

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

IN THE MATTER OF THE
APPLICATION OF BEPCO, L.P.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO

CASE NO. 13740

And

IN THE MATTER OF THE
APPLICATION OF XTO ENERGY, INC.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO

CASE NO. _____

MOTION TO CONSOLIDATE

XTO ENERGY INC., ("XTO"), by and through its undersigned counsel, requests the entry of the Division's order consolidating BEPCO, L.P.'s Application in Case No. 13740 with the Application for compulsory pooling filed on behalf of XTO Energy, Inc. As grounds for this motion, XTO states:

1. XTO and BEPCO, L.P. are the owners of working interests in the E/2 of Section 25, T-23-S, R-29-E, NMPM in Eddy County, New Mexico. XTO is the owner of 50% of the leasehold working interest in the Morrow formation while BEPCO owns 37.5%. BEPCO proposes to operate the Remuda Basin 25 State Well No. 1 to be drilled to the Morrow formation at a location 1980' FSL and 660' FEL in Section 25 with the E/2 being dedicated to the well. BEPCO estimates dry hole costs of \$3,836,000 and completed well costs of \$4,497,500.

2. XTO estimates the well can be drilled by it at significantly lower costs (\$2,842,300 dry hole; \$3,672,800 completed). For this reason it has sent well proposals to the interest owners in the E/2 of Section 25 proposing that XTO drill and operate the well at the

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same location. In view of the conflicting claims to operations by XTO and BEPCO, XTO has this day filed its own Application for compulsory pooling.

3. BEPCO's Application is presently scheduled for hearing on July 6, 2006. XTO has requested the hearing on its Application be set for August 17, 2006. There is no dispute between the parties regarding geology, well location or unit orientation.

4. XTO has previously filed a Motion for Continuance in Case No. 13740. BEPCO has not had the opportunity to respond to the motion and it remains pending.

5. Continuing the July 6th hearing in Case No. 13740 and consolidating the hearing on BEPCO's Application with XTO's Application on August 17th serves the interests of administrative efficiency and economy as an otherwise unnecessary additional hearing on the same subject matter may be avoided. Further, no party will be prejudiced if the relief requested by this motion is granted.

Wherefore, XTO Energy Inc. requests the issuance of an order consolidating Case No. 13740 with XTO's Application for Compulsory pooling and setting both cases for hearing on the August 17, 2006 examiner hearing docket.

Respectfully submitted,



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Certificate of Service

I hereby certify that a true and correct copy of the foregoing was faxed to the following counsel of record on the 24 day of June, 2006, as follows:

Ocean Munds-Dry
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J. Scott Hall

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

IN THE MATTER OF THE
APPLICATION OF XTO ENERGY INC.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO

CASE NO. _____

APPLICATION

XTO ENERGY INC., by its undersigned attorneys, Miller, Stratvert P.A., (J. Scott Hall) hereby makes application pursuant to NMSA 1978 Section 70-2-17 (1995) for an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration units located in the E/2 of Section 25, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico: the E/2 for all formations and/or pools developed on 320-acre spacing, including the Undesignated Laguna Grande-Wolfcamp Gas Pool, the Undesignated Nash Draw-Atoka Gas Pool, the Undesignated Nash Draw-Strawn Gas Pool, the Undesignated Remuda-Wolfcamp Gas Pool, and the Morrow formation. Said units are to be dedicated to its Remuda Basin 25 State Well No. 1 to be drilled at a standard location 1980 feet from the South line and 660 feet from the East line (Unit I) of Said Section 25. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of XTO Energy Inc. as operator of the well and a charge for risk involved in drilling said well.

1. Applicant owns certain working interests in and under the E/2 of Section 25, and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced pooled unit to its Remuda Basin 25 State Well No. 1 to be drilled from a standard location 1980 feet from the South line and 660 feet from the East line (Unit I) of Said Section 25 to a depth sufficient to test the

Morrow formation underlying the E/2 of Section 25, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico.

3. Applicant has been unable to obtain leases or voluntary agreement for pooling or farmout from certain other interest owners in the above-referenced formations underlying the E/2 of said Section 25.

4. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and Applicant should be designated operator of the well.

5. The pooling of interests and approval of the unorthodox well location will afford the Applicant the opportunity to produce its just and equitable share of hydrocarbons underlying the spacing unit, will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on August 17, 2006 and that after notice and hearing as required by law, the Division enter its Order approving the unorthodox well location and pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges and providing for adjustments to such rates in accordance with accepted COPAS accounting procedures, and imposing a 200% risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well, and making such other and further provisions as maybe proper in the premises.

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By:

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