

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

APPLICATION OF WPX ENERGY PRODUCTION, LLC FOR APPROVAL OF A 640-ACRE NON-STANDARD PROJECT AREA COMPRISED OF ACREAGE SUBJECT TO A PROPOSED FEDERAL COMMUNITIZATION AGREEMENT, FOR CREATION OF A NEW POOL WITHIN THE PROJECT AREA, AND FOR ALLOWANCE OF 330 FOOT SETBACKS FROM THE EXTERIOR OF THE PROPOSED PROJECT AREA, RIO ARRIBA COUNTY, NEW MEXICO.

CASE NO. 15349

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

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STATEMENT OF THE CASE

WPX seeks an order (1) approving a 640-acre non-standard project area comprised of acreage subject to a federal Communitization Agreement covering all of Section 35, Township 24 North, Range 7 West, NMPM, Rio Arriba County, New Mexico; (2) creating a new pool for horizontal wells within this project area; and (3) allowing for 330 foot setbacks from the exterior of the proposed project area. Section 35 is comprised of two federal leases in which WPX owns

all of the working interest. WPX has visited with the Bureau of Land Management about a single Communitization Agreement covering all of Section 35 and expects to receive preliminary approval of this Communitization Agreement in advance of the hearing in this matter.

Section 35 contains acreage in the Basin Mancos Gas Pool (97232) and the Lybrook Gallup Pool (42289). The Basin Mancos Gas Pool requires 320-acre spacing units and 660 foot setbacks from the outer boundary of the spacing unit while the Lybrook Gallup Pool is subject to the Division's Statewide Rules for oil wells providing for 40-acre spacing units and 330 foot setbacks from the outer boundary of the spacing unit. In order to minimize surface disturbance, allow for the most efficient horizontal well development pattern, and to effectively drain the reserves in the Mancos formation, WPX seeks to have the communitized area approved as a single project area subject to a single oil pool that will allow horizontal wells to be located anywhere within the proposed project area so long as the completed interval remains 330 feet from the outer boundary of the project area.

APPLICANT'S PROPOSED EVIDENCE

| WITNESS Name and Expertise | ESTIMATED TIME | EXHIBITS |
|---------------------------------------|-----------------------|-----------------|
| Chuck Bassett Landman | Approx. 10 minutes | Approx. 5 |
| Sam Shiverick Geologist | Approx. 10 minutes | Approx. 4 |

PROCEDURAL MATTERS

None at this time.

Respectfully submitted,

HOLLAND & HART, LLP

A handwritten signature in black ink, appearing to read "Michael H. Feldewert" and "Jordan L. Kessler", written over a horizontal line.

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

jlkessler@hollandhart.com

ATTORNEYS FOR WPX ENERGY PRODUCTION, LLC