

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

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

CASE NOS. 15837, 15839, 15841, and 15843

XTO's CONSOLIDATED PRE-HEARING STATEMENT

XTO Energy Inc. (XTO), the applicant in the above-referenced cases, submits this consolidated Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

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Fort Worth, TX 76102

ATTORNEY

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OPPONENT

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ATTORNEY

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APPLICANT'S STATEMENT OF CASE

In Case No. 15837, XTO seek an order from the Division (1) creating a 240-acre spacing and proration unit comprised of the W/2 SW/4 of Section 25 and the W/2 W/2 of Section 36, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico; and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. The proposed spacing unit will be the project area for three proposed initial wells: the proposed **Remuda South 25 State No. 701H Well**, the proposed **Remuda South 25 State No. 702H Well**, and the proposed **Remuda South 25 State No. 902H Well**, which will be pad-drilled sequentially and batch completed. All three wells will be horizontally drilled from a surface location in the SW/4 NW/4 (Unit E) of Section 25 to a standard bottom hole location in the SW/4 SW/4 (Unit M) of Section 36. The proposed **Remuda South 25 State No. 701H Well**, proposed **Remuda South 25 State No. 702H Well** will be drilled in the Second Bone Spring and the proposed **Remuda South 25 State No. 902H Well** will be drilled in the Third Bone Spring. The completed intervals for each of these well will remain within the 330-foot standard offset required by the Statewide Rules.

In Case No. 15839, XTO seek an order from the Division (1) creating a 240-acre spacing and proration unit comprised of the E/2 SW/4 of Section 25 and the E/2 W/2 of Section 36, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico; and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. The proposed spacing unit will be the project area for three proposed initial wells: the proposed **Remuda South 25 State No. 703H Well**, the proposed **Remuda South 25 State No. 704H Well**, and the proposed **Remuda South 25 State No. 904H Well**, which will be pad-drilled sequentially and batch completed. All three wells will be horizontally drilled from a surface location in the SE/4 NW/4 (Unit F) of Section 25 to a standard bottom hole location in the SE/4 SW/4 (Unit N) of Section 36.

The proposed **Remuda South 25 State No. 703H Well**, proposed **Remuda South 25 State No. 704H Well** will be drilled in the Second Bone Spring and the proposed **Remuda South 25 State No. 904H Well** will be drilled in the Third Bone Spring. The completed intervals for each of these well will remain within the 330-foot standard offset required by the Statewide Rules.

In Case No. 15841, XTO seek an order from the Division (1) creating a 240-acre spacing and proration unit comprised of the W/2 SE/4 of Section 25 and the W/2 E/2 of Section 36, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico; and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. The proposed spacing unit will be the project area for three proposed initial wells: the proposed **Remuda South 25 State No. 705H Well**, the proposed **Remuda South 25 State No. 706H Well**, and the proposed **Remuda South 25 State No. 906H Well**, which will be pad-drilled sequentially and batch completed. All three wells will be horizontally drilled from a surface location in the SW/4 NE/4 (Unit G) of Section 25 to a standard bottom hole location in the SW/4 SE/4 (Unit O) of Section 36. The proposed **Remuda South 25 State No. 705H Well**, proposed **Remuda South 25 State No. 706H Well** will be drilled in the Second Bone Spring and the proposed **Remuda South 25 State No. 906H Well** will be drilled in the Third Bone Spring. The completed intervals for each of these well will remain within the 330-foot standard offset required by the Statewide Rules.

In Case No. 15843, XTO seek an order from the Division (1) creating a 240-acre spacing and proration unit comprised of the E/2 SE/4 of Section 25 and the E/2 E/2 of Section 36, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico; and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. The proposed spacing unit will be the project area for three proposed initial wells: the proposed **Remuda South 25 State No. 707H Well**, the proposed **Remuda South 25 State No. 708H Well**, and the proposed **Remuda South**

25 State No. 908H Well, which will be pad-drilled sequentially and batch completed. All three wells will be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 25 to a standard bottom hole location in the SE/4 SE/4 (Unit P) of Section 36. The proposed **Remuda South 25 State No. 707H Well**, proposed **Remuda South 25 State No. 708H Well** will be drilled in the Second Bone Spring and the proposed **Remuda South 25 State No. 908H Well** will be drilled in the Third Bone Spring. The completed intervals for each of these well will remain within the 330-foot standard offset required by the Statewide Rules.

XTO has negotiated in good faith regarding this development plan and has reached agreement with all but one working interest owner. XTO's believes its development plan will better develop the subject acreage than Devon's purported proposal, and does not result in stranded acreage.

APPLICANT'S PROPOSED EVIDENCE

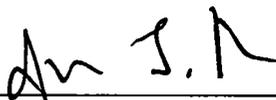
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Rodney Black, Landman	Approx. 25	Approx. 15
Jason Slayden, Petroleum Geologist	Approx. 15	Approx. 5
Derek Sanderson, Drilling Engineer	Approx. 15	Approx. 5
Jim Madison, Reservoir Engineer	Approx. 10	Approx. 3
Nathan Franka, Completion/Production Engineer	Approx. 10	Approx. 3

PROCEDURAL MATTERS

XTO requests that Cases 15837, 15839, 15841, and 15843 be consolidated for hearing.

Respectfully submitted,

HOLLAND & HART LLP



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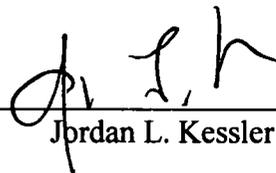
ATTORNEY FOR XTO ENERGY INC.

CERTIFICATE OF SERVICE

I hereby certify that on October 19, 2017, I served a copy of the foregoing document to the following via electronic mail to:

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**ATTORNEY FOR DEVON ENERGY PRODUCTION
COMPANY, LP**



Jordan L. Kessler