



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

August 31, 2006

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

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

Attention: Ryan O'Kelley
Associate Landman
ryan_o'kelley@xtoenergy.com

Administrative Order NSL-5443

Dear Mr. O'Kelley:

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 July 31, 2006 (*administrative application reference No. pTDS0-621240690*); and (ii) the Division's records in Santa Fe and Aztec: all concerning XTO Energy, Inc.'s ("XTO") request to drill its proposed P. O. Pipkin Well No. 6-F at an unorthodox Mancos gas well location 2330 feet from the North line and 1740 feet from the East line (Unit G) of Section 18, Township 27 North, Range 10 West, NMPM, San Juan County, New Mexico.

Pursuant to Division Rule 104.C (3), the SE/4 of Section 18 is to be dedicated to this well in order to form a standard 160-acre gas spacing unit for the gas bearing Mancos interval designated WC Basin Mancos (97232).

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].

The Division understands this well is to be a dual completion in the Mancos formation and 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 stand-up Dakota gas spacing and proration unit comprising the E/2 of Section 18 is standard.

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 SE/4 of Section 18 is hereby approved.

XTO Energy, Inc.
August 31, 2006
Page 2

Division Administrative Order NSL-5443

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
