

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Joanna Prukop

Cabinet Secretary

Reese Fullerton

Deputy Cabinet Secretary

Mark Fesmire

Division Director

Oil Conservation Division



March 11, 2008

XTO Energy Inc.

Attn: Mr. Christopher Spencer

810 Houston St

Fort Worth, TX 76102-6298

Administrative Order NSL-5798

Re: Sanchez B Well No. 1F

API No. 30-045-

Unit B, Section 28-29N-10W

San Juan County

Dear Mr. Spencer:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-04634626**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on February 15, 2008, and

(b) the Division's records pertinent to this request.

XTO Energy Inc. (XTO) has requested to drill the above-referenced well at an unorthodox Armenta Gallup oil well location, 830 feet from the North line and 1505 feet from the East line (Unit B) of Section 28, Township 29 North, Range 10 West, N.M.P.M., in San Juan County, New Mexico. The NW/4 NE/4 of Section 28 will be dedicated to this well in order to form a standard 40-acre spacing unit in the Armenta-Gallup Oil Pool (2290). This pool is governed by statewide Rule 104.B(1), which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the eastern unit boundary.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that you are seeking this location to avoid interference with existing transmission pipelines that cross the unit.



It is also understood that notice of this application to offsetting operators or owners is unnecessary because of common ownership.

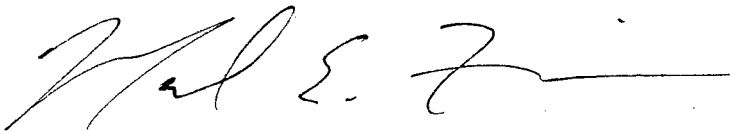
Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

It should be noted, however, that this approval applies only to the unorthodox oil well location in the Armenta-Gallup. You have advised that you plan also to complete this well in the Basin-Dakota and Blanco-Mesaverde formations, and to down-hole commingle production from the three formations. Location approval is not required for the Dakota or Mesaverde, since the proposed location is standard for these pools. However, separate approval to down-hole commingle is required, and you must file a separate administrative application for that approval.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

Jurisdiction of this case 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 horizontal line.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Aztec