



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

July 5, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

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

Attention: Christopher Spencer

Administrative Order NSL-5230

Dear Mr. Spencer:

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 June 6, 2005 (***administrative application reference No. pMES0-518651331***); and (ii) the Division's records in Aztec and Santa Fe: all concerning XTO Energy, Inc.'s ("XTO") request for an exception to the well location requirements [Rule 7 (a) (1)] provided within the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended, for an unorthodox coal gas well location for its existing Earl "B" Sullivan Well No. 2 (**API No. 30-045-25621**), located 2130 feet from the North line and 330 feet from the East line (Unit H) of Section 26, Township 29 North, Range 11 West, NMPM, Basin-Fruitland Coal (Gas) Pool (**71629**), San Juan County, New Mexico.

This application has been duly filed under the provisions of: (i) Rule 7 (b) of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*;" and (ii) Division Rules 104.F and 1207.A (2).

It is the Division's understanding that the subject Earl "B" Sullivan Well No. 2 was initially drilled in 1983 by Amoco Production Company and completed at a standard oil well location within the Armenta-Gallup Oil Pool (**2290**) within a standard 40-acre oil spacing and proration unit comprising the SE/4 NE/4 of Section 26.

It is further understood this well is no longer productive from the Gallup interval and XTO intends to recomplete this well up-hole into the Basin-Fruitland Coal (Gas) Pool; however, pursuant to Rule 7 (a) (1) of the special rules governing the Basin-Fruitland Coal (Gas) Pool, the location of this well is considered to be unorthodox. Further, the N/2 of Section 26 is to be dedicated to this well in order to form a standard 320-acre lay-down gas spacing unit for the Basin-Fruitland Coal (Gas) Pool.

XTO Energy, Inc.

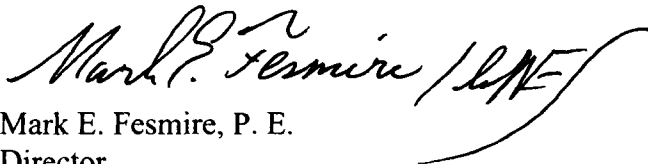
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By the authority granted me under the applicable provisions of the special pool rules governing the Basin-Fruitland Coal (Gas) Pool and Division Rule 104.F (2), the above-described unorthodox coal gas well location for the above-described Earl "B" Sullivan Well No. 2 as the spacing unit's initial coal gas well is hereby approved.

Sincerely,

A handwritten signature in black ink, reading "Mark E. Fesmire" followed by a stylized flourish or set of initials.

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Aztec