



NSL-4671-A(SD)

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

March 8, 2004

Lori Wrotenbery

Director

Oil Conservation Division

XTO Energy, Inc.
810 Houston Street
Fort Worth, Texas 76102-6298

Attention: **George A. Cox, CPL**
george_cox@xtoenergy.com

***AMENDED Administrative Order NSL-4671 and the
RESCISSION of Administrative Order NSL-4671-A (SD)***

Dear Mr. Cox:

Reference is made to the following: (i) your application (*administrative application reference No. pMES0-406864885*) by letter dated January 29, 2004 to amend Division Administrative Order NSL-4671; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe and Aztec, including the files on Division Administrative Orders NSL-4671 and NSL-4671-A (SD).

The Division Director Finds That:

(1) Division Administrative Order NSL-4671, dated December 3, 2001, authorized Markwest Resources, Inc. ("Markwest") of Englewood, Colorado to drill its Scott Federal "27-11-23" Well No. 1 (API No. 30-045-30892) as an initial gas well in the Basin-Dakota Pool (71599) within a standard stand-up 320-acre gas spacing and proration unit ("GPU") comprising the E/2 of Section 23, Township 27 North, Range 11 West, NMPM, San Juan County, New Mexico, at an unorthodox gas well location 1645 feet from the North line and 360 feet from the East line (Unit H) of Section 23.

(2) Division Administrative Order NSL-4671-A (SD), dated December 23, 2002, authorized infill Dakota development within this 320-acre stand-up GPU by granting Markwest's request for its Scott Federal Well No. 233 (API No. 30-045-31194), to be drilled at an unorthodox infill gas well location 285 feet from the South line and 1370 feet from the East line (Unit O) of Section 23.

(3) Initial development of the Basin-Dakota Pool in Section 23 occurred in the S/2 of Section 23, being a standard 320-acre lay-down GPU, with Beta Development Company's Hancock Federal Well No. 1 (API No. 30-045-06343), located at a standard gas well location 1450 feet from the South line and 1850 feet from the West line (Unit K) of Section 23, which produced from 1962 to 1982; this well was subsequently plugged and abandoned in 1985.

(4) The above-described Scott Federal "27-11-23" Well No. 1 was initially drilled and completed in the Basin-Dakota Pool by Markwest in early 2002.

(5) The Division's records indicate however, that the above-described Scott Federal Well No. 233 was never drilled.

(6) On July 31, 2003 XTO Energy, Inc. ("XTO") became the operator of the Scott Federal "27-11-23" Well No. 1.

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(7) From your application, it is the Division's understanding that even though the Scott Federal "27-11-23" Well No. 1 was permitted as a stand-up E/2 GPU, it has been maintained and treated as a lay-down N/2 GPU, and that Markwest had originally proposed this well to the N/2 working interest owners and the royalties and overriding royalties have been paid to the N/2 owners.

(8) Your application has been duly filed under the provisions of Division Rules 104.F and 605.B, and the applicable provisions of the "*Special Rules and Regulations for the Basin-Dakota Pool*," as promulgated by Division Order No. R-10987-B, dated June 30, 2000, as amended by Division Orders No. R-10987-B (1), dated August 10, 2000, and R-10987-B (2), dated January 29, 2002.

It Is Therefore Ordered That:

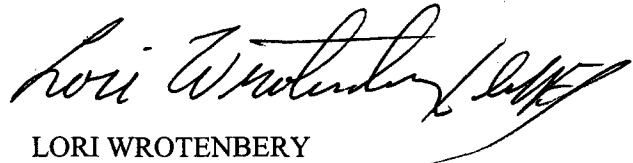
(1) Pursuant to Division Rule 104.F (2), of the New Mexico Oil Conservation Division's ("Division") Rules and Regulations, Division Administrative Order NSL-4671, dated December 3, 2001, is hereby amended, to accurately reflect that XTO Energy, Inc.'s Scott Federal "27-11-23" Well No. 1 (**API No. 30-045-30892**), located at an unorthodox Dakota gas well location 1645 feet from the North line and 360 feet from the East line (Unit H) of Section 23, Township 27 North, Range 11 West, NMPM, San Juan County, New Mexico, is dedicated to the N/2 of Section 23, being a standard 320-acre GPU in the Basin-Dakota Pool (**71599**).

(2) Division Administrative Order NSL-4671-A (SD), dated December 23, 2002, is hereby rescinded.

(3) The aforementioned Scott Federal "27-11-23" Well No. 1 and N/2 lay-down 320-acre GPU will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



LORI WROTENBERY
Director

LW/mes

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
File: NSL-4671
NSL-4671-A (SD)