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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 CONSIDERING:

APPLICATION OF XTO ENERGY INC. FOR A  
NON-STANDARD SPACING AND PRORATION  
UNIT AND COMPULSORY POOLING, LEA  
COUNTY, NEW MEXICO.

Case No. 15434

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Devon Energy Production Company, L.P. ("Devon") as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

XTO Energy Inc.

APPLICANT'S ATTORNEY

Michael Feldewert

OPPONENT

Devon Energy Production Company, L.P.  
P.O. Box 108838  
Oklahoma City, Oklahoma 73101

OPPONENT'S ATTORNEY

James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attention: Zach Graham  
(405) 552-3365

STATEMENT OF THE CASE

APPLICANT

XTO Energy Inc. ("XTO") seeks an order approving a 320-acre non-standard oil spacing and proration unit in the Bone Spring formation comprised of the W/2W/2 of Section 8 and W/2W/2 of Section 17, Township 23 South, Range 32 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit. The unit is to be dedicated to its proposed SDE 17 Fed. Well No. 1H.

OPPONENT

In Case No. 15411 Devon seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the W/2W/2 of Section 8, Township 23 South, Range 32 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit, for any pools developed on 40 acre spacing within that vertical extent. The unit is to be dedicated to the Stray Cat 8 Fed. Com. Well No. 1H, a horizontal well to be drilled at a surface location in the SW/4SW/4, with a terminus in the NW/4NW/4, of Section 8. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well.

**PROPOSED EVIDENCE**

APPLICANT

WITNESSES

EST. TIME

EXHIBITS

OPPONENT

WITNESSES

EST. TIME

EXHIBITS

Zach Graham  
(landman)

15 min.

Approx. 6

Ken Bridges  
(geologist)

15 min.

Approx. 4

J.D. Harkrider  
(drilling engineer)

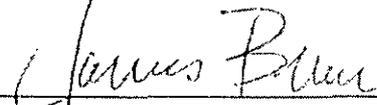
15 min.

Approx. 3

**PROCEDURAL MATTERS**

1. Devon requests that Case No. 15434 be consolidated for hearing with Devon's application in Case No. 15411.
2. Devon and XTO are in discussions that should settle their dispute, and the parties expect to sign a letter agreement tomorrow. Therefore, Devon requests a continuance of both cases to the February 18th hearing.

Respectfully submitted,



James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Devon Energy Production  
Company, L.P.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 14<sup>th</sup> day of January, 2016 by e-mail:

Michael Feldewert  
Holland & Hart LLP  
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James Bruce