



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:
3162.7-3
NMSF 078243

XTO Energy Inc.,
Attn.: Darrin Steed
2700 Farmington, Ave., Suite 1
Farmington, New Mexico 87401

September 30, 2003

Dear Mr. Steed:

Reference is made to your recent correspondence regarding the following XTO operated wells:

- 1) Owens No. 1, located 990' FSL and 990' FWL section 7-31N-12W (Mesaverde). — 30-045-10866
2) Owens No. 1A, located 1975' FSL and 1980' FWL section 7-31N-12W (Mesaverde). — 30-045-30130
3) Stage Coach No. 1, located 1287' FSL and 1200' FWL section 7-31N-12W (Fruitland Coal). — 30-045-30206

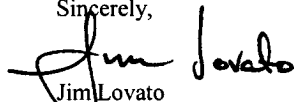
The referenced wells are all on federal oil and gas lease No. SF-078243, which comprises the SW1/4 of section 7. The previous operator of these wells, Marathon Oil Company filed an application in July 2000 to surface commingle production from these wells on a common lease and measurement facility. No formal action was ever taken on the Marathon application.

After reviewing the original application and the updated information you supplied, your application to surface commingle production from the referenced wells is hereby authorized. The following are conditions of this approval:

- Measurement of gas and associated liquids must be conducted in accordance with the requirements outlined in Onshore Orders No. 3 Site Security, No. 4 Oil Measurement, and No. 5 Gas Measurement.
- No other wells can be added to this system of measurement without the prior approval of this office.
- Allocated sales must be made on an MMBTU adjusted basis using weight averaging to account for any differences in gas quality.
- Liquid hydrocarbons produced at the Central Delivery Point (CDP) must be allocated back to each well in proportion to the well's allocated production. Fuel used at the CDP must be allocated back to each contributing well's allocated production.
- In order to prevent waste and conserve natural gas, periodic review of each well's venting procedures must be conducted in accordance with the requirements outlined in NTL-ADO-93-1.
- Contact this office in the event of any lost hydrocarbons between the wells and the CDP.
- This office reserves the right to rescind this approval should future evaluation of this method of measurement indicate that the federal royalties would be reduced.

If you have any questions regarding the above, contact me at (505) 599-6367.

Sincerely,


Jim Lovato
Senior Technical Advisor,
Petroleum Management Team

cc:
NMOCD:Aztec

