

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

**APPLICATION OF WPX ENERGY PERMIAN, LLC
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO**

CASE NO. 20450

**APPLICATION OF WPX ENERGY PERMIAN, LLC
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO**

CASE NO. 20451

**APPLICATION OF MATADOR PRODUCTION
COMPANY FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

CASE NO. 20324

**APPLICATION OF MATADOR PRODUCTION
COMPANY FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

CASE NO. 20492

WPX ENERGY PERMIAN, LLC'S PREHEARING STATEMENT

WPX ENERGY PERMIAN, LLC, formerly known as RKI Exploration & Production, LLC ("WPX"), provides this Prehearing Statement¹ in the above referenced proceedings, as required by the rules of the Division.

APPEARANCES

APPLICANTS-OPPONENTS

WPX ENERGY PERMIAN, LLC
(Applicant for Case Nos. 20450 and 20451;
Opponent for Case Nos. 20324 and 20492)

THEIR ATTORNEYS

Sharon T. Shaheen
John F. McIntyre
Montgomery & Andrews, P.A.
P.O. Box 2307
Santa Fe, New Mexico 87504-2307
(505) 986-2678
sshaheen@montand.com
jmcintyre@montand.com

¹ This Prehearing Statement amends the Prehearing Statement previously filed by WPX in Case No. 20450.

MATADOR PRODUCTION COMPANY
(Applicant for Case Nos. 20324 and 20492;
Opponent for Case Nos. 20450 and 20451)

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043
jamesbruc@aol.com

OTHER PARTY

MARATHON OIL COMPANY

OTHER PARTY'S ATTORNEY

Deana M. Bennett
Modrall, Sperling, Roehl, Harris & Sisk,
P.A.
P.O. Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, NM 87103-2168
(505) 848-1800
dmb@modrall.com

STATEMENT OF THE CASE

In Case No. 20450, Applicant-Opponent WPX seeks an order from the Division pooling all uncommitted interests in the Wolfcamp formation, Purple Sage Wolfcamp Gas Pool (Pool Code 98220), underlying a 640-acre, more or less, standard horizontal spacing unit comprised of the S/2 of Sections 34 and 35, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the proposed **Beagle 35-34-22-27 Fee 401H** well to be drilled from a surface hole location in the NW/4 SW/4 (Unit L) of Section 36 to a bottom hole location in the NW/4 SW/4 (Unit L) of Section 34. The completed interval for the proposed well will comply with the setback requirements imposed by the Special Rules for the Purple Sage Wolfcamp Gas Pool. Also to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 5 miles southeast of Carlsbad, New Mexico.

In Case No. 20451, Applicant-Opponent WPX seeks an order from the Division pooling all uncommitted interests in the Wolfcamp formation, Purple Sage Wolfcamp Gas Pool (Pool Code 98220), underlying a 640-acre, more or less, standard horizontal spacing unit comprised of the N/2 of Sections 34 and 35, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the proposed **Collie 35-34-22-27 Fee 401H** well to be drilled from a surface hole location in the NW/4 SW/4 (Unit L) of Section 36 to a bottom hole location in the SW/4 NW/4 (Unit E) of Section 34. The completed interval for the proposed well will comply with the setback requirements imposed by the Special Rules for the Purple Sage Wolfcamp Gas Pool. Also to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 5 miles southeast of Carlsbad, New Mexico.

In Case No. 20324, Applicant-Opponent Matador Production Company (“Matador”) seeks an order from the Division pooling all mineral interests in the Wolfcamp formation (Purple Sage Wolfcamp Gas Pool) underlying a horizontal spacing unit comprised of the N/2 of Section 35 and the N/2 of Section 36, Township 22 South, Range 27 East, NMPM. The unit will be dedicated to (a) the **K Grevey State Com. Well No. 35H**, a horizontal well with a first take point in the NE/4 NE/4 of Section 36 and a final take point in the NW/4 NW/4 of Section 35, and (b) the **K Grevey State Com. Well No. 202H**, a horizontal well with a first take point in the SE/4NE/4 of Section 36 and a final take point in the SW/4NW/4 of Section 35. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating

costs and charges for supervision, designation of Matador as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells.

In Case No. 20492, Applicant-Opponent Matador seeks an order from the Division pooling all mineral interests in the Wolfcamp formation (Purple Sage Wolfcamp Gas Pool) underlying a horizontal spacing unit comprised of the S/2 of Section 35 and the S/2 of Section 36, Township 22 South, Range 27 East, NMPM. The unit will be dedicated to the **K Grevey State Com. Well No. 203H**, a horizontal well with a first take point in the NE/4 SE/4 of Section 36 and a final take point in the NW/4 SW/4 of Section 35. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Matador as operator of the well, and a 200% charge for the risk involved in drilling and completing the well.

WPX and Matador have filed competing applications in these cases, each of which seeks an order pooling all uncommitted interests in the above-described units. WPX believes that its development plan is superior to that of Matador's, and is furthermore in the interest of conservation and the prevention of waste, while Matador's is not. WPX therefore opposes Matador's applications and requests that its applications be approved and Matador's denied.

PROPOSED EVIDENCE

<u>WPX'S WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Brennan West – Landman	45	5-7
Kasmira Workman – Geologist	45	5-7
Jeremy Harvard – Engineer	30	3-5

MATADOR’S WITNESSES

EST. TIME

EXHIBITS

[TBD]

MARATHON’S WITNESSES

EST. TIME

EXHIBITS

[TBD]

PROCEDURAL MATTERS

WPX requests that Case Nos. 20450 and 20451 be heard with Matador Production Company’s competing applications in Case Nos. 20324 and 20492.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By: /s/Sharon T. Shaheen

Sharon T. Shaheen

John McIntyre

P.O. Box 2307

Santa Fe, New Mexico 87504-2307

(505) 982-3873

sshaheen@montand.com

jmcintyre@montand.com

Attorneys for WPX Energy Permian, LLC

CERTIFICATE OF SERVICE

I hereby certify that on June 6, 2019, a true and correct copy of the foregoing *Prehearing*

Statement was served by electronic mail on the following counsel of record:

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043
jamesbruc@aol.com

Attorney for Matador Production Company

Deana M. Bennett
Modrall, Sperling, Roehl, Harris & Sisk, P.A.
P.O. Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, NM 87103-2168
(505) 848-1800
dmb@modrall.com

Attorney for Marathon Oil Permian, LLC

/s/Sharon T. Shaheen

Sharon T. Shaheen