

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

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

**CASE NO. \_\_\_\_\_**

**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 stratigraphic equivalent of the top of the Bone Spring formation to base of the Second Bone Spring interval underlying a standard 633.36-acre horizontal spacing unit comprised of the W/2 equivalent of irregular Sections 30 and 31, Township 19 South, Range 35 East, NMPM, Lea 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. Applicant seeks to pool the stratigraphic equivalent of the top of the Bone Spring formation as found being at 8,153 feet true vertical depth, down to the base of the Second Bone Spring interval, as found being at 10,615 feet true vertical depth, in the Triple Combo log of the West Pearl 36 State #001 well (API #3002538079) located in Section 36, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico.

3. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- **Perla Verde 31 State Com 201H, Perla Verde 31 State Com 401H, and Perla Verde 31 State Com 403H** wells to be horizontally drilled with first take points in

the SW4SW4 equivalent (Lot 4) of irregular Section 31 and last take points in the NW4NW4 equivalent (Lot 1) of Section 30; and

- **Perla Verde 31 State Com 203H** and **Perla Verde 31 State Com 402H** wells to be horizontally drilled with first take points in the SE4SW4 (Unit N) of irregular Section 31 and last take points in the NE4NW4 (Unit C) of irregular Section 30.

4. The completed interval for the Perla Verde 31 State Com 403H is expected to remain within 330 feet of the offsetting quarter-quarter sections or equivalent tracts to allow inclusion of these tracts in a standard horizontal well spacing unit pursuant to NMAC 19.15.16.15.B.

5. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the mineral owners in the proposed spacing unit.

6. Approval of this application will allow the efficient recovery of the oil and gas reserves underlying the subject lands, and is in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Applicant requests that this matter be set for hearing before an Examiner of the Oil Conservation Division on July 6, 2023, 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 wells thereon;
- B. Designating Applicant as the operator of this spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;

- D. Approving the actual operating charges and costs of supervision, 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 wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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**ATTORNEYS FOR XTO ENERGY INC.**

CASE \_\_\_\_\_ : **Application of XTO Energy Inc. for Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the stratigraphic equivalent of the top of the Bone Spring formation to base of the Second Bone Spring interval underlying a standard 633.36-acre horizontal spacing unit comprised of the W/2 equivalent of irregular Sections 30 and 31, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. Said horizontal spacing unit will be initially dedicated to the following proposed wells:

- **Perla Verde 31 State Com 201H, Perla Verde 31 State Com 401H, and Perla Verde 31 State Com 403H** wells to be horizontally drilled with first take points in the SW4SW4 equivalent (Lot 4) of irregular Section 31 and last take points in the NW4NW4 equivalent (Lot 1) of irregular Section 30;
- **Perla Verde 31 State Com 203H and Perla Verde 31 State Com 402H** wells to be horizontally drilled with first take points in the SE4SW4 (Unit N) of irregular Section 31 and last take points in the NE4NW4 (Unit C) of irregular Section 30; and

The completed interval for the Perla Verde 31 State Com 403H is expected to remain within 330 feet of the offsetting quarter-quarter sections or equivalent tracts to allow inclusion of these tracts in a horizontal well standard spacing unit pursuant to NMAC 19.15.16.15.B. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator of the wells and the imposition of a 200% charge for risk involved in drilling said well. This area is located approximately 17 miles west of Hobbs, New Mexico.