



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

June 15, 2006

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

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

Attention: **Ryan O'Kelley, Associate Landman**
ryan_o'kelley@xtoenergy.com

Administrative Order NSL-5400

Dear Mr. O'Kelley:

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 May 24, 2006 (*administrative application reference No. pTDS0-614455275*); and (ii) the Division's records in Aztec and Santa Fe: all concerning XTO Energy, Inc.'s ("XTO") request for exceptions to the well location requirements governing the following pools:

- (A) BLANCO-MESAVERDE POOL (72319): 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;
- (B) BASIN-DAKOTA POOL (71599): 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;
- (C) WC BASIN MANCOS (97232): Division Rule 104.C (3).

XTO recently drilled (spud date: March 12, 2006) its Jicarilla Apache Well No. 16-F (**API No. 30-039-29657**) at an unorthodox gas well location in all three intervals 665 feet from the South line and 2000 feet from the East line (Unit O) of Section 34, Township 26 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

This application has been duly filed under the provisions of Division Rules 104.F, 605.B, 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], and the applicable special rules governing both the Blanco-Mesaverde and Basin-Dakota Pools.

Gas production from the Blanco-Mesaverde and Basin-Dakota Pools is to be included within an existing standard 320-acre stand-up gas spacing and proration unit ("GPU") for both pools comprising the E/2 of Section 34, which production is currently dedicated to XTO's: (i) Jicarilla Apache Well No. 16 (API No. 30-039-20529), located at a standard gas well location 1600 feet from the South line and 900 feet from the East line (Unit I) of Section 34; (ii) Jicarilla Apache Well No. 16-E (API No. 30-039-22434), located at a standard infill gas well location 825 feet from the North line and 955 feet from the East line (Unit A) of Section 34; and (iii) XTO's recently drilled (spud date: March 26, 2006) Jicarilla Apache Well No. 16-G (API No. 30-039-29656), located at a standard infill gas well location 2300 feet from the North line and 670 feet from the East line (Unit H) of Section 34.

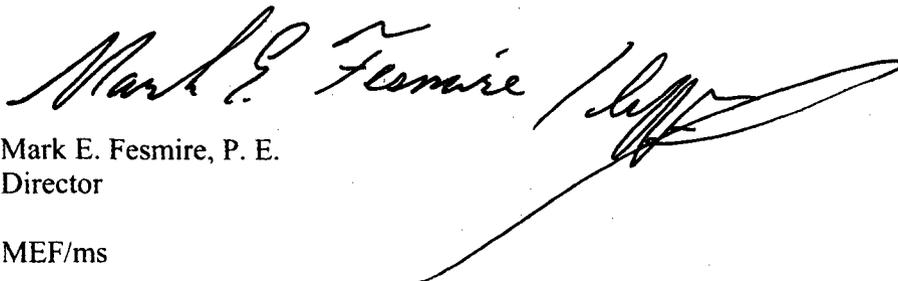
The SE/4 of Section 34 is to be dedicated to this well in order to form a standard 160-acre spacing unit for the gas bearing WC Basin Mancos interval.

By the authority granted me under the provisions of Division Rule 104.F (2) and the applicable provisions governing both the Blanco-Mesaverde and Basin-Dakota Pools, the above-described unorthodox: (i) infill Blanco-Mesaverde gas well location; (ii) infill Basin-Dakota gas well location; and (iii) WC Basin Mancos gas well location, for XTO's Jicarilla Apache Well No. 16-F is hereby approved.

Further, all of the aforementioned Basin-Dakota/Blanco-Mesaverde wells and both 320-acre GPU's will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

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