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December 5, 2006

2006 DEC 5 PM 4 57

Care 13850

Hand Delivered

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

Dear Florene:

Enclosed for filing, on behalf of XTO Energy Inc., are an original and one copy of <u>two</u> applications for compulsory pooling, together with proposed advertisements. The advertisements have also been e-mailed to the Division. Please set these matters for the January 4, 2007 Examiner hearing. Thank you.

ery truly yours,

James Bruce

Attorney for XTO Energy Inc.

PERSONS BEING POOLED

Sergine M. Cisse 405 East 54th Street New York NY 10022 Phone: (212) 755-5850 Fax: (____)_____ E-Mail:______

William C. Mann c/o Kirtley Craig 534 Park Drive Longmeadow MA 01106 Phone: (____) _____ Fax: (___) _____ E-Mail:

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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

2006 DEC 5 PM 4 57 Case No.

APPLICATION

XTO Energy Inc. applies for an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the W¹/₂ of Section 8, Township 30 North, Range 13 West, N.M.P.M., San Juan County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the $W\frac{1}{2}$ of Section 8, and has the right to drill a well thereon.

2. Applicant proposes to drill its Lunt Well No. 11 at an orthodox gas well location in the NW¼NW¼ of Section 8, and seeks to dedicate the W½ of Section 8 to the well to form a standard 320 acre gas spacing and proration unit in the Basin-Fruitland Coal Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the $W^{1/2}$ 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 $W^{1/2}$ of Section 8, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the W¹/₂ 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 W¹/₂ of Section 8 as to the Basin-Fruitland Coal Gas Pool;

B. Designating applicant as operator of the well;

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C. Considering the cost of 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.

APPLICANT REQUESTS THAT, IN THE ABSENCE OF OBJECTION, THIS MATTER BE TAKEN UNDER ADVISEMENT.

Respectfully submitted,

James Bruce Post Office Box 1056 Santa Fe, New Mexico 87504 (505) 982-2043

Attorney for XTO Energy Inc.

PROPOSED ADVERTISEMENT

Case No. <u>13850</u>: Application of XTO Energy Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the W/2 of Section 8, Township 30 North, Range 13 West, NMPM, to form a 320-acre gas spacing unit within that vertical extent. The unit is to be dedicated to the Lunt Well No. 11, to be drilled at an orthodox gas well location in the NW/4NW/4 of Section 8. Also to be considered will be the cost of 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 drilling and completing the well. The unit is located approximately 7-1/2 miles south-southwest of LaPlata, New Mexico. IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.