

**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**

OCD assigned new Case No. 20919

**Case No. 16286  
(Re-Opened)  
Order No. R-20249**

**APPLICATION**

XTO Delaware Basin, LLC (“XTO”) applies for an amended order that excludes XTO’s federal unit acreage from Novo Oil & Gas, LLC’s (“Novo’s”) horizontal spacing unit (“HSU”) approved in Order No. R-20249. In support of its application, XTO states:

1. Novo’s application in this case requested: (i) approval of a 640-acre HSU comprised of the S/2 of Sections 4 and 5, Township 23 South, Range 29 East in Eddy County, and (ii) the pooling all uncommitted mineral interests in the Wolfcamp formation underlying the proposed HSU.
2. On November 27, 2018, the Division issued Order No. R-20249 approving Novo’s application and pooling all uncommitted interests in the Wolfcamp formation underlying the 640-acre HSU in the S/2 of Sections 4 and 5.
3. XTO is the federally-approved operator of the Big Eddy Unit, which is comprised of 132,182.32 acres in Eddy and Lea Counties. The Oil Conservation Commission approved the Big Eddy Unit in Order No. R-152, which was issued on May 1, 1952. As indicated in the order, the unit acreage includes the N/2 SE/4 of Section 4, Township 23 South, Range 29 East.
4. The HSU approved in Order No. R-20249 includes acreage that is part of the Big Eddy Unit, specifically the N/2 SE/4 of Section 4.

5. XTO will not approve a communitization agreement for any Wolfcamp horizontal well that Novo proposes to drill from non-unit acreage into XTO's Big Eddy Unit acreage, and has informed Novo and the Bureau of Land and Management ("BLM") the BLM of its position.

6. The BLM has informed XTO that it will not approve a communitization agreement submitted by Novo for a Wolfcamp horizontal well drilled by Novo into the N/2 SE/4 of Section 4 because XTO will not voluntarily approve the agreement. Consequently, any Wolfcamp horizontal well drilled by Novo into the N/2 SE/4 of Section 4 would result in economic waste and impair XTO's correlative rights.

7. XTO has made a good faith effort to obtain Novo's concurrence in the requested exclusion of the Big Eddy Unit acreage from the HSU approved in Order No. R-20249, but Novo has rejected XTO's request.

WHEREFORE, XTO requests that this application be set for hearing on November 14, 2019 and that, after notice and hearing, the Division (i) grant this application, and (ii) enter an amended order that excludes the N/2 SE/4 of Section 4, Township 23 South, Range 29 East from Novo's HSU.

Respectfully submitted,

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