



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

January 6, 2006

Mark Fesmire

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-5325

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 December 16, 2005 (*administrative application reference No. pMES0-536154702*); (ii) the Division's initial response by e-mail on Tuesday afternoon, December 27, 2005 from Mr. Michael E. Stogner, Engineer with the Division in Santa Fe, requesting additional data to supplement the record in this matter; (iii) your e-mail response to Mr. Stogner on January 3, 2006 with the necessary information to complete this application; and (iv) 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 Blanco-Mesaverde Pool*," as promulgated by Division Order No. R-10987-A, issued in Case No. 12069 and dated February 1, 1999, as amended by Division Order No. R-10987-A (1), dated December 2, 2002, for its proposed Fee Well No. 3-C (**API No. 30-045-33415**) to be drilled at an unorthodox infill gas well location 2065 feet from the South line and 1200 feet from the West line (Unit L) of Section 3, Township 30 North, Range 12 West, NMPM, Blanco-Mesaverde Pool (**72319**), San Juan County, New Mexico.

The Blanco-Mesaverde gas production from this well is to be included within an existing standard 319.14-acre lay-down gas spacing and proration unit ("GPU") comprising Lot 5, the SW/4, the N/2 SE/4, and the SW/4 SE/4 (S/2 equivalent) of Section 3, which is currently dedicated to XTO's: (i) Fee Well No. 3 (**API No. 30-045-23679**), located at a standard gas well location 1640 feet from the South line and 1000 feet from the East line (Unit I) of Section 3; (ii) Fee Well No. 3-A (**API No. 30-045-23908**), located at a standard infill gas well location 1640 feet from the South line and 1610 feet from the West line (Unit K) of Section 3; and (iii) Fee Well No. 3-B (**API No. 30-045-32291**), located at a standard infill gas well location 1015 feet from the South line and 1020 feet from the East lines (Lot 5/Unit P) of Section 3.

Your application for XTO has been duly filed under the provisions of Division Rules 104.F and 605.B and the applicable rules governing the Blanco-Mesaverde Pool.

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By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Blanco-Mesaverde infill gas well location for XTO's proposed Fee Well No. 3-C is hereby approved. Further, all four of the aforementioned wells and existing 319.14-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 Blanco-Mesaverde Pool.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Aztec