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January 26, 2010

HAND DELIVERED

Mr. Mark Fesmire, P.E., Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

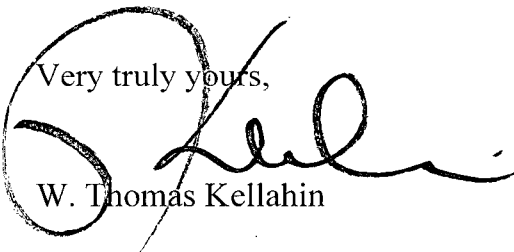
Case 14430

Re: Application of XTO Energy, Inc. to expand the horizontal limits of the Ute Dome-Paradox Gas Pool to include all of Section 27, T32N R14W and the concomitant contraction of the Barker Dome-Paradox Pool, the Barker Dome-Akah/Upper Barker Creek Pool, the Barker Dome-Desert Creek Pool and the Barker Dome-Ismay Pool
San Juan County, New Mexico

Dear Mr. Fesmire:

On behalf of XTO Energy, Inc., please find enclosed our referenced Application to be set for hearing on the Examiner's docket now scheduled for March 4, 2010.

Very truly yours,


W. Thomas Kellahin

cc: XTO Energy, Inc.
Attn: Mary Flynn

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CASE 14130 Application of XTO Energy, Inc. to expand the horizontal limits of the Ute Dome-Paradox Gas Pool to include all of Section 27, T32N R14W and the concomitant contraction of the Barker Dome-Paradox Pool, the Barker Dome-Akah/Upper Barker Creek Pool, the Barker Dome-Desert Creek Pool and the Barker Dome-Ismay Pool, San Juan County, New Mexico. This section is located within the Ute Mountain Ute Reservation approximately 6 miles northwest of LaPata, New Mexico.

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION OF
XTO ENERGY, INC. TO EXPAND THE HORIZONTAL
LIMITS OF THE UTE DOME-PARADOX GAS POOL
TO INCLUDE ALL OF SECTION 23, T32N, R14W AND
THE CONCOMITANT CONTRACTION OF THE
BARKER DOME-PARADOX POOL, THE BARKER
DOME-AKAH/UPPER BARKER CREEK POOL, THE
BARKER DOME-DESERT CREEK POOL AND THE
BARKER DOME-ISMAI POOL.
SAN JUAN COUNTY, NEW MEXICO.**

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CASE NO. 14430

APPLICATION

XTO Energy, Inc. ("XTO") by its attorneys, Kellahin & Kellahin, seeks an order to expand the horizontal limits of the Ute Dome-Paradox Gas Pool to include all of Section 27, T32N, R14W and the concomitant contraction of the Barker Dome-Paradox Pool, the Barker Dome-Akah/Upper Barker Creek Pool, the Barker Dome-Desert Creek Pool and the Barker Dome-Ismai Pool

In support of its application, XTO states:

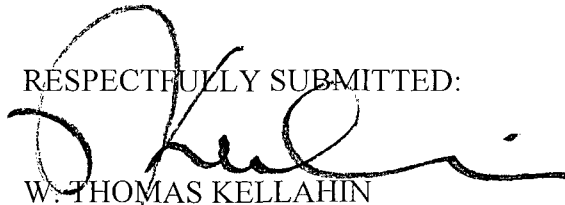
- (1) XTO is a working interest owner and the operator of Section 27, T32N, R14W, San Juan County, New Mexico. See locator map attached as Exhibit "A"
- (2) There are six wellbores within this section, three abandoned and the remaining three operated by XTO as follows:
 - a. the Ute Indian "A" Well No. 036, (API#30-045-31604) located in Unit P subject to OCD Order NSL-4877, dated May 7, 2003, dedicating 320 acres to the Barker Dome-Akah/Upper Barker Creek Pool, 320 acres to the Barker Dome-Desert Creek Pool and 160-acres to the Barker Dome-Ismai Pool;
 - b. the Ute Indian "A" Well No. 39 (API 30-045-33284) in Unit H subject to OCD Order NSL-5603, dated April 19, 2007, dedicating all of Sec 27 as a 640-acre unit for Barker Dome-Paradox Pool production, 320 acres to the Barker Dome-Akah/Upper Barker Creek Pool, 320 acres to the Barker Dome-Desert Creek Pool and 160 acres to the Barker Dome-Ismai Pool; and

- c. the Ute Indian "A" Well No. 57 (API 30-045-342155) in Unit N approved as a 160-acre SW/4 spacing unit for Barker Dome-Ismay Pool but undrilled.
- (3) Geologically, the vertical interval from the top of the Paradox to the base of the Alkali Gulch constitutes the Pennsylvanian formations.
- (4) By Division Order R-46, dated December 29, 1950, the NW/4 of Section 27, T32N, R14W, along with other acreage, was subject to Barker Creek-Paradox (Pennsylvanian) Gas Pool with rules that included 640-acre gas spacing units.
- (5) By Order R-46-A, dated February 13, 1995, the Division subdivided the Barker Creek-Paradox Gas Pool and limited the Paradox to only the Lower Barker Creek and Alkali Gulch portions of the Pennsylvanian formations and created three additional pools such that the NW/4 of Section 27 is now subject to the following pools:
 - a. Barker Dome-Ismay Pool = 160-acre spacing
 - b. Barker Dome-Desert Creek Pool = 320-acre spacing
 - c. Barker Dome-Akah-Upper Barker Creek Pool = 320-acre spacing
 - d. Barker Dome-Paradox Pool = 640-acre spacing
- (6) The eastern and southern boundaries of Section 27 are contiguous to the boundary of Ute Dome-Paradox Gas Pool. See Division Order R-12444, dated October 17, 2005. The special rules and regulations for the Ute Dome-Paradox Gas Pool:
 - a. consolidated all of the Pennsylvanian formations including those from above the top of the Ismay to the base of the Alkali Gulch into a single pool, and
 - b. provided for 640-acre gas spacing for all of the Pennsylvanian formations with the option to drill one well per quarter section and relaxed well location rules that allow a well to be not closer than 660 feet to the outer boundary of the 640-acre spacing unit and not closer than 330 feet to an interior quarter section line or 10 feet to any quarter-quarter section line.
- (7) These special rules for the Ute Dome-Paradox Gas Pool are needed for this very complex stratigraphic reservoir with highly variable porosity in order to attempt to recovery gas that might not otherwise be recovered.

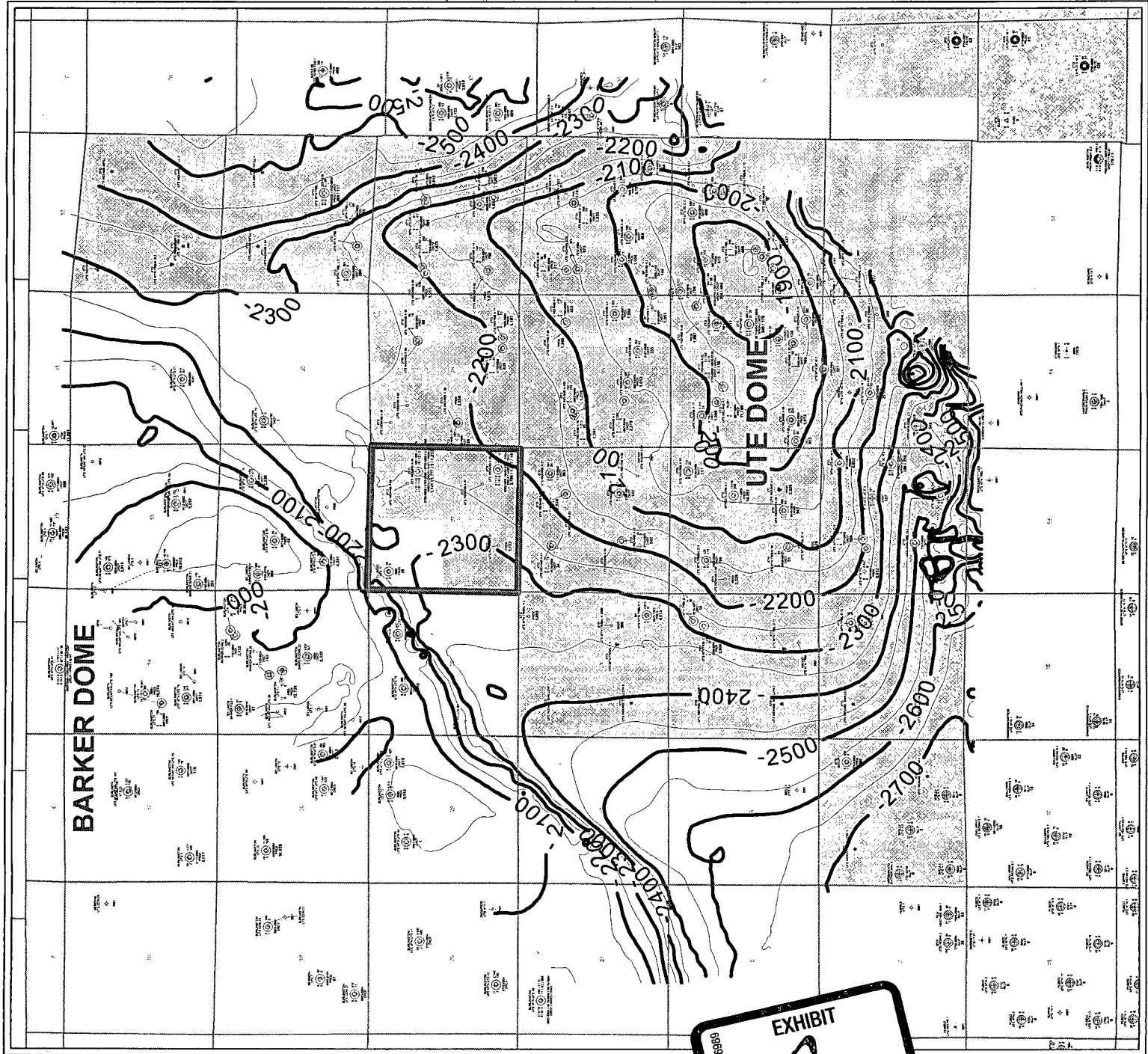
- (8) There is no significant geologic difference between Section 27 and the acreage within the Ute-Dome Paradox Gas Pool that should cause these two areas to be regulated with different Division rules.
- (9) At present, the Barker Dome-Paradox rules limits XTO in Section 27 to a single wellbore in the Lower Barker Creek-Alkali Gulch Interval while that same section if dedicated Ute Dome-Paradox Pool could be perforated in all of the intervals of the Pennsylvanian formations and infill drill to a density of 4 wellbores.
- (10) If all of Section 27 is made subject to the rules for the Ute Dome-Paradox Gas Pool rather than to the four pools identified in paragraph (4) above, XTO will have an opportunity to attempt recovery of gas that might not otherwise be recovered from Section 27 without the OCD and XTO having to process multiple application for unorthodox well locations ("NSLs") or increased density wells.
- (11) XTO would like to the option to recomplete existing wells or additional wells within Section 27 provided this section can be developed pursuant to the rules for the Ute Dome- Paradox Gas Pool
- (12) XTO needs an order of the Division in order to protect correlative rights and prevent waste.
- (13) In accordance with the Division's notice requirements, a copy of this application has been sent to the parties listed on Exhibit "B" notifying each of this case and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for March 4, 2010.

WHEREFORE, XTO, as applicant, requests that this application be set for hearing on March 4, 2010 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enters its order granting this application

RESPECTFULLY SUBMITTED:



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NOTICE LIST FOR XTO ENERGY CASE

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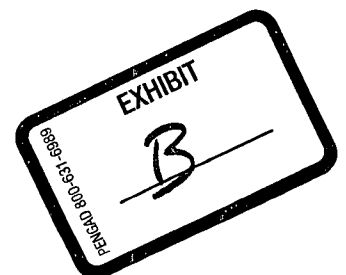
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