

**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. 20375

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 633.85-acre standard horizontal spacing unit comprised of SE/4 of Section 35 and the S/2 of Section 36, both in Township 22 South, Range 28 East, NMPM, and Lot 3, Lot 4 and E/2 SW/4 of Section 31, Township 22 South, Range 29 East, NMPN, 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 following proposed wells:
 - The **Retriever 35-22-28 Fed Com 401H** well to be drilled from a surface hole location in NW/4 SE/4 (Unit J) of Section 35 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 31; and
 - The **Retriever 35-22-28 Fed Com 402H** well to be drilled from a surface hole location in NW/4 SE/4 (Unit J) of Section 35 to a bottom hole location in the NE/4 SW/4 (Unit K) of Section 31.

The completed intervals for the proposed wells will comply with the setback requirements imposed by the Special Rules for the Purple Sage Wolfcamp Gas Pool.

3. Since the proposed wells will be simultaneously drilled and completed, WPX requests an extension of the time period to drill and complete the initial well from 120 days to 365 days.

4. WPX has sought and been unable to obtain a voluntary agreement governing the development of these lands from all the interest owners in the subject spacing unit.

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

6. 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 wells 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;
- B. Approving the initial wells;
- C. Authorizing an extension of the 120-day requirement to drill and complete the initial wells;
- D. Designating WPX the operator of this spacing unit and the horizontal wells to be drilled thereon;
- E. Authorizing WPX to recover its costs of drilling, equipping and completing the wells;
- F. Approving the actual operating charges and costs of supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

- G. Imposing a 200% charge for the risk assumed by WXP in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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ATTORNEYS FOR WPX ENERGY PERMIAN, LLC

CASE 20375 : 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 633.85-acre standard horizontal spacing unit comprised of SE/4 of Section 35 and the S/2 of Section 36, both in Township 22 South, Range 28 East, NMPM, and Lot 3, Lot 4 and E/2 SW/4 of Section 31, Township 22 South, Range 29 East, NMPN, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- **The Retriever 35-22-28 Fed Com 401H** well to be drilled from a surface hole location in NW/4 SE/4 (Unit J) of Section 35 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 31; and
- **The Retriever 35-22-28 Fed Com 402H** well to be drilled from a surface hole location in NW/4 SE/4 (Unit J) of Section 35 to a bottom hole location in the NE/4 SW/4 (Unit K) of Section 31.

The completed intervals for the proposed wells 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 wells, 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 5 miles northwest of Loving, New Mexico.