



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

August 31, 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-235-A

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 July 21, 2006 (*administrative application reference No. pTDS0-620251088*); and (ii) the Division's records in Aztec and Santa Fe, including the file on Division Administrative Order NSL-235: all concerning XTO Energy, Inc.'s ("XTO") request to recomplete its existing Apache Federal Well No. 10 (**API No. 30-039-05477**) into the Mancos formation at an unorthodox gas well location 2111 feet from the South line and 2236 feet from the East line (Unit J) of Section 18, Township 24 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

Pursuant to Division Rule 104.C (3), the SE/4 of Section 18 is to be dedicated to this well in order to form a standard 160-acre gas spacing unit for the gas bearing Mancos interval designated WC Basin Mancos (**97232**).

Your application has been duly filed under the provisions of 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].

By Division Administrative Order NSL-235, dated October 28, 1960, Gulf Oil Corporation received authorization to drill and complete its above-described Apache Federal Well No. 10 at an unorthodox gas well location in Basin-Dakota (**71599**) Pool within the S/2 equivalent (Lots 3 and 4, the E/2 SW/4 and the SE/4) of Section 18, being a standard 321.50-acre gas spacing and proration unit for this pool. According to your application and Division records, XTO became the operator of this well in October, 2003.

It is the Division's understanding that XTO has recently abandoned the Dakota interval due to "wellbore problems" and now intends to recomplete this up-hole into the Mancos formation.

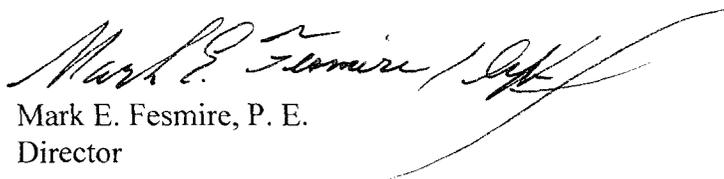
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By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Mancos gas well location within the proposed standard 160-acre gas spacing unit comprising the SE/4 of Section 18 is hereby approved.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent 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
File: Division Administrative Order NSL-235
