

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

**APPLICATION OF LARIO OIL AND GAS COMPANY  
FOR COMPULSORY POOLING AND APPROVAL  
OF NON-STANDARD SPACING UNIT,  
LEA COUNTY, NEW MEXICO**

**CASE NO. 24493**

**PRE-HEARING STATEMENT**

Lario Oil & Gas Company (“Lario” or “Applicant”) submits its Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

**APPEARANCES**

**APPLICANT**

Lario Oil & Gas Company

**ATTORNEYS**

Joshua D. Cochran  
Christopher W. Lawyer  
Kearney, McWilliams & Davis,  
PLLC  
55 Waugh Suite 150  
Houston, Texas 77007  
Phone: (888) 855-12776 x 109  
[jcocchran@kmd.law](mailto:jcocchran@kmd.law)  
[clawyer@kmd.law](mailto:clawyer@kmd.law)  
Counsel for Lario Oil & Gas  
Company

**INTERESTED PARTIES**

XTO Energy, Inc.

Michael H. Feldewert  
Adam G. Rankin  
Paula M. Vance  
Holland & Hart, LLP  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Phone: (505) 988-4421  
Facsimile: (505) 983-6043  
[mfeldewert@hollandhart.com](mailto:mfeldewert@hollandhart.com)  
[agrarkin@hollandhart.com](mailto:agrarkin@hollandhart.com)  
[pmvance@hollandhart.com](mailto:pmvance@hollandhart.com)

## STATEMENT OF THE CASE

### APPLICANT:

In Case No. 24493, Lario seeks an order: (1) establishing a 960-acre, more or less, non-standard Bone Spring horizontal spacing unit comprised of the S/2 of Section 12 and all of Section 13 of Township 18 South, Range 34 East, Lea County, New Mexico (“Unit”); and (2) pooling all uncommitted mineral interests in the Bone Spring formation underlying the Unit. The Unit will be dedicated to the following wells (“Wells”):

- 1) **Close Encounters State Com 101H (API 30-025-52808)**, to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the NW/4 SW/4 (Unit L) of Section 12, Township 18 South, Range 34 East;
- 2) **Close Encounters State Com 102H (API 30-025-52809)**, to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the NE/4 SW/4 (Unit K) of Section 12, Township 18 South, Range 34 East;
- 3) **Close Encounters State Com 103H (API 30-025-52810)**, to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the NW/4 SE/4 (Unit J) of Section 12, Township 18 South, Range 34 East;
- 4) **Close Encounters State Com 104H (API 30-025-52811)**, to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the NE/4 SE/4 (Unit I) of Section 12, Township 18 South, Range 34 East;
- 5) **Close Encounters State Com 301H (API 30-025-52945)**, to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the SW/4 SW/4 (Unit M) of Section 12, Township 18 South, Range 34 East;
- 6) **Close Encounters State Com 302H (API 30-025-52946)**, to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the SE/4 SW/4 (Unit N) of Section 12, Township 18 South, Range 34 East;
- 7) **Close Encounters State Com 302H (API 30-025-52947)**, to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 13, Township 18 South, Range 34

East, to bottom hole locations in the SE/4 SW/4 (Unit N) of Section 12, Township 18 South, Range 34 East; and

- 8) **Close Encounters State Com 304H (API 30-025-52945)**, to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 13, Township 18 South, Range 34 East, to bottom hole locations in the SE/4 SE/4 (Unit P) of Section 12, Township 18 South, Range 34 East.

Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs, the designation of Lario as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells.

**PROPOSED EVIDENCE**

| <u>WITNESS</u>     | <u>OCCUPATION</u> | <u>ESTIMATED TIME</u> | <u>EXHIBIT</u> |
|--------------------|-------------------|-----------------------|----------------|
| Dakota Nahm        | Senior Landman    | 15 min.               | Approx. 7      |
| Kristopher Clemons | Geologist         | 15 min.               | Approx. 3      |

**PROCEDURAL MATTERS**

Lario has been in discussions with XTO regarding this matter and has been informed that XTO will be dismissing any objection. Accordingly, assuming no objections, Lario intends to proceed by affidavit at the June 13, 2024 hearing.

Respectfully submitted,

KEARNEY, MCWILLIAMS & DAVIS,  
PLLC

/s/ Christopher W. Lawyer  
 Joshua D. Cochran  
 Christopher W. Lawyer  
 55 Waugh Suite 150  
 Houston, Texas 77007  
 Phone: (888) 855-12776 x 109  
[jjocochran@kmd.law](mailto:jjocochran@kmd.law)  
[clawyer@kmd.law](mailto:clawyer@kmd.law)  
 Counsel for Lario Oil & Gas Company

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 10<sup>th</sup> day of June, 2024 by e-mail:

Michael H. Feldewert - [mfeldewert@hollandhart.com](mailto:mfeldewert@hollandhart.com)

Adam G. Rankin - [agrarkin@hollandhart.com](mailto:agrarkin@hollandhart.com)

Paula M. Vance - [pmvance@hollandhart.com](mailto:pmvance@hollandhart.com)

/s/ Christopher W. Lawyer  
Christopher W. Lawyer

**District I**  
 1625 N. French Dr., Hobbs, NM 88240  
 Phone:(575) 393-6161 Fax:(575) 393-0720

**District II**  
 811 S. First St., Artesia, NM 88210  
 Phone:(575) 748-1283 Fax:(575) 748-9720

**District III**  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 Phone:(505) 334-6178 Fax:(505) 334-6170

**District IV**  
 1220 S. St Francis Dr., Santa Fe, NM 87505  
 Phone:(505) 476-3470 Fax:(505) 476-3462

**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

QUESTIONS

Action 352809

**QUESTIONS**

|   |  |
|---|--|
| Operator:<br>LARIO OIL & GAS CO<br>301 S. Market St.<br>Wichita, KS 67202 | OGRID:<br>13089  |
|   | Action Number:<br>352809                                 |
|   | Action Type:<br>[HEAR] Prehearing Statement (PREHEARING) |

**QUESTIONS**

|  |                      |
|--|----------------------|
| <b>Testimony</b>   |                      |
| <i>Please assist us by provide the following information about your testimony.</i> |                      |
| Number of witnesses  | <i>Not answered.</i> |
| Testimony time (in minutes)  | <i>Not answered.</i> |