

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

APPLICATION OF WPX ENERGY PRODUCTION, LLC FOR APPROVAL OF THE SOUTH ESCAVADA UNIT AND FOR ALLOWANCE OF 330 FOOT SETBACKS FROM THE EXTERIOR OF THE PROPOSED UNIT, SANDOVAL COUNTY, NEW MEXICO.

CASE NO. 15645

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 South Escavada Unit; and (2) 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 South Escavada Unit consists of approximately 4,723.82 acres of Federal and Allotted Indian lands situated in Sandoval County:

TOWNSHIP 22 NORTH, RANGE 7 WEST, NMPM

Section 13: SE/4
Section 14: SW/4
Section 15: S/2
Section 22: S/2
Section 23: N/2, SW/4, W/2SE/4
Section 24: N/2
Section 26: NW/4
Section 27: All
Section 28: SE/4

TOWNSHIP 22 NORTH, RANGE 6 WEST, NMPM

Section 17: S/2
Section 18: Lots 3-4, E/2SW/4, SE/4
Section 19: Lots 1-4, E/2W/2, E/2
Section 20: 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 measure depth of 3,715 feet down to the stratigraphic equivalent of the top of the Graneros formation at a measured depth of 5,575 feet as encountered on the induction electrical log run on the Sandoval 1-23 Well in Section 23, Township 22 North, Range 7 West, N.M.P.M. (API 30-043-05150), Sandoval County, New Mexico.

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. 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, in part, to the Rusty Gallup Pool (52860), which is an unlisted (frozen) 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. The Special Rules and Regulations for the Basin Mancos Gas Pool (97232) adopted under Order R-12984, do not extend into this portion of Sandoval County.

9. 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.

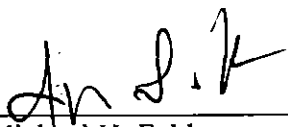
10. WPX will also cause notice of this application to be published in local newspapers of general circulation in Sandoval County, New Mexico.

11. Approval of this Application 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 March 16, 2017, 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 15645

Application Of WPX Energy Production, LLC For Approval Of The South Escavada Unit And For Allowance Of 330 Foot Setbacks From The Exterior Of The Proposed Unit, Sandoval County, New Mexico.

Applicant seeks approval of its South Escavada Unit consisting of approximately 4,723.82 acres of Federal and Allotted Indian lands situated in all or parts of the Sections 13-15, 22-24, and 26-28, Township 22 North, Range 7 West, and Sections 17-20, Township 22 North, Range 6 West, NMPM, Sandoval County, New Mexico. The unitized interval includes the Mancos formation from the top of the Mancos formation at a measure depth of 3,715 feet down to the stratigraphic equivalent of the top of the Graneros formation at a measured depth of 5,575 feet as encountered on the induction electrical log run on the Sandoval 1-23 Well in Section 23, Township 22 North, Range 7 West, N.M.P.M. (API 30-043-05150), Sandoval County, New Mexico. In addition, Applicant seeks an order allowing 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 southwest of Counselor, New Mexico.