



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

April 21, 2005

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-5197 (SD)

Dear Mr. Spencer:

Reference is made to the following: (i) your initial application (*administrative application reference No. pSEM0-503449019*) of February 3, 2005; (ii) the New Mexico Oil Conservation Division's ("Division") response by letter from Mr. Michael E. Stogner, Engineer in Santa Fe, on March 9, 2005 denying this application; (iii) your re-submittal of this application with two separate correspondence on March 18 and April 15, 2005; (iv) your e-mail to Mr. Stogner dated April 8, 2005; and (v) 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 [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 317.38-acre lay-down gas spacing unit for the Basin-Fruitland Coal (Gas) Pool (71629) comprising Lots 3 and 4, the E/2 SW/4, and the SE/4 (S/2 equivalent) of Section 31, Township 30 North, Range 12 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 Quine Gas Com. Well No. 2 (API No. 30-045-29704), located at a standard coal gas well location 1490 feet from the South line and 1965 feet from the West line (Unit K) of Section 31.

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, which was recently drilled by XTO to a total depth of 1620 feet (spud date – January 26, 2005), at an unorthodox infill coal gas well within this 317.38-acre gas spacing unit is hereby approved:

Quine Gas Com. Well No. 3
2055' FSL & 1115' FEL (Unit I)
(API No. 30-045-31770).

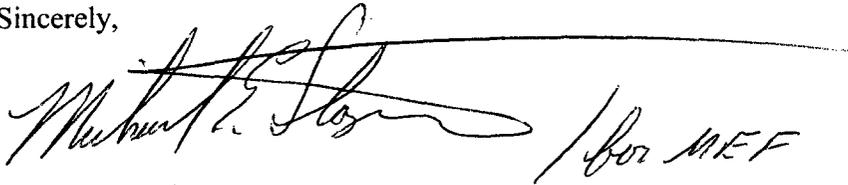
XTO Energy, Inc.
April 21, 2005
Page 2

Division Administrative Order NSL-5197 (SD)

Further, XTO is hereby authorized to simultaneously dedicate production attributed to the Basin-Fruitland Coal (Gas) Pool from both its existing Quine Gas Com. Wells No. 2 and 3.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire", followed by a horizontal line and the initials "MEF".

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