

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

APPLICATION OF WPX ENERGY PRODUCTION, LLC FOR
COMPULSORY POOLING AND APPROVAL OF UNORTHODOX
WELL LOCATION, SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 15261

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AMENDED 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) pooling all mineral interests in the Mancos formation underlying N/2 of Section 33, Township 24 North, Range 8 West, NMPM, San Juan County, New Mexico, and (2) authorizing and unorthodox well location for the proposed well. In support of its application, WPX states:

1. WPX (OGRID No. 120782) is a working interest owner in the N/2 of Section 33 and has the right to drill thereon.

2. WPX proposes to dedicate the N/2 of Section 33 as the spacing unit and project area for its proposed **Chaco 2408-33D 113H Well**, which will be horizontally drilled from a surface location 1304 feet from the North Line and 372 feet from the West line (Unit D) of Section 33. The completed interval for this horizontal well will commence 380 feet from the West line and 1598 feet from the North line (Unit E) to a location 330 feet from the East line and 2400 feet from the North line (Unit H) of Section 33.

3. The Basin Mancos Gas Pool is governed by the Special Rules as adopted by Division Order R-12984. These Special Rules require 320-acre spacing units and that the completed interval for a well to be no closer than 660 feet to the outer boundary of the

spacing unit. As a result, the completed interval for this proposed well encroaches on the spacing and proration units to the East, Southeast, South and West of Section 33.

5. 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 subject spacing unit.

6. The pooling of the interests in the N/2 of Section 33 will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

7. In order to permit WPX to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests in this standard spacing unit should be pooled and WPX Energy Production, LLC should be designated the operator of this proposed horizontal well and spacing unit.

8. In order to allow for an efficient well pattern in the 320-acre spacing unit and to maximize the drainage of the reserves underlying this spacing unit, the non-standard location for this well should be approved.

WHEREFORE, WPX Energy Production, LLC requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 22, 2015, 2014, and, after notice and hearing as required by law, the Division enter an order:

- A. Creating a 320-acre spacing and proration unit in the Mancos formation, comprised of the N/2 of Section 33;
- B. Pooling all mineral interests in this standard spacing and proration unit;
- C. Designating WPX Energy Production, LLC operator of this standard spacing unit and the horizontal wells to be drilled thereon;
- D. Authorizing WPX Energy Production, LLC to recover its costs of drilling, equipping and completing the well;

- E. 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;
- F. Imposing a 200% penalty for the risk assumed by WPX Energy Production, LLC in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well; and
- G. Approving the unorthodox well location for this initial well.

Respectfully submitted,

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By



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**ATTORNEYS FOR
WPX ENERGY PRODUCTION, LLC**

CASE 15261:

Application of WPX Energy Production, LLC for compulsory pooling and approval of an unorthodox well location, San Juan County, New Mexico. Applicant in the above-styled cause seeks an order (1) pooling all mineral interests in the Mancos formation underlying the N/2 of Section 33, Township 24 North, Range 8 West, NMPM, San Juan County; and (2) authorizing an unorthodox well location for the initial well in this standard 320-acre spacing unit. The N/2 of Section 33 is to be initially dedicated to applicant's proposed **Chaco 2408-33D 113H Well**, which will be horizontally drilled from a surface location 1304 feet from the North Line and 372 feet from the West line (Unit D) of Section 33. The completed interval for this horizontal well will commence 380 feet from the West line and 1598 feet from the North line (Unit E) to a location 330 feet from the East line and 2400 feet from the North line (Unit H) of Section 33. As a result this completed interval will be at an unorthodox location under the Special Rules governing the Basin Mancos Gas Pool (Pool Code 97232). 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.