

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.

RECEIVED
2015 FEB 17 PM 4:26
CASE NO. 152-25

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 the S/2 of Section 33, Township 24 North, Range 8 West, NMPM, San Juan County, New Mexico; and (2) approving an 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 S/2 of Section 33 and has the right to drill thereon.

2. WPX proposes to dedicate the S/2 of Section 33 to its proposed **Chaco 2408-33M 121H Well**, which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) to a non-standard bottom hole location in the SE/4 SE/4 (Unit P) of Section 33. The completed interval will commence 428 feet from the West line, 1087 feet from the South line (Unit M) to a location 230 feet from the East line, 380 feet from the South line (Unit P).

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 S/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 it's 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 March 19, 2015, 2015, 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 S/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,

HOLLAND & HART, LLP

By: 

Michael H. Feldewert
Jordan L. Kessler
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
jlkessler@hollandhart.com

ATTORNEYS FOR WPX ENERGY PRODUCTION, LLC

CASE 15275:

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 S/2 of Section 33, Township 24 North, Range 8 West, NMPM, San Juan County; and (2) approving an unorthodox well location for the proposed **Chaco 2408-33M 121H Well**, which which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) to a non-standard bottom hole location in the SE/4 SE/4 (Unit P) of Section 33. The completed interval will commence 428 feet from the West line, 1087 feet from the South line (Unit M) to a location 230 feet from the East line, 380 feet from the South line (Unit P). 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.