

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 15833
ORDER NO. R-14573**

**AMENDED APPLICATION OF XTO ENERGY INC. FOR A NON-STANDARD
SPACING AND PRORATION UNIT AND COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on October 26, 2017, before Examiner Scott A. Dawson, and again on January 11, 2018 before Examiner Michael A. McMillan.

NOW, on this 6th day of February, 2018, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

- (1) Due public notice has been given, and the Division has jurisdiction of these cases and of the subject matter.
- (2) Cases No. 15832, 15833, 15834, and 15835 were consolidated for hearing; however, a separate order will be issued for each case.
- (3) XTO Energy Inc. ("Applicant" or "XTO"), seeks approval of a 480-acre non-standard gas spacing unit and project area (the "Unit") for oil and gas production from the Wolfcamp formation, Purple Sage; Wolfcamp (Gas) Pool (Pool code: 98220), underlying the SW/4 of Section 25, and W/2 of Section 36, all in Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico.
- (4) The Unit will be dedicated to the following wells (the "proposed wells");
 - (a) Applicant's Remuda South 25 State Well No. 101H (API No. 30-015-44364), a horizontal well to be drilled from a surface location, 2280 feet from the North line and 615 feet from the West line

(Unit E) of Section 25, to a bottom-hole location 200 feet from the South line and 330 feet from the West line (Unit M) of Section 36, both in Township 23 South, Range 29 East, NMPM;

- (b) Applicant's Remuda South 25 State Well No. 103H (API No. (API No. 30-015-44359), a horizontal well to be drilled from a surface location, 2280 feet from the North line and 1935 feet from the West line (Unit F) of Section 25, to a bottom-hole location 200 feet from the South line and 1657 feet from the West line (Unit N) of Section 36, both in Township 23 South, Range 29 East, NMPM;
- (c) Applicant's Remuda South 25 State Well No. 121H (API No. 30-015-44361), a horizontal well to be drilled from a surface location, 2280 feet from the North line and 645 feet from the West line (Unit E) of Section 25, to a bottom-hole location 200 feet from the South line and 330 feet from the West line (Unit M) of Section 36, both in Township 23 South, Range 29 East, NMPM;
- (d) Applicant's Remuda South 25 State Well No. 122H (API No. 30-015-44360), a horizontal well to be drilled from a surface location, 2280 feet from the North line and 675 feet from the West line (Unit E) of Section 25, to a bottom-hole location 200 feet from the South line and 990 feet from the West line (Unit M) of Section 36, both in Township 23 South, Range 29 East, NMPM;
- (e) Applicant's Remuda South 25 State Well No. 123H (API No. 30-015-44389), a horizontal well to be drilled from a surface location, 2280 feet from the North line and 1965 feet from the West line (Unit F) of Section 25, to a bottom-hole location 200 feet from the South line and 1657 feet from the West line (Unit N) of Section 36, both in Township 23 South, Range 29 East, NMPM; and
- (f) Applicant's Remuda South 25 State Well No. 124H (API No. 30-015-44390), a horizontal well to be drilled from a surface location, 2280 feet from the North line and 1995 feet from the West line (Unit F) of Section 25, to a bottom-hole location 200 feet from the South line and 2310 feet from the West line (Unit N) of Section 36, both in Township 23 South, Range 29 East, NMPM.

(5) The proposed wells are within the Purple Sage; Wolfcamp (Gas) Pool (Pool code 98220), which is governed by special pool rules as established by Division Order No. R-14262 that provide for wells to be located no closer than 330 feet from a 320-acre spacing unit's outer boundary. 320-acre spacing applies to this pool pursuant to statewide rule 19.15.15.10.B NMAC.

(6) Applicant appeared at the hearing through counsel and presented land and geologic evidence to the effect that:

- (a) The Wolfcamp formation in this area is suitable for development by horizontal drilling;
- (b) The proposed orientation of the horizontal wells from South to North is appropriate for the proposed Unit.
- (c) Applicant provided notice for formation of the non-standard spacing unit to lessees or operators of surrounding tracts.
- (d) Applicant provided notice to all owners of interests in the mineral estate in the portions of S/2 and W/2 Section 25 that are excluded from the proposed Unit.
- (e) Applicant provided notice by publication, as provided in Rule 19.15.4.12.B NMAC, to those potentially affected parties whose whereabouts could not be ascertained.

(7) Devon Energy Production Company ("Devon") appeared at hearing through counsel, and did not object to granting of this application. No other party appeared at the hearing, or otherwise opposed the granting of this application.

(8) Applicant originally sought compulsory pooling of the Unit. Devon was the only party the Applicant sought to pool. After the hearing, the parties notified the Division that they have agreed to voluntary pooling.

The Division concludes that:

(9) The proposed non-standard unit should be approved to enable Applicant to drill horizontal wells that will efficiently produce the reserves underlying the Unit, thereby preventing waste and protecting correlative rights.

(10) Due to the parties' agreement to pool their interests, Applicant's request for compulsory pooling should be dismissed.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of XTO Energy Inc. a non-standard 480-acre oil spacing and proration unit and project area ("the Unit") is hereby established for oil and gas production from the Wolfcamp Formation, Purple Sage; Wolfcamp (Gas) Pool (Pool code 98220), comprising the SW/4 of Section 25, and W/2 of Section 36, both in Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico.

(2) The Unit shall be dedicated to the Applicant's proposed wells (collectively "proposed wells") described in Finding Paragraph (4) of this order.

(3) XTO Energy Inc. (OGRID 5380) is hereby designated the operator of the proposed wells.

(4) The parties having notified the Division that all owners in the Unit have agreed to voluntary pooling, Applicant's request for compulsory pooling is dismissed.

(5) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


HEATHER RILEY
Director