

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

APPLICATION OF WPX ENERGY PRODUCTION, LLC FOR APPROVAL OF THE KIMBETO WASH UNIT, CREATION OF A NEW POOL WITHIN THE UNIT, AND FOR ALLOWANCE OF 330 FOOT SETBACKS FROM THE EXTERIOR OF THE UNIT AREA, SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 15375

APPLICATION

WPX ENERGY PRODUCTION, LLC, ("WPX") through its undersigned attorneys, files this application with the Oil Conservation Division for an order (1) approving it's Kimbeto Wash Exploratory Unit; (2) creating a new pool for horizontal wells within the Unit Area; and (3) allowing for 330 foot setbacks from the exterior of the proposed Unit. In support of its application, WPX states:

1. The proposed Unit Area for the Kimbeto Wash Exploratory Unit consists of approximately 5,279.20 acres of Federal and Allotted Indian lands situated in:

TOWNSHIP 23 NORTH, RANGE 9 WEST, N.M.P.M.

Section 17: All
Section 18: E/2 W/2, E/2, Lots 1-4
Section 19: E/2 W/2, E/2, Lots 1-4
Section 20: All
Section 21: W/2
Section 28: W/2
Section 29: All
Section 30: E/2 W/2, E/2, Lots 1-4
Section 31: NE/4
Section 32: All

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2. WPX (OGRID No. 120782) is the designated operator under the Unit Agreement. The unitized interval includes the Mancos formation at a depth of 2,873

feet down to the stratigraphic equivalent of the top of the Graneros formation at a depth of 4,680 feet as encountered in the Federal E-1 Well well in Section 17, Township 22, Range 9 West, N.M.P.M..

3. The Unit Agreement has been approved by a sufficient percentage of the interest owners within the proposed Unit Area to provide effective control of unit operations.

4. Applicant expects to receive preliminary approval of the Unit Agreement from the Bureau of Land Management and the Federal Indian Minerals Office.

5. The entire Unit Area will be developed and operated as a single Participating Area.

6. The Unit Area is currently subject to the Special Rules and Regulations for the Basin Mancos Gas Pool (97232) adopted under Order R-12984 and the South Bisti Gallup Pool (5860).

7. Rule C of the Special Rules for the Basin Mancos Gas Pool requires wells to be located no closer than 660 feet to the outer boundary of a spacing unit, or in this case the outer boundary of the project area.

8. Rule 4 of Order R-8090 for the South Bisti Gallup Pool requires wells to be located no closer than 330 feet to the outer boundary of a spacing unit.

7. In order to allow for the most efficient horizontal well development pattern, and to effectively drain the reserves in the unitized formation underlying the Unit Area, WPX requests that the Division either create a new pool for horizontal well development within the Kimbeto Wash Unit that covers the unitized interval and allows for 330 foot setbacks, or place the unitized area within the South Bisti Gallup Pool.

8. WPX will provide notice of this application to the affected persons in the spacing units that adjoin the proposed Unit Area and the affected persons within the unitized area.

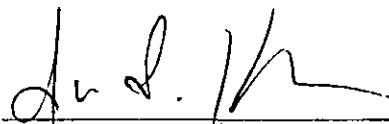
9. WPX will also cause notice of this application to be published in local newspapers of general circulation in San Juan County, New Mexico.

10. Approval of this Application and the creation of a new pool for horizontal development in the unitized area will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, WPX Energy Production, LLC requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on September 17, 2015, and that after notice and hearing as required by law, the Division enter its order granting this Application.

Respectfully submitted,

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**ATTORNEYS FOR
WPX ENERGY PRODUCTION, LLC**

CASE 15375

Application Of WPX Energy Production, LLC For Approval Of The Kimbeto Wash Unit; Creation Of A New Pool For Horizontal Development Within The Unit Area, And For Allowance Of 330 Foot Setbacks From The Exterior Of The Proposed Unit, San Juan County, New Mexico. Applicant seeks approval of its Kimbeto Unit consisting of approximately 5,279.20 acres of Federal and Allotted Indian lands situated in all or parts of the Sections 17-21 and 28-32, Township 23 North, Range 9 West, San Juan County, New Mexico. The unitized interval includes the Mancos formation at a depth of 2873 feet down to the stratigraphic equivalent of the top of the Graneros formation at a depth of 4,680 feet as encountered in the Federal E-1 well in Section 17, Township 22 North, Range 9 West, N.M.P.M. In addition, Applicant seeks an order creating a new pool within the unitized interval for horizontal well development 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 5.5 miles southwest of Nageezi, New Mexico.