

BEFORE THE OIL & GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF THE APPLICATION OF)
XTO ENERGY INC. FOR AN ORDER)
ALLOWING AN EXCEPTION LOCATION FOR) Cause No. _____
A WELL COMPLETED TO THE FRUITLAND)
COAL FORMATION, LA PLATA COUNTY,) Docket No. _____
COLORADO)

APPLICATION

XTO Energy Inc. ("Applicant"), by and through its attorneys, Beatty & Wozniak, P.C., respectfully submits this Application to the Colorado Oil and Gas Conservation Commission ("Commission") for an order allowing an exception location for a proposed horizontal well in the Fruitland Coal Formation in the following lands:

Township 35 North, Range 8 West, N.M.P.M
Section 32: N½

La Plata County, Colorado ("Application Lands").

In support thereof, Applicant states and alleges as follows:

1. Applicant is a corporation duly authorized to conduct business in the State of Colorado, and is a registered operator in good-standing with the Commission.
2. On January 5, 1998, the Commission issued Order Number 112-138 which provided, among other things, that two (2) wells may be drilled in certain 320-acre drilling and spacing units, including on Application Lands, for production from the Fruitland Coal seams. Order Number 112-38 further provided that the permitted wells shall be located in the center of the NE¼ or the SW¼ of the section, no closer than 990 feet to any outer boundary of the unit, nor closer than 130 feet to any interior quarter section line, nor closer than 1,200 feet from any producing Fruitland Coal Formation well unless the Director approves an exception for the permitted well location for geological, topographic or surface location considerations. Order Number 112-138 contemplated the drilling of vertical wells.
3. Applicant proposes to drill and complete the Huber-Culhane 2-32 Well ("Well"), a horizontal well, in the Application Lands. The surface location of the Well is proposed to be 1703' FEL and 1503' FNL of Section 32, Township 35 North, Range 8 West N.M.P.M. The beginning of the treated interval of the wellbore is proposed be no closer than 1369' from the outer boundary of the unit, and the end of the treated interval of the wellbore will be no closer than 700' FWL and 700' FNL from the outer boundary of the unit encompassed by the Application Lands. The Well will cross interior quarter section lines and will be, at points, closer than 1200' to an existing vertical well (the Huber-Culhane #1-32) in the 320-acre drilling unit comprised of the S½ of Section 32 of the Application Lands.

4. Applicant hereby requests a well location exception to all of the requirements of Order Number 112-138, pursuant to Commission Rule 318.c. due to the special nature of horizontal wells and geologic considerations. The requested exception will apply to the following provisions of Order Number 112-138 which require that the permitted wells: 1) be located in the center of the NE¼ or the SW¼ of the section; 2) be no closer than 990 feet to any outer boundary of the unit; 3) be no closer than 130 feet to any interior quarter section line; and 4) be no closer than 1,200 feet from any producing Fruitland Coal Formation well.

5. Commission Rule 318.c. provides for exception locations when “geologic, environmental, topographic or archaeological conditions, irregular sections, a surface owner request, or . . . other good cause shown” warrants a variance from existing rules or orders. Applicant submits that in order maximize the efficient recovery of the resource in a manner that prevents waste and protects correlative rights, it is reasonable and equitable to permit an exception location to allow the drilling and completion of the Well in the described location.

6. Although Commission Rule 318.c. authorizes the Director to administratively approve the requested exception location absent objection from such owners who may be encroached upon, Applicant submits this Application in anticipation of a possible objection, in part due to the number of interested parties hereto, and because of a compressed drilling schedule due to wildlife restrictions.

7. The undersigned certifies that copies of this Application shall be served on each interested party as set forth on Exhibit A within the next seven days as required by Rule 503.d.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing at the next regular hearing date, that notice thereof be given as required by law and that upon such hearing the Commission enter its order:

A. Granting an exception location for the drilling and completion of the Huber-Culhane 2-32 Well with respect to the otherwise applicable provisions of Order Number 112-138.

B. Granting such other relief as may be appropriate.

DATED this 1st day of September, 2011.

Respectfully submitted,

XTO ENERGY INC.

By: _____

Elizabeth Gallaway
Kenneth Wonstolen
Beatty & Wozniak, P.C.
Attorneys for Applicant
216 16th Street, Suite 1100
Denver, Colorado 80202

Applicant's Address:
801 Houston Street
Fort Worth, Texas 76102

VERIFICATION

STATE OF TEXAS)
) ss.
COUNTY OF TARRANT)

Jacob Higgins, of lawful age, being first duly sworn upon oath, deposes and says that he is Attorney-in-Fact for XTO Energy Inc. and that he has read the foregoing Application and that the matters therein contained are true to the best of his knowledge, information and belief.

Jacob Higgins
Senior Landman
XTO Energy Inc.

Subscribed and sworn to before this ____ day of September, 2011.

Witness my hand and official seal.

[SEAL]

My commission expires: _____

Notary Public

EXHIBIT A

Adrienne Sue Chapman
2975 Bookcliff Ave
Grand Junction, Co 81504-4900

M. June Bixler
A/K/A Marjorie Brady Bixler
1739 Linden Lake Rd
Fort Collins, Co 80524-0000

Beebe, Inc .
C/O Rebecca Gallegos President
P.O. Box 118 (660 White Ave)
Grand Junction, Co 81502-0000

Farmer Oil And Gas Properties, LLC
17235 N 75th Ave Ste C160
Glendale, Az 85308-0000

Susan Terry Hunter
P.O. Box 1156
Cedar Crest, Nm 87008-0000

Chris Michael Crain
4507 Day Court
Fayetteville, Nc 28314-0000

William Thomas Black
P.O. Box 204
Cordova, Ak 99574-0000

Shirley Marian Zuanich
812 W Connecticut St.
Bellingham, Wa 98225-0000

Farmer Mineral Rights, LLLP
Lois E. Rowley, General Partner
P.O. Box 1578
Silverthorne, Co 80498-1578

Farmer Family, LLC
8430 Ne 17th St
Bellevue, Wa 98004-0000

Katharine A. Shoemaker
11315 Trilogy Parkway Ne, Apt 427
Redmond, Wa 98023-0000

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P.O. Box 13557
Denver, Co 80201-3557

Vendetta Royalty Partner, LTD
P.O. Box 141638
Austin, Tx 78714-0000

Robro Royalty Partners, LTD
Dbas Rrp 2010 Ltd
P.O. Box 671099
Dallas, Tx 75367-1099

Betsy Groat
2974 West Long Dr.
Townhome D
Littleton, Co 80120-0000

Walter A. Farmer Estate
John Philip Farmer, Executor
530 County Road 513
Pittstown, Nj 88675-5032

Life Royalties, Inc.
3207 W. 4th St
Fort Worth, Tx 76107-0000

Catamount Royalty Partners, LTD
P.O. Box 22084
Denver, Co 80222-0000

JDH Resources, LLC
6686 S. Reed Way A 18
Littleton, Co 80123-0000

Donald E and Gloria J Dayhuff
2148 Pinon Dr.
Erie, Co 80516-0000

James F Clark
900 Mangum
Bloomfield, Nm 87413-0000

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3236 County Road 225
Durango, Co 81301-8285

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Green Valley, Az 85614-0000

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Durango, Co 81302-0000

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Golden, Co 80403-2646

Black Stone Natural Res I LP
P.O. Box 203319
Houston, Tx 77216-3319

Rawhide, LLC
12944 Silver Elk Lane
Littleton, Co 80127-0000

Janet Masters
735 Cr 236
Durango, Co 81301-0000

Oil Properties Holding II, LLC
475 Seventeenth St., Suite 1210
Denver, Co 80202-0000

Frontier Land and Exploration
8400 Menaul Blvd Ne., Ste. 449
Albuquerque, Nm 87112-0000

Jack E. Vaughn & Beverly L. Vaughn
591 Jenkins Ranch Road
Durango, Co 81301-0000

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1808 S. Ammons St #B
Lakewood, Co 80232-0000

Eleanor J. Lalonde
P.O. Box 411
Dolores, Co 81323-0000

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P.O. Box 277897
Atlanta, Ga 30384-7897

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246 Hermosa Acres Drive
Durango, Co 81301-0000

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54-585 Avenida Martinez
La Quinta, Ca 92253-0000

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Stolworthy
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Durango, Co 81301-0000

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Andrews, Tx 79714-0000

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#4 Rd 2891
Aztec, Nm 87410-0000

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8229 W Mission Ln
Peoria, Az 85345-0000

Jean M. Hannon
406 Chavez Lane
Silver City, Nm 88061-0000

Lawrence M. & Bernice J. Chastain
Liv Tr Dtd 11/24/95
226 Cr 234
Durango, Co 81301-0000

Colorado Board of Land Commissioners
1127 Sherman Street, Ste 300
Denver, Co 80203-2206

BLM Colorado State Office
2850 Youngfield Street
Lakewood, Colorado 80215-7093

Kent Kuster
Colorado Department of
Public Health and Environment
4300 Cherry Creek Drive South
Denver, CO 80246-1530

Jon Holst
Colorado Division of Wildlife
6060 Broadway
Denver, CO 80216

Courtney Krueger
La Plata County Planning Department
1060 East 2nd Avenue
Durango, Co 813

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PLATA COUNTY, COLORADO)

AFFIDAVIT OF MAILING

STATE OF COLORADO)
)ss.
CITY AND COUNTY OF DENVER)

Elizabeth Gallaway of lawful age, and being first duly sworn upon her oath, states and declares:

That she is the attorney for XTO Energy Inc., that on or before September ____, 2011, she caused a copy of the attached Application to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit A to the Application.

Elizabeth Gallaway

Subscribed and sworn to before me on September __, 2011.

Witness my hand and official seal.

My commission expires: _____.

Notary Public