

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

**APPLICATION OF WPX ENERGY PERMIAN, LLC  
FOR A HORIZONTAL SPACING UNIT AND COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO**

Case No. \_\_\_\_\_

**APPLICATION**

WPX Energy Permian, LLC, (“WPX”), OGRID No. 246289, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) establishing, to the extent necessary, a 640-acre, more or less, standard horizontal spacing and proration unit comprised of the W/2 of Sections 15 and 22, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests in the Wolfcamp formation (PURPLE SAGE; WOLFCAMP [Pool Code 98220]), designated by the Division as a gas field, underlying said unit.

In support of its Application, WPX states the following:

1. WPX is a working interest owner in the proposed horizontal spacing and proration unit (“HSU”) and has a right to drill a well thereon.
2. WPX seeks to dedicate to the HSU five proposed wells as identified and described herein to a depth to test the Wolfcamp formation.
3. WPX proposes the **French 22-15 Fed Com 411H Well**, to be horizontally drilled from a surface location in SE/4 SW/4 (Unit N) of Section 22 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 15.

4. WPX proposes the **French 22-15 Fed Com 421H Well**, to be horizontally drilled from a surface location in SE/4 SW/4 (Unit N) of Section 22 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 15.

5. WPX proposes the **French 22-15 Fed Com 412H Well**, to be horizontally drilled from a surface location in SE/4 SW/4 (Unit N) of Section 22 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 15.

6. WPX proposes the **French 22-15 Fed Com 422H Well**, to be horizontally drilled from a surface location in SE/4 SW/4 (Unit N) of Section 22 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 15.

7. WPX proposes the **French 22-15 Fed Com 413H Well**, to be horizontally drilled from a surface location in SE/4 SW/4 (Unit N) of Section 22 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 15.

8. The completed intervals for the proposed Wells will comply with the setback requirements imposed by the Special Rules for the Purple Sage Gas Pool, as provided in Order No. R-14262.

9. WPX has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the wells or in the commitment of their interests to the wells for their development within the proposed HSU.

10. The pooling of all interests in the Wolfcamp formation within the proposed HSU, and creation of the spacing unit, will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

11. In order to provide for its just and fair share of the oil and gas underlying the subject lands, WPX requests that all uncommitted interests in this HSU be pooled and that WPX be designated the operator of the proposed horizontal wells and HSU.

12. WPX reserves the right to add additional wells to the HSU when and if deemed necessary by WPX for the proper development of the HSU and its resources.

13. Because the proposed wells will be simultaneously drilled, back to back, and completed with other wells in the area, as part of a simultaneous drilling and completion project, WPX requests an extension of the time period to drill and complete at least one well from 120 days to 365 days, such that the initial well will satisfy the term criteria of the Division Order and allow for the prompt completion of the subsequent wells.

WHEREFORE, WPX requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on August 6, 2020, and after notice and hearing as required by law, the Division enter an order:

A. Approving the creation of a 640-acre, more or less, spacing and proration unit comprising the W/2 of Sections 15 and 22, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico;

B. Pooling all uncommitted mineral interests in the Wolfcamp formation (PURPLE SAGE; WOLFCAMP [Pool Code 98220]) underlying the proposed HSU;

C. Approving the five proposed wells in the HSU;

D. Designating WPX as operator of this HSU and the horizontal wells to be drilled thereon;

E. Authorizing WPX to recover its costs of drilling, equipping and completing these wells;

F. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures;

G. Setting a 200% charge for the risk assumed by WPX in drilling and completing the wells in the event a working interest owner elects not to participate in the wells; and

H. Authorizing an extension of the normal 120-day period to drill and complete the initial well with the provision that one well be drilled and completed by the end of the term of the order and the subsequent wells to follow promptly.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

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Darin C. Savage  
Andrew D. Schill  
William E. Zimsky  
214 McKenzie Street  
Santa Fe, New Mexico 87501  
Telephone: 970.385.4401  
Facsimile: 970.385.4901  
darin@abadieschill.com  
andrew@abadieschill.com  
bill@abadieschill.com

**Attorneys for Applicant**

***Application of WPX Energy Permian, LLC, ("WPX") for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico.*** Applicant in the above-styled cause seeks an order from the Division: (1) establishing, to the extent necessary, a 640 acre, more or less, standard horizontal spacing and proration unit comprised of the W/2 of Sections 15 and 22, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Wolfcamp formation (PURPLE SAGE; WOLFCAMP [Pool Code 98220]), a gas field, underlying the unit. Said horizontal spacing unit is to be dedicated to five (5) proposed wells, the **French 22-15 Fed Com 411H Well**, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 22 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 15; the **French 22-15 Fed Com 421H Well**, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 22 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 15; the **French 22-15 Fed Com 412H Well**, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 22 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 15; the **French 22-15 Fed Com 422H Well**, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 22 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 15; the **French 22-15 Fed Com 413H Well**, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 22 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 15. The completed intervals for the proposed Wells will comply with the setback requirements imposed by the Special Rules for the Purple Sage Gas Pool. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; a time extension for drilling; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 2.5 miles south of Artesia, New Mexico.