

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

JUN 25 2018 PM04:28

APPLICATION OF CONOCOPHILLIPS COMPANY FOR APPROVAL OF THE ZIA HILLS BS/WC UNIT; CONTRACTION OF THE JENNINGS UPPER BONE SPRING SHALE POOL, THE PURPLE SAGE-WOLFCAMP GAS POOL AND THE WC-025 G-08 S263205N UPPER WOLFCAMP POOL; AND FOR CREATION OF WILDCAT BONE SPRING AND WOLFCAMP OIL POOLS FOR THE UNIT AREA, LEA AND EDDY COUNTIES, NEW MEXICO.

CASE NO. 16340

APPLICATION

ConocoPhillips Company ("COP") files this application for an order (1) approving the Zia Hills BS/WC Unit; (2) contracting the Jennings; Upper Bone Spring Shale Pool (Pool Code 97838), the Purple Sage-Wolfcamp Gas Pool (98220) and the WC-025 G-08 S263205N; Upper Wolfcamp Pool (98065) from the interior boundary of the Unit Area; and (3) creating wildcat Bone Spring and Wolfcamp oil pools to cover the Bone Spring and Wolfcamp formations, respectively, within the Unit Area. In support of its application, COP states:

1. The proposed Unit Area consists of approximately 13,863.35 acres of the following Federal and State lands situated in Lea and Eddy Counties, New Mexico:

TOWNSHIP 26 SOUTH, RANGE 31 EAST, N.M.P.M., EDDY COUNTY

Section 12:	SW/4
Section 13:	All
Section 14:	All
Section 23:	All
Section 24:	All
Section 25:	All
Section 26:	All
Section 27:	All
Section 34:	All
Section 35:	All
Section 36:	All

TOWNSHIP 26 SOUTH, RANGE 32 EAST, N.M.P.M., LEA COUNTY

Section 7: S/2
Section 17: All
Section 18: All
Section 19: All
Section 20: All
Section 25: All
Section 26: All
Section 27: All
Section 28: All
Section 29: All
Section 30: All
Section 31: All
Section 32: All
Section 33: All
Section 34: All
Section 35: All
Section 36: All

2. COP is the designated operator under the Unit Agreement. The unitized interval consists of the Bone Spring and Wolfcamp formations described as the stratigraphic equivalent of below the base of the Brushy Canyon formation at a measured depth of 7,678 feet down to the stratigraphic equivalent of to the top of the Cisco formation at a measured depth of 14,050 feet as encountered in the Stampede 27 1M (API No. 30-015-42118) and the State GR 1 (API No. 30-025-26785).

3. COP owns all the working interest in the Unit Area except the NE/4 and SW/4 of Section 26, Township 26 South, Range 31 East. COP is attempting to contact and reach agreement with the working interest owners in this acreage and has provided notice of this application and hearing to these uncommitted interest owners.

4. COP has met with the Bureau of Land Management and the New Mexico State Land Office and has received preliminary approval of the Unit Agreement.

5. The portion of the Unit Area comprised of the Bone Spring formation is currently subject to the Jennings; Upper Bone Spring Shale Pool (Pool Code 97838) and the WC-015 G-05 S263125N; Bone Spring (Pool Code 98009). The portion of the Unit Area comprised of the Wolfcamp formation in Eddy County is currently subject to the Purple Sage-Wolfcamp Gas Pool (98220) while the remainder of the Unit Area in Lea County is subject to WC-025 G-08 S263205N; Upper Wolfcamp (Pool Code 98065).

6. The Purple Sage-Wolfcamp Gas Pool (98220) is subject to the Special Rules set forth in Order No. R-14262, while the Wildcat Bone Spring and Wolfcamp oil pools are subject to the Statewide Rules.

7. To foster administrative reporting and efficiency, COP seeks to contract the Jennings; Upper Bone Spring Shale Pool (Pool Code 97838), the Purple Sage-Wolfcamp Gas Pool (98220) and the WC-025 G-08 S263205N; Upper Wolfcamp Pool (98065) from the interior boundary of the Unit Area and replace them with wildcat Bone Spring and Wolfcamp oil pools.

8. The Division's district office has identified the following wildcat pool designations for the proposed Unit Area:

- WC-015 G-05 S263125N; Bone Spring (Pool Code 98009) – **To be named Zia Hills Bone Spring Pool**
- WC-025 G-09 S263225A; Wolfcamp (Pool Code 98081) – **To be named Zia Hills Wolfcamp Pool**

9. The Unit Agreement, and the unitized operation and management of the Unit Area, are in the best interests of conservation, the prevention of waste, and the protection of correlative rights.

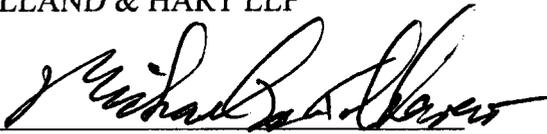
10. Approval of the contraction and creation of pools as set forth herein will promote administrative and reporting efficiency.

11. All Division designated operators of wells within the pools to be contracted, or within the same formation within one-mile of the pools to be contracted that have not been assigned to another pool, have been provided notice of this application and hearing.

WHEREFORE, COP requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on July 26, 2018, and that after notice and hearing as required by law, the Division enter its order granting this Application.

Respectfully submitted,

HOLLAND & HART LLP

By: 

Michael H. Feldewert
Adam G. Rankin
Jordan L. Kessler
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
agrarkin@hollandhart.com
jlkessler@hollandhart.com

ATTORNEYS FOR CONOCOPHILLIPS COMPANY

CASE 16340 : **Application of ConocoPhillips Company for Approval of the Zia Hills BC/WC Unit; Contraction of the Jennings Upper Bone Spring Shale Pool, the Purple Sage-Wolfcamp Gas Pool and the WC-025 G-08 S263205N Upper Wolfcamp Pool; and for Creation of Wildcat Bone Spring and Wolfcamp Oil Pools for the Unit Area, Lea and Eddy Counties, New Mexico.** Applicant seeks an order (1) approving the Zia Hills BS/WC Unit; (2) contracting the Jennings; Upper Bone Spring Shale Pool (Pool Code 97838), the Purple Sage-Wolfcamp Gas Pool (98220) and the WC-025 G-08 S263205N; Upper Wolfcamp Pool (98065) from the interior boundary of the Unit Area; and (3) creating wildcat Bone Spring and Wolfcamp oil pools to cover the Bone Spring and Wolfcamp formations, respectively, within the Unit Area. The proposed Unit Area consists of approximately 13,863.35 acres of the following Federal and State lands situated in Lea and Eddy Counties, New Mexico:

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