



February 14, 2014

Director Matt Lepore
Colorado Oil and Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, CO 80203

Re: Request for variance under rule 502.b. pursuant to rule 318.c.
XTO Energy Inc.
Huber-Culhane #2-32 Well
N $\frac{1}{2}$ of Section 32, Township 35 North, Range 8 West, N.M.P.M.
La Plata County, Colorado

Dear Director Lepore:

The above referenced lands ("Subject Lands") are subject to Colorado Oil and Gas Conservation Commission ("Commission") Order Number 112-138, which provides, among other things, that two (2) wells may be drilled in certain 320-acre drilling and spacing units, including on Subject Lands, for production from the Fruitland Coal seams. Order Number 112-138 further provides that the permitted wells shall be located in the center of the NE $\frac{1}{4}$ or the SW $\frac{1}{4}$ of the section, no closer than 990 feet to any outer boundary of the unit, nor closer than 130 feet to any interior quarter section line, nor closer than 1,200 feet from any producing Fruitland Coal Formation well unless the Director approves an exception for the permitted well location for geological, topographic or surface location considerations. Order Number 112-138 contemplated the drilling of vertical wells.

XTO Energy Inc. ("XTO") intends to drill and complete the Huber-Culhane 2-32 Well ("Well"), a horizontal dual lateral well, in the Subject Lands. The surface location of the Well is proposed to be 1,703' FEL and 1,503' FNL of Section 32, Township 35 North, Range 8 West N.M.P.M. The beginning of the treated interval of the wellbore(s) is proposed to be no closer than 1,703' FEL and 1,503' FNL of the outer boundary of the unit, and the end of the treated interval is proposed to be no closer than 660' FNL and 660' FWL of the outer boundary of the unit encompassed by the Subject Lands. The Well will cross interior quarter section lines and will be, at points, closer than 1,200 feet to an existing vertical well (the Huber-Culhane #1-32) in the 320-acre drilling unit comprised of the N $\frac{1}{2}$ of Section 32 of the Subject Lands.

XTO hereby requests for variance under Commission Rule 502.b. to all of the requirements of Order Number 112-138, pursuant to Commission Rule 318.c. due to the special nature of horizontal wells and geologic considerations. The requested exception will apply to the following provisions of Order Number 112-138 which require that the permitted wells: 1) be located in the center of the NE $\frac{1}{4}$ or the SW $\frac{1}{4}$ of the section; 2) be no closer than 990 feet to any outer boundary of the unit; 3) be no closer than 130 feet to any interior quarter section line; and 4) be no closer than 1,200 feet from any producing Fruitland Coal Formation well.

Commission Rule 318.c. provides for exception locations when “geologic, environmental, topographic or archaeological conditions, irregular sections, a surface owner request, or . . . other good cause shown” warrants a variance from existing rules or orders. XTO submits that in order maximize the efficient recovery of the resource in a manner that prevents waste and protects correlative rights; it is reasonable and equitable to permit an exception location to allow the drilling and completion of the Well in the described location.

Pursuant to the requirements of Rule 318.c., on June 20, 2013, XTO sent letters requesting a waiver and/or consent to all parties entitled to notice of the requested exception location, including mineral estate owners in the units towards which the Well will encroach. To date, XTO has received [31 of 51] executed waiver letters in return and has not received any protests or objections from the parties receiving the request for waiver. The following chart tabulates the oil & gas revenue interests of the parties whom executed waivers, as to each 320 acre Fruitland Coal spacing unit (“Unit(s)”) towards which the Well will encroach. XTO is the operator of all of the Units listed below.

Unit Location	Waiver as % of Unit Revenue Deck
1. N/2 Sec 31, T35N, R8W	82.10957%
2. E/2 of Sec 30, T35N, 8W	87.20793%
3. W/2 Sec 29, 35N, 8W	90.52473%

Based on the foregoing, no violation of the basic intent of the Oil & Gas Conservation Act will occur by the granting of this variance.

Pursuant to Rule 318.c., which states that “if waivers cannot be obtained from all parties and no party objects to the location, the operator may apply for a variance under Rule 502.b.”, XTO respectfully requests that the Director administratively grant a variance to the requirements of Order Number 112-138 as set forth herein. Should you have any questions, please call the undersigned at (817) 885-6676.

Yours truly,



D. Jackson Dean
Associate Landman