

**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. 20687

APPLICATION

XTO Energy Inc. ("XTO" or "Applicant") (OGRID No. 5380), 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 underlying a standard 640-acre, more or less, horizontal spacing unit comprised of the S/2 of Sections 13 and 14, Township 20 South, Range 31 East, NMPM, Eddy County, New Mexico. In support of its application, XTO states:

1. XTO is a working interest owner in the subject acreage and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced horizontal spacing unit to the following proposed wells:
 - The **Big Eddy Unit 30E Rey #102H Well** and the **Big Eddy Unit 30E Qui-Gon #102H Well**, both which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 14 to bottom hole location in the NE/4 SE/4 (Unit I) of Section 13.
 - The **Big Eddy Unit 30E Obi-Wan #102H Well**, which will be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 14 to bottom hole location in the NE/4 SE/4 (Unit I) of Section 13.

- The **Big Eddy Unit 30E Anakin #203H Well**, which will be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 14 to bottom hole location in the SE/4 SE/4 (Unit P) of Section 13.
3. The completed interval of the **Big Eddy Unit 30E Anakin #203H Well** will be within 330' of the quarter-quarter line separating the N/2 S/2 and the S/2 S/2 of Sections 13 and 14 to allow inclusion of this acreage into a standard 640-acre horizontal well spacing unit.
 4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit.
 5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.
 6. In order to permit Applicant to obtain it's just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and Applicant should be designated the operator of these proposed horizontal wells and this proposed spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 8, 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 and approving the initial wells thereon;
- 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 the wells;

- D. Approving the actual operating charges and costs of supervision while drilling and after completion, 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 wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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ATTORNEYS FOR XTO ENERGY INC.

CASE No. ____: **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 underlying a standard 640-acre, more or less, horizontal spacing unit comprised of the S/2 of Sections 13 and 14, Township 20 South, Range 31 East, NMPM, Eddy County, New Mexico. Said horizontal spacing unit will be dedicated to the following proposed wells:

- The **Big Eddy Unit 30E Rey #102H Well** and the **Big Eddy Unit 30E Qui-Gon #102H Well**, both which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 14 to bottom hole location in the NE/4 SE/4 (Unit I) of Section 13.
- The **Big Eddy Unit 30E Obi-Wan #102H Well**, which will be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 14 to bottom hole location in the NE/4 SE/4 (Unit I) of Section 13.
- The **Big Eddy Unit 30E Anakin #203H Well**, which will be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 14 to bottom hole location in the SE/4 SE/4 (Unit P) of Section 13.

The completed interval of the **Big Eddy Unit 30E Anakin #203H Well** will be within 330' of the quarter-quarter line separating the N/2 S/2 and the S/2 S/2 of Sections 13 and 14 to allow inclusion of this acreage into a standard 640-acre horizontal well spacing unit. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator of the wells, and the imposition of a 200% charge for risk involved in drilling said wells. Said area is located approximately 20 miles northeast of Carlsbad, New Mexico.