

KELLAHIN & KELLAHIN
Attorney at Law

W. THOMAS KELLAHIN
706 GONZALES ROAD
SANTA FE, NEW MEXICO 87501

TELEPHONE 505-982-4285
FACSIMILE 505-982-2047
TKELLAHIN@COMCAST.NET

July 6, 2009

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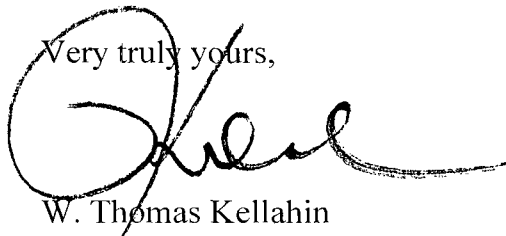
Mr. Mark E. Fesmire, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: First Amended Application
NMOCD Case 14331
Martinez Gas Com D Well No. 001R (API#30-045-34063) Unit B,
Townsend 29 North, Range 10 West
Section 24: NE/4 (Pictured Cliffs/Chacra formations)
Application of XTO Energy, Inc.
for compulsory pooling and downhole commingling,
San Juan County, New Mexico

Dear Mr. Fesmire:

On behalf of XTO Energy, Inc., find enclosed our referenced first amended application which we request be set for hearing on the Examiner's docket now scheduled for August 6, 2009. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,



W. Thomas Kellahin

cc: XTO Energy, Inc.
Attn: Bradley Jameson

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(Continued from July 98, 2009 and re-advertised)

CASE 14331: Application of XTO Energy, Inc. for compulsory pooling and downhole commingling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Pictured Cliffs/Chacra formations underlying the NE/4 of Section 24, T29N, R10W, NMPM, San Juan County, New Mexico, forming a standard 160-acre gas spacing and proration unit for any production from the Pictured Cliffs/Chacra formations, including but not limited to the Aztec-Pictured Cliffs Gas Pool. This unit is to be dedicated its Martinez Gas Com D Well No. 001R (**API# 30-045-34063**) to be drilled at a standard location in Unit B of this section. Also to be considered will be the costs of drilling and completion this well and the allocation of the costs between the Pictured Cliffs and the Chacra formation as well as actual operating costs and charges for supervision, designation of the applicant as the operator of the well and a 200% charge for risk involved in this well. In addition, Applicant seek approval to downhole commingle production in the Pictured Cliffs with the Chacra formations, including the allocation of production, accordance with Division Rule 19.15.12.11. This unit is located approximately 1/3 mile Southeast from Blanco, New Mexico.

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

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**IN THE MATTER OF THE FIRST AMENDED APPLICATION
OF XTO ENERGY, INC. FOR COMPULSORY
POOLING AND DOWNHOLE COMMINGLING,
SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. 14331

FIRST AMENDED APPLICATION

XTO Energy, Inc. ("XTO") by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17.C NMSA (1978) seeks an order pooling all mineral interests in the Pictured Cliffs/Chacra formations underlying the NE/4 of Section 24, T29N, R10W, NMPM, San Juan County, New Mexico, forming a standard 160-acre gas spacing and proration unit for any production from the Pictured Cliffs/Chacra formations, including but not limited to the Aztec-Pictured Cliffs Gas Pool. This unit is to be dedicated its Martinez Gas Com D Well No. 001R (API# 30-045-34063) to be drilled as a downhole commingled wellbore at a standard location in Unit B of this section. Also to be considered will be the costs of drilling and completion this well and the allocation of the costs between the Pictured Cliffs and the Chacra formation as well as actual operating costs and charges for supervision, designation of the applicant as the operator of the well and a 200% charge for risk involved in this well. In addition, the Applicant seeks approval to downhole commingle production between the Pictured Cliffs and the Chacra formations, including allocation of production, as required by Division Rule 19.15.12.11.

In support of its application, XTO Energy, Inc. ("XTO") states:

1. XTO has a working interest ownership in the oil and gas minerals from the surface to the base of the Pictured Cliffs formation underlying the NE/4 of Section 24, T29N, R10W, NMPM, San Juan County, New Mexico.
2. XTO has drilled its Martinez Gas Com D Well 001R in Unit B of Section 24, T29N R10W and dedicate the NE/4 of Sec 24 to any Pictured Cliffs and/or Chacra production. See Division form C-102 attached as Exhibit "A"

3. These gas spacing units are located within the boundaries of the Aztec-Pictured Cliffs Gas Pool.

4. Prior to spudding this wellbore, XTO, by letters dated October 17, 2008, proposed to the other working interest or mineral owners that this well be drilled and downhole completed in the Pictured Cliffs/Charca formations to be dedicated to a standard 160-acre gas spacing and proration unit consisting of the NE/4 of Section 24.

5. On November 13, 2008, XTO spudded this wellbore and drilled to a TVD of 3,200 feet and then released the rig and have not yet completed the well.

6. Despite its reasonable efforts, application has been unable to obtain a written voluntary agreement from certain uncommitted working interest and/or mineral interest owners as shown on **Exhibit "B"**.

7. Pursuant to Section 70-2-17.C NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, XTO needs an order of the Division pooling the interest identified above in order to protect correlative rights and prevent waste.

8. Applicant request the 200% risk charge in accordance with Commission Order R-11992, effective August 15, 2003.

9. In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest is to be pooled as listed on Exhibit "B" notifying each of this case.

10. On July 2, 2009, S. G. Methane, one of the parties to be pooled, filed a pre-hearing statement contesting the compulsory pooling and contending that it also wanted to complain about the proposed downhole commingling between the Pictured Cliffs and Chacra and the allocation of production between those formations.

11. Although the compulsory pooling application, in fact, does include a request for costs allocations it did not include a specific request for downhole commingling, including production allocations--an additional relief that Applicant had intended to file for administratively.

12. In order for avoid two separate hearings, Applicant has elected to amend its compulsory pooling application to include a request for approval to downhole commingling so that all these objections can be heard in one consolidated proceeding.

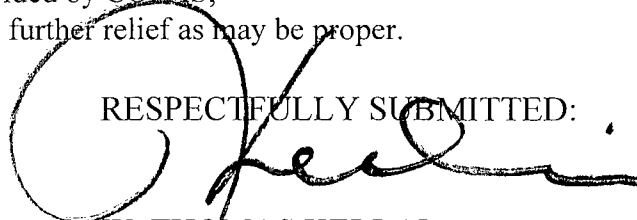
13. Thus, Applicant also seeks approval to downhole commingle production from the Pictured Cliffs with the Chacra formation including the allocation of that production and the costs among the various owners as set forth by Division Rule 19.15.12.11.

14. Applicant's request that Case 14331 be continued and re-advertised as its first amended application and heard before the Division on the next available Examiner's docket now scheduled for August 6, 2009.

WHEREFORE, XTO Energy, Inc, as applicant, requests that this fist amended application be set for hearing on August 6, 2009 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order (a) approving downhole commingling and (b) pooling the mineral interest described in the appropriate spacing unit for this well now located at a standard well location upon terms and conditions which include:

- (1) XTO Energy, Inc. be named operator;
- (2) Downhole commingling of production from the Pictured Cliffs and the Chacra formations including the allocation of those costs and the allocation of production between and among the various owners;
- (3) Provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;
- (4) In the event a mineral interest or working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200%;
- (5) Provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;
- (6) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:



W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
706 Gonzales Road
Santa Fe, New Mexico 87501
Telephone: (505) 982-4285

District III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3470 Fax: (505) 476-3462

1220 S. ST FRANCIS DR.

Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-34063	2. Pool Code 71280	3. Pool Name AZTEC PICTURED CLIFFS (GAS)
4. Property Code 36139	5. Property Name MARTINEZ GAS COM D	6. Well No. 001R
7. OGRID No. 5380	8. Operator Name XTO ENERGY, INC	9. Elevation 5558

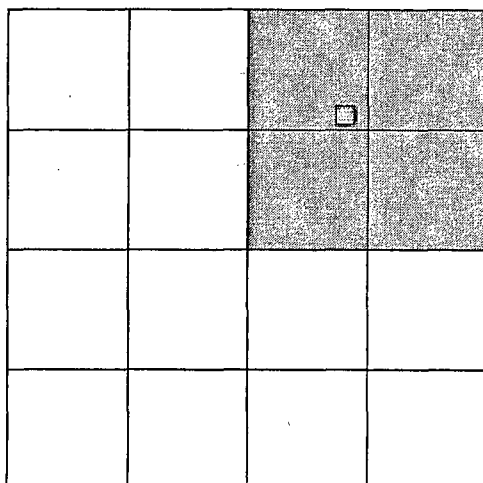
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
B	24	29N	10W		1140	N	1580	E	SAN JUAN

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 160.00		13. Joint or Infill		14. Consolidation Code		15. Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

**OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

E-Signed By: Cheryl Moore

Title: Regulatory Analyst

Date: 11/15/2006

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Surveyed By: John Vukovich

Date of Survey: 3/24/2006

Certificate Number: 14831

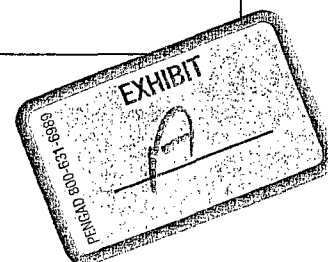


EXHIBIT "B"

(1) In the Pictured Cliffs Formation:

Frederick L. Lilly, Jr. (1.25% WIO)
2895 Brighton Rd
Shaker Heights, OH 44120

S. G. Methane Company, Inc. (13.75% WIO)
811 Dallas, Suite 1501
Houston, TX 77010-1009

(2) In the Charca Formation:

Candace L. Kelton Cox (3.90625% WIO)
17 South Meadow Ridge
Concord, MA 01742

Georgia Lee Kelton (3.90625% WIO)
5500 Old Clarksville Rd.
Paris, TX 75462