



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

July 5, 2005

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

Attention: Christopher Spencer

Administrative Order NSL-5230

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 6, 2005 (*administrative application reference No. pMES0-518651331*); 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 [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 an unorthodox coal gas well location for its existing Earl "B" Sullivan Well No. 2 (**API No. 30-045-25621**), located 2130 feet from the North line and 330 feet from the East line (Unit H) of Section 26, Township 29 North, Range 11 West, NMPM, Basin-Fruitland Coal (Gas) Pool (**71629**), San Juan County, New Mexico.

This application 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*;" and (ii) Division Rules 104.F and 1207.A (2).

It is the Division's understanding that the subject Earl "B" Sullivan Well No. 2 was initially drilled in 1983 by Amoco Production Company and completed at a standard oil well location within the Armenta-Gallup Oil Pool (**2290**) within a standard 40-acre oil spacing and proration unit comprising the SE/4 NE/4 of Section 26.

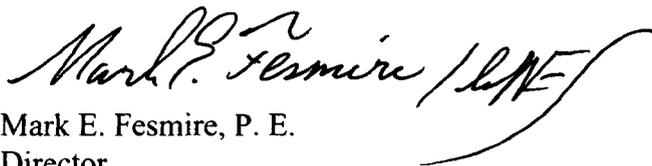
It is further understood this well is no longer productive from the Gallup interval and XTO intends to recomplete this well up-hole into the Basin-Fruitland Coal (Gas) Pool; however, pursuant to Rule 7 (a) (1) of the special rules governing the Basin-Fruitland Coal (Gas) Pool, the location of this well is considered to be unorthodox. Further, the N/2 of Section 26 is to be dedicated to this well in order to form a standard 320-acre lay-down gas spacing unit for the Basin-Fruitland Coal (Gas) Pool.

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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 above-described unorthodox coal gas well location for the above-described Earl "B" Sullivan Well No. 2 as the spacing unit's initial coal gas well is hereby approved.

Sincerely,

A handwritten signature in cursive script that reads "Mark E. Fesmire" followed by a large, stylized flourish.

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Aztec