

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. 13849

APPLICATION

XTO Energy Inc. applies for an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying Lots 3, 4, S½NW¼, and SW¼ (the W½) of Section 5, 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 W½ of Section 5, and has the right to drill a well thereon.

2. Applicant proposes to drill the following wells:

(a) The Lunt Well No. 1 at an orthodox gas well location in the SW¼NW¼ of Section 5; and

(b) The Lunt Well No. 2 at an orthodox gas well location in the SW¼SW¼ of Section 5,

and seeks to dedicate the W½ of Section 5 to the wells to form a standard 320.72 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 W½ of Section 5 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 wells or to otherwise commit their interests to the wells, 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 W½ of Section 5, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the W½ of Section 5 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 W½ of Section 8 as to the Basin-Fruitland Coal Gas Pool;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling and completing the wells, and allocating the cost among the wells, 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 wells in the event a working interest owner elects not to participate in the wells.

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

Respectfully submitted,



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PROPOSED ADVERTISEMENT

Case No. 13849 : 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 Lots 3, 4, S/2NW/4, and SW/4 (the W/2) of Section 5, Township 30 North, Range 13 West, NMPM, to form a 320.72-acre gas spacing unit within that vertical extent. The unit is to be dedicated to (i) the Lunt Well No. 1, to be drilled at an orthodox gas well location in the SW/4NW/4 of Section 5, and (ii)) the Lunt Well No. 2, to be drilled at an orthodox gas well location in the SW/4SW/4 of Section 5. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The unit is located approximately 6-1/2 miles south-southwest of LaPlata, New Mexico. **IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

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