

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549



06039226

FORM 11-K



ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
[FEE REQUIRED]

For the Fiscal Year Ended December 31, 2005

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
[NO FEE REQUIRED]

Commission File No. 1-10662

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

**XTO ENERGY INC. EMPLOYEES' 401(k) PLAN**

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

**XTO ENERGY INC.  
810 Houston Street  
Fort Worth, Texas 76102**

PROCESSED

JUN 15 2006

THOMSON  
FINANCIAL

**XTO ENERGY INC. EMPLOYEES' 401(k) PLAN**

**FORM 11-K FOR THE YEAR ENDED DECEMBER 31, 2005**

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## Report of Independent Registered Public Accounting Firm

The Plan Administrator  
XTO Energy Inc. Employees' 401(k) Plan:

We have audited the accompanying statements of net assets available for benefits of the XTO Energy Inc. Employees' 401(k) Plan as of December 31, 2005 and 2004, and the related statements of changes in net assets available for benefits for each of the years in the three-year period ended December 31, 2005. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the XTO Energy Inc. Employees' 401(k) Plan as of December 31, 2005 and 2004, and the changes in net assets available for benefits for each of the years in the three-year period ended December 31, 2005, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2005, is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
KPMG LLP

Dallas, Texas  
May 23, 2006

**XTO ENERGY INC. EMPLOYEES' 401(k) PLAN**

**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS  
AT DECEMBER 31, 2005 AND 2004**

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	December 31	
	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Interest and dividends receivable .....	\$ 520,828	\$ 272,027
Investments at fair value .....	316,330,268	210,237,447
Participant loans at fair value .....	3,243,268	2,560,333
Contributions receivable .....	<u>636,051</u>	<u>-</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS .....</b>	<b><u>\$ 320,730,415</u></b>	<b><u>\$ 213,069,807</u></b>

See Accompanying Notes to Financial Statements.

**XTO ENERGY INC. EMPLOYEES' 401(k) PLAN**

**STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
FOR THE YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003**

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	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>ADDITIONS</b>			
Additions to net assets attributed to:			
Employee contributions .....	\$ 12,948,798	\$ 9,737,638	\$ 6,314,494
Employer contributions .....	9,167,845	6,752,833	5,239,822
Interest, dividend and other income .....	3,014,170	1,746,264	1,602,096
Net appreciation in fair value of investments .....	<u>102,947,861</u>	<u>60,078,955</u>	<u>40,406,223</u>
Total Additions .....	<u>128,078,674</u>	<u>78,315,690</u>	<u>53,562,635</u>
<b>DEDUCTIONS</b>			
Deductions from net assets attributed to:			
Terminations and withdrawals .....	20,392,556	9,730,370	3,385,169
Loan fees and other .....	<u>25,510</u>	<u>21,655</u>	<u>16,397</u>
Total Deductions .....	<u>20,418,066</u>	<u>9,752,025</u>	<u>3,401,566</u>
<b>NET INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS .....</b>	<b>107,660,608</b>	<b>68,563,665</b>	<b>50,161,069</b>
<b>NET ASSETS AVAILABLE FOR BENEFITS:</b>			
Beginning of year .....	<u>213,069,807</u>	<u>144,506,142</u>	<u>94,345,073</u>
End of year .....	<u>\$ 320,730,415</u>	<u>\$ 213,069,807</u>	<u>\$ 144,506,142</u>

See Accompanying Notes to Financial Statements.

## XTO ENERGY INC. EMPLOYEES' 401(k) PLAN

### NOTES TO FINANCIAL STATEMENTS

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#### 1. DESCRIPTION OF THE PLAN

General - The XTO Energy Inc. Employees' 401(k) Plan is a defined contribution, single employer pension plan of XTO Energy Inc. and its subsidiaries ("the Company") and was established on January 1, 1989. A new prototype plan was adopted in September 2003. The Plan is qualified under Section 401(k) of the Internal Revenue Code ("IRC"), as amended, and is subject to the provisions of the Employee Retirement Income Security Act, as amended. The Company is the Plan Administrator and Prudential Retirement is the recordkeeper and Trustee of the Plan.

Participation - All employees age 21 or older are eligible to participate after one hour of service with the Company.

Contributions - Plan participants are allowed to contribute up to 90% of their total compensation in each calendar year. The Company matches 100% of each employee's contribution up to a maximum of 10% of the employee's total compensation in each calendar year. Employee and employer contributions are subject to certain annual dollar maximums as imposed by the IRC. The first 2% of the Company's matching contribution must be invested in the XTO Energy Inc. Common Stock Fund. Any participant who is age 50 or older can reallocate the 2% Company matching contribution made to the XTO Energy Inc. Common Stock Fund into any of the Plan's investment options. As allowed by law, participants over age 49 can make catch-up contributions, which are not matched by the Company.

Participant Accounts - Each participant has 1) an employee account which is credited with employee contributions and earnings thereon and 2) an employer account which is credited with employer contributions, allocation of any forfeitures, and earnings thereon. Each participant's employee and employer accounts are directly credited daily with investment income earned on the account.

Vesting - Employee account balances are fully vested at all times. Employer account balances vest upon completion of three years of service. A year of service is credited to participants who have at least 1,000 hours of service during a plan year, which is a calendar year. The Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants become fully vested in their employer account balances, and the employee and employer account balances will be distributed to participants.

Terminations and Withdrawals - Upon termination of employment, distributions are made generally in the form of a lump-sum payment to the participant (or beneficiary in the event of death) or rolled into a qualified plan or individual retirement account as elected by the participant. Participants are allowed to withdraw employee account balances prior to termination of their employment under certain conditions as specified in the Plan. Such withdrawals are subject to federal taxation and an early withdrawal penalty.

Loans - Participants may apply for loans from their vested balances in the Plan. Loan applications are subject to approval by the 401(k) Plan Committee on a nondiscriminatory basis. Loan amounts are limited to 50% of the participant's vested balance, up to a maximum of \$50,000, with a minimum of \$1,000. Loans have terms from one to five years and bear interest at rates determined by the Committee. These rates currently are 1% above the prime rate at the beginning of the quarter in which the loan originates. Upon payment, interest is credited to the participant's account. Interest rates on outstanding loans at December 31, 2005 and 2004 range from 5% to 10.5%.

Forfeitures - Upon termination of employment, nonvested employer account balances become eligible for reallocation to the remaining participant accounts. After the earlier of distribution of the terminated participant's vested account balances or the fifth anniversary of the participants termination, forfeitures are allocated to remaining participants' employer account balances as of December 31 of each year. This allocation is based on proportionate employer contributions during the year and is subject to maximum annual contributions imposed by the IRC. Allocated forfeitures do not reduce the Company's matching contribution. There were no unallocated forfeitures in 2005, 2004 or 2003. Forfeitures totaled \$264,680 in 2005, \$173,196 in 2004 and \$111,150 in 2003.

Investment Funds - Participants have the option to invest contributions and account balances in the following funds:

- *MoneyMart Assets Fund* - Managed by Prudential Investments, this fund invests in money market instruments maturing in thirteen months or less, including U.S. Government and agency obligations, commercial paper, asset-backed securities and other obligations of foreign governments. The seven-day current yield was 3.7% at December 31, 2005 and 0.5% at December 31, 2004.
- *Stable Value Fund* - Managed by Wells Fargo Bank, this fund invests in obligations issued by highly rated financial institutions, corporations and the U.S. Government, including guaranteed investment contracts ("GICs"), bank investment contracts, GIC alternatives, corporate bonds, U.S. Treasury securities, mortgage related securities and asset-backed securities. Fund earnings are credited daily. The average annualized yield of the Stable Value Fund was 3.8% for 2005 and 3.7% for 2004.
- *American Funds American Balanced Fund* - Managed by Capital Research and Management, this fund invests in a diversified portfolio of equity and debt securities and cash instruments, generally with at least 50% of its portfolio in stock, at least 25% in bonds, and up to 10% in foreign securities.
- *Jennison 20/20 Focus Fund* - Managed by Prudential Investments, this fund generally invests at least 80% of its portfolio in up to 40 equity securities of U.S. companies, with strong capital appreciation potential. It may invest in common stocks, nonconvertible preferred stocks and convertible securities.
- *American Funds EuroPacific Growth Fund* - Managed by Capital Research and Management, this fund generally invests at least 80% of its portfolio in equity securities of companies in Europe and the Pacific Basin, and may also hold cash or money market instruments.
- *XTO Energy Inc. Common Stock Fund* - Invests in common stock of the Company traded on the New York Stock Exchange and cash equivalents. The XTO Energy Inc. Common Stock Fund is managed by Prudential Investments, with UBS serving as advisor.
- *Cross Timbers Royalty Trust Units Fund* - Invests in Cross Timbers Royalty Trust units of beneficial interest traded on the New York Stock Exchange and cash equivalents. The Cross Timbers Royalty Trust Units Fund is managed by Prudential Investments, with UBS serving as advisor.
- *Hugoton Royalty Trust Units Fund* - Invests in Hugoton Royalty Trust units of beneficial interest traded on the New York Stock Exchange and cash equivalents. The Hugoton Royalty Trust Units Fund is managed by Prudential Investments, with UBS serving as advisor.

Any uninvested cash balances in each of the above funds are invested in money market funds, the seven-day current yield was 3.7% at December 31, 2005 and 0.5% at December 31, 2004.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Plan are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

In preparing the accompanying financial statements, the Company has made certain estimates and assumptions that affect reported amounts in the financial statements and disclosure of contingencies. Actual results could differ from these estimates and assumptions. The following are the Plan's significant accounting policies:

- All investments are stated at fair value as determined by quoted market prices at December 31.
- Purchases and sales of investments are recorded as of the trade date. Dividends are recorded on the ex-dividend date.
- Appreciation (depreciation) in fair value of investments includes realized and unrealized gains and losses. Realized gains and losses are determined based on the weighted average cost of investments sold.
- Brokerage commissions on purchases and sales of investments are paid by the Plan and are recorded in the cost of investment or sale. All Plan administrative expenses, including recordkeeper compensation, are paid by the Company and are not reimbursed by the Plan. Plan administration expenses totaled \$211,117 in 2005, \$207,738 in 2004 and \$186,770 in 2003.
- Terminations and withdrawals are recorded upon payment to the participant. Benefits payable are not reflected in the statements of net assets available for benefits. There were no benefits payable at December 31, 2005 or 2004.

## 3. INVESTMENTS

The Plan provides for investments in various securities which, in general, are exposed to risks, such as interest rate, credit and overall market volatility risks. It is reasonably possible that the values of these securities will fluctuate in the near term by amounts that are material in relation to net assets available for benefits.

The fair value of investments that represent 5% or more of the Plan's net assets are as follows:

	December 31,	
	2005	2004
XTO Energy Inc.		
Common Stock Fund (a) .....	\$ 236,514,470	\$ 145,560,322
Jennison 20/20 Focus Fund .....	\$ 24,018,035	\$ 17,966,387
American Funds American		
Balanced Fund .....	\$ 19,855,771	\$ 19,968,305

(a) For information regarding nonparticipant-directed investments, see Note 4.

The Plan's investments appreciated (depreciated) in fair value as follows:

	<u>Year Ended December 31</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
XTO Energy common stock .....	\$ 93,857,171	\$ 52,744,425	\$ 31,489,536
Royalty trust units of beneficial interest .....	3,193,334	2,578,157	2,255,731
Mutual funds .....	5,608,813	4,527,075	6,441,362
Collective trust funds .....	<u>288,543</u>	<u>229,298</u>	<u>219,594</u>
Total net appreciation in fair value .....	<u>\$ 102,947,861</u>	<u>\$ 60,078,955</u>	<u>\$ 40,406,223</u>

#### 4. NONPARTICIPANT-DIRECTED INVESTMENTS

The following are nonparticipant-directed assets included in the statements of net assets available for benefits at December 31, 2005 and 2004. Nonparticipant-directed assets result from the first 2% of the Company's matching contribution which is invested in the XTO Energy Inc. Common Stock Fund (Note 1).

	<u>December 31,</u>	
	<u>2005</u>	<u>2004</u>
Investments -		
XTO Energy common stock (a) .....	\$ 21,417,981	\$ 12,026,038
Dividends and other receivables .....	<u>243,911</u>	<u>60,469</u>
Total assets .....	<u>\$ 21,661,892</u>	<u>\$ 12,086,507</u>

(a) Number of shares has been adjusted for a four-for-three stock split effected March 15, 2005 and a five-for-four stock split effected March 17, 2004.

The following summarizes the changes in the net assets available for benefits during the years ended December 31, 2005, 2004 and 2003 related to nonparticipant-directed investments.

	<u>December 31,</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Net assets available for benefits at beginning of year ...	\$12,086,507	\$ 6,809,857	\$ 3,539,830
Employer contributions .....	1,998,112	1,468,843	1,137,153
Interest, dividends, and other income .....	109,167	40,050	41,312
Net appreciation in fair value .....	8,184,250	4,107,688	2,205,964
Terminations and withdrawals .....	<u>(716,144)</u>	<u>(339,931)</u>	<u>(114,402)</u>
Net assets available for benefits at end of year .....	<u>\$21,661,892</u>	<u>\$12,086,507</u>	<u>\$ 6,809,857</u>

**5. TAX STATUS**

The Internal Revenue Service has determined and informed the Company by a letter dated November 23, 2004 that the Plan and related trust are designed in accordance with applicable sections of the IRC.

**6. RELATED-PARTY TRANSACTIONS**

Certain Plan investments are shares of mutual funds managed by Prudential Investments. Prudential Retirement is the Trustee of the Plan and, therefore, these transactions qualify as party-in-interest transactions. Fees paid to Prudential by the Company on behalf of the Plan for investment management services were \$195,746 in 2005, \$192,616 in 2004 and \$173,770 in 2003.

Plan investments include common stock in the Company and units of beneficial interest in Cross Timbers Royalty Trust and Hugoton Royalty Trust. The Company is the Plan Administrator of the Plan. Cross Timbers Royalty Trust and Hugoton Royalty Trust are related entities of the Company. As a result, transactions in these investments qualify as party-in-interest transactions.

**XTO ENERGY INC. EMPLOYEES' 401(k) PLAN****SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR ), DECEMBER 31, 2005**

Employer ID# 75-2347769

Plan #001

(a)	(b) and (c) Identity of issuer, borrower, lessor or similar party, including description of investment	(d) Cost	(e) Current value
*	<b>PRUDENTIAL INVESTMENTS</b>		
	Mutual Funds:		
	MoneyMart Assets Fund .....	\$ 3,706,514	\$ 3,706,514
	Jennison 20/20 Focus Fund .....	18,640,946	24,018,035
	<b>CAPITAL RESEARCH AND MANAGEMENT</b>		
	Mutual Funds:		
	American Funds American Balanced Fund ....	17,955,275	19,855,771
	American Funds EuroPacific Growth Fund ....	7,187,363	8,789,782
	<b>WELLS FARGO BANK</b>		
	Collective Trust Fund:		
	Stable Value Fund .....	7,594,962	8,289,759
*	<b>XTO ENERGY INC.</b>		
	Common Stock .....	51,546,812	236,514,470
*	<b>CROSS TIMBERS ROYALTY TRUST</b>		
	Units of Beneficial Interest .....	5,253,842	10,530,296
*	<b>HUGOTON ROYALTY TRUST</b>		
	Units of Beneficial Interest .....	<u>2,657,389</u>	<u>4,625,641</u>
	<b>TOTAL INVESTMENTS</b> .....	114,543,103	316,330,268
	Participant Loans (5% to 10.5% interest rate) .....	-	<u>3,243,268</u>
	<b>TOTAL ASSETS HELD</b>		
	<b>AT END OF YEAR</b> .....	<u>\$ 114,543,103</u>	<u>\$ 319,573,536</u>

Column (a) - an asterisk (\*) in column (a) indicates that the person/entity in column (b) is known to be a party-in-interest.

Columns (b) and (c) include maturity date, interest rate, collateral, par or maturity value, if applicable.

This supplemental schedule lists assets as of December 31, 2005, as required by the Department of Labor Rules and Regulations for Reporting and Disclosure.

See accompanying report of independent registered public accounting firm.

**SIGNATURES**

*The Plan.* Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

**XTO ENERGY INC. EMPLOYEES' 401(k) PLAN**

By: XTO Energy Inc.  
Plan Administrator

Date: June 8, 2006

By:   
\_\_\_\_\_  
Bob R. Simpson  
Chairman of the Board  
and Chief Executive Officer

**Consent of Independent Registered Public Accounting Firm**

The Plan Administrator  
XTO Energy Inc. Employees' 401(k):

We consent to the incorporation by reference in the Registration Statements (Nos. 33-55784, 333-68775, 333-37668, 333-81849 and 333-91460) on Form S-8 of XTO Energy Inc. of our report dated May 23, 2006 with respect to the statements of net assets available for benefits of XTO Energy Inc. Employees' 401(k) Plan as of December 31, 2005 and 2004, the related statements of changes in net assets available for benefits for each of the years in the three year period ended December 31, 2005, and the related supplemental schedule, which report appears in the December 31, 2005 annual report on Form 11-K of XTO Energy Inc. Employees' 401(k) Plan.

A handwritten signature in black ink that reads "KPMG LLP". The signature is stylized and appears to be written in a cursive or semi-cursive font.

KPMG LLP

Dallas, Texas  
June 5, 2006