

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

**APPLICATION OF XTO ENERGY INC. FOR CREATION OF NON-STANDARD
SPACING AND PRORATION UNITS AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

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CASE NO. 16060

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 (1) creating a non-standard 80-acre spacing and proration unit comprised of the W/2 SW/4 of Section 26, Township 24 South, Range 30 East, NMPM; (2) combining this acreage with the S/2 of Section 27 and the S/2 of Section 28 in Township 24 South, Range 30 East to create a 720-acre non-standard spacing and proration unit for a horizontal well, and (3) pooling all uncommitted interests in the Wolfcamp formation (Purple Sage; Wolfcamp (Gas) Pool, (Code 98220)) underlying this acreage. In support of its application, XTO states:

1. XTO Energy Inc. is the agent of BOPCO, L.P. (OGRID 260737), the current operator of the Poker Lake Unit and a working interest owner with the right to drill on the subject acreage.

2. XTO as agent of BOPCO, L.P. proposes to dedicate the above-referenced 720-acre non-standard spacing and proration unit as the project area for the proposed **Poker Lake Unit Well No. 486H** to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit M) of Section 26 to a bottom hole location in the SE/4 SE/4 (Unit M) of Section 28, Township 24 South, Range 30 East.

3. The proposed well will be completed in the Purple Sage Wolfcamp Gas Pool (Pool Code 98220), which is subject to Special Rules issued under Order R-14262 providing for 320-acre standard spacing units for all wells.

4. The completed interval for this well will include Section 26 and remain within the 330-foot standard setbacks required by the Special Rules for the Purple Sage Wolfcamp Gas Pool.

5. All of the offsetting acreage, and all but 10-acres within the proposed 720-acre non-standard spacing and proration unit, is committed to the Poker Lake Unit. XTO has sought and been unable to obtain voluntary agreement for the proposed well from the working interest owners in non-unitized acreage within the proposed non-standard spacing and proration unit.

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

7. In order to permit the Poker Lake unit owners to obtain their just and fair share of the oil and gas underlying the subject lands, all mineral interests in this non-standard spacing and proration unit should be pooled and BOPCO, L.P. should be designated the operator of this proposed unit and the horizontal well.

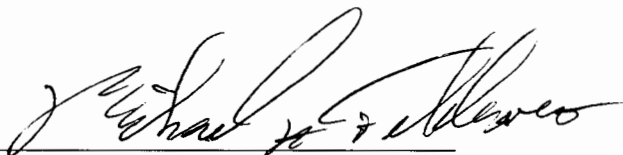
WHEREFORE, XTO requests that this application be set for hearing before an Examiner of the Oil Conservation Division on April 5, 2018, and, after notice and hearing as required by law, the Division enter an order:

- A. Creating an 80-acre non-standard spacing and proration unit in the Wolfcamp formation comprised of the W/2 SW/4 of Section 26 and combining that acreage with the S/2 of Section 27 and the S/2 of Section 28 to create a 720-acre non-standard spacing and proration unit for a horizontal well,

- B. Pooling all uncommitted interests in the non-standard 720-acre spacing and proration unit;
- C. Dedicating the proposed well to the non-standard spacing and proration unit;
- D. Designating BOPCO, L.P. the operator of this non-standard spacing and proration unit and the horizontal wells to be drilled thereon;
- E. Authorizing the operator to recover its costs of drilling, equipping and completing the wells;
- F. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- G. Imposing a 200% penalty for the risk assumed by the operator in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of each well.

Respectfully submitted,

HOLLAND & HART LLP

By: 

Michael H. Feldewert
Adam G. Rankin
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
agrarkin@hollandhart.com

ATTORNEYS FOR XTO ENERGY INC.

CASE 16060

Application of XTO Energy Inc. for creation of non-standard spacing and proration units and compulsory pooling, Eddy County, New Mexico. Applicant, as agent of BOPCO, L.P., seeks an order (1) creating a non-standard 80-acre spacing and proration unit comprised of the W/2 SW/4 of Section 26, Township 24 South, Range 30 East, NMPM; (2) combining this acreage with the S/2 of Section 27 and the S/2 of Section 28 in Township 24 South, Range 30 East to create a 720-acre non-standard spacing and proration unit for a horizontal well, and (3) pooling all uncommitted interests in the Wolfcamp formation (Purple Sage; Wolfcamp (Gas) Pool, (Code 98220)) underlying this acreage. Said non-standard 720-acre unit is to be dedicated as the project area for the proposed Poker Lake Unit Well No. 486H to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit M) of Section 26 to a bottom hole location in the SE/4 SE/4 (Unit M) of Section 28, Township 24 South, Range 30 East. The completed interval for this well will include acreage in Section 26 and remain within the 330-foot standard offset required by the Special Rules for the Purple Sage Wolfcamp (Gas) Pool. Also to be considered will be the cost of drilling and completing said well, the allocation of the cost thereof, the actual operating costs and charges for supervision, designation of BOPCO, L.P. as operator of the wells and a 200% charge for risk involved in drilling said well. This area is located approximately 27 miles southeast of Carlsbad, New Mexico.