

**BEFORE THE OIL CONSERVATION COMMISSION
EXAMINER HEARING NOVEMBER 14, 2019**

CASE No. 20875

STAN 32 STATE #71H WELL

EDDY COUNTY, NEW MEXICO



**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. 20875

AFFIDAVIT OF BRETT WOODY

Brett Woody, of lawful age and being first duly sworn, declares as follows:

1. My name is Brett Woody and I am employed by XTO Energy Inc. ("XTO") as a Senior Landman.
2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. I am familiar with the application filed by XTO in this case and the status of the lands in the subject area.
3. The only party to be pooled is WPX Energy Permian, LLC ("WPX") and it has expressed no opposition to this proceeding.
4. XTO seeks to pooling WPX's uncommitted interest in the Bone Spring formation underlying a standard 98.6-acre, more or less, horizontal spacing unit comprised of Lots 1-4 (S/2 N/2 equivalent) of irregular Section 32, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico.
5. This horizontal spacing unit will be dedicated to the proposed **Stan 32 State #71H Well**, to be horizontally drilled from a surface location in the SE/4 NE/4 (Lot 1) of Section 32 to bottom hole location in the SW/4 NW/4 (Lot 4) of Section 32.
6. The completed interval for the **Stan 32 State #71H Well** will comply with the setback requirements in the statewide rules for horizontal oil wells.

7. **Exhibit A-1** contains the Form C-102 for the proposed well. I am informed that this well will be placed in a Wildcat: Bone Spring pool (Pool Code 98325).

8. This acreage is comprised of a single state lease and there are no depth severances in the Bone Spring formation underlying the subject acreage.

9. **Exhibit A-2** a land plat showing the four lots comprising the proposed spacing unit and the interests held in this in this state lease. It reflects that XTO and WPX are the only working interest owners in the subject acreage.

10. **Exhibit No. A-3** contains the well proposal letter along with the AFE sent to WPX. In addition to this letter, XTO has discussed this development with WPX in an effort to reach a voluntary agreement.

11. The costs reflected in the AFE are consistent with what XTO and other operators have incurred for drilling similar horizontal wells in the Bone Spring formation in this area.

12. XTO has estimated the overhead and administrative costs for drilling and producing the proposed wells at \$7,500 per month while drilling and \$750 per month while producing. These costs are consistent with what XTO and other operators are charging in this area for similar wells.

13. I provided the law firm of Holland & Hart LLP with the name and address of my contact person at WPX and instructed that he be notified of this hearing.

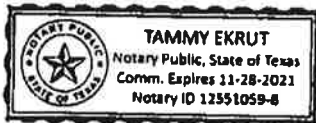
14. Exhibit A-1 through A-3 were either prepared by me or compiled under my direction and supervision.

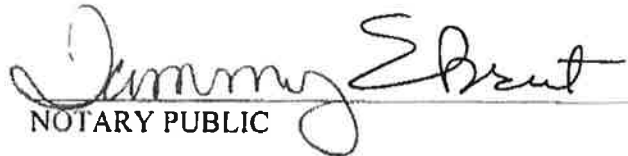
FURTHER AFFIANT SAYETH NOT.


BRETT WOODY

STATE OF TEXAS)
)
COUNTY OF HARRIS)

SUBSCRIBED and SWORN to before me this 12th day of November 2019 by
Brett Woody.




NOTARY PUBLIC

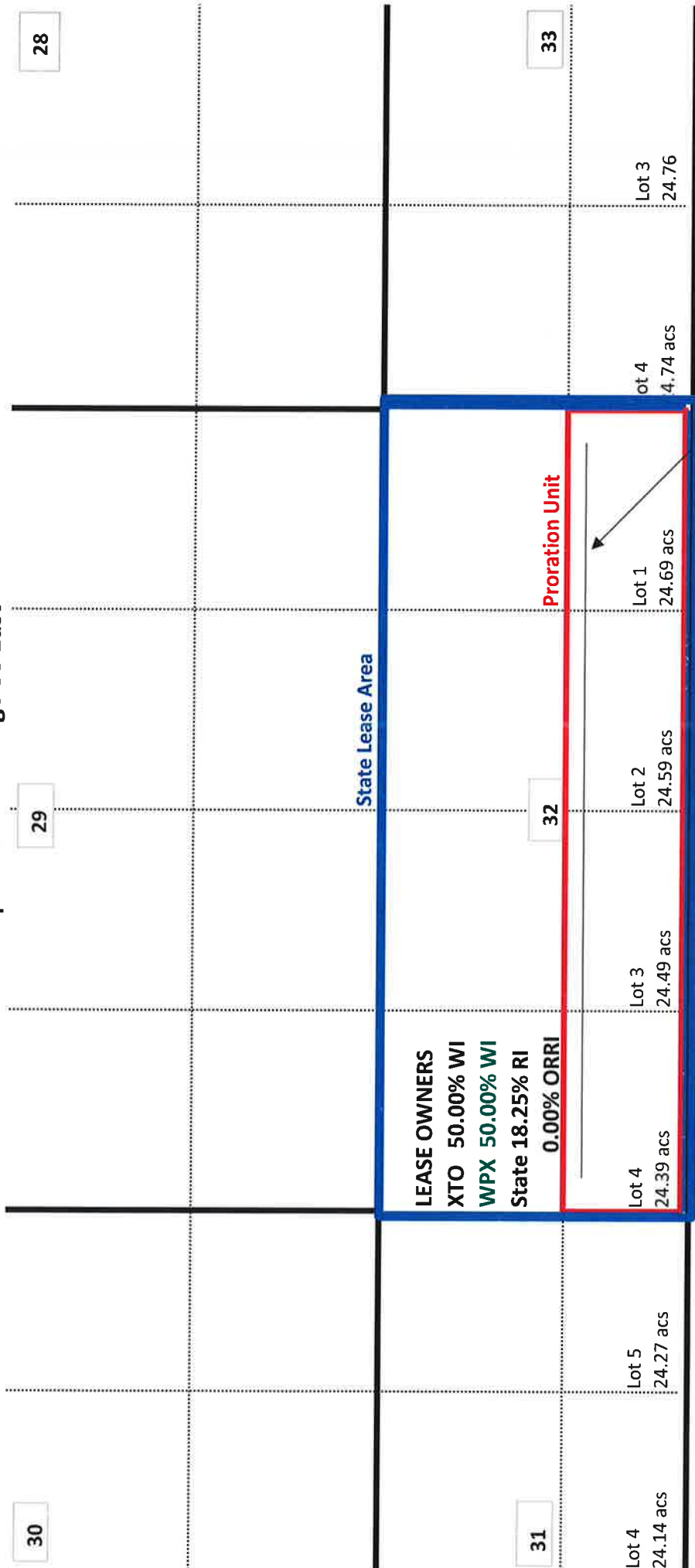
My Commission Expires:

11-28-2021

November 14, 2019

Case No. _____
Force Pooling Ownership Plat
Stan 32 State #71H Well
Exhibit No. _____
NOT TO SCALE

Lea County, New Mexico
Township 26 South - Range 30 East



LEASE OWNERS	
XTO	50.00% WI
WPX	50.00% WI
State	18.25% RI
0.00% ORRI	

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No.A2
Submitted by: XTO Energy Inc.
Hearing Date: November 14, 2019
Case No 20875



XTO Energy Inc.
Land Dept. Loc. 115
22777 Springwoods Village Pkwy
Spring TX 77389-1425
346-335-0680 Direct Phone
brett_woody@xtoenergy.com

September 20, 2019

VIA FEDEX

WPX Energy Permian, LLC
3500 One Williams Center
Tulsa, OK 74172-0151
Attn: Aaron Young

RE: New Well Proposal (AFE# 1905156), and Joint Operating Agreement covering operations for the Stan 32 71H Well. 2nd Bone Spring Sand, at an approximate SHL of 182' FSL and 1,245' FEL and approximate bottom hole 330' FSL and 50' FWL located in Section 32-26S-30E, Eddy County, NM

Dear Aaron:

Reference is made to the email of September 4, 2019 from Brett Woody, XTO Energy, Inc. to Aaron Young and Tanner Tepe, WPX Energy, withdrawing the Stan 32 41H Avalon formation proposal of August 12, 2019. In lieu thereof XTO Energy Inc., on behalf of itself and XTO Holdings, LLC, hereby proposes the drilling of an approximate 9,100' TVD and 14,600' TMD well targeting the 2nd Bone Spring Sand formation with an approximate 4,500'-5,000' lateral in Section 32-26S-30E, Eddy County, NM, at the referenced surface and bottom hole locations.

The approximate cost for drilling is \$2,360,000 with a completion cost of \$4,058,000 for a total estimated cost of \$6,418,000, as evidenced on the enclosed Authority for Expenditure (AFE). If you wish to participate with your interest, please provide your election herein by executing this letter and the AFE and returning the same to my attention within thirty (30) days of receipt of this proposal.

In addition, enclosed in support of drilling the referenced well and subsequent operations is the 1989 AAPL Form Joint Operating Agreement we have negotiated for the Sophia wells specifying, among other terms, a non-consent penalty of 100% 300% for subsequent operations and using a monthly \$7,500 drilling/ \$750 per producing well rate within the COPAS. The Exhibit "A" has been changed to govern the 2nd Bone Spring Sand formation only. If you wish to participate, please sign the two enclosed signature pages and return one to me for further handling. We will likely move for a force pooling in due course as time is of the essence with the Section 32 lease to expire October 31, 2020. We have a rig slot available for a November 21, 2019 spud date.

Should you have any questions, contact me via the letterhead contact information. For technical questions, please contact Michael Hawkins at (832) 625-2903.

Sincerely,

XTO ENERGY INC.

Brett Woody
Sr. Land Representative

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A3
Submitted by: XTO Energy Inc.
Hearing Date: November 14, 2019
Case No 20875

Page 2
September 20, 2019
Stan 32 71H Well Proposal
and Joint Operating Agreement

☐ ELECT TO PARTICIPATE in the proposed drilling and completion of the STAN 32 41H well.

☐ ELECT NOT TO PARTICIPATE in the proposed drilling and completion of the STAN 32 41H well.

WPX Energy Permian, LLC

Signed _____

By: _____

Title: _____

XTO ENERGY INC.
AUTHORITY FOR EXPENDITURE

A/E NO	1905156	Tract	PERMIAN - DELAWARE
A/E DESC	D&C IN BSPG2 SAND	PROPERTY/WELL	XOM-NEW MEXICO 01/2012
DATE	6/27/2019 12:00:00AM	OPERATOR	PROPERTY #
A/E TYPE	DEVELOPMENT DRILLING	99994331 - XTO	1956011001
GROSS/NET	GROSS	ENERGY INC -RU4331	PROPERTY NAME
			STAN 32 71H
			STATE/COUNTY
			New Mexico Eddy

DETAIL OF EXPENDITURES	DRYHOLE	COMPLETION	EQUIP/TIE-IN	SUPPLEMENT	TOTAL	ACTUAL
Ex.V.Gd.Part_Wellhead,Drilling	55,000.00				55,000.00	
Ex.V.Gd.Part_Wellhead,Comple		40,000.00			40,000.00	
Ex.V.Gd.Part_WellCasing,Surfai	7,000.00				7,000.00	
Ex.V.Gd.Part_WellCasing,Intern	166,000.00				166,000.00	
Ex.V.Gd.Part_WellCasing,Produ		271,000.00			271,000.00	
EX.V.GD,PART_WELLCASING,	20,000.00				20,000.00	
Ex.V.Gd.Part_WellFlowLn,Main		90,000.00			90,000.00	
Ex.V.Gd.Part_WellTubing,XTOV		80,000.00			80,000.00	
Ex.V.Gd.Part_DrillBit	62,000.00				62,000.00	
Ex.V.Gd.Part_DrillMud	138,000.00				138,000.00	
Ex.V.Gd.Part_OthDownholeCon		75,000.00			75,000.00	
Ex.V.Gd.Part_ArtLift,Surf,Gas L		120,000.00			120,000.00	
EX.V.GD,PART_INSTRMATLS,		30,000.00			30,000.00	
EX.V.GD,PART_WO&STIMULA		260,000.00			260,000.00	
Ex.V.Gd.Suppl.Cloths,OthRel.E	16,000.00				16,000.00	
Ex.V.Fuel,Purch,Othr	92,000.00				92,000.00	
Ex.V.Rnt&Lse,Op.Eq.Dn&Eqp,Ex	652,000.00	25,000.00			677,000.00	
Ex.V.Rnt&Lse,Op.Eq,Misc,Oth,I	35,000.00				35,000.00	
Ex.V.Rnt&Lse,Op.Eq,Misc,Oth,I	138,000.00	220,000.00			358,000.00	
Ex.V.Rnt&Lse,Op.Eq,Misc,Oth,I		35,000.00			35,000.00	
Ex.V.Contract,Labor,Technical		20,000.00			20,000.00	
Ex.V.Contract,Labor,Fabrication	29,000.00				29,000.00	
Ex.V.Srv.G&G,EMOp,WellLoggC	400,000.00				400,000.00	
Ex.V.Srv.G&G,EMOp,WellLoggC		200,000.00			200,000.00	
Ex.V.Srv.Land,Overhead,Broke	10,000.00				10,000.00	
Ex.V.Srv.Eng.O&GWellDrill	69,000.00	50,000.00			119,000.00	
Ex.V.Srv.Site,SitePrep,Comple	50,000.00				50,000.00	
Ex.V.Srv.Trans.M&S&Eq,Nonlv	23,000.00	25,000.00			48,000.00	
Ex.V.Srv.WasteMgmt,Oth,Drilln		250,000.00			250,000.00	
Ex.V.Srv.WasteMgmt,Oth,Drilln	104,000.00				104,000.00	
Ex.V.Srv.WasteMgmt,Oth,Flow		150,000.00			150,000.00	
Ex.V.Srv.WasteMgmt,Oth,Wate		90,000.00			90,000.00	
Ex.V.Srv.O&GWell,Cementing,S	145,000.00				145,000.00	
Ex.V.Srv.O&GWell,Cementing,P		115,000.00			115,000.00	
Ex.V.Srv.O&GWell,WellStimulat		1,615,000.00			1,615,000.00	
Ex.V.Srv.O&GWell,WellStimulat		50,000.00			50,000.00	
Ex.V.Srv.O&GWell,Oth_DrillZone		25,000.00			25,000.00	
Ex.V.Srv.O&GWell,DirectionalC	111,000.00				111,000.00	
Ex.V.Srv.O&GWell,MudLogging	18,000.00				18,000.00	
Ex.V.Srv.O&GWell,Casing,Surf	20,000.00				20,000.00	
Ex.V.Srv.O&GWell,Casing,Produ		12,000.00			12,000.00	
Ex.V.Srv.O&GWell,Completion		200,000.00			200,000.00	
Ex.E.O&GJV,Cvmd,CombinedFr		10,000.00			10,000.00	
TOTAL:	2,360,000.00	4,058,000.00			6,418,000.00	

TOTAL THIS A/E:	2,360,000.00	4,058,000.00	6,418,000.00
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Company: _____
Signed: _____
Title: _____

Date: _____

**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. 20875

AFFIDAVIT OF ANISA AHMADZAI

Anisa Ahmadzai, of lawful age and being first duly sworn, declares as follows:

1. My name is Anisa Ahmadzai. I work for XTO Energy Inc. ("XTO") as a geologist.
2. I have not previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum geology. I graduated from the University of California, Berkeley with a B.A. in Geology in 2012 and with an M.A. in Geology in 2013. Since September, 2018, I have worked with XTO as a Geologist in the Permian Basin. I have been a member of the AAPG since 2013. I seek to have my credentials accepted by the Division as an expert in petroleum geology.
3. I am familiar with the application filed by XTO in this case and I have conducted a geologic study of the targeted Bone Spring formation underlying the subject acreage.
4. XTO is targeting the Second Bone Spring Sand structure within the Bone Spring formation with its proposed **Stan 32 State #71H Well**.
5. **Exhibit B-1** is a structure map, with a 25' contour interval, that I prepared for the Second Bone Spring Sand that is representative of the targeted interval within the Bone Spring formation. The proposed wellbore of the **Stan 32 State #71H Well** is depicted by a black line. The structure map shows that the formation is gently dipping to the east in this area. I do not

observe any faulting, pinchouts, or other geologic impediments to developing the targeted Second Bone Spring Sand with a horizontal well in this area.

6. Exhibit B-1 also contains a cross-section line in red consisting of four wells penetrating the Second Bone Spring Sand formation that I used to construct a stratigraphic cross-section from A to A'. I used these wells because they have good logs and I consider these wells to be representative of the geology in the area.

7. **Exhibit B-2** is a cross section using the representative wells depicted on Exhibit B-2. Each well in the cross-section contains gamma ray, resistivity, and porosity logs. The proposed target interval in the Second Bone Spring Sand is labeled as the target interval on the exhibit and the cross-section demonstrates that the targeted interval extends across the proposed unit.


8. In my opinion, the laydown orientation of the proposed well is appropriate to efficiently and effectively develop the subject acreage.

9. Based on my geologic study, the Bone Spring formation underlying the subject area, including the targeted interval of the formation, is suitable for development by horizontal wells and the acreage comprising the proposed spacing and proration units will contribute more-or-less equally to the production from the wellbore.

10. In my opinion, the granting of XTO's application will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

11. Exhibits B-1 and B-2 were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NOT.


Anisa Ahmadzai

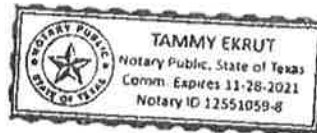
STATE OF TEXAS)
)
COUNTY OF HARRIS)

SUBSCRIBED and SWORN to before me this 13th day of November 2019 by Anisa Ahmadzai.


NOTARY PUBLIC

My Commission Expires:

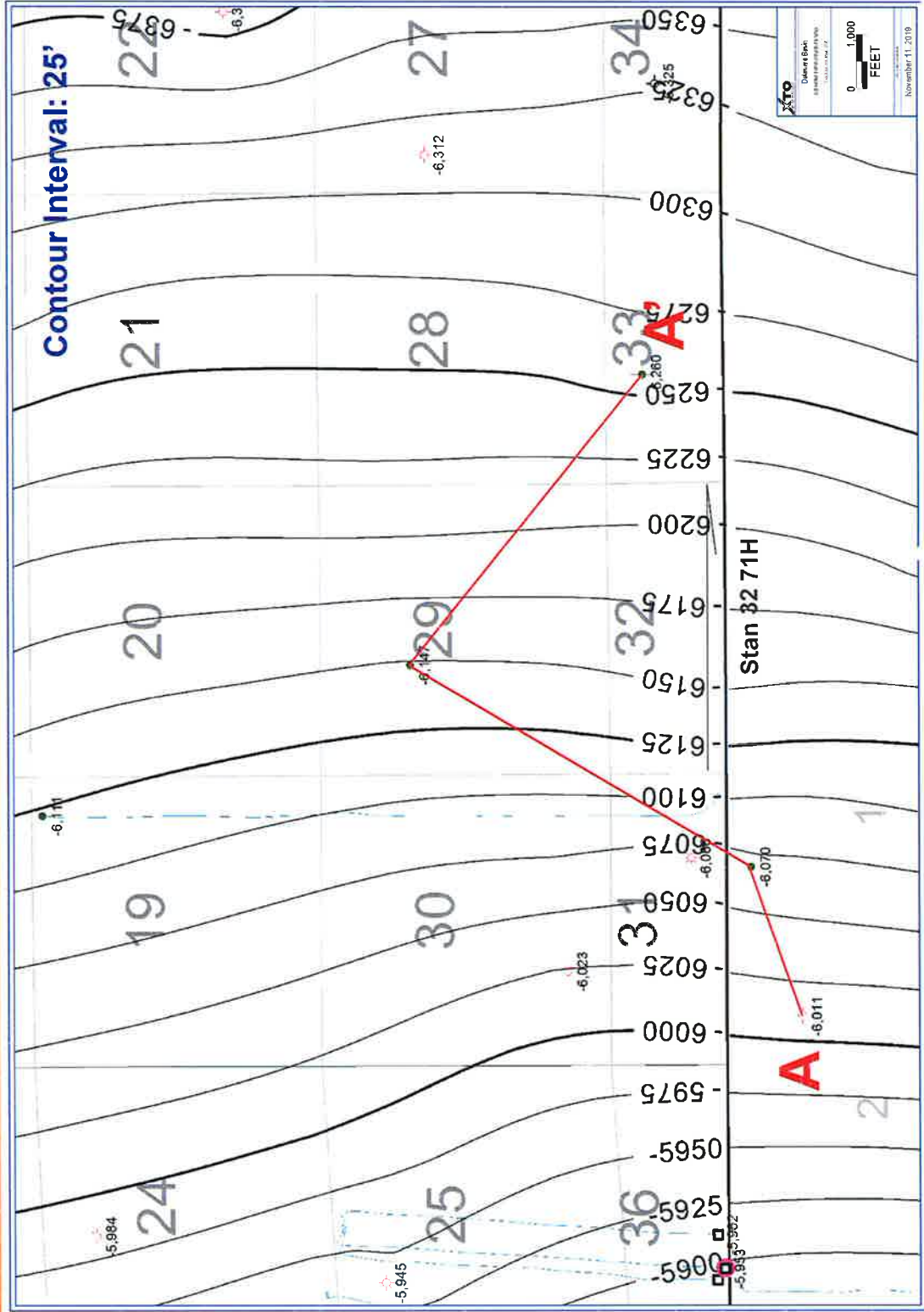
11-28-2021



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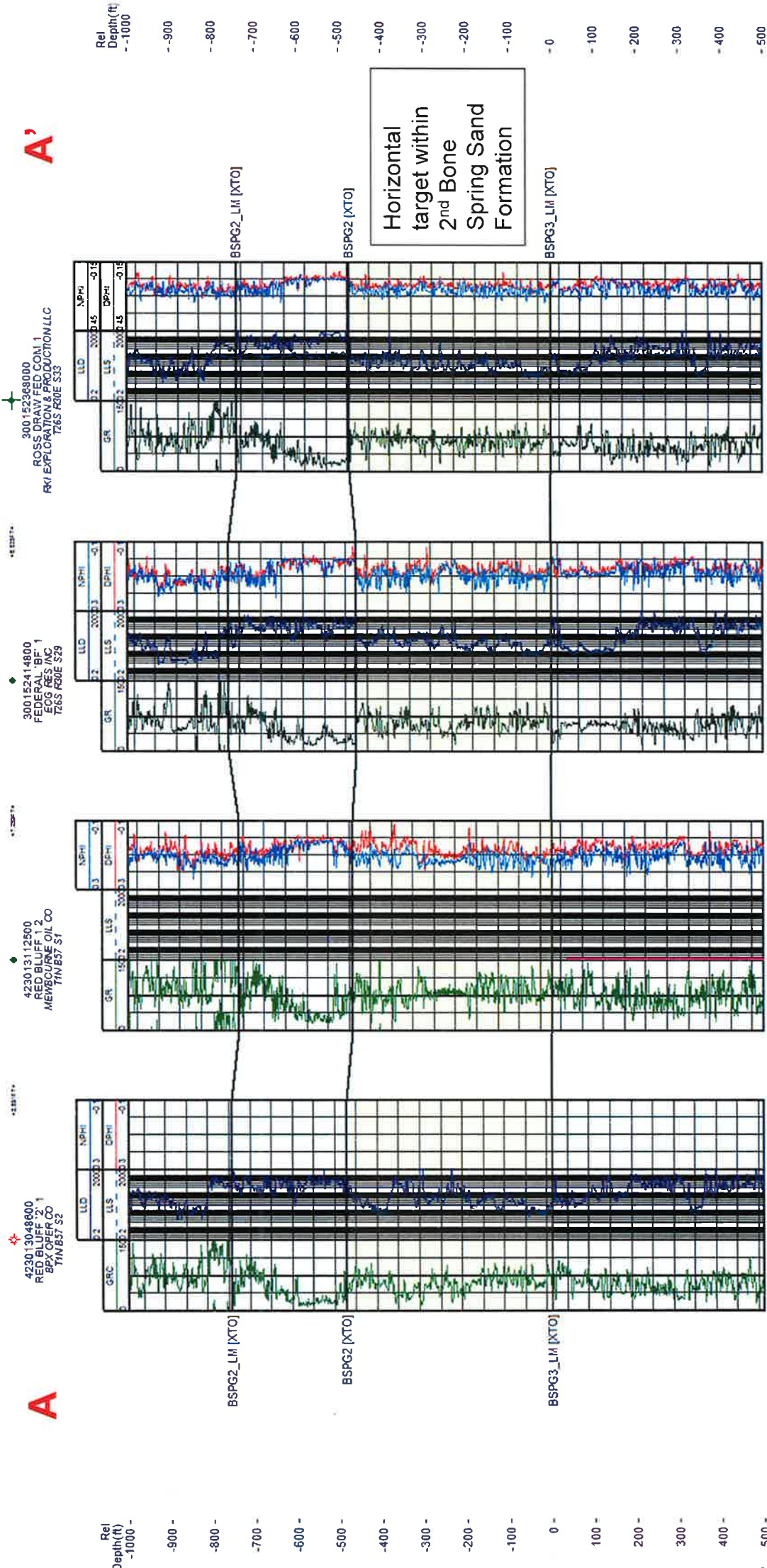
Structure Map with Producers



An ExxonMobil Subsidiary



Cross-Section W→E



An ExxonMobil Subsidiary

**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. 20875

AFFIDAVIT

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

Michael H. Feldewert, attorney in fact and authorized representative of XTO Energy Inc., the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Application has been provided under the notice letters and proof of receipts attached hereto.


Michael H. Feldewert

SUBSCRIBED AND SWORN to before me this 13th day of November, 2019 by Michael H. Feldewert.


Notary Public

My Commission Expires:

November 12, 2023



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C
Submitted by: XTO Energy Inc.
Hearing Date: November 14, 2019
Case No 20875

XTO - Stan 32 State #71H Well

Case No. 20875 Postal Delivery Report

Tracking Number Recipient

9214890194038396561057 WPX Energy Permian LLC Attn: Aaron Young 3500 One Williams Center Tulsa OK 74172-0151

Status

Delivered Signature Received

HOLLAND & HART



Michael H. Feldewert
Recognized Specialist in the
Area of Natural Resources –
Oil and Gas Law – New Mexico Board
of Legal Specification
mfeldewert@hollandhart.com

October 23, 2019

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL POOLED PARTIES

Re: Application of XTO Energy Inc. for Compulsory Pooling, Eddy County, New Mexico.
Stan 32 State #71H Well

Ladies & Gentlemen:

This letter is to advise you that XTO Energy Inc. has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on November 14, 2019 and the status of the hearing can be monitored through the Division's website at <http://www.emnrd.state.nm.us/ocd/>. Division hearings will commence at 8:15 a.m. in Porter Hall at the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter please contact Brett Woody at (346) 335-0680 or Brett_Woody@xtoenergy.com.

Sincerely,

Michael H. Feldewert
ATTORNEY FOR XTO ENERGY INC.

13667188_v1

\$5.60



Shipment Confirmation Acceptance Notice

A. Mailer Action

Note to Mailer: The labels and volume associated to this form online, **must** match the labeled packages being presented to the USPS® employee with this form.

XTO - Stan 32 State 71H
Case No. 20875
CM# 51206.0041

Shipment Date: 10/23/2019

Shipped From:

Name: HOLLAND & HART LLP

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

Type of Mail	Volume
Priority Mail Express®	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	1
Total	1

*Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

B. USPS Action

Note to RSS Clerk:

1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail.
Leave form with customer or in customer's mail receptacle.

USPS SCAN AT ACCEPTANCE



9275 0901 1935 6200 0017 9047 10





Affix Stamp Here
(if issued as an international
certificate of mailing or for
additional copies of this receipt).
Postmark with Date of Receipt.

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PSN 7530-02-000-9098