

**Davidson, Florene, EMNRD**

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**From:** Thomas Kellahin [tkellahin@comcast.net]  
**Sent:** Thursday, August 13, 2009 3:00 PM  
**To:** Davidson, Florene, EMNRD  
**Cc:** Brooks, David K., EMNRD; Scott Hall  
**Subject:** OCD Case 14331  
**Attachments:** XTO.Amended PHS-Case 14331.PDF

Dear Florene,

Please find attached for filing our first amended pre-hearing statement for XTO. This case is on the August 20th docket.

Thanks,

**Tom Kellahin**

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**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 HEARING:**

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

**CASE 14331**

**FIRST AMENDED PRE-HEARING STATEMENT**

XTO Energy Inc. submits its first amended pre-hearing statement as required by  
the New Mexico Oil Conservation Division.

**APPEARANCES OF THE PARTIES**

**APPLICANT**

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

**ATTORNEY**

Thomas Kellahin, Esq.  
706 Gonzales Road  
Santa Fe, NM 87501  
Fax 505-982-2047  
Ph 505-982-4285  
tkellahin@comcast.net

**OPPOSITION**

S. G. Methane Company, Inc.

**ATTORNEY**

J. Scott Hall, Esq.  
Montgomery & Andrews  
Santa Fe, NM  
505-986-2646  
shall@montand.com

## STATEMENT OF THE CASE

### APPLICANT:

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 Charca production. See Division form C-102 attached as Exhibit "A" to the application.
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. 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 Chacara and the allocation of production between those formations.
7. 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.
8. 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.
9. Thus, Applicant also seeks approval to downhole commingle production from the Pictured Cliffs with the Chacara formation including the allocation of that production and the costs among the various owners as set forth by Division Rule 19.15.12.11.

10. 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" attached to the application.

11. 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.

### PROPOSED EVIDENCE

#### APPLICANT

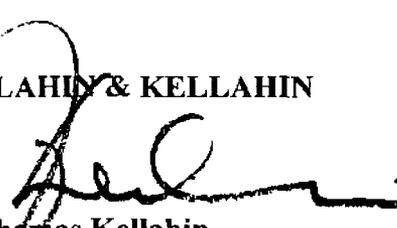
WITNESSES	EST. TIME	EST. EXHIBITS
Bradley Jameson landman	30-min	@ 8-10
Justin Niederhofer, drilling engineer and/or Mary Flynn, production engineer	30-45 min	@ 8-12

### PROCEDURAL MATTERS

**Motion hearing held on July 15, 2009 resulted in Order R-13156 granting XTO's motion to quash the subpoena issued at the request of S.G. Methane.**

**No other motions pending**

**KELLAHIN & KELLAHIN**



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**CERTIFICATE OF SERVICE**

I certify that on August 13, 2009, I served a copy of the foregoing documents by Email to the following:

David K. Brooks, Esq  
OCD Examiner  
[david.brooks@state.nm.us](mailto:david.brooks@state.nm.us)

J. Scott Hall, Esq.  
Attorney for S. G. Methane  
[shall@montand.com](mailto:shall@montand.com)



W. Thomas Kellahin