

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

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

CASE NOS. 15833 and 15835

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XTO's CONSOLIDATED PRE-HEARING STATEMENT

XTO Energy Inc. (XTO), the applicant in the above-referenced cases, submits this consolidated Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

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Fort Worth, TX 76102

ATTORNEY

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OPPONENT

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ATTORNEY

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APPLICANT'S STATEMENT OF CASE

In Case No. 15833, XTO seek an order from the Division (1) authorizing a non-standard spacing unit in the Purple Sage Wolfcamp Gas Pool (98220); (2) creating a 480-acre non-standard spacing and proration unit comprised of the SW/4 of Section 25 and the W/2 of Section 36, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico; (3) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. The proposed spacing unit will be the project area for six proposed initial wells:

- The proposed **Remuda South 25 State No. 101H Well**, which will be horizontally drilled from a surface location in the SW/4 NW/4 of Section 25 (Unit E) to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 36;
- The proposed **Remuda South 25 State No. 103H Well**, which will be horizontally drilled from a surface location in the SE/4 NW/4 of Section 25 (Unit F) to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 36;
- The proposed **Remuda South 25 State No. 121H Well**, which will be horizontally drilled from a surface location in the SW/4 NW/4 of Section 25 (Unit E) to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 36;
- The proposed **Remuda South 25 State No. 122H Well**, which will be horizontally drilled from a surface location in the SW/4 NW/4 of Section 25 (Unit E) to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 36;
- The proposed **Remuda South 25 State No. 123H Well**, which will be horizontally drilled from a surface location in the SE/4 NW/4 of Section 25 (Unit F) to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 36;
- The proposed **Remuda South 25 State No. 124H Well**, which will be horizontally drilled from a surface location in the SE/4 NW/4 of Section 25 (Unit F) to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 36.

These wells will be pad-drilled sequentially and batch completed. The **Remuda South 25 State No. 101H Well** and the **Remuda South 25 State No. 103H Well** will be drilled in the upper Wolfcamp. The **Remuda South 25 State No. 121H Well**, **Remuda South 25 State No. 122H Well**, **Remuda South 25 State No. 123H Well**, and **Remuda South 25 State No. 124H Well** will be drilled in the lower Wolfcamp.

In Case No. 15835, XTO seek an order from the Division (1) authorizing a non-standard spacing unit in the Purple Sage Wolfcamp Gas Pool (98220); (2) creating a 480-acre non-standard spacing and proration unit comprised of the SE/4 of Section 25 and the E/2 of Section 36, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico; (3) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. The proposed spacing unit will be the project area for six proposed initial wells:

- The proposed **Remuda South 25 State No. 105H Well**, which will be horizontally drilled from a surface location in the SW/4 NE/4 of Section 25 (Unit G) to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 36;
- The proposed **Remuda South 25 State No. 107H Well**, which will be horizontally drilled from a surface location in the SE/4 NE/4 of Section 25 (Unit H) to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 36;
- The proposed **Remuda South 25 State No. 125H Well**, which will be horizontally drilled from a surface location in the SW/4 NE/4 of Section 25 (Unit G) to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 36;
- The proposed **Remuda South 25 State No. 126H Well**, which will be horizontally drilled from a surface location in the SW/4 NE/4 of Section 25 (Unit G) to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 36;
- The proposed **Remuda South 25 State No. 127H Well**, which will be horizontally drilled from a surface location in the SE/4 NE/4 of Section 25 (Unit H) to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 36;
- The proposed **Remuda South 25 State No. 128H Well**, which will be horizontally drilled from a surface location in the SE/4 NE/4 of Section 25 (Unit H) to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 36.

These wells will be pad-drilled sequentially and batch completed. The **Remuda South 25 State No. 105H Well** and the **Remuda South 25 State No. 107H Well** will be drilled in the upper Wolfcamp. The **Remuda South 25 State No. 125H Well**, **Remuda South 25 State No. 126H Well**, **Remuda South 25 State No. 127H Well**, and **Remuda South 25 State No. 128H Well** will be drilled in the lower Wolfcamp.

The Division's district office has placed the subject acreage for both cases in the Purple Sage Wolfcamp Gas Pool (Pool Code 98220), which is subject to Special Rules pursuant to Order R-14262. The Special Rules for the Purple Sage Pool require 320-acre standard spacing for all wells. XTO requests approval of a non-standard 160-acre spacing unit to be combined with a 320-acre standard spacing unit for the purposes of drilling 1.5 mile wells. The completed intervals for each of these well will remain within the 330-foot standard offset required by the Statewide Rules.

XTO has negotiated in good faith regarding this development plan and has reached agreement with all but one working interest owner. XTO's believes its development plan will better develop the subject acreage than Devon's purported proposal, and does not result in stranded acreage.

APPLICANT'S PROPOSED EVIDENCE

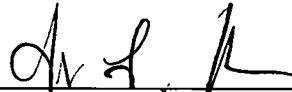
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Rodney Black, Landman	Approx. 25	Approx. 15
Jason Slayden, Petroleum Geologist	Approx. 15	Approx. 5
Derek Sanderson, Drilling Engineer	Approx. 15	Approx. 5
Jim Madison, Reservoir Engineer	Approx. 10	Approx. 3
Nathan Franka, Completion/Production Engineer	Approx. 10	Approx. 3

PROCEDURAL MATTERS

XTO requests that Cases 15833 and 15835 be consolidated for hearing.

Respectfully submitted,

HOLLAND & HART LLP



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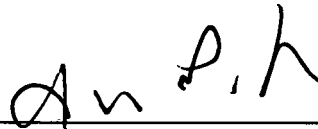
ATTORNEY FOR XTO ENERGY INC.

CERTIFICATE OF SERVICE

I hereby certify that on October 19, 2017, I served a copy of the foregoing document to the following via electronic mail to:

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**ATTORNEY FOR DEVON ENERGY PRODUCTION
COMPANY, LP**



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