



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

March 16, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

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

Attention: **George A. Cox, CPL**
george_cox@xtoenergy.com

Administrative Order NSL-5351 (SD)

Dear Mr. Cox:

Reference is made to the following: (i) your initial application that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on February 7, 2006 (*administrative application reference No. pTDS0-603852665*); (ii) the Division's response by letter dated March 2, 2006 from Mr. Michael E. Stogner, Engineer with the Division in Santa Fe requesting additional data and comments concerning this application; (iii) your response to Mr. Stogner by letter dated March 8, 2006 containing the necessary information to complete your application; and (iv) the Division's records in Aztec and Santa Fe: all concerning XTO Energy, Inc.'s ("XTO") request for an exception to **Rule 2 (b)** of the "*Special Rules and Regulations for the Angels Peak-Gallup Associated Pool*", as promulgated by Division Order No. R-5353, as amended, for a non-standard infill gas well location within an existing 320-acre stand-up gas spacing and proration unit for the W/2 of Section 22, Township 27 North, Range 10 West, NMPM, Angels Peak-Gallup Associated Pool (2170), San Juan County, New Mexico.

It is the Division's understanding that this well is to be a dual completion with the Basin-Dakota Pool (71599). Under the rules governing the Basin-Dakota Pool, see the "*Special Rules for the Basin-Dakota Pool*," as promulgated by Division Order No. R-10987-B, issued in Case No. 12290 and dated June 30, 2000, as amended by Division Orders No. R-10987-B (1), dated August 10, 2000, and R-10987-B (2), dated January 29, 2002, this location within an existing standard 320-acre stand-up gas spacing and proration unit also comprising the W/2 of Section 22, is standard.

Your application has been duly filed under the provisions of: (i) **Rule 2 (c)** of the "*General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico*," as promulgated by Division Order No. R-5353, as amended; and (ii) Division Rules 104.F and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].

This 320-acre unit is currently dedicated to XTO's J. C. Gordon "D" Well No. 2-E (API No. 30-045-24100), located at an unorthodox gas well location (no Division order approving this location on record) 1120 feet from the South line and 790 feet from the West line (Unit M) of Section 22.

From your application it appears that all of Sections 22 comprises a single Federal lease (*United States Government lease No. SF-077952*) with common mineral interests.

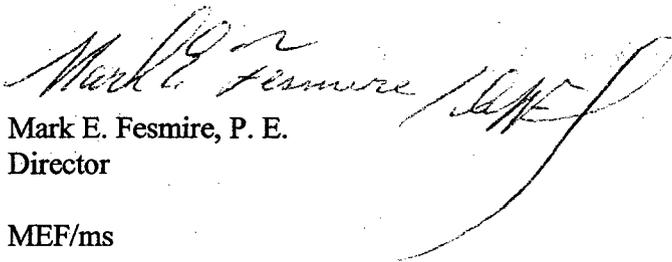
By the authority granted me under the provisions of: (i) **Rule 2 (c)** of the "*General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico*"; and (ii) Division Rule 104.F (2), the following described unorthodox infill Gallup gas well location within this 320-acre unit, is hereby approved:

**J. C. Gordon "D" Well No. 2-F
12330' FNL & 1575' FWL (Unit F)
(API No. 30-045-33444).**

Further, both of the aforementioned J. C. Gordon "D" Wells No. 2-E and 2-F and existing 320-acre gas spacing and proration unit shall be subject to all existing rules, regulations, policies, and procedures applicable to the Associated Oil and Gas Pools and to the Angels Peak-Gallup Associated Pool.

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

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

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