

**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.**

RECEIVED  
OIL MAR - 11 2011  
CASE NO. 15645

**PRE-HEARING STATEMENT**

This pre-hearing statement is submitted by WPX Energy Production, LLC ("WPX") as required by the Oil Conservation Division.

**APPEARANCES**

**APPLICANT**

WPX Energy Production, LLC  
One Williams Center  
Tulsa, OK 74172

**ATTORNEY**

Michael H. Feldewert  
Jordan L. Kessler  
Holland & Hart, LLP  
Post Office Box 2208  
Santa Fe, New Mexico 87504-2208  
(505) 988-4421

**STATEMENT OF THE CASE**

WPX seeks an order (1) approving its South Escavada Unit; and (2) allowing for 330 foot setbacks from the exterior of the proposed Unit. 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

The acreage that WPX seeks to unitize is partially within 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. 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. To allow for the most efficient horizontal well development pattern, WPX requests that the Division allow horizontal wells to be located anywhere within the Unit Area so long as the completed interval remains at least 330 feet from the outer boundary of the South Escavada Unit.

**APPLICANT'S PROPOSED EVIDENCE**

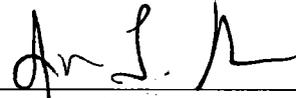
<b>WITNESS Name and Expertise</b>	<b>ESTIMATED TIME</b>	<b>EXHIBITS</b>
Delio Silvestri, Landman	Approx. 15 minutes	Approx. 7
Trevor Gates, Geologist	Approx. 15 minutes	Approx. 5

**PROCEDURAL MATTERS**

None at this time.

Respectfully submitted,

HOLLAND & HART LLP



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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](mailto:mfeldewert@hollandhart.com)

[jlkessler@hollandhart.com](mailto:jlkessler@hollandhart.com)

**ATTORNEYS FOR WPX ENERGY PRODUCTION, LLC**