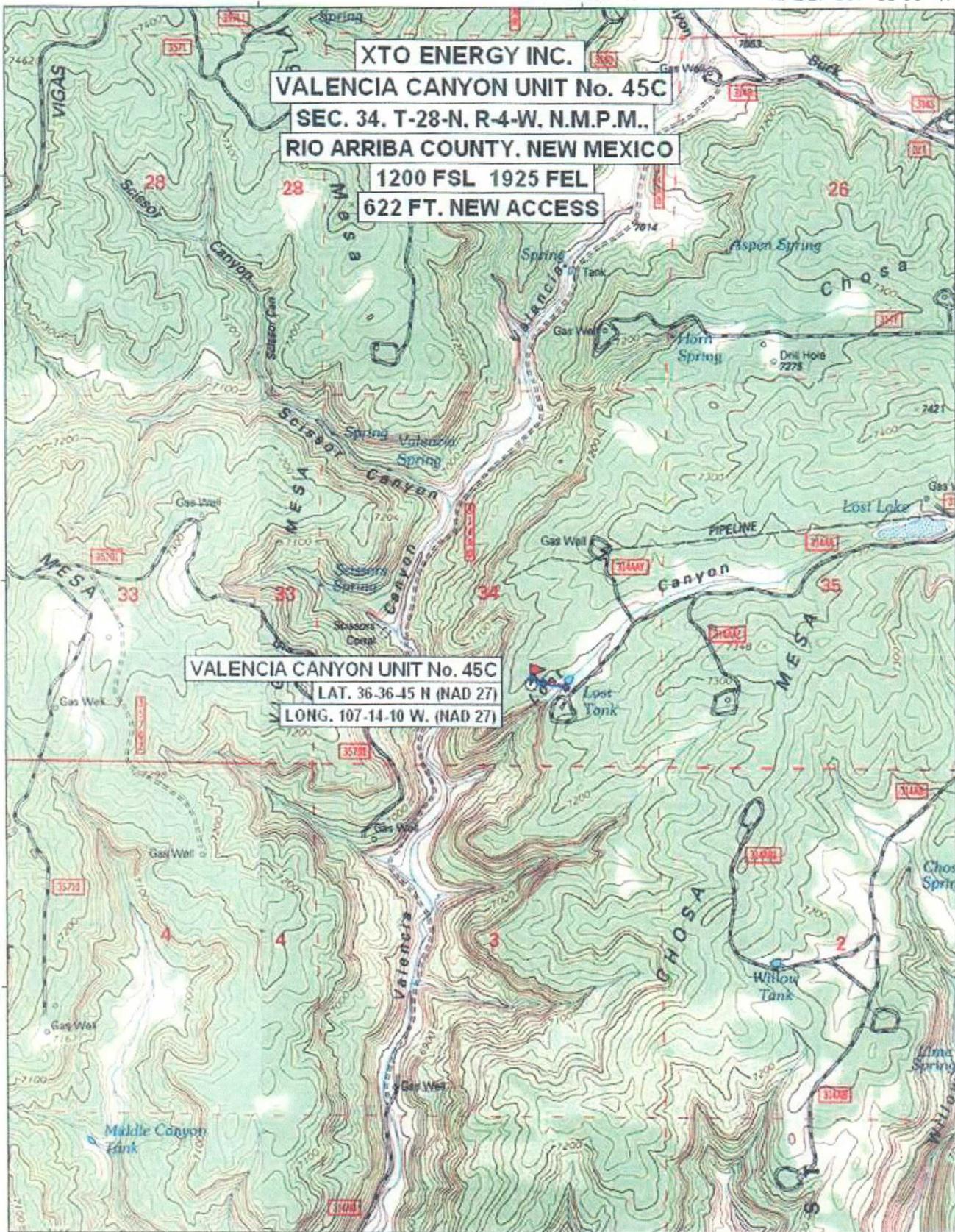
107°15'00" W

107°14'00" W

NAD27 107°13'00" W

XTO ENERGY INC.
VALENCIA CANYON UNIT No. 45C
SEC. 34, T-28-N, R-4-W, N.M.P.M.,
RIO ARriba COUNTY, NEW MEXICO
1200 FSL 1925 FEL
622 FT. NEW ACCESS

VALENCIA CANYON UNIT No. 45C
LAT. 36.36-45 N (NAD 27)
LONG. 107.14-10 W. (NAD 27)



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

Brooks, David K., EMNRD

From: Ryan_O'Kelley@xtoenergy.com
Sent: Thursday, September 21, 2006 1:04 PM
To: Brooks, David K., EMNRD
Subject: Re: XTO - Valencia Canyon Unit No. 45C

Mr. Brooks,

XTO's records show we own a 100% WI in the S/2 of Section 34, Township 28 North, Range 4 West, as to the Pictured Cliffs formation (XTO has a 100% WI as to all of Section 34 - all depths). However, you are correct in that the S/2 is not in the Pictured Cliffs PA. If granted permission to complete the Pictured Cliffs, XTO would ultimately perform a commerciality determination as to the Pictured Cliffs formation. If determined commercial, XTO would then apply to expand the existing PA.

If you have any questions or need additional information, please feel free to call. Thanks for your time.

Respectfully,

Ryan O'Kelley
Associate Landman
XTO Energy Inc.
810 Houston St.
Fort Worth, TX 76102
Office: (817) 885-3091
Fax: (817) 885-1854

*Rec'd 9/11
Comp
9/21*

"Brooks, David
K., EMNRD"
<david.brooks@state.nm.us>

<ryan_o'kell>

09/19/2006 03:39
PM

XTO - Valenc

Dear Mr. O'Kelley

Reference is made to your administrative application dated Sept. 8, 2007, for the subject well.

You state that "The S/2 of Section 34 is in the Valencia Canyon Unit; therefore, the encroachment is common ownership.

It would seem, however, that this does not necessarily follow, since the S/2 Section 34, according to the map you have attached, is not in the Pictured Cliffs PA for that unit.

Accordingly, we need you to confirm that the tract ownership is identical for the SW/4 and SE/4 of Section 34 in the Pictured Cliffs, if that is the case. Otherwise, notices may be

required.

Thanks

David K. Brooks
Assistant General Counsel
(505)-476-3450

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Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Tuesday, September 19, 2006 1:40 PM
To: 'ryan_o'kelley@xtoenergy.com'
Subject: XTO - Valencia Canyon Unit No. 45C

Dear Mr. O'Kelley

Reference is made to your administrative application dated Sept. 8, 2007, for the subject well.

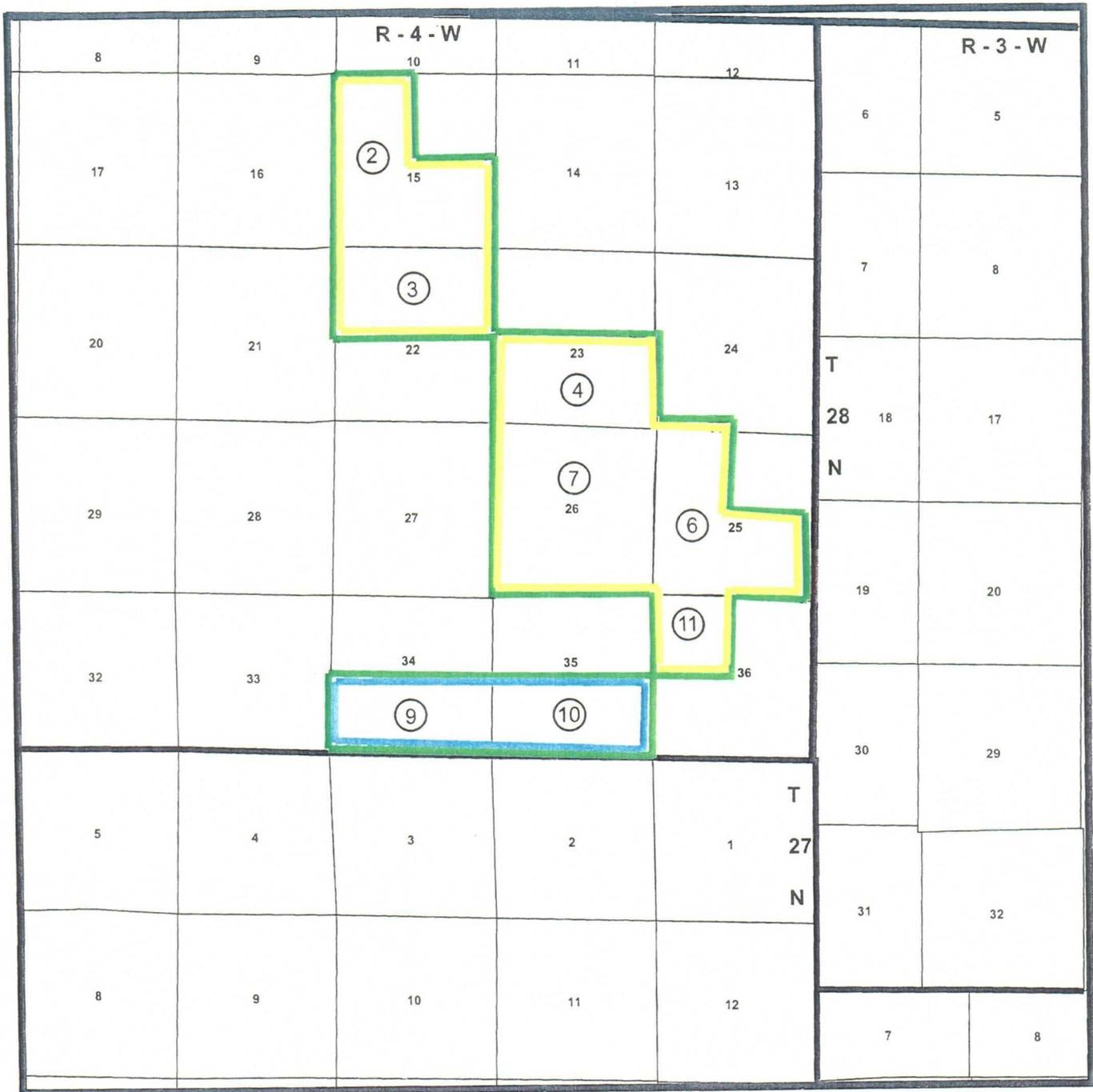
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Accordingly, we need you to confirm that the tract ownership is identical for the SW/4 and SE/4 of Section 34 in the Pictured Cliffs, if that is the case. Otherwise, notices may be required.

Thanks

David K. Brooks
Assistant General Counsel
(505)-476-3450



Scale: 1" = 5,000'

⑦	Tract Number	<u>Federal Land</u>	<u>Acreage</u>
		100%	3040 Unit
			2400 Pictured Cliffs Participating Ac.
			640 Mesaverde Participating Ac.

	Valencia Canyon Unit
	PC - Pictured Cliffs Formation - 8th Revision to Participating Area
	Mv - Mesa Verde Formation - 1st Revision to Participating Area



Valencia Canyon Unit
Rio Arriba County, New Mexico