



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

July 21, 2006

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

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

Attention: **Christopher Spencer**
christopher_spencer@xtoenergy.com

Administrative Order NSL-5430

Dear Mr. Spencer:

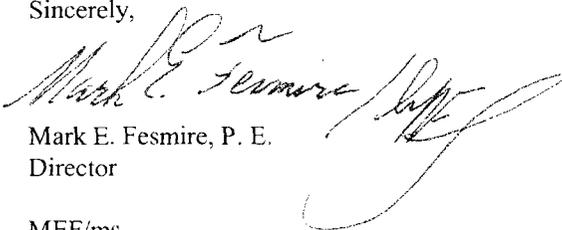
Reference is made to the following: (i) your application that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on June 15, 2006 (*administrative application reference No. pTDS0-616731693*); and (ii) the Division's records in Aztec and Santa Fe: all concerning XTO Energy, Inc.'s ("XTO") request for an exception to the well location requirements provided within the "*Special Rules 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, for the proposed Pan American Federal "C" Well No. 2-F to be drilled at an unorthodox infill gas well location 2440 feet from the North line and 2465 feet from the East line (Unit G) of Section 19, Township 30 North, Range 12 West, NMPM, Basin-Dakota Pool (**72319**), San Juan County, New Mexico.

Your application has been duly filed under the provisions of Division Rules 104.F and 605.B and the applicable rules governing the Basin-Dakota Pool.

The Basin-Dakota gas production from this well is to be included within an existing standard 318.64-acre lay-down gas spacing and proration unit ("GPU") comprising Lots 1 and 2, the NE/4, and the E/2 NW/4 (N/2 equivalent) of Section 19, which is currently dedicated to XTO's: (i) Pan American Federal "C" Well No. 2 (**API No. 30-045-09396**), located at a standard gas well location 1190 feet from the North line and 990 feet from the East line (Unit A) of Section 19; and (ii) Pan American Federal "C" Well No. 2-E (**API No. 30-045-24013**), located at a standard infill gas well location 830 feet from the North line and 980 feet from the West line (Lot 1/Unit D) of Section 19.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Basin-Dakota infill gas well location for XTO's proposed Pan American Federal "C" Well No. 2-F is hereby approved. Further, all three of the aforementioned wells and existing 318.64-acre GPU will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico and to the Basin-Dakota Pool.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Aztec
U. S. Bureau of Land Management – Farmington