

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

**APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY, L.P. FOR CANCELLATION OR SUSPENDING
OF APPLICATIONS FOR PERMIT TO DRILL ISSUED
TO XTO ENERGY INC., EDDY COUNTY, NEW MEXICO.**

CASE NO. 15864

XTO'S PRE-HEARING STATEMENT

This pre-hearing statement is submitted by XTO Energy Inc. ("XTO") as required by the
Oil Conservation Division.

APPEARANCES

APPLICANT

Devon Energy Production Company, LP
Post Office Box 108838
Oklahoma City, OK 73101

ATTORNEY

James Bruce
Post Office Box 1056
Santa Fe, NM 87504
(505) 982-2043
jamesbruc@aol.com

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OPPONENT

XTO Energy Inc.
810 Houston Street
Fort Worth, TX 76102

ATTORNEY

Michael H. Feldewert, Esq.
Jordan L. Kessler
Holland & Hart, LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
jlkessler@hollandhart.com

APPLICANT'S STATEMENT OF THE CASE

OPPONENT'S STATEMENT OF THE CASE

XTO proposed and has approved Applications for Permits to Drill ("APDs") for twenty-four 1.5-mile wells in the Bone Spring and Wolfcamp formation covering Section 24 and the N/2 of Section 25, Township 23 South, Range 29 East, NMPM. XTO has 87.5 percent of the working interest committed to this proposed development plan. In conjunction with this development plan, XTO has also proposed and received approved APDs for twenty-four 1.5-mile wells in the Bone Spring and Wolfcamp formation covering S/2 of Section 25 and Section 36, Township 23 South, Range 29 East, NMPM.

Devon purports to have a plan to develop the E/2 of Section 22, all of Section 23, and all of Section 24. Portions of this acreage are within the designated oil-potash area subject to Order No. 3324, issued by the Secretary of the Interior. Devon has yet to propose the development plan to XTO and has not received APDs.

XTO has negotiated diligently and in good faith for months with Devon in an attempt to reach an agreement related to a drill island. In addition to meeting with Devon and the BLM, XTO has proposed several solutions to relocate the drill island and to coordinate easements with Devon to facilitate Devon's development plan. XTO's proposals allow for development of Devon's acreage through a subsurface easement, precluding Devon's claim that acreage will be stranded. Devon has rejected all of XTO's proposals for unspecified reasons.

XTO has rigs scheduled to develop the subject acreage and intends to proceed with development. Devon's acreage can be drilled through subsurface easements, thereby preventing stranded acreage. For these reasons, XTO requests that Devon's application be denied.

APPLICANT'S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
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OPPONENT'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

None at this time.

Respectfully submitted,

HOLLAND & HART LLP



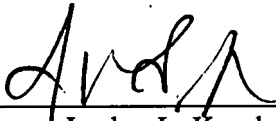
Michael H. Feldewert, Esq.
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(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
jlkessler@hollandhart.com
ATTORNEY FOR XTO ENERGY INC.

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:

James Bruce
Post Office Box 1056
Santa Fe, NM 87504
(505) 982-2043
jamesbruc@aol.com

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



Jordan L. Kessler