

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

**APPLICATION OF WPX ENERGY
PRODUCTION LLC FOR AN
EXCEPTION TO NMAC 19.15.34.13(C),
RIO ARRIBA COUNTY, NEW MEXICO.**

2017 MAR - 1
CASE NO. 15814

WPX ENERGY PRODUCTION, LLC, ("WPX") through its undersigned attorneys, files this application with the Oil Conservation Division for an order (1) granting an exception to NMAC 19.15.34.13(C); and (2) authorizing a suspension of Permit Number 3RF-3 for one year. In support of this application, WPX states as follows:

1. WPX (OGRID 120782) obtained Permit Number 3RF-3 authorizing a Recycling Facility and Recycling Containment ("Facility") located in Section 30, Township 31 North, Range 5 West, NMPM, Rio Arriba County, New Mexico, on June 4, 2015.
2. Use of the necessary fluid capacity from this Facility for recycling and reuse required by NMAC 19.15.34.13(C) has not been met since March 31, 2016. Accordingly, pursuant to NMAC 19.15.34.13(C), the initial regulatory date for cessation of operations was September 31, 2016.
3. During drilling operations in early 2016, WPX determined that a leak existed in the pond liner and began a variety of tests to ensure the structural integrity of the Facility.
4. WPX received a six-month extension pursuant to NMAC 19.15.34.13(C) from the Division's district office postponing the date of cessation of operations to March 31, 2017.
5. On March 27, 2017, the Division issued Order R-14314 authorizing an additional six-month extension to September 30, 2017.
6. As of early August, 2017, WPX is finalizing testing and repairs on the leak.
7. WPX is unable to conduct oil and gas operations on these lands between December 1 through March 31 due to seasonal wildlife habitat restrictions imbled by the BLM's Farmington Resource

Management Plan. *See* Farmington Resource Management Plan, Bureau of Land Management, Farmington Field Office (December 2003), Stipulation F-4, B-2.

8. Planned development in the Rosa Unit has been postponed due in part to the leak issues associated with the Facility. WPX is evaluating its drilling plans for 2018, and intends to drill wells that will utilize the fluids contained within the Facility to support operations scheduled for 2018.

9. Drilling and completion of these future wells will result in use greater than 20 percent of the total fluid capacity, in compliance with NMAC 19.15.34.13(C).

10. Because WPX is unable to access the surface area to drill wells until April 1, 2018, WPX requests an exception to NMAC 19.15.34.13(C) authorizing a one year suspension of Permit Number 3RF-3 to complete final leak repairs and testing, and in order to utilize the Facility to support future drilling operations.

11. Approval of this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

12. Notice of this application will be sent to the surface owner.

WHEREFORE, WPX Energy Production, LLC requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 31, 2017, and that after notice and hearing as required by law, the Division enter its order granting this application.

Respectfully submitted,

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