

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. 20278

APPLICATION

XTO Energy Inc., ("XTO") through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17 for an order pooling all uncommitted interests in the Wolfcamp formation (Purple Sage Wolfcamp Gas Pool) underlying a standard 769.28-acre horizontal spacing unit comprised of the E/2 of Sections 20, 29 and 32 (Irregular), Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico.

In support of its application, XTO states:

1. XTO Energy Inc. (OGRID No. 5380) is a working interest owner in the subject acreage and has the right to drill thereon.

2. XTO proposes to dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- **Sophia 32-20 Fed 101H Well**, which will be horizontally drilled from a surface location in Lot 2 of Irregular Section 32 to bottom hole location in the NW/4 NE/4 (Unit B) of Section 20.
- **Sophia 32-20 Fed 102H Well**, which will be horizontally drilled from a surface location in Lot 2 of Irregular Section 32 to bottom hole location in the NE/4 NE/4 (Unit A) of Section 20.
- **Sophia 32-20 Fed 103H Well**, which will be horizontally drilled from a surface location in Lot 1 of Irregular Section 32 to bottom hole location in the NE/4 NE/4 (Unit A) of Section 20.
- **Sophia 32-20 Fed 121H Well**, which will be horizontally drilled from a surface location in Lot 2 of Irregular Section 32 to bottom hole location in the NW/4 NE/4 (Unit B) of Section 20.

- **Sophia 32-20 Fed 122H Well**, which will be horizontally drilled from a surface location in Lot 2 of Irregular Section 32 to bottom hole location in the NW/4 NE/4 (Unit B) of Section 20.
- **Sophia 32-20 Fed 123H Well**, which will be horizontally drilled from a surface location in Lot 1 of Irregular Section 32 to bottom hole location in the NE/4 NE/4 (Unit A) of Section 20.

The completed interval for the Sophia Fed 121H well will be closer than 330 feet from the outer-boundary of the spacing unit but encroaches on an area of common ownership. The completed interval for the remaining wells will remain within the standard setbacks required by the Special Rules for the Purple Sage Wolfcamp Gas Pool.

3. Because the proposed wells will be drilled and completed in batches, XTO requests an extension of the time to drill and complete the initial well from 120 days to 365 days.

4. XTO has sought and been unable to obtain voluntary agreement for the development of these lands from all the working interest owners in the horizontal well spacing unit.

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

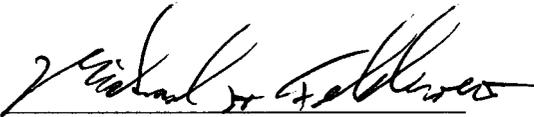
WHEREFORE, XTO requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 7, 2019, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit;
- B. Designating XTO Energy Inc. operator of this spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing XTO to recover its costs of drilling, equipping and completing each well;

- D. Authorizing an extension of the 120-day requirement to drill and complete the initial well;
- E. Approving the actual operating charges and costs of supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% charge for the risk assumed by XTO in drilling and completing the well against any working interest owner that does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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ATTORNEYS FOR XTO ENERGY INC.

CASE No. 20278 : **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 Wolfcamp formation (Purple Sage Wolfcamp Gas Pool) underlying a standard 769.28-acre horizontal spacing unit comprised of the E/2 of Sections 20, 29 and 32 (Irregular), Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico. Said horizontal spacing unit will be dedicated to the following proposed wells:

- **Sophia 32-20 Fed 101H Well**, which will be horizontally drilled from a surface location in Lot 2 of Irregular Section 32 to bottom hole location in the NW/4 NE/4 (Unit B) of Section 20.
- **Sophia 32-20 Fed 102H Well**, which will be horizontally drilled from a surface location in Lot 2 of Irregular Section 32 to bottom hole location in the NE/4 NE/4 (Unit A) of Section 20.
- **Sophia 32-20 Fed 103H Well**, which will be horizontally drilled from a surface location in Lot 1 of Irregular Section 32 to bottom hole location in the NE/4 NE/4 (Unit A) of Section 20.
- **Sophia 32-20 Fed 121H Well**, which will be horizontally drilled from a surface location in Lot 2 of Irregular Section 32 to bottom hole location in the NW/4 NE/4 (Unit B) of Section 20.
- **Sophia 32-20 Fed 122H Well**, which will be horizontally drilled from a surface location in Lot 2 of Irregular Section 32 to bottom hole location in the NW/4 NE/4 (Unit B) of Section 20.
- **Sophia 32-20 Fed 123H Well**, which will be horizontally drilled from a surface location in Lot 1 of Irregular Section 32 to bottom hole location in the NE/4 NE/4 (Unit A) of Section 20.

The completed interval for the Sophia Fed 121H well will be closer than 330 feet from the outer-boundary of the spacing unit, but encroaches on an area of common ownership. The completed interval for the remaining wells will remain within the standard setbacks required by the Special Rules for the Purple Sage Wolfcamp Gas Pool. Also, to be considered will be the cost of drilling and completing this well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of XTO Energy Inc. as operator of the well and imposing a 200% charge for risk involved in drilling said well. The subject area is located approximately 22 miles south of Loving, New Mexico.