

XTO Energy Inc.

Policy Statement regarding a code of conduct for voluntary submission of natural gas transaction data to natural gas index developers:

Summary:

The following code of conduct statement is based upon the Federal Energy Regulatory Commission's *Policy Statement on Natural Gas and Electric Price Indices* dated July 24, 2003 as well as XTO Energy Inc.'s *Code of Business Conduct and Ethics* as amended through February 20, 2007.

To the extent that XTO Energy Inc. and its wholly owned marketing affiliate Cross Timbers Energy Services, Inc. voluntarily submit natural gas transaction data to natural gas index developers, the following standards shall apply:

Transacting principals

1. **Bona Fide Business Purposes.** All natural gas transactions must be entered into in good faith and must be for a bona fide business purpose for the benefit of XTO Energy Inc.
2. **Compliance.** All transactions must be consistent with XTO Energy Inc.'s approved risk control policies and in accordance with all applicable laws, rules and regulations.
3. **Proper Documentation.** All transactions must adhere to internal control procedures designed to maintain that trades are promptly and properly confirmed, documented and recorded in the books and records of XTO Energy Inc.
4. **Approved Counterparties.** Transactions may be entered into only with counterparties who have been approved in advance by the Credit, Legal and Risk Control Departments.

Data to be Reported

- A. XTO Energy Inc./Cross Timbers Energy Services, Inc. shall report natural gas physical transactions at trading locations that have a published index, subject to the appropriate confidentiality agreement with the natural gas index developer.
 1. Data for each transaction shall be reported separately.
 2. The following information shall be provided for each transaction:
 - i. Price
 - ii. Volume
 - iii. Buy or Sell
 - iv. Delivery/Receipt Location
 - v. Transaction Date and Time

vi. Term of transaction.

Data not to be Reported

- B. XTO Energy Inc./Cross Timbers Energy Services, Inc. will not report financial hedges, financial transactions or swaps or exchanges of natural gas.
- C. XTO Energy Inc./Cross Timbers Energy Services, Inc. will not report intra-company transactions or transactions executed with affiliate companies.

Reporting Principals

1. Responsibility for Reporting. XTO Energy Inc./Cross Timbers Energy Services, Inc.'s transaction data shall be reported by the Financial Reporting Department.
2. Verification of Accuracy. The Financial Reporting Department shall verify the accuracy and completeness of the natural gas transaction data prior to submission to natural gas index developers.
3. Accuracy of Data Reported. Financial Reporting Department will provide accurate and factual information when reporting natural gas transaction data to index developers and not knowingly submit false or misleading information or omit material information to any index developer.
4. Error Resolution Process. The Financial Reporting Department will correct any errors identified with the applicable data provided as soon as practicable in cooperation and consistent with the error resolution process agreed upon by the index developer.
5. Data Retention. The Financial Reporting Department will retain all relevant data related to the purchase and sale of natural gas reported to the index developer for the period of three (3) years.
6. Independent Audit. XTO Energy Inc./Cross Timbers Energy Services, Inc. will have an audit of the implementation of and the adherence to the data gathering and submission process adopted by XTO Energy Inc./Cross Timbers Energy Services, Inc. at least annually. This audit will be performed by XTO Energy Inc.'s internal audit personnel. Such personnel will be independent from the trading and reporting departments and personnel, and the audit will follow internal auditing standards.
7. Audit Results. XTO Energy Inc./Cross Timbers Energy Services, Inc. will make the results of its audit available to any index developer to which XTO Energy Inc. submits data and XTO Energy Inc. will permit the index developer to recommend changes to improve the accuracy and timeliness of data reporting.