

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

**APPLICATION OF WPX ENERGY PRODUCTION, LLC  
FOR A NON-STANDARD SPACING AND  
PRORATION UNIT, COMPULSORY POOLING, AND  
AN UNORTHODOX WELL LOCATION,  
SAN JUAN COUNTY, NEW MEXICO.**

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CASE NO. 15148

**APPLICATION**

WPX ENERGY PRODUCTION, LLC, (“WPX”) 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 (1) creating a 640-acre spacing and proration unit comprised of the E/2 and the W/2 of Section 33, Township 24 North, Range 8 West, NMPM, San Juan County, New Mexico; (2) pooling all mineral interests in the Mancos formation underlying this acreage; and (3) approving an unorthodox well location for the initial well. In support of its application, WPX states:

1. WPX Energy Production, LLC (OGRID No. 120782) is a working interest owner in the E/2 and the W/2 of Section 33 and has the right to drill thereon.

2. WPX proposes to dedicate the E/2 and the W/2 of Section 33 to its proposed **Chaco 2408-33M 121H Well**, which will be horizontally drilled from a surface location 1086 feet from the South line and 450 feet from the West line in the SW/4SW/4 (Unit M) to a non-standard bottom hole location 380 feet from the South line and 230 feet from the East line in SE/4SE/4 (Unit P) of Section 33.

3. The Basin Mancos Gas Pool is governed by the Special Rules as adopted by Division Order R-12984 which requires 320-acre spacing units and wells to be located no closer than 660 feet to the outer boundary of the spacing unit.

4. WPX has sought and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the E/2 and the W/2 of Section 33.

5. The pooling of interests in the E/2 and the W/2 of Section 33 to form a non-standard 640-acre spacing and proration unit for horizontal well development will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

6. Since the completed interval for the proposed **Chaco 2408-33M 121H Well** will be located closer than 660 feet to the outer boundary of the spacing units, it will encroach on the spacing and proration units to the West, Southwest, South, Southeast and East.

7. In order to permit WPX to develop an efficient horizontal drilling pattern for Section 33, an unorthodox location should be approved for the proposed well.

WHEREFORE, WPX requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 29, 2014, and, after notice and hearing as required by law, the Division enter an order:

- A. Creating a 640-acre non-standard spacing and proration unit in the Mancos formation, comprised of the E/2 and the W/2 of Section 33, Township 24 North, Range 8 West, NMPM;

- B. Pooling all mineral interests in the non-standard spacing and proration unit;
- C. Approving an unorthodox well location in the non-standard spacing and proration unit;
- D. Designating WPX Energy Production, LLC operator of this non-standard spacing unit and the horizontal well to be drilled thereon;
- E. Authorizing WPX to recover its costs of drilling, equipping and completing the well;
- F. 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
- G. Imposing a 200% penalty for the risk assumed by WPX in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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**ATTORNEYS FOR WPX ENERGY PRODUCTION, LLC**

CASE 15148:

**Application of WPX Energy Production, LLC for a non-standard spacing and proration unit, compulsory pooling and unorthodox well location, San Juan County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard 640-acre spacing and proration unit comprised of the E/2 and the W/2 of Section 33, Township 24 North, Range 8 West, NMPM, San Juan County; (2) pooling all mineral interests in the Mancos formation underlying this acreage; and (3) approving an unorthodox well location for the proposed **Chaco 2408 33M 121H Well**, which will be horizontally drilled from a surface location 1086 feet from the South line and 450 feet from the West line in the SW/4SW/4 (Unit M) to a non-standard bottom hole location 380 feet from the South line and 230 feet from the East line in SE/4SE/4 (Unit P) of Section 33. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of WPX Energy Production, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 3 miles East of Nageezi, New Mexico.