

**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.**

OCT 16 2018 PM04:08

CASE NO. 20079

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, an order pooling all uncommitted interests in the Bone Spring formation in the 320-acre horizontal spacing unit comprised of the E/2E/2 of Section 34, Township 24 South, Range 29 East and the E/2 E/2 of Section 3, Township 25 South, Range 29 East, NMPM, Eddy County, New Mexico. In support of its application, XTO states:

1. XTO Energy Inc. (OGRID No. 5380) is a working interest owner in the subject acreage and has the right to drill thereon.
2. XTO proposes to dedicate the above-referenced horizontal spacing unit to two initial wells: the proposed **Corral Canyon 3-34 Fed No. 24H Well** and the proposed **Corral Canyon 3-34 Fed No. 907H Well**. Both wells will be horizontally drilled from a surface location in the NE/4NE/4 (Unit A) of Section 10, Township 25 South, Range 29 East to bottom hole location in the NE/4NE/4 (Unit A) of Section 34, Township 24 South, Range 29 East.
3. The completed interval for each well will remain within the standard setback as required by the Statewide rules for oil wells. Because the proposed wells will be simultaneously drilled and completed, XTO requests an extension of the time period to drill and complete the initial well from 120 days to 365 days.

4. XTO has sought and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit.

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

6. In order to permit XTO to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and XTO Energy Inc. should be designated the operator of each proposed horizontal well and spacing unit.

WHEREFORE, XTO requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 15, 2018, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit;
- B. Approving two initial wells;
- C. Designating XTO Energy Inc. operator of this spacing unit and the horizontal well to be drilled thereon;
- D. Authorizing an extension of the 120-day requirement to drill and complete the initial well;
- E. Authorizing XTO to recover its costs of drilling, equipping and completing each well;
- 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 XTO in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP

By: 

Michael H. Feldewert

Jordan L. Kessler

Post Office Box 2208

Santa Fe, New Mexico 87504-2208

(505) 988-4421

(505) 983-6043 Facsimile

mfeldewert@hollandhart.com

jlkessler@hollandhart.com

ATTORNEYS FOR XTO ENERGY INC.

CASE No. ____: **Application of XTO Energy Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring formation in the 320-acre horizontal spacing unit comprised of the E/2E/2 of Section 34, Township 24 South, Range 29 East and the E/2 E/2 of Section 3, Township 25 South, Range 29 East, NMPM, Eddy County, New Mexico. Said horizontal spacing unit will be dedicated to two initial wells: the proposed **Corral Canyon 3-34 Fed No. 24H Well** and the proposed **Corral Canyon 3-34 Fed No. 907H Well**. Both wells will be horizontally drilled from a surface location in the NE/4NE/4 (Unit A) of Section 10, Township 25 South, Range 29 East to bottom hole location in the NE/4NE/4 (Unit A) of Section 34, Township 24 South, Range 29 East. The completed interval for each well will remain within the standard setbacks as required by the Statewide rules for oil wells. Also to be considered will be the cost of drilling and completing each well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of XTO Energy Inc. as operator of each well and a 200% charge for risk involved in drilling said well. Said area is located approximately 5 miles southeast of Malaga, New Mexico.