

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 14980
ORDER NO. R-13714**

**APPLICATION OF XTO ENERGY, INC. FOR
COMPULSORY POOLING, SAN JUAN
COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on May 2, 2013, at Santa Fe, New Mexico, before Examiner Phillip R. Goetze.

NOW, on this 5th day of June, 2013, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

- (1) Due notice has been given, and the Division has jurisdiction of the subject matter of this case.
- (2) XTO Energy, Inc. ("Applicant") seeks a compulsory pooling order pooling a project area for a horizontal well, comprising the N/2 of Section 16 and the NE/4 of Section 17, Township 29 North, Range 14 West, NMPM, in San Juan County, New Mexico.
- (3) The proposed project area that Applicant seeks to pool includes: (1) two non-standard gas spacing units in the Basin-Mancos Gas Pool established by Administrative Order NSP-1963, issued on March 28, 2013, consisting, respectively, of (a) the NE/4 and N/2 NW/4 of Section 16, and (b) NE/4 of Section 17, and (c) a standard oil spacing and proration unit in the Cha Cha-Gallup Pool consisting of the S/2 NW/4 of Section 17.

(4) The area proposed for compulsory pooling comprises more than one spacing and proration unit.

(5) The Applicant does not ask the Division to form a non-standard spacing and proration unit comprising the entire project area, perhaps because Applicant correctly foresees that the fact that the project area includes portions of different pools would likely present an obstacle to the formation of a non-standard unit comprising the entire area.

The Division concludes:

(6) The Division is a creature of statute and has only such authority as is conferred upon it by statute. *Continental Oil Company v Oil Conservation Commission*, 70 N.M. 310, 373 P.2d 809 (1962); *Marbob Energy Corporation v. Oil Conservation Commission*, 2009-NMSC-013.

(7) The Division's power to issue compulsory pooling orders is conferred by NMSA 1978, Section 70-2-17, as amended, which provides, in pertinent part:

When two or more separately owned tracts of land *are embraced within a spacing or proration unit*, or where there are oil and gas royalty interests or undivided interests in oil and gas minerals which are separately owned or any combination thereof, *embraced within such spacing or proration unit*, the owner or owners thereof may validly pool their interests and develop their lands as a unit. Where, however, such owner or owners have not agreed to pool their interests . . . , the division, . . . shall pool all or any part of *such lands or interests in the spacing or proration unit* as a unit.
[emphasis added]

(8) Plainly, Section 70-2-17 does not authorize the Division to pool lands in more than one spacing or proration unit without first establishing a non-standard spacing unit embracing the entire area to be pooled.

(9) Accordingly this application must be denied.

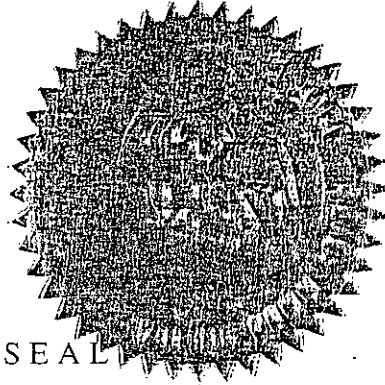
(10) Whether Applicant's objective can be accomplished by seeking a nomenclature order revising the boundaries of the subject pools, and what procedures would be required in connection with such an application, are questions not necessary to address in this order.

IT IS THEREFORE ORDERED THAT:

(1) The application of XTO Energy, Inc. for compulsory pooling of the N/2 of Section 16 and the NE/4 of Section 17, Township 29 North, Range 14 West, NMPM, in San Juan County, New Mexico, is denied.

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

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, appearing to read "Jami Bailey".

JAMI BAILEY
Director