

Davidson, Florene, EMNRD

From: Jordan L. Kessler <JLKessler@hollandhart.com>
Sent: Tuesday, January 10, 2017 4:38 PM
To: McMillan, Michael, EMNRD; Goetze, Phillip, EMNRD; Brooks, David K, EMNRD; Jones, William V, EMNRD
Cc: Davidson, Florene, EMNRD; Michael Feldewert; Lisamarie Ortiz
Subject: Continuance of Case No. 15618

Gentleman,

WPX respectfully requests that this case be continued from the January 19 to the February 2 examiner hearing docket. This is WPX's first continuance and no other party has entered an appearance in this matter.

Thanks,
Jordan

Jordan Lee Kessler
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HOLLAND & HART 

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McMillan, Michael, EMNRD

From: jamesbruc@aol.com
Sent: Thursday, February 9, 2017 9:55 AM
To: Davidson, Florene, EMNRD; Jones, William V, EMNRD; McMillan, Michael, EMNRD; Brooks, David K, EMNRD
Cc: shall@montand.com; epadillaplf@qwestoffice.net; joel@carson.ryan.com
Subject: Continuances

Please continue Case 15625/Mewbourne to the March 2nd hearing. No one has entered an appearance in this case.

Please continue Mewbourne Cases 15547 through 15552 and 15562 to the March 30th hearing. No one objects to the continuance.

Thanks.

Jim

obtain compliance, declaring the wells abandoned, and authorizing the OCD to plug the violating wells in accordance with a Division-approved plugging program and restore and remediate the location, recover costs from the Operator's financial assurance as permitted by 19.15.8.13 NMAC, and seek indemnification as permitted by NMSA 1978, § 70-2-14(E).

3. **Case No. 15618:** *Amended Application of WPX Energy Production, LLC For Approval Of The Rodeo Unit 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 7,208.63 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 and 10-12, 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 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.

4. **Case No 15625:** *Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.* Mewbourne Oil Company seeks an order pooling all mineral interests in the Wolfcamp formation underlying the E/2 of Section 21, Township 23 South, Range 28 East, NMPM, for all pools developed on 320 acre spacing within that vertical extent. The unit is to be dedicated to the **Loving Townsite 21 W2PA Fee Well No. 1H**, a horizontal well with a surface location 220 feet from the north line and 450 feet from the east line of adjoining Section 28, with the first take point approximately 330 feet from the south line and 450 feet from the east line and a terminus 330 feet from the north line and 450 feet from the east line of Section 21. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 1 mile east of beautiful, downtown Loving, New Mexico.

5.. **Case No. 15547:** *(Continued from the January 5, 2017 Examiner Hearing.)*
Application of Mewbourne Oil Company for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Mewbourne Oil Company seeks an order pooling all mineral interests in the Wolfcamp formation underlying the E/2 of Section 22, Township 26 South, Range 27 East, NMPM, to form a standard 320 acre gas spacing and proration unit in the Wolfcamp formation. The unit is dedicated to the **Owl Draw 22 WIAP Fed. Com. Well No. 1H**, a horizontal well with a surface location 230 feet from the south line and 660 feet from the east line of adjoining Section 15, and a terminus 333 feet from the south line and 650 feet from the east line of Section 22. The beginning and end of the producing interval will be unorthodox. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 12-1/2 miles south-southeast of Black River Village, New Mexico.

6. **Case No. 15548:** *(Continued from the January 5, 2017 Examiner Hearing.)*
Application of Mewbourne Oil Company for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order approving a 320-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the E/2 E/2 of Section 22 and the E/2 E/2 of Section 27, Township 26 South, Range 27 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit. The unit is to be dedicated to the **Owl Draw 22/27 B2AP Fed. Com. Well No. 1H**, a horizontal well with a surface location 200 feet from the south line and 600 feet from the east line of adjoining Section 15, and a terminus 333 feet from the south line and 572 feet from the east line of Section 27. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 15 miles south-southeast of Black River Village, New Mexico.

A

RE: Rodeo Unit - Follow-up from phone call



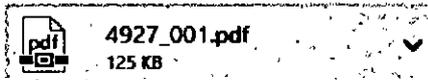
West, Brennan <Brennan.West@wpxenergy.com>

Fri 2/10, 9:09 PM

You



Reply | v



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Mrs. Davis,

Per our conversation, the following are a few points that I would like to clarify with respect to some of the issues you raise in your letter (attached):

1. As to your point on the development of Rodeo Unit in 2017 and beyond:
 - a. WPX does have plans to drill a well this summer assuming we receive necessary regulatory approval from the FMO, BLM and SLO. The current SJ drilling plan provides that we are going to drill 8 Rodeo Unit wells in the first half of 2018 and this could be moved up. The APD process is predicated on having unit approval and so it generally takes 6-8 months after the unit is approved to build an inventory of permits that are approved by the BLM, which is why the ramp up in Rodeo Unit development is planned for 2018.
2. As to drilling the West Lybrook unit prior to drilling the Rodeo Unit and drainage:
 - a. The West Lybrook Unit was approved back in 2015 which has given WPX time to build an inventory of approved APDs and 43% of the unit is Indian Allotted lands so there are many Allottees that are receiving the benefit of this production. Additionally, we are required to stay 330 feet from the unit boundary to ensure that drainage from the offsetting lands doesn't occur.

When you get a chance, feel free to give me a call and we can discuss any additional concerns or questions you may have. I will have my cell phone on me this weekend if you would like to discuss.

Sincerely,

Brennan West

Landman

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