



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

March 31, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

XTO Energy, Inc.
810 Houston Street - Suite 2000
Fort Worth, Texas 76102-6298

Attention: George A. Cox
George_Cox@XTOEnergy.com

Administrative Order NSL-5178

Dear Mr. Cox:

Reference is made to the following: (i) your application dated February 10, 2005 but was not submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico until March 3, 2005 (*administrative application reference No. pSEM0-506249569*); and (ii) the Division's records in Aztec and Santa Fe: all concerning XTO Energy, Inc.'s ("XTO") recently drilled E. H. Pipkin Well No. 8-F (**API No. 30-045-32640**) at a location 1460 feet from the South line and 2600 feet from the West line (Unit K) of Section 1, Township 27 North, Range 11 West, NMPM, San Juan County, New Mexico: (a) as an infill Dakota gas well within an existing standard 320-acre gas spacing and proration unit for the Basin-Dakota Pool (**71599**) comprising the S/2 of Section 1; and (b) to test the shallower Gallup formation for oil within the NE/4 SW/4 of Section 1, being a standard 40-acre oil spacing and proration unit Kutz-Gallup Oil Pool (**33650**).

Pursuant to the well location requirements of the "*Special Rules and Regulations 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, the proposed well is considered to be standard for the 320-acre Dakota gas spacing and proration unit, but, pursuant to Division Rule 104.B (1) is unorthodox within the 40-acre Gallup oil unit.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

It is the Division's understanding that all of Sections 35 and 36, Township 28 North, Range 11 West, NMPM, and all of Sections 1 and 2, Township 27 North, Range 11 West, NMPM, San Juan County, New Mexico, comprises a single federal oil and gas lease (United States Government lease No. SF-078019) with common mineral ownership in which XTO is the leasehold operator; therefore, there are no adversely effected offsetting mineral interests to the subject 40-acre tract.

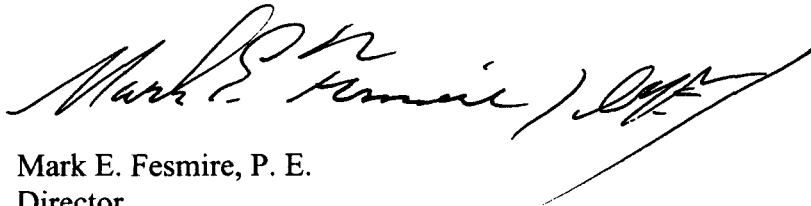
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By the authority granted me under the provisions of Division Rule 104.F (2) the above-described unorthodox Gallup oil well location within the subject 40-acre standard oil spacing and proration unit for XTO's existing E. H. Pipkin Well No. 8-F is hereby approved.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire", followed by a large, stylized flourish or checkmark.

Mark E. Fesmire, P. E.
Director

MEF/ms

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