

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

**APPLICATION OF WPX ENERGY PERMIAN, LLC FOR APPROVAL OF AN 862.40-
ACRE NON-STANDARD HORIZONTAL WELL SPACING UNIT AND COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NO. 23087

DEVON’S PRE-HEARING STATEMENT

WPX Energy Permian, LLC (“WPX” or “Applicant”) (OGRID No. 246289) submits this pre-hearing statement as required by the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

WPX Energy Permian, LLC

OTHER PARTIES

New Mexico Oil Conservation
Division

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APPLICANT’S STATEMENT OF THE CASE

In this case, WPX, a wholly owned subsidiary of Devon Energy Corporation, seeks an order (a) approving, if needed, an 862.40-acre, more or less, non-standard horizontal

well spacing unit in the Wolfcamp formation [Purple Sage; Wolfcamp (Gas) Pool (98220)] underlying all of Section 26 and the N/2 equivalent of irregular Section 35, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico, and (b) pooling all uncommitted mineral owners in this acreage. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the proposed initial **Steel Guitar 35-26-29 Fed Com #451H well**, to be horizontally drilled from a surface hole location in the NE/4 NW/4 (Unit C) of Section 26 to a bottom hole location in the SW/4 NW/4 (Lot 9) of Section 35.

This matter is related to Case 22506, under which Applicant filed a pooling application for a standard horizontal well spacing unit comprised of the subject acreage and presented the matter to the Division in February of 2022. Under Order R-22286, issued on September 12, 2022, the Division referred Case 22506 to the Commission and placed the matter on the Commission's October 13, 2022, docket stating:

This matter involves the interpretation of Oil Conservation Commission ("Commission") regulations regarding horizontal well spacing units. The issue is whether rectangular tracts comprising a standard horizontal spacing unit must be oriented in the same direction as the well interval. The Director believes that this issue should be decided by the Commission.

Applicant is the designated operator under a Joint Operating Agreement covering the subject area and seeks approval of a horizontal well spacing unit to match a corresponding Communitization Agreement for the federal leases within the subject area. Applicant seeks flexibility to commingle production from the subject area, and thereby minimize surface disturbance and lower surface facility costs for future wells in the subject area. The working interest, royalty and overriding royalty ownership is not uniform across the subject area. In addition, due to the nature and configuration of the federal leases in the subject area, the Bureau of Land Management ("BLM") may not

allow the commingling of production from future wells across the subject area if the Commission requires the acreage to be developed using two stand-up horizontal well spacing units oriented in the same direction as the completed interval for the proposed initial well. See, e.g., 43 CFR 3173.14 (addressing authorized commingling).

To ensure the necessary flexibility to allow a reduction of surface disturbance, to consolidate surface facilities for the commingling of production, and to effectively locate future wells across the subject area, Applicant requires either approval of the standard horizontal well spacing unit sought under Case 22506 or approval of a non-standard horizontal well spacing unit proposed under this application.

PROPOSED EVIDENCE

| WITNESSES Name and Expertise | ESTIMATED TIME | EXHIBITS |
|---|-----------------------|-----------------|
| Andrew Wenzel, Landman | Affidavit | Approx. 3 |

PROCEDURAL MATTERS

This matter has been consolidated for hearing with Case 22506 under Order R-22291. WPX requests that the record provided to the Division under related Case 22506 be incorporated into this matter. WPX does not expect opposition at hearing and therefore intends to present additional evidence by affidavit.

Respectfully submitted,

HOLLAND & HART LLP

By: 

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CERTIFICATE OF SERVICE

I hereby certify that on October 6, 2022, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

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QUESTIONS

Action 149386

QUESTIONS

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| Operator: DEVON ENERGY PRODUCTION COMPANY, LP 333 West Sheridan Ave. Oklahoma City, OK 73102 | OGRID: 6137 |
| | Action Number: 149386 |
| | Action Type: [HEAR] Prehearing Statement (PREHEARING) |

QUESTIONS

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| Testimony | |
| <i>Please assist us by provide the following information about your testimony.</i> | |
| Number of witnesses | <i>Not answered.</i> |
| Testimony time (in minutes) | <i>Not answered.</i> |