



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

March 6, 2005

XTO Energy, Inc.
c/o Permits West, Inc.
37 Verano Loop
Santa Fe, New Mexico 87505

Attention: **Brian Wood**
brian@permitswest.com

Administrative Order NSL-5161

Dear Mr. Wood:

Reference is made to the following: (i) your application on behalf of the operator, XTO Energy, Inc. ("XTO"), submitted to the New Mexico Oil Conservation Division ("Division") on January 18, 2005 (*administrative application reference No. pMES0-501859833*); and (ii) the Division's records in Aztec and Santa Fe: all concerning XTO's request for a replacement Pictured Cliffs gas well within a former standard 160-acre gas spacing unit in the South Blanco-Pictured Cliffs Pool (**72439**) comprising the SE/4 of Section 19, Township 27 North, Range 8 West, NMPM, San Juan County, New Mexico.

Your application has been duly filed under the provisions of: (i) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999; (ii) Division Rule 605; and (iii) the "*Special Rules and Regulations for the South Blanco-Pictured Cliffs Pool*", as promulgated by Division Order No. R-10987, issued in Case No. 11705 on May 7, 1998.

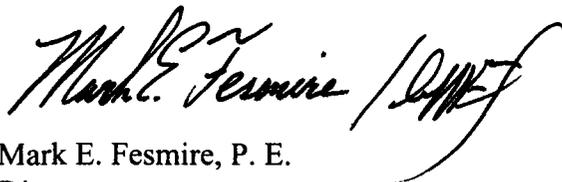
From the Division's records, initial development of South Blanco-Pictured Cliffs gas production within this 160-acre unit commenced in 1956 when El Paso Natural Gas Company drilled and completed the Florance "D-LS" Well No. 7 (API No. **30-045-06313**), located at a standard gas well location 900 feet from the South line and 1850 feet from the East line (Unit O) of Section 19. Last reported production from this well was in October, 2000. This well was plugged and abandoned by XTO in August, 2004.

It is further understood the E/2 of Sections 19 comprises a single Federal lease (*United States Government lease No. NM-03380*) in which XTO is the leasehold operator.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, Division Rule 605.B (2) (b), and the applicable provisions of the special pool rules governing the South Blanco-Pictured Cliffs Pool, the following described well to be drilled as a replacement Pictured Cliffs gas well within this former 160-acre unit at an unorthodox gas well location is hereby approved:

Florance Well No. 74
2250' FSL & 790' FEL (Unit I)
(API No. 30-045-32607).

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

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