

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

APPLICATION OF XTO DELAWARE
BASIN, LLC TO AMEND ORDER NO. R-20568
BY EXCLUDING FEDERAL UNIT ACREAGE
FROM HORIZONTAL SPACING UNIT
EDDY COUNTY, NEW MEXICO

Case No. 20918

APPLICATION OF XTO DELAWARE
BASIN, LLC TO AMEND ORDER NO. R-20249
BY EXCLUDING FEDERAL UNIT ACREAGE
FROM HORIZONTAL SPACING UNIT,
EDDY COUNTY, NEW MEXICO

Case No. 20919

**XTO DELAWARE BASIN, LLC'S
PRE-HEARING STATEMENT**

APPEARANCES

APPLICANT

XTO Delaware Basin, LLC

APPLICANT'S ATTORNEYS

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OPPONENT

Novo Oil & Gas Northern Delaware, LLC

OPPONENT'S ATTORNEY

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STATEMENT OF THE CASE

Case No. 20918: In its Order No. R-20568, the Division addressed an amended application by Novo Oil & Gas Northern Delaware,, LLC (“Novo”) that requested (i) approval of a 320-acre horizontal spacing unit (“HSU”) comprised of the N/2 N/2 of Sections 4 and 5, Township 23 South, Range 29 East in Eddy County, and (ii) the pooling of all uncommitted mineral interests in the Bone Spring formation at all depths below 8,773 feet to the stratigraphic equivalent of the base of the Bone Spring formation at 9,865 feet. The order approved the HSU comprised of the N/2 N/2 of Section 4 and 5 Township 23 South, Range 29 East.

Case No. 20919: In its Order No. R-20249, the Division addressed Novo’s application requesting approval of a 640-acre HSU comprised of the S/2 of Sections 4 and 5, Township 25 South, Range 29 East, and (ii) the pooling of all uncommitted mineral interests in the Wolfcamp formation underlying the HSU. The order approved the HSU comprised of the S/2 of Sections 4 and 5, Township 25 South, Range 29 East.

In both cases, the approved HSU includes 80 acres that are part of the federally-approved Big Eddy Unit, specifically the N/2 SE/4 of Section 4, Township 23 South, Range 29 East. The Oil Conservation Commission approved the Bid Eddy Unit in its Order No. R-152, which was issued on May 1, 1952. XTO is the successor operator of the Big Eddy Unit.

XTO did not appear in either case to inform the Division that it opposed inclusion of the 80 acres of Big Eddy Unit acreage in the HSUs and would not approve Bureau of Land Management (“BLM”) communitization agreements for Novo wells drilled into the acreage, and Novo did not adequately inform the Division of the inclusion of Big Eddy Unit acreage in the HSUs. Consequently, the Division issued the orders pooling the federal unit acreage.

Subsequently, XTO has informed Novo and the BLM that it will not approve communitization agreements for Novo wells drilled from non-unit acreage into Big Eddy Unit

acreage. Because the BLM has informed XTO that it will not approve communitation agreements that XTO opposes, any wells that Novo would drill and complete in the N/2 SE/4 of Section 4, Township 23 South, Range 29 East would result in economic waste and, in addition, would result in an impairment of XTO's correlative rights. Accordingly, XTO requests the Division to amend its Order Nos. R-20568 and R-20249 by excluding the 80 acres in the Big Eddy Unit from the HSUs approved in the orders.

PROPOSED EVIDENCE

WITNESS

ESTIMATED TIME

EXHIBITS

Blair Brummell
(Landman)

30 minutes

Approx. 15

XTO reserves the right to call a rebuttal witness(es) if appropriate.

PROCEDURAL MATTERS

XTO requests that Cases 20918 and 20919 be consolidated for hearing. Counsel for Novo does not oppose consolidation of the cases.

Respectfully submitted,

HINKLE SHANOR LLP



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Counsel for XTO Delaware Basin, LLC

CERTIFICATE OF SERVICE

I hereby certify that on this 5th day of December, 2019 I served a true and correct copy of the foregoing *XTO Delaware Basin, LLC's Pre-Hearing Statement* via email to:

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