

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

**APPLICATION OF XTO ENERGY INC.
FOR APPROVAL OF EXPANSION OF THE
JAMES RANCH UNIT, EDDY COUNTY,
NEW MEXICO.**

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CASE NO. 5894

APPLICATION

XTO Energy Inc., ("XTO") through its undersigned attorneys, hereby files this application with the Oil Conservation Division to expand the geographic area of the James Ranch Unit by 13,063.68 acres of land. In support of this application, XTO states:

1. The James Ranch Unit was approved by the Oil Conservation Commission in 1953 through Order No. R-279. Order R-279 approved the James Ranch Unit Agreement and proposed unit, which consisted of approximately 20,656.98 acres.

2. In 1979, the unit operator applied for and received approval from the Bureau of Land Management and the New Mexico State Land Office to contract the Unit from 20,656.98 acres to approximately 15,094.41 acres. The Unit currently consists of approximately 15,094.41 acres of Federal, State, and Fee lands in Eddy County, comprised of the following acreage:

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

Section 12: N/2SE/4; SW/4SE/4; S/2SW/4;
Section 13: NE/4NW/4; W/2W/2
Section 14: All
Section 15: All
Section 16: All
Section 17: E/2; E/2W/2; W/2SW/4
Section 19: Lots 1-4; E/2W/2; E/2
Section 20: All
Section 21: All
Section 22: All

Section 23: All
Section 24: W/2NW/4
Section 26: All
Section 27: All
Section 28: All
Section 29: All
Section 30: Lots 1-4; E/2W/2; E/2
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: Lot 2
Section 31: Lots 1-4; E/2W/2; E/2

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

Section 1: Lots 1-4; S/2NE/4; SE/4
Section 2: Lots 1-4

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

Section 5: Lot 4; SW/4NW/4; W/2SW/4
Section 6: Lots 1-7; SE/4NW/4; E/2SW/4; S/2NE/4; SE/4
Section 7: Lots 1-4; E/2W/2; E/2
Section 8: W/2
Section 17: NW/4
Section 18: Lots 1, 2; E/2NW/4; NE/4

3. The unitized interval for the James Ranch Unit includes all depths.
4. XTO is the successor operator of the Unit. XTO has met with the Bureau of Land Management and the State Land Office about expanding the James Ranch Unit to include an additional 13,063.68 acres of Federal and State lands.
5. The Unit Area will now consist of approximately 28,158.09 acres. The expansion area consists of approximately 13,063.68 acres comprised of the following Federal and State lands in Eddy County, New Mexico:

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

Section 25: All
Section 26: All
Section 27: S/2
Section 33: All
Section 34: W/2; NE/4
Section 31: Lots 1-8; E/2W/2; E/2
Section 32: All

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

Section 1: Lots 1-4; S/2N/2; S/2
Section 11: All
Section 12: All
Section 13: All
Section 14: All

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

Section 18: Lots 1-4; E/2W/2; E/2
Section 7: Lots 1-4; E/2W/2; E/2
Section 6: Lots 1-7; SE/4NW/4; E/2SW/4; SE/4; S/2NE/4
Section 5: Lots 1-4; S/2N/2; S/2
Section 4: Lots 1-4; S/2N/2; S/2
Section 3: Lots 1-4; S/2N/2; S/2
Section 10: All
Section 9: All
Section 8: All
Section 17: W/2NW/4

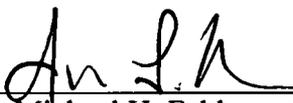
6. The unitized interval for the expanded James Ranch Unit remains all depths.
7. XTO will remain the designated operator under the revised Unit Agreement and the effective date of the expanded James Ranch Unit will remain the same as designated in Order R-279.
8. The revised Unit Agreement for the expanded James Ranch Unit has been approved by a sufficient percentage of the interest owners within the proposed expanded Unit Area to provide effective control of unit operations.

9. XTO has received preliminary approval of the Unit Agreement for the expanded James Ranch Unit from the Bureau of Land Management and the State Land Office.
10. The additional acreage XTO seeks to add to the unitized area is currently within wildcat pools.
11. There is currently no production within the proposed expanded acreage.
12. Notice of this Application has been provided to the working interest owners, royalty owners, and overriding royalty interest owners within the Unit Area.
13. Approval of this Application will be in the best interests of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, XTO Energy Inc. requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on September 28, 2017, and that after notice and hearing this Application be approved.

Respectfully submitted,

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ATTORNEY FOR XTO ENERGY INC.

CASE 15844: **Application Of XTO Energy Inc. For Approval Of The Expansion of the James Ranch Unit, Eddy County, New Mexico.** Applicant seeks approval to expand the geographic area of the James Ranch Unit by 13,063.68 acres of land. Said Unit currently consists of consisting of approximately 15,094.41 acres of Federal, Fee, and State Acreage in Eddy County, New Mexico. XTO seeks to expand the Unit to include the following Federal and State lands situated in Eddy County, New Mexico:

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

Section 25: All
Section 26: All
Section 27: S/2
Section 33: All
Section 34: W/2; NE/4
Section 31: Lots 1-8; E/2W/2; E/2
Section 32: All

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

Section 1: Lots 1-4; S/2N/2; S/2
Section 11: All
Section 12: All
Section 13: All
Section 14: All

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Section 18: Lots 1-4; E/2W/2; E/2
Section 7: Lots 1-4; E/2W/2; E/2
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Section 5: Lots 1-4; S/2N/2; S/2
Section 4: Lots 1-4; S/2N/2; S/2
Section 3: Lots 1-4; S/2N/2; S/2
Section 10: All
Section 9: All
Section 8: All
Section 17: W/2NW/4

The unitized interval includes all depths. The James Ranch Unit Expansion Area is approximately 20 miles east of Carlsbad, New Mexico.