

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

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APPLICATION OF WPX ENERGY PRODUCTION, LLC FOR APPROVAL OF THE NORTH ESCAVADA UNIT, CREATION OF A NEW POOL WITHIN THE UNIT, AND FOR ALLOWANCE OF 330 FOOT SETBACKS FROM THE EXTERIOR OF THE UNIT AREA, SANDOVAL COUNTY, NEW MEXICO.

CASE NO. 15338

APPLICATION

WPX ENERGY PRODUCTION, LLC, ("WPX") through its undersigned attorneys, files this application with the Oil Conservation Division for an order (1) approving it's North Escavada Exploratory Unit pursuant to 19.15.2014 NMAC; (2) creating a new pool for horizontal wells within the Unit Area; and (3) allowing for 330 foot setbacks from the exterior of the proposed Unit. In support of its application, WPX states:

1. The proposed Unit Area for the North Escavada Unit consists of approximately 4,480 acres of Federal and Allotted Indian lands situated in:

TOWNSHIP 22 NORTH, RANGE 7 WEST, N.M.P.M.

Section 3: S/2
Section 4: S/2
Section 5: SE/4
Section 8: NE/4
Section 9: All
Section 10: All
Section 11: All
Section 12: All
Section 13: N/2
Section 14: N/2
Section 15: N/2

2. WPX (OGRID No. 120782) is the designated operator under the Unit Agreement. The unitized interval includes the Mancos formation at a depth of 3,715' down to the stratigraphic equivalent of the base of the Greenhorn formation at a depth of 5,575' as encountered in the Sandoval 22-7 No. 1-23 well in Section 23, Township 22 North, Range 7 West, N.M.P.M. (API No. 30-043-05150).

3. The Unit Agreement has been approved by a sufficient percentage of the interest owners within the proposed Unit Area to provide effective control of unit operations.

4. Applicant has received preliminary approval of the Unit Agreement from the Bureau of Land Management and the Federal Indian Minerals Office.

5. The entire Unit Area will be developed and operated as a single Participating Area.

6. Pursuant to 19.15.20.14 NMAC, after notice and hearing, the Division may approve the combining of contiguous developed proration units into a unitized area.

7. The Unit Area is currently subject to the Special Rules and Regulations for the Basin Mancos Gas Pool (97232) adopted under Order R-12984, the Alamito Gallup Pool (1039), and Statewide Rule 19.15.15.8 for Wildcat oil wells.

8. The Alamito Gallup Pool and the Statewide Rule 19.15.15.8 for Wildcat oil wells are subject to Statewide Rule 19.15.15.9 which requires wells to be located no closer than 330 feet to the outer boundary of a spacing unit.

9. Rule C of the Special Rules for the Basin Mancos Gas Pool require wells to be located no closer than 660 feet to the outer boundary of a spacing unit, or in this case the outer boundary of the project area.

10. In order to allow for the most efficient horizontal well development pattern, and to effectively drain the reserves in the unitized formation underlying the Unit Area, WPX requests that the Division create a new pool for horizontal well development within the North Escavada Unit that covers the unitized interval and allows for 330 foot setbacks.

11. WPX will provide notice of this application to the affected persons in the spacing units that adjoin the proposed Unit Area and the affected persons within the unitized area.

12. WPX will also cause notice of this application to be published in local newspapers of general circulation in Sandoval County, New Mexico.

13. Approval of this Application and the creation of a new pool for horizontal development in the unitized area will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, WPX Energy Production, LLC requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on June 25, 2015, and that after notice and hearing as required by law, the Division enter its order granting this Application.

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

**ATTORNEYS FOR
WPX ENERGY PRODUCTION, LLC**

Application Of WPX Energy Production, LLC For Approval Of The North Escavada Unit; Creation Of A New Pool For Horizontal Development Within The Unit Area, And For Allowance Of 330 Foot Setbacks From The Exterior Of The Proposed Unit, Sandoval County, New Mexico. Applicant seeks approval of its North Escavada Unit consisting of approximately 4,480 acres of Federal and Allotted Indian lands situated in all or parts of the S/2 of Section 3, the S/2 of Section 4, the SE/4 of Section 5, the NE/4 of Section 8, all of Sections 9, 10, 11, and 12, the N/2 of Section 13, the N/2 of Section 14, and the N/2 of Section 15, Township 22 North, Range 7 West, Sandoval County, New Mexico. The unitized interval includes the Mancos formation at a depth of 3,715' down to the stratigraphic equivalent of the base of the Greenhorn formation at a depth of 5,575' as encountered in the Sandoval 22-7 No. 1-23 well in Section 23, Township 22 North, Range 7 West, N.M.P.M. (API No. 30-043-05150). In addition, Applicant seeks an order creating a new pool within the unitized interval for horizontal well development that will allow for wells to be located anywhere within the proposed Unit Area so long as the completed interval is no closer than 330 feet from the outer boundary of the proposed Unit. The subject acreage is located approximately 4.5 miles South of Lybrook, New Mexico.