

**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. 25231  
ORDER NO. R-23810**

**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 2,080.66-acre non-standard horizontal spacing unit for production from the PURPLE SAGE;WOLFCAMP (GAS) pool (Pool Code 98220) underlying All 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 Unit”).
2. The Spacing Unit will be initially dedicated to the following horizontal wells producing from the Wolfcamp formation (“Wells”):
  - POKER LAKE 23 DTD FEDERAL COM #176H (API No. 30-015-49652)
  - POKER LAKE UNIT 23 DTD #152H (API No. 30-015-54416)
  - POKER LAKE UNIT 23 DTD #177H (API No. 30-015-54422)
  - POKER LAKE UNIT 23 DTD #178H (API No. 30-015-54423)
  - POKER LAKE UNIT 23 DTD #179H (API No. 30-015-54424)
  - POKER LAKE UNIT 23 DTD #151H (API No. 30-015-54820)
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 Unit to minimize surface disturbance. Operator testified that without approval of the Spacing Unit, Operator would need to construct separate facilities for the separate standard spacing units.
5. The Wells will efficiently and effectively develop the Spacing Unit and will result in significant efficiencies due to the ability to consolidate surface facilities.
6. Operator is requesting to exclude production from the Wolfcamp underlying the S/2 of the N/2 of Section 23, in Township 24 South and Range 30 East, NMPM Eddy County, New Mexico.

7. Operator states that the proposed non-standard horizontal spacing unit will afford it the flexibility to match the well spacing over time to the targeted reservoir rather than individual standard spacing units and allow for more efficient and effective development since the internal setbacks required by standard spacing units will be eliminated.
8. 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 Unit.
9. Operator gave notice of the Application to all “affected persons”, as defined in 19.15.2.7 A.(8) NMAC, in the tracts that are excluded from the Spacing Unit were it to be a standard horizontal spacing unit except for the exclusion of such tracts.
10. Operator published notice of the Application and hearing in a newspaper of general circulation in Eddy County, New Mexico.
11. EOG Resources, Inc. appeared at the hearing but did not oppose granting the Application.

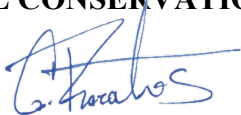
#### **CONCLUSIONS OF LAW**

12. OCD has jurisdiction to issue this Order pursuant to Section 70-2-18(C), NMSA 1978.
13. Operator has met the notice requirements for approval of non-standard horizontal spacing units in accordance with 19.15.16.15(B)(5) NMAC.
14. 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.
15. 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).
16. 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**

17. The Application to create a 2,080.66-acre non-standard horizontal spacing unit for production from the PURPLE SAGE;WOLFCAMP (GAS) pool (Pool Code 98220) underlying All 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.**
18. Operator is designated as the operator in the Spacing Unit.
19. Operator shall submit a Form C-102 that references this Order and includes the correct acreage for each of the Wells. The Form C-102 shall be included in each well's APD or sundry including the well in the Spacing Unit.
20. Operator is approved to include additional wells in the Spacing Unit that are dedicated to All 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 and produce from the PURPLE SAGE;WOLFCAMP (GAS) pool (Pool Code 98220). Operator shall include reference to this Order on Form C-102 included with each additional well's APD or sundry including the well in the Spacing Unit.
21. 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