

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

**IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION TO CONSIDER:**

**Case No. 23935  
Order No. R-279-C**

**APPLICATION OF XTO PERMIAN OPERATING LLC.  
FOR APPROVAL OF EXPANSION OF THE JAMES  
RANCH UNIT, EDDY COUNTY, NEW MEXICO.**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on November 2, 2023, and after considering the testimony, evidence, and the recommendations of the Hearing Examiner,

**FINDS THAT:**

- (1) Due public notice has been given, and the OCD has jurisdiction of this case and its subject matter.
  
- (2) The James Ranch Unit (“Unit”) was approved by the Oil Conservation Commission on March 17, 1953, though Order No. R-279 issued in Case No. 472. The Unit consisted of all formations underlying 20,656.98 acres (more or less) of the following lands situated in Eddy County, New Mexico:

Township 22 South, Range 30 East, N.M.P.M.

Section 12: SE/4, S/2 SW/4  
Section 13: All  
Section 14: All  
Section 15: All  
Section 16: All  
Section 17: S/2, NE/4, E/2 NW/4  
Section 19: All  
Section 20: All  
Section 21: All  
Section 22: All

Section 23: All  
Section 24: All  
Section 25: All  
Section 26: All  
Section 27: All  
Section 28: All  
Section 29: All  
Section 30: All  
Section 33: E/2  
Section 34: All  
Section 35: All  
Section 36: All

Township 22 South, Range 31 East, N.M.P.M.

Section 7: S/2, S/2 N/2  
Section 8: SW/4, S/2 NW/4  
Section 17: S/2, NW/4  
Section 18: All  
Section 19: All  
Section 20: All  
Section 29: W/2 W/2  
Section 30: All  
Section 31: All

Township 23 South, Range 30 East, N.M.P.M.

Section 1: E/2, N/2 NW/4  
Section 2: N/2 N/2

Township 23 South, Range 31 East N.M.P.M.

Section 5: W/2 W/2  
Section 6: All  
Section 7: All  
Section 8: W/2  
Section 17: NW/4  
Section 18: N/2

(3) The Unit was contracted on November 30, 1979, because a portion of the original Unit was to be overlain by the Waste Isolation Pilot Project. The followed lands were excluded from the Unit:

Township 22 South, Range 30 East, N.M.P.M.

Section 12: SE/4 SE/4

Section 13: E/2, SE/4 NW/4, E/2 SW/4

Section 24: E/2, E/2 W/2, W/2 SW/4

Section 25: All

Township 22 South, Range 31 East, N.M.P.M.

Section 7: S/2, SE/4 NW/4, S/2 NE/4

Section 8: SW/4, S/2 NW/4

Section 17: S/2, NW/4

Section 18: All

Section 19: All

Section 20: All

Section 29: W/2 W/2

Section 30: All

(4) The Unit was approved by the OCD to be expanded on February 1, 2018, though Order No. R-279-B issued in Case No. 15844. The Unit was expanded to include all formations underlying the following lands, resulting in a total of 28,319.08 acres (more or less):

Township 21 South, Range 30 East, N.M.P.M.

Section 25: All

Section 26: All

Section 27: S/2

Section 31: All

Section 32: All

Section 33: All

Section 34: All

Township 22 South, Range 29 East, N.M.P.M.

Section 1: All

Section 11: All

Section 12: All

Section 13: All

Section 14: All

Township 22 South, Range 30 East, N.M.P.M.

Section 3: All

Section 4: All

Section 5: All

Section 6: All

Section 7: All

Section 8: All

Section 9: All

Section 10: All  
Section 17: W/2 NW/4  
Section 18: All

(5) XTO Permian Operating, LLC (“Applicant”) is seeking approval from the U.S. Bureau of Land Management (“BLM”) and New Mexico State Land Office (“SLO”), as applicable, of an expansion to the Unit to include all formations underlying 2,400 acres (more or less) of the following lands situated in Eddy County, New Mexico:

Township 22 South, Range 30 East, N.M.P.M.

Section 12: SE/4 SE/4  
Section 13: E/2, SE/4 NW/4, E/2 SW/4  
Section 24: E/2, E/2 W/2, W/2 SW/4  
Section 25: All

Township 23 South, Range 30 East, N.M.P.M.

Section 1: S/2 NW/4, SW/4  
Section 2: S/2 N/2, S/2

(6) The Unit with the proposed expansion will include all formations underlying 30,718.09 acres (more or less) of the following lands situated in Eddy County, New Mexico (“Unit Area”):

Township 21 South, Range 30 East, N.M.P.M.

Section 25: All  
Section 26: All  
Section 27: S/2  
Section 31: All  
Section 32: All  
Section 33: All  
Section 34: All

Township 22 South, Range 29 East, N.M.P.M.

Section 1: All  
Section 11: All  
Section 12: All  
Section 13: All  
Section 14: All

Township 22 South, Range 30 East, N.M.P.M.

Section 3: All  
Section 4: All  
Section 5: All

Section 6: All  
Section 7: All  
Section 8: All  
Section 9: All  
Section 10: All  
Section 12: S/2 SW/4, SE/4  
Section 13: All  
Section 14: All  
Section 15: All  
Section 16: All  
Section 17: All  
Section 18: All  
Section 19: All  
Section 20: All  
Section 21: All  
Section 22: All  
Section 23: All  
Section 24: All  
Section 25: All  
Section 26: All  
Section 27: All  
Section 28: All  
Section 29: All  
Section 30: All  
Section 33: E/2  
Section 34: All  
Section 35: All  
Section 36: All

Township 22 South, Range 31 East, N.M.P.M.

Section 7: SW/4 NW/4

Section 31: All

Township 23 South, Range 30 East, N.M.P.M.

Section 1: All

Section 2: All

Township 23 South, Range 31 East, N.M.P.M.

Section 5: W/2 W/2

Section 6: All

Section 7: All

Section 8: W/2

Section 17: NW/4

Section 18: N/2

- (7) Unitized Interval: The unitized interval for the Unit is all formations.
- (8) Applicant presented testimony and exhibits as follows:
- a. The Unit is a federal exploratory unit, and all formations are unitized.
  - b. The Unit is comprised of sixty-eight (68) tracts of which forty-eight (48) are federal tracts, sixteen (16) are state tracts, and four (4) are fee tracts.
  - c. The Unit obligation well will be a horizontal well with an approximately 10,000-foot lateral within the Bone Spring or Wolfcamp formations and a surface location at an approved drill island located in the E/2 E/2 of section 1 of Township 23 South, Range 30 East, N.M.P.M.
  - d. Applicant presented the proposed Unit Agreement (“Unit Agreement”). The Unit Agreement designates Applicant as the Unit Operator and has provisions for expansion or contraction of the Unit.
  - e. Applicant has received a logical designation letter from the BLM, indicating the land proposed for unitization is logically subject to exploration and development. The BLM assigned NMNM 070765X and NMNM 105416673 as the case serial numbers to the Unit.
  - f. Notice of this application was provided to the lessors and overriding royalty owners within the Unit Area. Public notice was published in the newspaper of general circulation.
- (9) No other party appeared at the hearing or otherwise opposed this application.
- (10) All proposed unit acreage appears prospective for recovery of oil and gas from the target formations under the concept proposed by the Applicant. These acres should be unitized and should equally share in the benefits from future oil and gas recovery.
- (11) The approval of the Unit will serve to prevent waste and protect correlative rights within the lands assigned to the Unit Area.

**IT IS THEREFORE ORDERED THAT:**

- (1) OCD recommends approval of the Unit.
- (2) The Unit Area comprises 30,718.09 acres situated in Eddy County, New Mexico and described above.

- (3) This Order shall become effective upon the signature of all parties to the Unit Agreement.
- (4) OCD recognizes that XTO Permian Operating, LLC (OGRID No. 373075) is designated the Unit Operator under the Unit Agreement.
- (5) Upon the approval of the Unit Agreement and filing of the Unit Agreement with the OCD, the Unit Area will be recognized by the OCD as a “unitized area” as provided in 19.15.16 NMAC.
- (6) The Unit Operator will ensure that the names of the Unit wells are uniform and include the name of the Unit.
- (7) The plan contained in the Unit Agreement for the development and operation of the above-described Unit Area is hereby approved in principle; provided, however, notwithstanding any of the provisions contained in the Unit Agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation that is now, or may hereafter be, vested in the OCD to supervise and control operations for the unit and production of oil and gas therefrom.
- (8) The Unit Operator shall file with the OCD the fully executed Unit Agreement within thirty (30) days of the effective date of the Unit Agreement. In the event of (a) subsequent joinder by any other party, (b) expansion or contraction of the Unit Area, (c) change of Unit Operator, or (d) termination of the Unit or Unit Agreement, the Unit Operator shall file with OCD, within thirty (30) days after approval or notification of the BLM or SLO, the amended Unit Agreement or other documentation reflecting the changes.
- (9) All filings required by this Order shall be submitted to the OCD Engineering Bureau ([OCD.Engineer@emnrd.nm.gov](mailto:OCD.Engineer@emnrd.nm.gov)). OCD may notify the Unit Operator of any changes to the filing process without need to amend this Order.
- (10) Jurisdiction of this case is retained for the entry of such further orders as the OCD may deem necessary.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**

  
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**DYLAN M. FUGE**  
**DIRECTOR (ACTING)**

**Date:** 6/28/2024