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

APPLICATION OF XTO PERMIAN OPERATING LLC FOR EXCEPTIONS TO THE WELL CASING PROGRAM REQUIREMENT UNDER ORDER NO. R-111-Q, EDDY COUNTY, NEW MEXICO.

CASE NO. 25297

APPLICANT'S PRE- HEARING STATEMENT

XTO Permian Operating LLC., ("XTO") (OGRID No. 373075) submits this pre-hearing statement as required by the rules of the Oil Conservation Commission.

APPEARANCES

APPLICANT	ATTORNEY
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APPLICANT'S STATEMENT OF CASE

XTO is the designated operator of the James Ranch Unit (the "Unit") in Eddy County, New Mexico. XTO seeks an order approving an exception to the four-string wellbore design requirements in Commission Order No. R-111-Q, subsection C(5)(c)(iv), for three wells: (1) the James Ranch Unit DI 7 Sawtooth #116H (API No. 30-015-54882); (2) James Ranch Unit DI 7 Sawtooth Com #117H (API No. 30-015-54883); and (3) James Ranch Unit DI 7 Sawtooth #708H (API No. 30-015-54960). Order R-111-Q governs the drilling of wells within the Known Potash Leasing Area ("KPLA"). In situations where the operator elects to run a second intermediate string (resulting in a four-string wellbore design) the order specifies four well construction methods designed to "divert flow of wellbore fluids away from the salt interval in the event of a sudden production casing failure." Order No. R-111-Q, C(5)(c) at p. 9.

In 2024 XTO was engaged in a 32 well development program in the KPLA that utilized four-string wellbore designs. XTO elected to use the fourth casing construction design method which requires: "An engineered weak point shall be included on the second intermediate casing string below the salt formation in in the form of a lower strength casing or rupture disc to divert fluid into a suitable relief zone below the salt formation." See Order No. R-111-Q, C(5)(c)(iv) at p. 10; see also Figure F in R-111-Q. XTO successfully drilled 29 of those wells with an engineered weak point that will "divert fluid into a suitable relief zone below the salt formation" as required by subsection C(5)(c)(iv). However, while drilling 3 of the 32 wells XTO encountered casing and cementing issues that resulted in an engineered weak point which may not "divert fluid into a suitable relief zone below the salt formation" for the following reasons:

- The engineered weak point for James Ranch Unit DI 7 Sawtooth #116H was inadvertently placed approximately 3 feet inside of the first intermediate casing

shoe instead of below the first intermediate casing. This construction risks not diverting well bore fluids below the salt formation in the event of a well failure, because the crossover point to lower yield strength casing in the Second Intermediate casing string (i.e., the engineered weak point) is just above the First Intermediate casing shoe. *See* **XTO Exhibit A-3** (comparing Figure F from R-111-Q with the resulting wellbore for JRU D17 #116H).

- The James Ranch Unit DI 7 Sawtooth Com #117H and the James Ranch Unit DI 7 Sawtooth #708H both had cement placed too high between the production casing string and second intermediate casing string during remedial bradenhead squeeze operations. This resulted in the top of cement placement above the engineered weak point instead of below it. *Id.* (comparing Figure F from R-111-Q with the resulting wellbore for JRU D17 #117H and #708H.) This cement placement likely will not allow well bore fluids to be diverted below the salt formation in the event of a well failure.

To address the deficiencies in the three affected wells, XTO proposes to utilize the following mitigation safeguards:

a. First, in addition to pressure tests before hydraulic fracturing operations required by R-111-Q,(C)(6)(d) at p. 12, XTO will increase the solid body plug frequency and conduct pressure testing every two stages during hydraulic fracture operations, or about every 400 feet of the wellbore lateral. This will allow immediate action to reduce the volume impact of potential flow in the event of production casing failure. *See* **XTO Exhibit A-5.**

b. Second, XTO will install additional surface pressure relief valves on the annulus between the second intermediate and first intermediate casing string during hydraulic fracture operations. This additional pressure relief valve will allow pressure build-up to be released at the surface in a controlled manner, rather than through any part of the casing in the unlikely event of a production casing and second intermediate casing string failure. This safeguard is in addition to the surface pressure relief valve on the annulus behind the production casing string and the second intermediate casing string required by R-111-Q, C(5)(c) at p. 9. This additional pressure relief valve is depicted in **XTO Exhibit A-5** and will combine with the required surface pressure relief valve to ensure fluids have an additional path of release to the surface.

The BLM and the potentially affected potash companies (Intrepid Potash and Mosaic Potash) were notified in November of 2024 of the engineered weak point concerns in these three wells and XTO's proposed mitigation measures. The BLM informed XTO that they discussed the proposed mitigation measures and that the BLM agrees with them if the NMOCD has no concerns. The affected potash companies have expressed no opposition to the proposed mitigation measures.

XTO requests that the Commission issue an order approving an exception to the four-string wellbore design requirements in Commission Order No. R-111-Q, subsection C(5)(c)(iv) for the three wells and approve XTO's proposed mitigation measures.

APPLICANT'S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Will Dacus, Engineer	Self-Affirmed Statement	Approx. 6

PROCEDURAL MATTERS

Mr. Dacus' qualifications and testimony have been filed with this prehearing statement, and he will be present at the hearing for any questions.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on July 10, 2025, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

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QUESTIONS

Operator: XTO PERMIAN OPERATING LLC. 6401 HOLIDAY HILL ROAD MIDLAND, TX 79707	OGRID: 373075
	Action Number: 483640
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony

Please assist us by provide the following information about your testimony.

Number of witnesses	*Not answered.*
Testimony time (in minutes)	*Not answered.*