

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

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

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

Case No. 13,776

VERIFIED STATEMENT OF CHRISTOPHER SPENCER

Christopher Spencer, being duly sworn upon his oath, deposes and states:

1. I am a landman for XTO Energy Inc., and have personal knowledge of the matters stated herein.

2. Pursuant to Division Rule 1207.A(1)(b), the following information is submitted in support of the compulsory pooling application filed herein:

(a) No opposition is expected because the working interest owners being pooled have been contacted regarding the proposed well, and have simply not decided whether to join in the well or lease their interests.

(b) A plat outlining the spacing unit being pooled, and marking the location of the subject well, is attached hereto as Exhibit A. Applicant seeks an order pooling all mineral interests in the Blanco-Mesaverde Gas Pool underlying the N½ of Section 10, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico, to form a standard 320 acre gas and spacing and proration unit.

The unit is to be designated to the proposed Hampton Well No. 2, to be drilled at an orthodox location in the NE¼NE¼ of Section 10.

(c) The parties being pooled, their working interests in the well unit, and their addresses, are as follows:

Charles W. Burtis
821 Maddox
Aztec, New Mexico 87410

0.0533%

Oil Conservation Division
Case No. _____
Exhibit No. 1

Vincent Ditmore 2330 Sues Way Anchorage, Alaska 99516	0.0533%
Charles Hamlin and Linda Martin 722 East Broadway Bloomfield, New Mexico 87413	0.0533%
Gail Dobey 823 Maddox Aztec, New Mexico 87410	0.0533%
Patricia Ealum Morris 211 3 rd Street Clifton, Colorado 81520	0.0157%

- (d) Copies of the proposal letters sent to the uncommitted working interest owners are attached hereto as Exhibit B. A good faith effort has been made to obtain the voluntary joinder of the interest owners in the well.
- (e) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against the non-consenting interest owners.
- (f) A copy of the Authority for Expenditure for the proposed well is attached hereto as Exhibit C. The drilling and completion costs set forth therein are fair and reasonable, and are comparable to those of other wells of this depth drilled in this area of San Juan County.
- (g) Overhead charges of \$5100/month for a drilling well, and \$510/month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by other operators in this area for well of this depth.
- (h) Applicant requests that it be designated operator of the well.

VERIFICATION


STATE OF TEXAS)
) ss.
COUNTY OF TARRANT)

Christopher Spencer, being duly sworn upon his oath, deposes and states that: He is a landman for XTO Energy Inc.; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge, information, and belief.



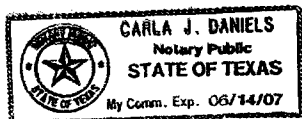
Christopher Spencer

SUBSCRIBED AND SWORN TO before me this 13th day of September, 2006 by Christopher Spencer.



Notary Public

My Commission Expires: 6/14/07



DISTRICT I
P.O. Box 1980, Hobbs, N.M. 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, N.M. 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-32314		² Pool Code 72319		³ Pool Name Blanca Mesaverde	
⁴ Property Code 32291		⁵ Property Name HAMPTON			⁶ Well Number 2
⁷ OGRID No. 167067		⁸ Operator Name XTO ENERGY INC.			⁹ Elevation 5789

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	10	30-N	11-W		805	NORTH	660	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 319.10 NW/2			¹³ Joint or Infill I		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

<div>16</div> <div>SEC. CORNER FD 1" REBAR</div> <div>N 89°29'07" W 5193.7' (M)</div> <div>LAT: 36°49'53" N. (NAD 27) LONG: 107°58'16" W. (NAD 27)</div> <div>LOT 1</div> <div>660'</div> <div>S 00°11'06" W 2618.3' (M)</div> <div>SEC. CORNER FD 3 1/4" BLM 1969 BC</div> <div>10</div> <div>AUG 2004 OIL CONSERV. DIV. DIST. 8</div>	<div>17</div> <div>OPERATOR CERTIFICATION</div> <div>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</div> <div>Signature: <u>Harry K. Small</u></div> <div>Printed Name: <u>Harry K. Small</u></div> <div>Title: <u>Drilling Assistant</u></div> <div>Date: <u>4/7/04</u></div>
	<div>18</div> <div>SURVEYOR CERTIFICATION</div> <div>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.</div> <div>Signature and Seal of Professional Surveyor: <u>DAVID A. JOHNSON</u></div> <div>14827</div> <div>Certificate Number: <u>14827</u></div>

Exhibit A



July 21, 2006

VIA U. S. CERTIFIED MAIL

Charles W. Burtis
821 Maddox
Aztec NM 87410

Re: Hampton No. 2
New Drill Proposal
Sec. 10, T30N, R11W
San Juan County, New Mexico

Dear Mr. Burtis:

According to the public records in the San Juan County Clerk's Office, you are the owner of the mineral rights under 0.17 mineral acres located in the SW/4 NW/4 of Section 10, Township 30N, R11W, San Juan County, New Mexico. It is my understanding that Passport Energy, Inc. has made one or more offers to lease your mineral rights, and that no offer to lease has been accepted.

XTO Energy Inc. plans to drill a gas well in a designated 319.1 acre unit that will include the 0.17 acres under which you own your minerals. The planned well will be drilled to produce gas from the Mesaverde and Dakota Formations, and combine (or downhole commingle) production so that gas from both formations is simultaneously produced from the well. As a mineral owner, you may choose to lease your mineral rights and receive royalty for production from the well. Instead of leasing your mineral rights, you may also choose to participate in the well with your mineral rights as a working interest owner. If you should choose to participate in the well with your mineral rights, you would pay your proportionate share of the drilling, completion, production and operating costs of the well. You would then receive revenue as a working interest owner. As working interest owner, your share of the interest in the well would be larger; however, it would be a cost-bearing interest subject to the expenses and liabilities of well ownership.

In the event that you do not choose to lease your mineral interest, attached is an Authority for Expenditure and Operating Agreement for your consideration. The Authority for Expenditure sets-out the proportionate cost of drilling and completing the proposed well as to the Mesaverde Formation. Your working interest in the proposed drilling unit is .0533% (0.17 acres divided by 319.1 unit acres); making your share of the estimated drilling and completion costs \$180.15 (.0533% working interest times \$338,000 total costs).

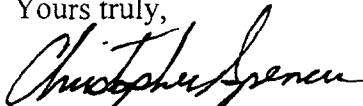
Exhibit B

*Mr. Charles W. Burtis
Hampton No. 2 Proposal
July 21, 2006
Page Two*

If you choose to participate as a working interest owner in the Hampton No. 2 well, please sign and return both the extra signature page provided with the enclosed Operating Agreement and one copy of the enclosed Authority for Expenditure (AFE) to my attention at the address shown on the bottom of this page. Please also include a check in the amount of \$180.15 for your share of the estimated drilling and completion costs for the well. Please respond within ten (10) days of receipt of this letter.

If you should have any technical questions, kindly contact Mr. Robin Tracy, Senior Reservoir Engineer, at (817) 885-2422. Please call me at (817) 885-2540 with any other questions.

Yours truly,

A handwritten signature in black ink, appearing to read "Christopher Spencer". The signature is fluid and cursive, with the first name "Chris" and last name "Spencer" clearly distinguishable.

Christopher Spencer, CPL
Landman

/cks

Enclosures



July 21, 2006

VIA U. S. CERTIFIED MAIL

Mr. Vincent Ditmore
2330 Sues Way
Anchorage AK 99516-2638

Re: Hampton No. 2
New Drill Proposal
Sec. 10, T30N, R11W
San Juan County, New Mexico

Dear Mr. Ditmore:

According to the public records in the San Juan County Clerk's Office, you are the owner of the mineral rights under 0.17 mineral acres located in the SW/4 NW/4 of Section 10, Township 30N, R11W, San Juan County, New Mexico. It is my understanding that Passport Energy, Inc. has made one or more offers to lease your mineral rights, and that no offer to lease has been accepted.

XTO Energy Inc. plans to drill a gas well in a designated 319.1 acre unit that will include the 0.17 acres under which you own your minerals. The planned well will be drilled to produce gas from the Mesaverde and Dakota Formations, and combine (or downhole commingle) production so that gas from both formations is simultaneously produced from the well. As a mineral owner, you may choose to lease your mineral rights and receive royalty for production from the well. Instead of leasing your mineral rights, you may also choose to participate in the well with your mineral rights as a working interest owner. If you should choose to participate in the well with your mineral rights, you would pay your proportionate share of the drilling, completion, production and operating costs of the well. You would then receive revenue as a working interest owner. As working interest owner, your share of the interest in the well would be larger; however, it would be a cost-bearing interest subject to the expenses and liabilities of well ownership.

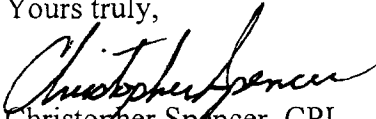
In the event that you do not choose to lease your mineral interest, attached is an Authority for Expenditure and Operating Agreement for your consideration. The Authority for Expenditure sets-out the proportionate cost of drilling and completing the proposed well as to the Mesaverde Formation. Your working interest in the proposed drilling unit is .0533% (0.17 acres divided by 319.1 unit acres); making your share of the estimated drilling and completion costs \$180.15 (.0533% working interest times \$338,000 total costs).

*Mr. Vincent Ditmore
Hampton No. 2 Proposal
July 21, 2006
Page Two*

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If you should have any technical questions, kindly contact Mr. Robin Tracy, Senior Reservoir Engineer, at (817) 885-2422. Please call me at (817) 885-2540 with any other questions.

Yours truly,


Christopher Spencer, CPL
Landman

/cks

Enclosures



July 21, 2006

VIA U. S. CERTIFIED MAIL

Mr. Charles Hamlin and Ms. Linda Martin
722 E Broadway
Bloomfield NM 87413

Re: Hampton No. 2
New Drill Proposal
Sec. 10, T30N, R11W
San Juan County, New Mexico

Dear Mr. Hamlin and Ms. Martin:

According to the public records in the San Juan County Clerk's Office, you are the owners of the mineral rights under 0.17 mineral acres located in the SW/4 NW/4 of Section 10, Township 30N, R11W, San Juan County, New Mexico. It is my understanding that Passport Energy, Inc. has made one or more offers to lease your mineral rights, and that no offer to lease has been accepted.

XTO Energy Inc. plans to drill a gas well in a designated 319.1 acre unit that will include the 0.17 acres under which you own your minerals. The planned well will be drilled to produce gas from the Mesaverde and Dakota Formations, and combine (or downhole commingle) production so that gas from both formations is simultaneously produced from the well. As mineral owners, you may choose to lease your mineral rights and receive royalty for production from the well. Instead of leasing your mineral rights, you may also choose to participate in the well with your mineral rights as working interest owners. If you should choose to participate in the well with your mineral rights, you would pay your proportionate shares of the drilling, completion, production and operating costs of the well. You would then receive revenue as working interest owners. As working interest owners, your shares of the interests in the well would be larger; however, they would be a cost-bearing interests subject to the expenses and liabilities of well ownership.

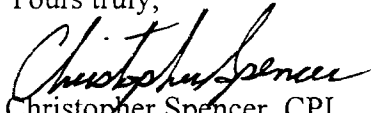
In the event that you do not choose to lease your mineral interests, attached is an Authority for Expenditure and Operating Agreement for your consideration. The Authority for Expenditure sets-out the proportionate cost of drilling and completing the proposed well as to the Mesaverde Formation. Your combined working interests in the proposed drilling unit total .0533% (0.17 acres divided by 319.1 unit acres); making your combined shares of the estimated drilling and completion costs \$180.15 (.0533% combined working interest times \$338,000 total costs).

Mr. Charles Hamlin and Ms. Linda Martin
Hampton No. 2 Proposal
July 21, 2006
Page Two

If you choose to participate as working interest owners in the Hampton No. 2 well, please sign and return both the extra signature page provided with the enclosed Operating Agreement and one copy each of the enclosed Authority for Expenditure (AFE) to my attention at the address shown on the bottom of this page. Please also include checks for your interests in the total amount of \$180.15 for your shares of the estimated drilling and completion costs for the well. Please respond within ten (10) days of receipt of this letter.

If you should have any technical questions, kindly contact Mr. Robin Tracy, Senior Reservoir Engineer, at (817) 885-2422. Please call me at (817) 885-2540 with any other questions.

Yours truly,

A handwritten signature in cursive script, appearing to read "Christopher Spencer".

Christopher Spencer, CPL
Landman

/cks

Enclosures



July 21, 2006

VIA U. S. CERTIFIED MAIL

Ms. Gail Dobey
823 Maddox
Aztec NM 87410

Re: Hampton No. 2
New Drill Proposal
Sec. 10, T30N, R11W
San Juan County, New Mexico

Dear Ms. Dobey:

According to the public records in the San Juan County Clerk's Office, you are the owner of the mineral rights under 0.17 mineral acres located in the SW/4 NW/4 of Section 10, Township 30N, R11W, San Juan County, New Mexico. It is my understanding that Passport Energy, Inc. has made one or more offers to lease your mineral rights, and that no offer to lease has been accepted.

XTO Energy Inc. plans to drill a gas well in a designated 319.1 acre unit that will include the 0.17 acres under which you own your minerals. The planned well will be drilled to produce gas from the Mesaverde and Dakota Formations, and combine (or downhole commingle) production so that gas from both formations is simultaneously produced from the well. As a mineral owner, you may choose to lease your mineral rights and receive royalty for production from the well. Instead of leasing your mineral rights, you may also choose to participate in the well with your mineral rights as a working interest owner. If you should choose to participate in the well with your mineral rights, you would pay your proportionate share of the drilling, completion, production and operating costs of the well. You would then receive revenue as a working interest owner. As working interest owner, your share of the interest in the well would be larger; however, it would be a cost-bearing interest subject to the expenses and liabilities of well ownership.


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*Ms. Gail Dobey
Hampton No. 2 Proposal
July 21, 2006
Page Two*

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If you should have any technical questions, kindly contact Mr. Robin Tracy, Senior Reservoir Engineer, at (817) 885-2422. Please call me at (817) 885-2540 with any other questions.

Yours truly,

A handwritten signature in cursive script, appearing to read "Christopher Spencer".

Christopher Spencer, CPL
Landman

/cks

Enclosures



July 21, 2006

VIA U. S. CERTIFIED MAIL

Patricia Ealum Morris
211 3rd Street
Clifton CO 81520

Re: Hampton No. 2
New Drill Proposal
Sec. 10, T30N, R11W
San Juan County, New Mexico

Dear Ms. Morris:

According to the public records in the San Juan County Clerk's Office, you are the owner of the mineral rights under 0.05 mineral acres located in the SW/4 NW/4 of Section 10, Township 30N, R11W, San Juan County, New Mexico. It is my understanding that Passport Energy, Inc. has made one or more offers to lease your mineral rights, and that no offer to lease has been accepted.

XTO Energy Inc. plans to drill a gas well in a designated 319.1 acre unit that will include the 0.05 acres under which you own your minerals. The planned well will be drilled to produce gas from the Mesaverde and Dakota Formations, and combine (or downhole commingle) production so that gas from both formations is simultaneously produced from the well. As a mineral owner, you may choose to lease your mineral rights and receive royalty for production from the well. Instead of leasing your mineral rights, you may also choose to participate in the well with your mineral rights as a working interest owner. If you should choose to participate in the well with your mineral rights, you would pay your proportionate share of the drilling, completion, production and operating costs of the well. You would then receive revenue as a working interest owner. As working interest owner, your share of the interest in the well would be larger; however, it would be a cost-bearing interest subject to the expenses and liabilities of well ownership.

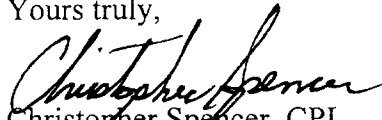
In the event that you do not choose to lease your mineral interest, attached is an Authority for Expenditure and Operating Agreement for your consideration. The Authority for Expenditure sets-out the proportionate cost of drilling and completing the proposed well as to the Mesaverde Formation. Your working interest in the proposed drilling unit is .0157% (0.05 acres divided by 319.1 unit acres); making your share of the estimated drilling and completion costs \$53.07 (.0157% working interest times \$338,000 total costs).

Ms. Patricia Ealum Morris
Hampton No. 2 Proposal
July 21, 2006
Page Two

If you choose to participate as a working interest owner in the Hampton No. 2 well, please sign and return both the extra signature page provided with the enclosed Operating Agreement and one copy of the enclosed Authority for Expenditure (AFE) to my attention at the address shown on the bottom of this page. Please also include a check in the amount of \$53.07 for your share of the estimated drilling and completion costs for the well. Please respond within ten (10) days of receipt of this letter.

If you should have any technical questions, kindly contact Mr. Robin Tracy, Senior Reservoir Engineer, at (817) 885-2422. Please call me at (817) 885-2540 with any other questions.

Yours truly,


Christopher Spencer, CPL
Landman

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Enclosures



XTO ENERGY INC.
AUTHORITY FOR EXPENDITURE

AFE NO.: 301272
 AFE DESC: D&C BLANCO MV GAS WELL
 DATE: 08/08/2003
 AFE TYPE: DEVELOPMENT DRILLING
 OPERATOR: 81 - XTO ENERGY INC.
 SECTION/TOWNSHIP/RANGE: 10/30N/11W

DISTRICT: SAN JUAN
 FIELD: BLANCO
 ACCOUNTING ID: 77837
 WELL NAME: HAMPTON 02 MV
 STATE/COUNTY: NEW MEXICO / SAN JUAN
 XTO WI DECIMAL: 0.498375000

DETAIL OF EXPENDITURES	DRYHOLE	COMPLETION	TOTAL
Drilling/Rig Move	52,000.00		52,000.00
Completion Unit		6,000.00	6,000.00
Surf/Int Csg Crew/Laydown Service	800.00		800.00
Roads & Location	4,000.00		4,000.00
Mud/Chemicals	12,000.00		12,000.00
Well Logging: Open Hole	5,600.00		5,600.00
Surf/Int Cement & Related Services	2,800.00		2,800.00
Bits, Mills, Reamers	8,800.00		8,800.00
Drlg Rentals: Sub-Surface	800.00		800.00
Drlg Rentals: Surface	800.00		800.00
Rig Fuel, Power & Water	4,000.00		4,000.00
Cased Hole Logging/Perf		4,000.00	4,000.00
Stimulation & Pumping Services		100,000.00	100,000.00
Drlg Supervision (Co & Contract)	2,000.00		2,000.00
Mud Logger	4,000.00		4,000.00
Drlg Overhead	1,600.00		1,600.00
Drlg Trucking & Hot Shot	800.00		800.00
Completion Dress Location		400.00	400.00
Fluid Haul/Solid Control	800.00		800.00
Completion Services		1,600.00	1,600.00
Flowback		400.00	400.00
Frac Tanks/Fluid Hauling		2,600.00	2,600.00
Prod Csg Cement & Related Service		11,000.00	11,000.00
Prod Csg Crew/Laydown Service		1,800.00	1,800.00
Cmpl Rentals: Sub-Surface		800.00	800.00
Cmpl Rentals: Surface		800.00	800.00
Cmpl Engr/Supervision		2,200.00	2,200.00
Cmpl Overhead		2,000.00	2,000.00
Cmpl Trucking & Hot Shot		800.00	800.00
Plug and Abandon Unsuccessful Well	2,000.00		2,000.00
Cmpl Fluid/Chem/Transp		800.00	800.00
WIP-Intan. Devlpmt Costs TOTAL:	102,800.00	135,200.00	238,000.00
Tubing		12,000.00	12,000.00
Wellhead Equipment	400.00		400.00
Pumping & Lifting Equipment		24,000.00	24,000.00
Tank Batteries		14,000.00	14,000.00

Exhibit C



XTO ENERGY INC.
AUTHORITY FOR EXPENDITURE

AFE NO.: 301272
AFE DESC: D&C BLANCO MV GAS WELL
DATE: 08/08/2003
AFE TYPE: DEVELOPMENT DRILLING
OPERATOR: 81 - XTO ENERGY INC.
SECTION/TOWNSHIP/RANGE: 10/30N/11W

DISTRICT: SAN JUAN
FIELD: BLANCO
ACCOUNTING ID: 77837
WELL NAME: HAMPTON 02 MV
STATE/COUNTY: NEW MEXICO / SAN JUAN
XTO WI DECIMAL: 0.498375000

DETAIL OF EXPENDITURES	DRYHOLE	COMPLETION	TOTAL
Lease & Flow Lines		10,000.00	10,000.00
Sub-surface Pump, Rods, & Acces		8,000.00	8,000.00
Automation Equipment		3,200.00	3,200.00
Surface Casing	1,200.00		1,200.00
Production / Liner Casing		26,000.00	26,000.00
Tubing Head / X-mas Tree		1,200.00	1,200.00
WIP-Lease & Well Equip. TOTAL:	1,600.00	98,400.00	100,000.00

TOTAL THIS AFE:	104,400.00	233,600.00	338,000.00
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*** This AFE is an estimate only. By returning one signed copy, you agree to pay your share of the actual costs incurred. ***

REMARKS: DRILL & COMPLETE AN INFILL BLANCO MESAVERDE GAS WELL

Prepared By: LeAnna Hanhardt

Approved By: Brent Martin

Signature: _____

Non Operator Approval

DATE _____

COMPANY _____

BY _____

TITLE _____