

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

**APPLICATION OF WPX ENERGY PRODUCTION, LLC
FOR APPROVAL OF THE WEST LYBROOK 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. 15230

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 West Lybrook Unit pursuant to 19.15.2014 NMAC; (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 West Lybrook Unit consists of approximately 8017 acres of Federal and Allotted Indian lands situated in:

TOWNSHIP 23 NORTH, RANGE 8 WEST, N.M.P.M.

Section 6: All
Section 7: All
Section 8: All

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

Section 11: W/2 and SW/4
Section 12: All
Section 13: All
Section 14: All
Section 15: All
Section 21: SE/4
Section 22: All
Section 23: All
Section 27: All
Section 28: W/2
Section 33: All

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2. WPX (OGRID No. 120782) is the designated operator under the Unit Agreement. The unitized interval is the stratigraphic equivalent of the interval defined by the top of the Mancos formation at a measured depth of 3,815' down to the base of the Greenhorn Limestone formation at a measured depth of 5,593' as encountered in the Davis Oil Company Chaco #6 well in Section 12, Township 23 North, Range 9 West, N.M.P.M. (API No. 30-045-05082).

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. Pursuant to 19.15.20.14 NMAC, after notice and hearing, the Division may approve the combining of contiguous developed proration units into a unitized area.

7. The Unit Area is currently subject to the Nageezi Gallup Oil Pool (47540) and the Special Rules and Regulations for the Basin Mancos Gas Pool (97232) adopted under Order R-12984.

8. The Nageezi Gallup Oil Pool is subject to Statewide Rule 19.15.15.9 which requires wells to be located no closer than 330 feet to the outer boundary of a spacing unit.

9. Rule C of the Special Rules for the Basin Mancos Gas Pool require 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.

10. 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 create a new pool for horizontal development within the West Lybrook Unit that covers the unitized interval and allows for 330 foot setbacks.

11. Notice of this Application will be provided to the affected parties in the spacing units offsetting the proposed Unit Area, as well as the working interest owners and Indian Allottees within the unitized area.

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

13. 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 October 30, 2014, and that after notice and hearing as required by law, the Division enter its order granting this Application.

Respectfully submitted,

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WPX ENERGY PRODUCTION, LLC

CASE 15230:

Application Of WPX Energy Production, LLC For Approval Of The West Lybrook 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 West Lybrook Unit consisting of approximately 8,017 acres of Federal and Allotted Indian lands situated in all or parts of Sections 6 – 8 of Township 23 North, Range 8 West and, Sections 11 - 15, 21 – 23, 27 – 28 and 33 of Township 23 North, Range 9 West, N.M.P.M., San Juan County, New Mexico. The unitized interval is the stratigraphic equivalent of the interval defined by the top of the Mancos formation at a measured depth of 3,815' down to the base of the Greenhorn Limestone formation at a measured depth of 5,593' as encountered in the Davis Oil Company Chaco #6 well in Section 12, Township 23 North, Range 9 West, N.M.P.M. (API No. 30-045-05082) In addition, Applicant seeks an order creating a new pool within the unitized interval 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 1 mile South of Nageezi, New Mexico.