



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

XTO Energy, Inc.

810 Houston Street

Fort Worth, Texas 76102-6298

March 21, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Attention: Christopher Spencer
christopher_spencer@xtoenergy.com

Administrative Order NSL-5171 (SD)

Dear Mr. Spencer:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on January 14, 2005 (***administrative application reference No. pSEM0-501841823***); (ii) the Division's initial response by e-mail from Mr. Michael E. Stogner, Engineer/Hearing Officer in Santa Fe, sent to you on March 4, 2005; (iii) the only response to this e-mail submitted, not by you or by any XTO Energy, Inc. ("XTO") staff member but, by Mr. Steven Hayden, Geologist of the Division's District of in Aztec on March 10, 2005; and (iv) the Division's records in Aztec and Santa Fe: all concerning XTO's request for an exception to the well location requirements [Rule 7 (a) (1)] provided within the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended, for a non-standard infill gas well location within an existing standard 320-acre lay-down gas spacing unit for the Basin-Fruitland Coal (Gas) Pool (**71629**) comprising the S/2 of Section 26, Township 29 North, Range 10 West, NMPM, San Juan County, New Mexico.

This application with the assistance of the Division's Aztec District III office has been duly filed under the provisions of: (i) Rule 7 (b) of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*"; (ii) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission ("Commission") in Case No. 12119 on August 12, 1999; and (iii) Rule 1207.A (2), revised by Division Order No. R-11205, issued by the Commission in Case No. 12177 on June 17, 1999.

This unit is currently dedicated to XTO's Morris Gas Com. Well No. 1 (**API No. 30-045-07817**), located at a standard coal gas well location 1650 feet from the South and West lines (Unit K) of Section 26.

By the authority granted me under the applicable provisions of the special pool rules governing the Basin-Fruitland Coal (Gas) Pool and Division Rule 104.F (2), the following described well to be drilled as an unorthodox infill coal gas well within this 320-acre gas spacing unit is hereby approved:

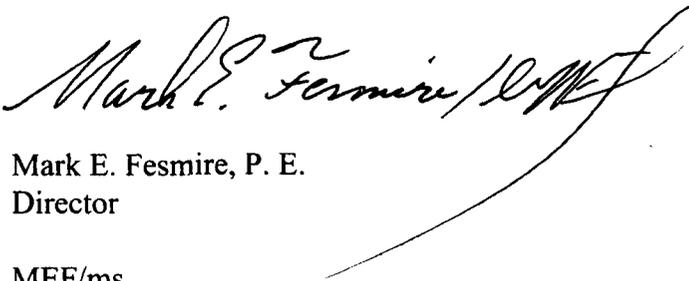
Morris Gas Com. Well No. 2
1810' FSL & 470' FEL (Unit I)
(API No. 30-045-32642).

Further, XTO is hereby authorized to simultaneously dedicate production attributed to the Basin-Fruitland Coal (Gas) Pool from its existing Morris Gas Com. Well No. 1 with the proposed Morris Gas Com. Well No. 2.

IT SHALL BE NOTED HOWEVER THAT approximately four years ago this bureau enacted a policy whereby any incomplete administrative filing older than 30 days is to be withdrawn and returned. Any future application from XTO must stand on its own merit and not rely on work performed but this agency on your behalf, albeit unsolicited, nonetheless any applicant that does not initially submit sufficient information to complete any application nor does not provide the information requested by subsequent correspondence shall be deemed incomplete and denied.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Handwritten signature of Mark E. Fesmire, P. E., Director.

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Aztec
James Bruce, Legal Counsel for XTO Energy, Inc. – Santa Fe