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2013 JUN 13 P 1:43

June 11, 2013

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

Case 15020

Dear Florene:

Enclosed for filing, on behalf of XTO Energy Inc., are an original and one copy of an application for compulsory pooling, *etc.*, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set the application for the July 11, 2013 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for XTO Energy Inc.

Parties Being Pooled

West American Corporation
address unknown

New Mexico Highway & Transportation Department
1120 Cerrillos Road
Santa Fe, New Mexico 87501

Burlington Resources Oil and Gas Company LP

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF XTO ENERGY INC. FOR
POOL CONTRACTION, POOL EXPANSION,
A NON-STANDARD SPACING AND PRORATION
UNIT, AND COMPULSORY POOLING, SAN JUAN
COUNTY, NEW MEXICO.

2013 JUN 13 P 1:44

Case No. 15020

APPLICATION

XTO Energy Inc., for its application, states:

1. Applicant is an interest owner and operator in the N $\frac{1}{2}$ of Section 16 and NE $\frac{1}{4}$ of Section 17, Township 29 North, Range 14 West, N.M.P.M., San Juan County, New Mexico.
2. The S $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 16 is within the boundaries of the Cha-Cha Gallup Pool. The NE $\frac{1}{4}$ and N $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 16 and NE $\frac{1}{4}$ of Section 17 are within the boundaries of the Basin-Mancos Pool.
3. Applicant desires to form a non-standard spacing and proration unit comprised of the N $\frac{1}{2}$ of Section 16 and NE $\frac{1}{4}$ of Section 17 for purposes of drilling a well to test the Mancos formation. To satisfy Division requirements that a pooled well unit comprise acreage within in a single pool, applicant requests that:
 - (a) The Cha-Cha Gallup Pool be contracted by deleting the S $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 16 from the pool; and
 - (b) The Basin-Mancos Pool be expanded by adding the S $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 16 to the pool.
4. Applicant has proposed Ropco 16 Well No. 1H to a depth sufficient to test the Mancos formation. Applicant seeks to dedicate the N $\frac{1}{2}$ of Section 16 and NE $\frac{1}{4}$ of Section 17 to the well to form a non-standard 480 acre, more or less, spacing and proration unit (project area).

The well is a horizontal well, with a surface location in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 16 and a terminus in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 17.

5. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N $\frac{1}{2}$ of Section 16 and NE $\frac{1}{4}$ of Section 17 for the purposes set forth herein.

6. 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 N $\frac{1}{2}$ of Section 16 and NE $\frac{1}{4}$ of Section 17, pursuant to NMSA 1978 §§70-2-17, 18.*

7. Approval of this application 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. Contracting the boundaries of the Cha Cha-Gallup Pool by deleting the S $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 16 therefrom;
- B. Expanding the boundaries of the Basin-Mancos Pool by adding the S $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 16 thereto;
- C. Approving a non-standard spacing and proration unit in the Mancos formation comprised of N $\frac{1}{2}$ of Section 16 and NE $\frac{1}{4}$ of Section 17;
- D. Pooling all mineral interests in the Mancos formation underlying the N $\frac{1}{2}$ of Section 16 and NE $\frac{1}{4}$ of Section 17;
- E. Designating applicant as operator of the well;

- F. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- G. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- H. 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.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James Bruce", written over a horizontal line.

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

Attorney for XTO Energy Inc.

PROPOSED ADVERTISEMENT

Case No. 15020 :

Application of XTO Energy Inc. for pool contraction, pool expansion, a non-standard spacing and proration unit, and compulsory pooling, San Juan County, New Mexico. XTO Energy Inc. seeks an order (i) contracting the Cha Cha-Gallup Pool by deleting the S/2NW/4 of Section 16, Township 29 North, Range 14 West, NMPM from the pool, (ii) expanding the Basin-Mancos Pool by adding the S/2NW/4 of Section 16, Township 29 North, Range 14 West, NMPM to the pool, (iii) approving a 480 acre non-standard spacing and proration unit (project area) in the Basin-Mancos Pool comprised of the N/2 of Section 16 and the NE/4 of Section 17, Township 29 North, Range 14 West, NMPM, and (iv) pooling all mineral interests in the Mancos formation underlying the non-standard spacing and proration unit (project area). The unit is to be dedicated to the Ropco 16 Well No. 1H, a horizontal well with a surface location in the NE/4NE/4 of Section 16, and a terminus in the SW/NE/4 of Section 17. 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 2 miles southeast of Kirtland, New Mexico.

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