

**XTO ENERGY INC.**  
**CODE OF BUSINESS CONDUCT AND ETHICS**  
**(As amended through February 20, 2007)**

**Introduction**

This Code of Business Conduct and Ethics (“Code”) covers a wide range of business practices and procedures and applies to every director, officer (including the principal executive officer, principal financial officer and principal accounting officer) and employee of XTO Energy Inc. (“XTO Energy” or “Company”). It does not cover every issue that may arise, but it sets out basic principles to guide all directors, officers and employees of the Company. XTO Energy operates under the highest ethical standards of business conduct. Directors, officers and employees are expected to conduct Company business in accordance with the letter and the spirit of these very high ethical standards.

**1. Compliance with Laws, Rules and Regulation**

Obeying the law, including insider trading laws, both in letter and in spirit, is the foundation on which this Company’s ethical standards are built. The Company strives to comply not only with the requirement of the law but also with recognized compliance practices. All illegal activities or illegal conduct are prohibited whether or not they are specifically set forth in this Code. Employees must respect and obey the laws of the cities and states in which the Company operates.

Where law does not govern a particular situation or where the law is unclear or conflicting, employees should discuss the situation with their supervisor or seek advice from the General Counsel.

**2. Conflicts of Interest**

A “conflict of interest” exists when a person’s private interest interferes in any way with the interests of the Company. A conflict situation can arise when a director, officer or employee takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest may also arise when a director, officer or employee, or members of his or her family, receives improper personal benefits as a result of his or her position in the Company. Loans to, or guarantees of obligations of, employees and their family members may create conflicts of interest. It is therefore the policy of the Company to prohibit the extension or maintenance of credit, or arrange for the extension of credit or renewing an extension of credit in the form of a personal loan to or for any director or executive officer (or person performing similar functions) of the Company. The Board of Directors may provide for limited exceptions to this prohibition in accordance with the Sarbanes-Oxley Act of 2002, as it may be amended from time to time. It is almost always a conflict of interest for a Company employee to work simultaneously for a competitor, customer or supplier. An officer or employee is not allowed to work for a competitor as a consultant or board member. Conflicts of interest are prohibited as a matter of Company policy, except under guidelines approved by the Board of Directors or as permitted under the Employee Handbook. It shall not be a conflict of interest for a director to be a consultant to the

energy industry, provided the director discloses any interest in any transaction involving the Company and the transaction is approved in accordance with Section 144 of the Delaware General Corporation Law. Transactions approved in accordance with Section 144 of the Delaware General Corporation Law shall not be deemed to be a waiver or violation of this Code. Conflicts of interest may not always be clear-cut, so if an employee has a question, they should consult with senior management or the Company's General Counsel. An employee who becomes aware of a conflict or potential conflict should bring it to the attention of a supervisor, manager or other appropriate personnel. The Chief Executive Officer and members of the Board of Directors must report any such circumstances to the Corporate Governance and Nominating Committee of the Board of Directors. Each director, officer and employee will make a yearly disclosure as to potential conflicts of interest. Annual disclosure by directors will be made in the annual Directors' and Officers' Questionnaire. To review the policy and specific reporting procedures, employees should refer to the Guidelines in the Employee Handbook regarding potential conflicts of interest.

### **3. Insider Trading**

No director, officer or employee may buy or sell securities of the Company at a time when in possession of "material non-public information." Securities include the Common Stock of the Company as well as units of beneficial interest of Hugoton Royalty Trust and Cross Timbers Royalty Trust. The Company may designate additional securities that are subject to these restrictions. Directors, officers and employees who have access to confidential information are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of XTO Energy's business. To use non-public information for personal financial benefit or to "tip" others who might make an investment decision to buy or sell securities of XTO Energy on the basis of this information is not only unethical but also illegal, and it will be dealt with decisively. Employees should refer to the XTO Energy Inc. Insider Trading policy in the Employee Handbook for a more detailed description of the Company's policy prohibiting insider trading. Any questions concerning insider trading should be referred to the Company's General Counsel.

### **4. Corporate Opportunities**

Directors, officers and employees are prohibited from taking for themselves personally opportunities that are discovered through the use of corporate property, information or position without the consent of the Board of Directors. No director, officer or employee may use corporate property, information, or position for improper personal gain, or may compete with the Company directly or indirectly. Directors, officers and employees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

### **5. Competition and Fair Dealing**

Each director, officer and employee should endeavor to respect the rights of and deal fairly with the Company's customers, stockholders, suppliers, competitors and other employees. No director, officer or employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged or confidential information, misrepresentation of material facts, or any other intentional unfair-dealing practice.

## **6. Discrimination and Harassment**

The diversity of the Company's employees is a tremendous asset. XTO Energy is firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination of any kind. The Company is interested in the human dignity and protection of all employees. Therefore, the Company is particularly concerned about the possibility of employee harassment, whether it is sexual, racial, ethnic, sexual orientation or of some other type. Harassment in any form, verbal or physical, is prohibited and will result in disciplinary action, up to and including termination. If any employee believes they have been the victim of harassment, or know of someone who has, they are to report it immediately to their supervisor, department head, the Human Resource Department or any officer of the Company. Reports also can be made on an anonymous basis using the Company's third-party reporting system.

## **7. Environmental, Health and Safety**

XTO Energy and its subsidiaries will be industry leaders in protecting the environment. The Company will meet or exceed all applicable regulatory requirements. XTO Energy will conduct its business with respect for the environment.

The Company strives to provide each employee with a safe and healthy work environment. Each employee has responsibility for maintaining a safe and healthy workplace for all employees by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions.

Violence and threatening behavior are not permitted. Employees should report to work in condition to perform their duties, free from the influence of unauthorized or illegal drugs or alcohol. The use of unauthorized or illegal drugs or alcohol in the workplace will not be tolerated.

To review the applicable policies and for specific employee reporting procedures, employees should refer to the applicable policies in the Employee Handbook and to the Environmental, Health and Safety Policy.

## **8. Accounting Practices**

It is the policy of the Company to fully and fairly disclose the financial condition of the Company in compliance with applicable accounting principles, laws, rules and regulations. All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must conform both to applicable legal requirements and to the Company's system of internal controls. Furthermore, the senior financial officers of the Company, including the principal financial officer and principal accounting officer, or persons performing similar functions, shall prepare full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, the Securities and Exchange Commission and in the Company's other public communications.

## **9. Records Retention**

Directors, officers and employees are expected to become familiar with the Company's policies regarding records retention applicable to them and to strictly adhere to those procedures as outlined in the policies. Employees are instructed to refer to the Company's Corporate Records Policy if an employee learns of a subpoena or a pending, imminent or contemplated litigation or government investigation or has reason to believe that a violation of this policy has been committed. In accordance with those policies, in the event of litigation or governmental investigation, please consult the Company's General Counsel.

## **10. Confidentiality**

Directors, officers and employees must maintain the confidentiality of confidential information entrusted to them by the Company or its suppliers and customers, except when disclosure is explicitly authorized or required by laws or regulations or approved by senior management. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company or its customers, if disclosed. It also includes information that suppliers and customers have entrusted to the Company. The obligation to preserve confidential information continues even after employment ends.

## **11. Corporate Communications**

The Company is committed, consistent with legal and regulatory requirements, to maintaining an active and open dialogue with its stockholders and potential investors. No persons other than Authorized Spokespersons (as defined in the XTO Energy Inc. Fair Disclosure Policy) are authorized to speak on behalf of the Company to securities analysts, broker-dealers, stockholders and certain other types of persons. Employees should refer to the XTO Energy Inc. Fair Disclosure Policy to review specific requirements.

## **12. Protection and Proper Use of Company Assets**

All directors, officers and employees should endeavor to protect the Company's assets and ensure their efficient use. Theft, carelessness, and waste have a direct impact on the Company's profitability. Any suspected incident of fraud or theft should be immediately reported for investigation. Company equipment should not be used for non-Company business, though incidental personal use may be permitted. The obligation of employees to protect the Company's assets includes its proprietary information. Proprietary information includes intellectual property such as seismic data or information, well data, trade secrets, patents, trademarks, and copyrights, as well as business, marketing and service plans, geological prospects and interpretations, engineering, geological, geophysical and manufacturing ideas, designs, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information violates Company policy. It could also be illegal and result in civil or even criminal penalties.

### **13. Payments to Government Personnel**

It is strictly prohibited to make illegal payments to government officials of any country. The U.S. government has a number of laws and regulations regarding business gratuities that may be accepted by U.S. government personnel. The promise, offer or delivery to an official or employee of the U.S. government of a gift, favor or other gratuity in violation of these rules would not only violate Company policy but could also be a criminal offense. State and local governments may have similar rules. The Company's General Counsel can provide guidance in this area.

### **14. Charitable Activities**

XTO Energy is committed to maintaining good will and to being a good civic neighbor. Directors, officers and employees are encouraged, but not required, to serve in volunteer capacities in the communities where the Company conducts business. XTO Energy has a Charitable Contributions Committee that meets to effectively donate budgeted Company money to worthy causes having the most critical need. Employees are encouraged to provide suggestions of charitable causes to the Committee.

### **15. Political Contributions**

No Company funds or assets will be loaned or contributed to any political party or organization, or to any individual who holds or is a candidate for public office, except when permitted by applicable law and pre-authorized by the Company. This policy is not intended to discourage or prevent an employee from engaging in political activities as an individual on his or her own time and at his or her own expense. It also does not prohibit the employee from making political contributions from personal funds or from expressing individual views with respect to legislative or political matters on his or her own time.

Nothing under this policy shall prevent the establishment and the operation of political action committees ("PACs") as permitted by and in accordance with the regulations of the appropriate federal and state agencies charged with the enforcement and the administration of the election law. The Company has formed the XTO Energy Inc. Fed PAC, but the Company does not require employees to donate or contribute to any political cause or the Company's PAC.

### **16. Waivers of the Code of Business Conduct and Ethics**

Any waiver of this Code for executive officers and directors may be made only by the Board of Directors or the Corporate Governance and Nominating Committee of the Board of Directors and will be promptly disclosed if and as required by law or stock exchange regulation.

### **17. Reporting any Illegal or Unethical Behavior**

Employees are encouraged to talk to supervisors, managers or other appropriate personnel about observed illegal or unethical behavior and when in doubt about the best course of action in a particular situation. The Company prohibits retaliation against employees making reports in good

faith of misconduct by others. Employees may also report any suspected violations of this Code on an anonymous basis using the Company's third party reporting service.

## **18. Violations**

Violations of the standards in this Code will result in one or more of the following forms of disciplinary action: discharge, suspension, written warning or oral warning. In arriving at a decision for proper action, the following will be considered: the seriousness of the violation, the past record of the individual; and the circumstances surrounding the matter. If employees are in a situation that they believe may violate or lead to a violation of this Code, they are encouraged to contact their supervisor, the General Counsel, or report the situation anonymously on the Company's third-party reporting system.

## **19. Scope**

This Code does not supersede, change or alter the existing Company policies and procedures already in place as stated in the Employee Handbook and communicated to all employees. Certain policies referred to herein are contained in their entirety in the Employee Handbook, and officers and employees are instructed to refer to this manual for a copy of those policies and required reporting procedures. The Employee Handbook contains information that is proprietary and confidential, and the Company hereby expressly denies waiving any right to assert claims that the contents of the Employee Handbook are proprietary and/or confidential.