

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

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

CASE NO. _____

APPLICATION

XTO Energy Inc. ("XTO" or "Applicant") (OGRID No. 5380), through its undersigned attorneys, hereby files this application with the Oil Conservation Division, pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 98.6-acre, more or less, horizontal spacing unit comprised of Lots 1-4 (S/2 N/2 equivalent) of irregular Section 32, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico. In support of its application, XTO states:

1. Applicant is a working interest owner in the subject acreage and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced horizontal spacing unit to its proposed **Stan 32 State #71H Well**, to be horizontally drilled from a surface location in the SE/4 NE/4 (Lot 1) of Section 32 to bottom hole location in the SW/4 NW/4 (Lot 4) of Section 32.
3. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit.
4. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.
5. In order to permit Applicant to obtain it's just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be


pooled and Applicant should be designated the operator of this proposed horizontal well and spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 14, 2019, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit and approving the initial well thereon;
- B. Designating Applicant as operator of this spacing unit and the horizontal well to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, equipping, and completing the well;
- D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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ATTORNEYS FOR XTO ENERGY INC.

CASE No. ____: Application of XTO Energy Inc. for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 98.6-acre, more or less, horizontal spacing unit comprised of Lots 1-4 (S/2 N/2 equivalent) of irregular Section 32, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico. Said horizontal spacing unit will be dedicated to the proposed **Stan 32 State #71H Well**, to be horizontally drilled from a surface location in the SE/4 NE/4 (Lot 1) of Section 32 to bottom hole location in the SW/4 NW/4 (Lot 4) of Section 32. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator of the well and the imposition of a 200% charge for risk involved in drilling said well. Said area is located approximately 18 miles southeast of Malaga, New Mexico.