

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

APPLICATION OF WPX ENERGY PERMIAN, LLC
FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 20376

APPLICATION

WPX Energy Permian, LLC, formerly known as RKI Exploration & Production, LLC (collectively "WPX") files this application with the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17 for an order pooling all uncommitted interests in the Wolfcamp formation, Purple Sage Wolfcamp Gas Pool (Pool Code 98220), underlying a 638.4-acre standard horizontal spacing unit comprised of N/2 of Sections 2 and 3, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico. In support of its application, WPX states:

1. WPX (OGRID No. 246289) is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. WPX seeks to dedicate the above-referenced horizontal spacing unit to the proposed **Shepherd 3-2-23-27 Fee 401H** well to be drilled from a surface hole location in NW/4 SW/4 (Unit L) of Section 3 to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 2. The completed interval for the proposed well will comply with the setback requirements imposed by the Special Rules for the Purple Sage Wolfcamp Gas Pool.
3. WPX has sought and been unable to obtain a voluntary agreement governing the development of these lands from all interest owners in the subject spacing unit.
4. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

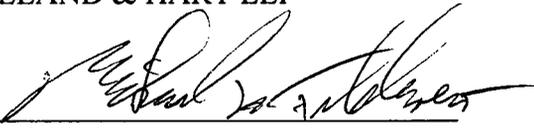
5. In order to permit WPX to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and WPX should be designated the operator of this proposed horizontal well and spacing unit.

WHEREFORE, WXP requests that this application be set for hearing before an Examiner of the Oil Conservation Division on April 4, 2019, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit and approving the initial well;
- B. Designating applicant as the operator of this spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing applicant to recover its costs of drilling, equipping and completing the well;
- D. Approving the actual operating charges and costs of supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. Imposing a 200% charge for the risk assumed by applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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ATTORNEYS FOR WPX ENERGY PERMIAN, LLC

CASE 20376 : Application of WPX Energy Permian, LLC, for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Wolfcamp formation, Purple Sage Wolfcamp Gas Pool (Pool Code 98220), underlying a 640-acre standard horizontal spacing unit comprised of N/2 of Sections 2 and 3, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the proposed **Shepherd 3-2-23-27 Fee 401H** well to be drilled from a surface hole location in NW/4 SW/4 (Unit L) of Section 3 to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 2. The completed interval for the proposed well will comply with the setback requirements imposed by the Special Rules for the Purple Sage Wolfcamp Gas Pool. Also, to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 4.5 miles southeast of Carlsbad, New Mexico.