

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

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF HEARING:**

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

CASE NO. 433

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PRE-HEARING STATEMENT

This pre-hearing statement is submitted by S.G. Methane, Inc. as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

XTO Energy, Inc.
810 Houston Street
Houston, TX 76102
Attn: Bradley Jameson
(817) 885-3156

APPLICANT'S ATTORNEY

W. Thomas Kellahin, Esq.
Kellahin & Kellahin
706 Gonzales Road
Santa Fe, NM 87501
(505) 982-4285

OPPONENT

S.G. Methane, Inc.

OPPONENT'S ATTORNEY

J. Scott Hall
Montgomery & Andrews
P.O. Box 2307
Santa Fe, New Mexico 87504-2307
(505) 986-2646

STATEMENT OF THE CASE

APPLICANT

Applicant seeks an order pooling all mineral interests in the Pictured Cliffs/Charca 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/Charca formations, including but not limited to the Aztec-Pictured Cliffs Gas Pool. This unit is to be dedicated to 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 thereof 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.

OPPONENT

SG Methane, Inc. owns certain working interests in the Pictured Cliffs formation, but none in the Chacra formation. The Application filed in this matter and the case advertisement reflect only that XTO seeks compulsory pooling. However, the Applicant will necessarily require the following additional relief: (1) approval of the allocation of well costs among the different ownership by depth and (2) commingling and proper allocation of production. These matters are not included within the scope of the application pending before the Division or the advertised notice.

PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME

EXHIBITS

OPPONENT

EST. TIME

EXHIBITS

WITNESSES

Robbie Guinn, Landman	20 minutes	3
Drilling Engineer, t/b/d	25 minutes	4

PROCEDURAL MATTERS

S.G. Methane may file a motion to continue the July 9, 2009 hearing on the Application for the following reasons: (1) The undersigned counsel will be out of town on July 9th; and (2) a separate hearing will be necessary anyway in order to address the allocation and commingling issues.

MONTGOMERY & ANDREWS, P.A.



By: _____

J. Scott Hall, Esq.

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(505) 982-3873

Attorneys for SG Methane, Inc.

Certificate of Service

I hereby certify that a true and correct copy of the foregoing was delivered to counsel of record on the 2nd day of July, 2009, via electronic mail.

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