

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



August 18, 2008

XTO Energy Inc.
Attn: Mr. Ryan O'Kelley
810 Houston Street
Fort Worth, TX 76102-6298

Administrative Order NSL-5895

Re: OH Randel Well No. 2-R
API No. 30-045-
2480 feet FSL and 660 feet FWL
Unit L, Section 10-26N-11W
San Juan County

Dear Mr. O'Kelley:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-20356949**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on July 21, 2008, and

(b) the Division's records pertinent to this request.

XTO Energy Inc. (XTO) has requested to drill the above-referenced well at an unorthodox Dakota gas well location and unorthodox Gallup oil well location, as specified in the caption of this letter.

The S/2 of Section 10 will be dedicated to this well in order to form a standard 320-acre gas spacing unit in the Basin-Dakota Gas Pool (71599). Spacing in this pool is governed by Rules II.A and II.C of the Special Rules and Regulations for the Basin-Dakota Gas Pool, as most recently amended by Order No. R-10987-B(2), which generally provide for 320-acre units, with wells located at least 660 feet from a unit outer boundary.

The W/2 S/2 of Section 10 will be dedicated to this well in order to form a standard 80-acres oil spacing unit in the undesignated Gallegos-Gallup Associated Pool (26980). Spacing in this pool is governed by Rule 2(a) of the Special Pool Rules for the Gallegos-Gallup Associated Pool, as established by Order R-5353, effective February 1, 1977, which provides for 80-acres



August 18, 2008

Page 2

oil units and 320-acre gas units, and by Rule 2(b) of the General Rules and Regulations for the Associated Oil and Gas Pools of Northeast New Mexico and Southwest New Mexico, as established by Order R-5813, effective February 1, 1977, which provides that wells located in 80-acre oil units in such pools shall be at least 790 feet from any quarter section line and 330 feet from any quarter-quarter section line.

This location is less than 660 feet from the northern boundary of each of the above-described spacing units.

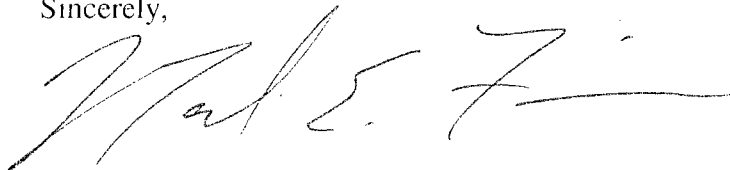
Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that you are seeking this location to avoid interference with existing uses of the surface. It is also understood that notice of this application to offsetting operators or owners is unnecessary because of common ownership.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved. This approval is subject, however, to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire", with a long horizontal stroke extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Aztec
United States Bureau of Land Management - Farmington