

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

APPLICATION OF WPX ENERGY PRODUCTION, LLC FOR APPROVAL OF THE RODEO 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, SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 15572

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 Rodeo Unit; (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 Rodeo Unit consists of approximately 5,288.63 acres, more or less, of Federal, State, and Allotted Indian lands situated in:

TOWNSHIP 22 NORTH, RANGE 8 WEST, NMPM

Section 6: Lots 3-5, SE/4 NW/4

TOWNSHIP 22 NORTH, RANGE 9 WEST, NMPM

Section 1: Lots 1-4, S/2 N/2, S/2

Section 2: Lots 1-4, S/2 N/2, S/2

Section 3: S/2

TOWNSHIP 23 NORTH, RANGE 8 WEST, NMPM

Section 20: All

Section 29: N/2

Section 30: Lots 1-4, E/2 W/2, E/2

Section 31: Lots 1-4, E/2 W/2, E/2

Section 32: All

TOWNSHIP 23 NORTH, RANGE 9 WEST, NMPM

Section 36: All

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2. WPX (OGRID No. 120782) is the designated operator under the Unit Agreement. The unitized interval includes the Mancos formation from the top of the Mancos formation at a depth of 3,524 feet down to the stratigraphic equivalent of the top of the Graneros formation at a measured depth of 5,359 feet as encountered in the North Chaco #7 well in Section 30, Township 23 North, Range 8 West, N.M.P.M. (API 30-045-05068).

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, the Federal Indian Minerals Office, and the New Mexico State Land Office. Applicant will also be in contact with the New Mexico Oil Conservation Division's District 3 Office regarding this application prior to the hearing date.

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 (Pool Code 97232) adopted in 2008 under Division Order R-12984.

8. Rule C of the Special Rules for the Basin Mancos Gas Pool requires 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.

9. 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 Rodeo Unit that covers the unitized interval and allows for 330 foot setbacks.

10. Notice of this Application will be provided to the affected parties in the spacing units offsetting the proposed Unit Area, as well as the working interest owners, and Indian Allottees within the unitized area.

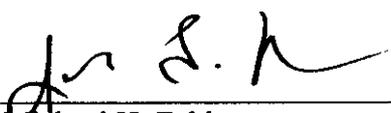
11. WPX will also cause notice of this application to be published in local newspapers of general circulation in San Juan County, New Mexico.

12. 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 October 27, 2016, and that after notice and hearing as required by law, the Division enter its order granting this Application.

Respectfully submitted,

HOLLAND & HART LLP

By: 

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**ATTORNEYS FOR
WPX ENERGY PRODUCTION, LLC**

CASE 15572

Application Of WPX Energy Production, LLC For Approval Of The Rodeo 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, San Juan County, New Mexico. Applicant seeks approval of its Rodeo Unit consisting of approximately 5,288.63 acres, more or less, of Federal, State, and Allotted Indian lands situated in all or parts of the Section 6, Township 22 North, Range 8 West, Sections 1-3, Township 22 North, Range 9 West, Sections 20 and 29-32, Township 23 North, Range 8 West, and Section 36, Township 23 North, Range 9 West, NMPM, San Juan County, New Mexico. The unitized interval includes the Mancos formation from the top of the Mancos formation at a depth of 3,524 feet down to the stratigraphic equivalent of the top of the Graneros formation at a measured depth of 5,359 feet as encountered in the North Chaco #7 well in Section 30, Township 23 North, Range 8 West, N.M.P.M. (API 30-045-05068). 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 miles southwest of Nageezi, New Mexico.

Jordan L. Kessler
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October __, 2016

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: AFFECTED PARTIES

RE: Application Of WPX Energy Production, LLC For Approval Of The Rodeo 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, San Juan County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that WPX Energy Production, LLC has filed the enclosed application with the New Mexico Oil Conservation Division and requested that this matter be scheduled for hearing before an Examiner on October 27, 2016. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date. A copy of the unit agreement is also enclosed.

Parties desiring to appear in this case are required by Division Rule 19.15.4.13 NMAC to file a pre-hearing statement on or before 5 p.m. on the Thursday preceding the scheduled hearing date. The pre-hearing statement must be filed at the Division's Santa Fe office at the above specified address and an additional copy provided to my office. The pre-hearing statement must include: the names of the party and its attorneys; a concise statement of the party's position in the matter; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact: Brennan West at (539) 573-2878, Brennan.West@wpxenergy.com.

Sincerely,

Jordan L. Kessler
ATTORNEY FOR
WPX ENERGY PRODUCTION, LLC