



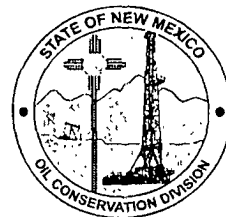
New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary

Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



Administrative Order IPI-366
May 3, 2010

XTO Energy, Inc
PO Box 3483
Farmington, NM 87401

Attention: Mr. Derick Lucas

RE: Injection Pressure Increase Request

Canyon SWD Well No. 1 (API No. 30-045-34454) SWD-1119
Unit N, Sec 35, T26 North, R11 West, NMPM, San Juan County, New Mexico
Mesaverde formation
Through perforations from 3,937 feet to 4,072 feet

Reference is made to your request on behalf of XTO Energy, Inc. (OGRID 5380) to increase the surface injection pressure limit on the above named well.

This well was approved by the Division for injection into the Point Lookout member of the Mesaverde formation through perforations from approximately 4,000 feet to 4,100 feet with SWD-1119 and given a maximum surface injection pressure of 800 psi.

It is our understanding that this well will not take a sufficient volume of water at this pressure limit and a higher pressure limit is needed to handle water disposal needs in this area.

The basis for granting this pressure increase is the step-rate test run by Phoenix Services, LLC on this well on March 15, 2010. The results of the step rate test show that an increase in the surface injection pressure for this well is justified and will not result in the fracturing of the injection formation and confining strata.

You are hereby authorized to utilize up to **1880 psi** as the maximum surface injection pressure on this well provided the tubing, size, type, and setting depth does not change. However, you are prohibited from injecting at pressures that would induce fracturing.

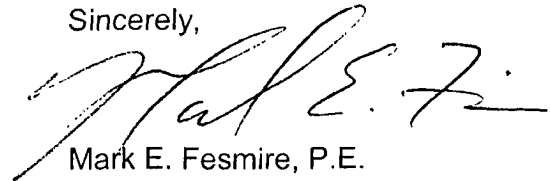


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This approval is subject to your being in compliance with all other Division rules, including but not limited to Division Rule 5.9.

The Division Director may rescind this injection pressure increase if it becomes apparent that the injected fluid is not being confined to the injection zone or fresh water aquifers are being endangered.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire". The signature is fluid and cursive, with a large initial "M" and a stylized "F".

Mark E. Fesmire, P.E.
Acting Division Director

MEF/tw

cc: Oil Conservation Division – Aztec
Bureau of Land Management – Farmington
SWD-1119