

**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. 20452

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 Bone Spring formation (Hackberry; Bone Spring Northwest Pool (97020)) underlying a standard 240-acre horizontal spacing unit comprised of the W/2 SE/4 of Section 27 and the W/2 E/2 of Section 34, Township 19 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. XTO proposes to dedicate the above-referenced horizontal spacing unit to its proposed **Buttercup 27-34 Federal 3H Well**, which will be horizontally drilled from a drilling island located in the NW/4 SE/4 (Unit J) of Section 22 to bottom hole location in the SW/4 SE/4 (Unit O) of Section 34. The completed interval for this well will remain within the standard setbacks required by the Statewide rules for oil wells.
3. XTO has sought and been unable to obtain voluntary agreement for the development of these lands from all the working interest owners in the horizontal well spacing unit.
4. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

WHEREFORE, XTO requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 2, 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;
- B. Designating applicant as operator of this spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing applicant to recover its costs of drilling, equipping and completing each well;
- D. Approving the actual operating charges and costs of supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. Imposing a 200% charge for the risk assumed by applicant in drilling and completing the well against any working interest owner that does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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ATTORNEYS FOR XTO ENERGY INC.

CASE No. 20452 : 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 Bone Spring formation (Hackberry; Bone Spring Northwest Pool (97020)) underlying a standard 240-acre horizontal spacing unit comprised of the W/2 SE/4 of Section 27 and the W/2 E/2 of Section 34, Township 19 South, Range 30 East, NMPM, Eddy County, New Mexico. Said horizontal spacing unit will be dedicated to the proposed **Buttercup 27-34 Federal 3H Well**, which will be horizontally drilled from a drilling island in NW/4 SE/4 (Unit J) of Section 22 to bottom hole location in the SW/4 SE/4 (Unit O) of Section 34. Also, to be considered will be the cost of drilling and completing this well, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator of the well and imposing a 200% charge for risk involved in drilling said well. The subject area is located approximately 22 miles northeast of Carlsbad, New Mexico.