



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

January 6, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

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

Attention: George A. Cox
George_Cox@XTOEnergy.com

Administrative Order NSL-5154

Dear Mr. Cox:

Reference is made to the following: (i) your application dated December 8, 2004 (**administrative application reference No. pMES0-436247545**); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning XTO Energy, Inc.'s ("XTO") request for an exception to **Rule 2 (b)** of the "*Special Rules and Regulations for the Angels Peak-Gallup Associated Pool*", as promulgated by Division Order No. R-5353, as amended, for a non-standard oil well location within a standard 80-acre lay-down oil spacing and proration unit comprising the S/2 SE/4 of Section 20, Township 27 North, Range 10 West, NMPM, Angels Peak-Gallup Associated Pool (2170), San Juan County, New Mexico.

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, and the applicable provisions of the rules governing the Angels Peak-Gallup Associated Pool.

It is the Division's understanding that this well is to be dually completed in the Gallup formation and the Basin-Dakota Pool (71599). Under the rules governing the Basin-Dakota Pool, see the "*Special Rules 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, this location within an existing standard 320-acre lay-down gas spacing and proration unit comprising the E/2 of Section 20, is standard.

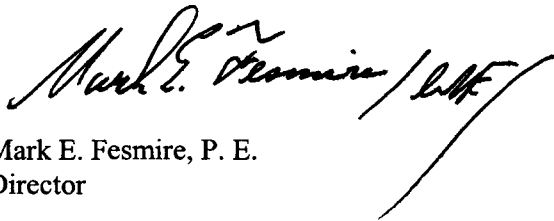
By the authority granted me under the provisions of: (i) **Rule 2 (c)** of the "*General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico*," as promulgated by Division Order No. R-5353, as amended; and (ii) Division Rule 104.F (2), as revised, the following described well to be drilled at an unorthodox oil well location within this 80-acre unit, is hereby approved:

C. A. McAdams "D" Well No. 2-F
745' FSL & 1980' FWL (Unit O)
(API No. 30-045-32586).

Further, the above described well and 80-acre oil spacing and proration unit shall be subject to all existing rules, regulations, policies, and procedures applicable to the Associated Oil and Gas Pools and to the Angels Peak-Gallup Associated Pool.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,

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

Mark E. Fesmire, P. E.
Director

MEF/ms

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