

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

**IN THE MATTER OF APPLICATION FOR  
APPROVAL OF A NON-STANDARD SPACING UNIT  
SUBMITTED BY XTO PERMIAN OPERATING, LLC**

**CASE NO. 25230  
ORDER NO. R-23809**

**ORDER**

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on April 10, 2025, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

**FINDINGS OF FACT**

1. XTO Permian Operating, LLC (“Operator”) filed an application (“Application”) seeking approval of a 320.66-acre non-standard horizontal spacing unit for production from the WC-015 G-06 S233036D;BONE SPRING pool (Pool Code 97944) underlying the N/2 of Section 2 in Township 24 South and Range 30 East, NMPM Eddy County, New Mexico and for a 1,760-acre non-standard horizontal spacing unit for production from the WILDCAT G-06 S243026M;BONE SPRING pool (Pool Code 97798) underlying the S/2 of Section 2, All of Section 11, All of Section 14, and the N/2 of the N/2 of Section 23, in Township 24 South and Range 30 East, NMPM Eddy County, New Mexico (“Spacing Units”).
2. The Spacing Units will be initially dedicated to the following horizontal wells producing from the Bone Spring formation (“Wells”):
  - POKER LAKE 23 DTD FEDERAL COM #157H (API No. 30-015-49650)
  - POKER LAKE UNIT 23 DTD #171H (API No. 30-015-54945)
3. Operator appeared at hearing and presented evidence by affidavit.
4. Operator will consolidate facilities and commingling production from existing and future wells in the Spacing Units to minimize surface disturbance. Operator testified that without approval of the Spacing Units, Operator would need to construct separate facilities for the separate standard spacing units.
5. The Wells will efficiently and effectively develop the Spacing Units and will result in significant efficiencies due to the ability to consolidate surface facilities.
6. Operator gave notice of the Application to all “affected persons”, as defined in 19.15.2.7 A.(8) NMAC, in the tracts that adjoin the Spacing Units.
7. Operator published notice of the Application and hearing in a newspaper of general circulation in Eddy County, New Mexico.

8. No other party appeared at the hearing or opposed granting the Application.

### **CONCLUSIONS OF LAW**

9. OCD has jurisdiction to issue this Order pursuant to Section 70-2-18(C), NMSA 1978.
10. Operator has met the notice requirements for approval of non-standard horizontal spacing units in accordance with 19.15.16.15(B)(5) NMAC.
11. OCD's rules allow the approval of a non-standard horizontal spacing unit, after notice and opportunity for hearing, "if necessary to prevent waste or protect correlative rights" 19.15.16.15(B)(5)(a) NMAC.
12. While the OCD is authorized to approve a non-standard spacing unit, Rutter & Wilbanks Corp. v. Oil Conservation Comm'n, 1975-NMSC-006, OCD lacks the authority to approve unitization and will disapprove an application if it determines that it is actually unitization. Order R-13554 (May 18, 2012) (disapproving application for a non-standard spacing unit consisting of 16 standard spacing units).
13. Approval of the Spacing Unit promotes effective well spacing and allows Operator to reduce surface disturbance, efficiently locate surface facilities, and reduce development costs, and therefore prevents waste and protects correlative rights.

### **ORDER**

14. The Application to create a 320.66-acre non-standard horizontal spacing unit for production from the WC-015 G-06 S233036D;BONE SPRING pool (Pool Code 97944) underlying the N/2 of Section 2 in Township 24 South and Range 30 East, NMPM Eddy County, New Mexico and for a 1,760-acre non-standard horizontal spacing unit for production from the WILDCAT G-06 S243026M;BONE SPRING pool (Pool Code 97798) underlying the S/2 of Section 2, All of Section 11, All of Section 14, and the N/2 of the N/2 of Section 23, in Township 24 South and Range 30 East, NMPM Eddy County, New Mexico **is hereby approved.**
15. Operator is designated as the operator in the Spacing Units.
16. Operator shall submit a Form C-102 for each Spacing Unit that references this Order and includes the correct acreage for each of the Wells. The Form C-102s shall be included in each well's APD or sundry including the well in the Spacing Units.

17. Operator is approved to include additional wells in the Spacing Units that are dedicated to the N/2 of Section 2 in Township 24 South and Range 30 East, NMPM Eddy County, New Mexico and produce from the WC-015 G-06 S233036D;BONE SPRING pool (Pool Code 97944) and to the S/2 of Section 2, All of Section 11, All of Section 14, and the N/2 of the N/2 of Section 23, in Township 24 South and Range 30 East, NMPM Eddy County, New Mexico and produce from the WILDCAT G-06 S243026M;BONE SPRING pool (Pool Code 97798). Operator shall include reference to this Order on each Form C-102 included with each additional well's APD or sundry including the well in the Spacing Units.
18. OCD retains jurisdiction of this case for entry of such further orders as the Division may deem necessary.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**



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**GERASIMOS RAZATOS  
DIRECTOR (ACTING)**

GR/dm

**Date:** 5/9/2025