



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

July 25, 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, CPL
george_cox@xtoenergy.com

Administrative Order NSL-5243

Dear Mr. Cox:

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 28, 2005 (*administrative application reference No. pMES0-520656792*); and (ii) the Division's records in Santa Fe and Aztec, including Mr. Michael E. Stogner's (an Engineer with the Division in Santa Fe) telephone conversation with Mr. Steve Hayden (a Geologist with the Division's district office in Aztec) on Friday morning, July 22, 2005 regarding the WC Basin Mancos (97232) gas producing interval in the San Juan Basin and the file on Division Administrative Order NSL-4401: as it relates to your request on behalf of XTO Energy, Inc. ("XTO") to recompleate the existing J. C. Gordon "D" Well No. 3-F (API No. 30-045-32584) into the Mancos formation at an unorthodox gas well location 2395 feet from the North line and 995 feet from the West line (Unit E) of Section 23, Township 27 North, Range 10 West, NMPM, San Juan County, New Mexico.

Pursuant to Division Rule 104.C (3), the NW/4 of Section 23 is to be dedicated to this well in order to form a standard 160-acre gas spacing unit for this gas bearing Mancos interval designated WC Basin Mancos.

Your application has been duly filed under the provisions of Division Rules 104.F and 1207.A (2).

The Division understands that XTO recently drilled this well (spud date – April 5, 2005) to a total depth of 7,020 feet as an infill gas well in the Basin-Dakota Pool (71599) within an existing standard 320-acre stand-up gas spacing and proration unit comprising the W/2 of Section 23 at a standard gas location pursuant to 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.

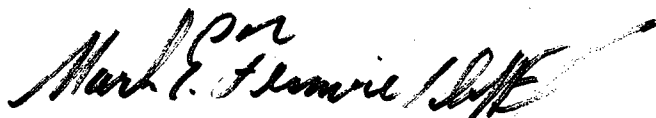
By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Mancos gas well location within the proposed standard 160-acre gas spacing unit comprising the NW/4 of Section 23 is hereby approved.

IT SHALL BE NOTED HOWEVER THAT this order is restricted to a completion within the WC Basin Mancos interval; IF HOWEVER, any subsequent: (i) completion of this wellbore into; or (ii) assignment of any Mancos completion within this wellbore to, the Angels Peak-Gallup Associated Pool (2170), shall be subject to all applicable provisions 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.

PLEASE NOTE ALSO THAT IN THE FUTURE, XTO, as a prudent operator, shall take all necessary steps to locate wells at a location considered to be standard for all possible zones to be encountered and should be more cognizant of well location requirements for different producing horizons within the immediate area of operations. Any future disregard to the Division's well spacing rules with respect to secondary or primary intervals may subject all such future requests to the Division's hearing process.

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

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Aztec
U. S. Bureau of Land Management – Farmington
File: NSL-4401