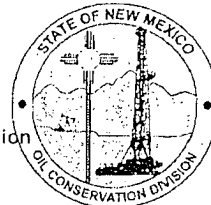


# New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez  
Governor

Brett F. Woods, Ph. D.  
Acting Cabinet Secretary

Daniel J. Sanchez  
Acting Division Director  
Oil Conservation Division



February 18, 2011

XTO Energy, Inc.  
Attn: Lorri Bingham  
382 CR 3100  
Aztec, NM 87410

Email: [Lorri-bingham@xtoenergy.com](mailto:Lorri-bingham@xtoenergy.com)

**Rebuttal of presumption of inactivity as to five wells**  
**Effective through March 16, 2011**

Re: XTO Energy, Inc. (OGRID #5380)  
Wells: Eunice Monument South Unit #250 (30-025-04526)  
Eunice Monument South Unit #267 (30-025-04440)  
Eunice Monument South Unit #440 (30-025-04735)  
Eunice Monument South Unit #596 (30-025-34846)  
WF Federal 20 #001 (30-045-29649)

Dear Operator:

Subsection (F)(2) of Oil Conservation Division (OCD) Rule 19.15.5.9 NMAC provides that the listing of a well on the OCD's inactive well list as a well inactive for more than one year plus 90 days creates a "rebuttable presumption" that the well is out of compliance with OCD Rule 19.15.25.8 NMAC (the inactive well rule).

An operator may rebut that presumption by providing evidence that the well is in compliance with OCD Rule 19.15.25.8 NMAC:

The wells identified above currently appear on the OCD's inactive well list as wells operated by XTO Energy, Inc. (XTO) that have been inactive for more than one year plus 90 days. XTO has provided me with documentation indicating that the wells were returned to production in January 2011.

XTO has satisfactorily rebutted the presumption created by OCD Rule 19.15.5.9.F.2 that the wells identified above are in violation of OCD Rule 19.15.25.8 NMAC because the wells have been "active" as defined by OCD rules within the past year plus 90 days.



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Although the above-named wells appear on XTO's inactive well list, the OCD should not consider the wells as out of compliance with OCD Rule 19.15.5.9.A.4.d NMAC or include them in calculating XTO's compliance with OCD Rule 19.15.5.9 NMAC.

The presumption that the wells are not inactive will remain until the date when XTO is required to file C-115 production reports for the wells. Division Rule 19.15.7.24 requires operators to file C-115 reports on or before the 15th day of the second month following the month of injection, or if such day falls on a weekend or holiday, the first workday following the 15th. Since XTO has indicated that the wells were returned to production in January 2011, the C-115 reports for the wells must be filed by Tuesday March 15, 2011. If XTO fails to file the C-115 reports for the wells by March 15, 2011, the presumption that the wells are inactive will return.

On March 16, 2011, if any of the wells identified above appear on the inactive well list the presumption that the well is inactive will return.

As stated above, the OCD should not consider the five wells identified above as out of compliance with OCD Rule 19.15.5.9.A.4.d NMAC or include them in calculating XTO's compliance with OCD Rule 19.15.5.9 NMAC. However, until XTO files C-115 reports for the wells, the wells will remain on the inactive well list.

XTO should attach a copy of this letter to any applications for a drilling permit, requests for allowable and authorization to transport, change of operator, or injection permits that XTO might file with the OCD so that the OCD knows that it should not count any of the five wells identified above towards XTO's compliance with OCD Rule 19.15.5.9 NMAC.

Sincerely,



Daniel Sanchez  
Compliance and Enforcement Manager

Ec: Larry Hill, District I  
Randy Dade, District II  
Charlie Perrin, District III  
Amy Vermersch, District III  
Theresa Duran-Saenz  
Sonny Swazo, OCD General Counsel