

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

**APPLICATION OF WPX ENERGY PERMIAN LLC
FOR THE COMPULSORY POOLING OF A HORIZONTAL
SPACING UNIT, EDDY COUNTY, NEW MEXICO**

Case No. _____

APPLICATION

WPX Energy Permian, LLC, (“WPX”), OGRID No. 246289, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) establishing a 320-acre, more or less, horizontal spacing and proration unit comprised of the S/2 of Section 21, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests in the Wolfcamp formation (PURPLE SAGE; WOLFCAMP [98220]) underlying said spacing unit.

In support of its Application, WPX states the following:

1. WPX is a working interest owner in the proposed horizontal spacing and proration unit (“HSU”) and has a right to drill a well thereon.
2. WPX seeks to dedicate to the HSU two initial wells to be drilled simultaneously to test the Wolfcamp formation:
 - a. The proposed **Corgi 21-22-27 Fee 401H Well**, to be horizontally drilled from a surface location in SW/4SW/4 (Unit M) of Section 22, Township 22 South, Range 27 East, with the First Take Point (FTP) in the NE/4SE/4 (Unit I) of

Section 21, to a bottom hole location in the NW/4SW/4 (Unit L) of Section 21, with the Last Take Point (LTP) in same Unit of Section 21.

- b. The proposed **Corgi 21-22-27 Fee 402H Well**, to be horizontally drilled from a surface location in SW/4SW/4 (Unit M) of Section 22, Township 22 South, Range 27 East, with the FTP in the SE/4SE/4 (Unit P) of Section 21, to a bottom hole location in the SW/4SW/4 (Unit M) of Section 21, with the LTP in same Unit M.

3. Because the proposed wells will be simultaneously drilled, back to back, and completed, WPX requests an extension of the time period to drill and complete the initial well from 120 days to 365 days.

4. The proposed wells are located in the Purple Sage; Wolfcamp (Gas) Pool, Code No. 98220, a gas field subject to Special Rules set forth in Division Order No. R-14262. The FTPs and LTPs of both **Corgi 21-22-27 Fee 401H** and **402H Wells** will be located 100 feet from the outer boundary of the spacing unit and therefore both wells will be at nonstandard locations. WPX will apply administratively for approval of an unorthodox location for the two wells.

5. WPX has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the wells or in the commitment of their interests to the wells for their development within the proposed HSU.

6. The pooling of all interests in the Wolfcamp formation within the proposed HSU, and creation of the spacing unit, will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

7. In order to provide for its just and fair share of the oil and gas underlying the subject lands, WPX requests that all uncommitted interests in this HSU be pooled and that WPX be designated the operator of the proposed horizontal wells and HSU.

8. WPX requests the option to add additional wells to the unit should operations and conservation criteria justify any additional wells.

9. Because the proposed wells will be drilled and completed with other proposed wells, as part of a simultaneous drilling and completion project, WPX requests an extension of the normal 120-day period to drill and complete the first well, with the provision that one well be drilled and completed within one year after the Division Order.

WHEREFORE, WPX requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on May 14, 2020, and after notice and hearing as required by law, the Division enter an order:

- A. Establishing a horizontal spacing and proration unit comprising the 320-acres, more or less, of the S/2 of Section 21, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico;
- B. Pooling all uncommitted mineral interests in the proposed HSU;
- C. Approving the two proposed initial wells in the HSU;
- D. Designating WPX as operator of this HSU and the horizontal wells to be drilled thereon;
- E. Authorizing WPX to recover its costs of drilling, equipping and completing these wells;

F. Approving actual operating charges and costs of supervision while drilling and after completion, to the maximum extent allowable, together with a provision allowing the adjustment of rates pursuant to the COPAS accounting procedures;

G. Setting a 200% charge for the risk assumed by WPX in drilling and completing the wells in the event a working interest owner elects not to participate in the wells; and

H. Authorizing an extension of the normal 120-day period to drill and complete the first of the two wells with the provision that one well be drilled and completed within one year of the order.

Respectfully submitted,

ABADIE & SCHILL, PC

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Application of WPX Energy Permian LLC for the Compulsory Pooling of a Horizontal Spacing and Proration Unit, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) establishing a horizontal spacing and proration unit comprised of the 320 acres, more or less, of the S/2 of Section 21, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests in the Wolfcamp formation (PURPLE SAGE; WOLFCAMP [98220]) underlying said unit. Said horizontal spacing unit is to be dedicated to (1) the proposed **Corgi 21-22-27 Fee 401H Well**, to be horizontally drilled from a surface location in SW/4SW/4 (Unit M) of Section 22, Township 22 South, Range 27 East, with the First Take Point (FTP) in the NE/4SE/4 (Unit I) of Section 21, to a bottom hole location in the NW/4SW/4 (Unit L) of Section 21, with the Last Take Point (LTP) in same Unit L; and (2) the proposed **Corgi 21-22-27 Fee 402H Well**, to be horizontally drilled from a surface location in the SW/4SW/4 (Unit M) of said Section 22, with the FTP in the SE/4SE/4 (Unit P) of Section 21, to the bottom hole location in the SW/4SW/4 (Unit M) of Section 21, with the LTP in same Unit M. The completed intervals and Take Points of the **Corgi 21-22-27 Fee 401H and 402H Wells** will be non-standard locations. WPX will apply administratively for approval of the unorthodox locations of the two wells. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the unit and wells; extension of timeframe for drilling and completing the wells; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located 1 mile south of Artesia, New Mexico.