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2005 NOV 10 PM 3 01

November 10, 2005

Hand Delivered

Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

*Case 13610*

Dear Florene:

Enclosed for filing, on behalf of XTO Energy Inc., are an original and one copy of an application for compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the December 15, 2005 Examiner hearing. Thank you.

Very truly yours,

  
James Bruce

Attorney for XTO Energy Inc.

PERSONS BEING POOLED

Lynx Petroleum Consultants, Inc.  
P.O. Box 1708  
Hobbs, New Mexico 88241

**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**

2005 NOV 10 PM 3 01

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

Case No. 13610

**APPLICATION**

XTO Energy Inc. applies for an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the E $\frac{1}{2}$ NE $\frac{1}{4}$  of Section 8, Township 18 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the E $\frac{1}{2}$ NE $\frac{1}{4}$  of Section 8, and has the right to drill or re-enter a well thereon.
2. Applicant proposes to re-enter the existing Federal DM Well No. 1, located at a surface location 760 feet from the North line and 960 feet from the East line of Section 8, to be re-named the Amoco Fed. DM Well No. 1H, and horizontally drill the well in the Bone Spring formation (North Young-Bone Spring Pool) in a south-southeasterly direction to a terminus in the SE $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 8. The well's lateral will be located in the E $\frac{1}{2}$ NE $\frac{1}{4}$  of Section 8, and applicant seeks to dedicate the E $\frac{1}{2}$ NE $\frac{1}{4}$  of Section 8 to the well to form an 80 acre oil spacing unit/project area for the well. If a shallower zone is completed in the vertical hole, the NE $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 8 will be dedicated to the well.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E $\frac{1}{2}$ NE $\frac{1}{4}$  of Section 8 for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests.

Therefore, applicant seeks an order pooling all mineral interest owners in the E $\frac{1}{2}$ NE $\frac{1}{4}$  of Section 8, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the E $\frac{1}{2}$ NE $\frac{1}{4}$  of Section 8 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

**WHEREFORE**, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the E $\frac{1}{2}$ NE $\frac{1}{4}$  of Section 8, from the surface to the base of the Bone Spring formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of re-entering, drilling, and completing the well, and allocating the cost among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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James Bruce  
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(505) 982-2043

Attorney for XTO Energy Inc.

PROPOSED ADVERTISEMENT

Case No. 13610 : **Application of XTO Energy Inc. for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the E/2NE/4 of Section 8, Township 18 South, Range 32 East, NMPM, and in the following manner: The E/2NE/4 to form an 80-acre oil spacing unit/project area in the Bone Spring formation (North Young-Bone Spring Pool); and the NE/4NE/4 to form a 40-acre oil spacing unit for all formations or pools developed on 40-acre spacing within that vertical extent. The unit is to be dedicated to the Amoco Fed. DM Well No. 1H, to be re-entered at a surface location 760 feet from the North line and 960 feet from the East line of Section 8, and drilled horizontally in the Bone Spring formation to a terminus in the SE/4NE/4 of Section 8, with a lateral located in the E/2NE/4 of Section 8. Also to be considered will be the cost of re-entering, drilling, and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in re-entering, drilling and, completing the well. The unit is located approximately 6 miles south-southwest of Maljamar, New Mexico.

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