

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

APPLICATION OF WPX ENERGY PRODUCTION, LLC FOR APPROVAL OF THE WEST 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. 15348

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 West 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 West Escavada Unit consists of approximately 1,926.42 acres of Federal and Allotted Indian lands situated in:

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

Section 7: S/2
Section 8: S/2
Section 17: All
Section 18: All

2. WPX (OGRID No. 120782) is the designated operator under the Unit Agreement. The unitized interval includes the Mancos formation at a depth of 3,858 feet down to the stratigraphic equivalent of the base of the Greenhorn formation at a

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depth of 5,695 feet as encountered in the Fulton well in Section 31, Township 23, Range 7 West, N.M.P.M. (API No. 30-043-05164).

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 expects to receive 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. It is unclear whether the Unit Area is within any existing pool. The Special Rules and Regulations for the Basin Mancos Gas Pool (97232) adopted under Order R-12984, do not appear to extend into this portion of Sandoval County. The Unit Area is adjacent to the Rusty Gallup Pool (52860), which is an unlisted pool under Order R-12984 and is subject to the general Statewide Rules for oil wells providing for 330 foot setbacks from the outer boundary of a spacing unit.

8. 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 either create a new pool for horizontal well development within the West Escavada Unit that covers the unitized interval and allows for 330 foot setbacks, or place the unitized area within the Rusty Gallup Pool.

9. 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.

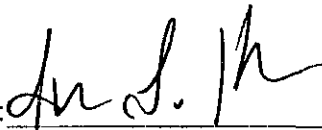
10. WPX will also cause notice of this application to be published in local newspapers of general circulation in Sandoval County, New Mexico.

11. 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 July 23, 2015, and that after notice and hearing as required by law, the Division enter its order granting this Application.

Respectfully submitted,

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**ATTORNEYS FOR
WPX ENERGY PRODUCTION, LLC**

CASE 15348

Application Of WPX Energy Production, LLC For Approval Of The West 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 West Escavada Unit consisting of approximately 1,926.42 acres of Federal and Allotted Indian lands situated in all or parts of the S/2 of Section 7, the S/2 of Section 8, and all of Sections 17 and 18, Township 22 North, Range 7 West, Sandoval County, New Mexico. The unitized interval includes the Mancos formation at a depth of 3,858 feet down to the stratigraphic equivalent of the base of the Greenhorn formation at a depth of 5,695 feet as encountered in the Fulton well in Section 31, Township 23 North, Range 7 West, N.M.P.M (API No. 30-043-05164). 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 6.5 miles Southwest of Counselor, New Mexico.