



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

January 19, 2005

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

XTO Energy, Inc.
c/o **Permits West, Inc.**
37 Verano Loop
Santa Fe, New Mexico 87505

Attention: Brian Wood
brian@permitswest.com

Administrative Order NSL-5157

Dear Mr. Wood:

Reference is made to the following: (i) your application on behalf of the operator, XTO Energy, Inc. ("XTO"), submitted to the New Mexico Oil Conservation Division ("Division") on December 27, 2004 (*administrative application reference No. pMES0-436251980*); and (ii) the Division's records in Aztec and Santa Fe: all concerning XTO's request for an unorthodox gas well location in the Otero-Chacra (82360) and Basin-Dakota Pools (71599) for its proposed Davidson Gas Com. "G" Well No. 2 (API No. 30-045-32538) to be drilled at an unorthodox gas well location within both pools 1775 feet from the South line and 340 feet from the East line (Unit I) of Section 21, Township 28 North, Range 10 West, NMPM, San Juan County, New Mexico.

Gas production from the Basin Dakota Pool is to be included within an existing standard 320-acre stand-up gas spacing and proration unit ("GPU") comprising the E/2 of Section 21, which is currently simultaneously dedicated to XTO's: (i) Davidson Gas Com. "G" Well No. 1 (API No. 30-045-07325), located at a standard gas well location 1850 feet from the North line and 790 feet from the East line (Unit H) of Section 21; and: (ii) Davidson Gas Com. "G" Well No. 1-E (API No. 30-045-23991), located at a standard infill gas well location 900 feet from the South line and 1845 feet from the East line (Unit O) of Section 21.

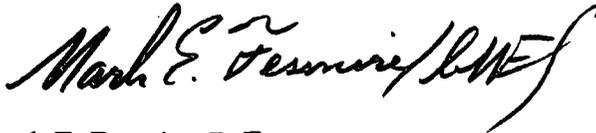
The SE/4 of Section 21 is to be dedicated to this well in order to form a standard 160-acre gas spacing unit within the Otero-Chacra Pool.

This application has been duly filed under the provisions of: (i) 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; (ii) Division Rule 605; and (iii) 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.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, Division Rule 605.B (2) (b), and the applicable provisions of the special pool rules governing the Basin-Dakota Pool, the above-described unorthodox gas well location for XTO's proposed Davidson Gas Com. "G" Well No. 2 is hereby approved.

Further, the Basin-Dakota interval within the aforementioned well and respective spacing unit will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire" with a stylized flourish at the end.

Mark E. Fesmire, P. E.
Director

MEF/ms

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