

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.

CASE NO. 20636

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 pooling all uncommitted interests in the Wolfcamp formation [WC-015 G-05 S233031K; Wolfcamp (Pool Code 98241)] underlying a standard 400-acre horizontal spacing unit comprised of E/2 W/2 of Sections 19 and 30, and the E/2 NW/4 of Section 31, Township 23 South, Range 30 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. Applicant proposes to dedicate the above-referenced horizontal spacing unit to the following four initial wells: The **Remuda North 31 State No. 113H Well** (30-015-44413), the **Remuda North 31 State No. 123H Well** (30-015-44414), the **Remuda North 31 State No. 124H Well** (30-015-44415), and the **Remuda North 31 State No. 164H Well** (API No. pending). Each of these wells have been or will be horizontally drilled from a surface location in the NE/4 SW/4 (Unit K) of Section 31 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 19.
3. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the working interest owners in the subject spacing unit.

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

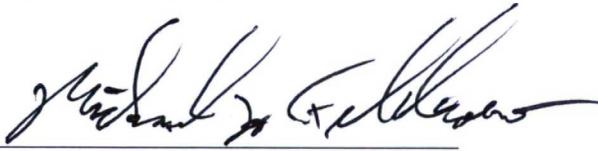
5. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and Applicant should be designated the operator of this proposed spacing unit and the horizontal wells to be drilled thereon.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on July 11, 2019, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit and approving the initial wells thereon;
- B. Authorizing an extension of the time frame to drill and complete the initial wells;
- C. Designating Applicant as the operator of this spacing unit and the horizontal wells to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the wells;
- E. Approving the actual operating charges and costs of supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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ATTORNEYS FOR XTO ENERGY INC.

CASE No. 20636: **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 Wolfcamp formation [WC-015 G-05 S233031K; Wolfcamp (Pool Code 98241)] underlying a standard 400-acre horizontal spacing unit comprised of E/2 W/2 of Sections 19 and 30, and the E/2 NW/4 of Section 31, Township 23 South, Range 30 East, NMPM, Eddy County, New Mexico. Said horizontal spacing unit will be dedicated to the following proposed wells: The **Remuda North 31 State No. 113H Well** (30-015-44413), the **Remuda North 31 State No. 123H Well** (30-015-44414), the **Remuda North 31 State No. 124H Well** (30-015-44415), and the **Remuda North 31 State No. 164H Well** (API No. pending). Each of these wells have been or will be horizontally drilled from a surface location in the NE/4 SW/4 (Unit K) of Section 31 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 19. Also to be considered will be an extension of the timeframe to drill and complete the initial wells, the cost of drilling and completing the wells and the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator of the wells and the imposition of a 200% charge for risk involved in drilling said wells. This area is located approximately 12 miles east of Loving, New Mexico.