



FORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF THE APPLICATION OF WPX)	CAUSE NO. 527
ENERGY ROCKY MOUNTAIN, LLC FOR AN ORDER)	
ESTABLISHING TWO 40-ACRE DRILLING AND)	ORDER NO. 527-10
SPACING UNITS FOR THE WILLIAMS FORK AND)	DOCKET NO. 1208-SP-93
ILES FORMATIONS IN THE NW¼ NW¼ AND NE¼)	
NW¼, SECTION 23, TOWNSHIP 2 SOUTH, RANGE)	
98 WEST, 6 TH P.M., SULPHUR CREEK FIELD, RIO)	
BLANCO COUNTY, COLORADO)	

REPORT OF THE COMMISSION

The Commission heard this matter on October 1, 2012, in the Routt County Justice Center, 1955 Shield Drive, Steamboat Springs, Colorado, upon an application for an order to establish two approximate 40-acre drilling and spacing units for Section 23, Township 2 South, Range 98 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Williams Fork and Iles Formations.

FINDINGS

The Commission finds as follows:

1. WPX Energy Rocky Mountain, LLC, ("WPX" or "Applicant") is an interested party in the subject matter of the hearing.
2. Due notice of the time, place and purpose of the hearing has been given in all respects as required by law.
3. The Commission has jurisdiction over the subject matter of the Application, and of the parties interested therein, and to promulgate the hereinafter prescribed order pursuant to the Oil and Gas Conservation Act.
4. Rule 318.a. of the Rules and Regulations of the Oil and Gas Conservation Commission requires that wells drilled in excess of 2,500 feet in depth be located not less than 600 feet from any lease line, and located not less than 1,200 feet from any other producible or drilling oil or gas well when drilling to the same common source of supply. Section 23, Township 2 South, Range 98 West, 6th P.M. is subject to Rule 318.a. for the Williams Fork and Iles Formations.
5. On May 16, 2011, the Commission issued Order No. 527-9 which, among other things, established that the equivalent of one well per 10-acres may be drilled for the production of oil, gas and associated hydrocarbons from the Williams Fork and Iles Formations, with the (downhole) treated interval of the permitted wells to be located anywhere upon the subject lands, but no closer than 100 feet from the outside boundary of a lease or unit, unless such boundary abuts or corners lands for which the Commission has not at the time of the well permit application granted the right to drill 10-acre density wells, in which event the wells may be drilled no closer than 200 feet to such abutting or cornering lands. In addition, permitted wells may drilled from the surface either vertically or directionally from no more than one pad per quarter-quarter section (or lots or parcels approximately equivalent thereto), without exception being granted by the Director. Section 23, Township 2 South, Range 98 West, 6th P.M. is subject to this Order for the Williams Fork and Iles Formations.
6. On June 21, 2012, WPX, by it attorneys, filed a verified application ("Application") for an order to establish two approximate 40-acre drilling and spacing units for the below-described lands ("Application Lands"), for the production of oil, gas and associated hydrocarbons from the Williams Fork and Iles Formations, with the treated interval of the permitted wellbore to be no closer than 100 feet from the unit boundaries, unless such lands abut or corner lands in respect of which the Commission has not at the time of drilling permit application granted the right to drill 10-acre density Williams Fork and Iles Formation wells, the well shall be located downhole no closer than 200 feet from the unit boundaries of the drilling unit so abutting or cornering such lands, with permitted wells to be drilled from the surface either vertically or directionally from no more than one pad per quarter quarter section (or lots or parcels approximately equivalent thereto), without exception being granted by the Director:

Township 2 South, Range 98 West, 6th P.M.

Section 23:	NW¼ NW¼	(40-acre DSU #1)
Section 23:	NE¼ NW¼	(40-acre DSU #2)

7. On August 6, 2012 WPX requested, and Commission Staff granted, a continuance to the October 1, 2012 hearing.

8. On September 18, 2012, WPX, by its attorneys, filed with the Commission a written request to approve the Application based on the merits of the verified Application and its supporting exhibits. Sworn written testimony and supplemental exhibits were submitted in support of the Application pursuant to Rule 511.

9. Land Testimony submitted by Applicant indicated that the requested drilling units are necessary in order for Applicant to pool the disparate leasehold (working) interests in the units. Because the Application Lands are already subject to Order 527-9 with respect to well density and location, and Applicant is not requesting any change to its terms, no geologic or engineering testimony was necessary.

10. The above-referenced testimony and exhibits show that granting the Application will allow pooling of the interests in the Application Lands in order to promote efficient reservoir drainage, prevent waste, and protect correlative rights.

11. WPX agreed to be bound by oral order of the Commission.

12. Based on the facts stated in the verified Application, having received no protests, and based on the Hearings Officer review of the Application under Rule 511, the Commission should enter an order to establish two approximate 40-acre drilling and spacing units for Section 23, Township 2 South, Range 98 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Williams Fork and Iles Formations.

ORDER

NOW, THEREFORE IT IS ORDERED, that two approximate 40-acre drilling and spacing units for the below-described lands, are hereby established, for the production of oil, gas and associated hydrocarbons from the Williams Fork and Iles Formations, with the treated interval of the permitted wellbore to be no closer than 100 feet from the unit boundaries, unless such lands abut or corner lands in respect of which the Commission has not at the time of drilling permit application granted the right to drill 10-acre density Williams Fork and Iles Formation wells, the well shall be located downhole no closer than 200 feet from the unit boundaries of the drilling unit so abutting or cornering such lands, with permitted wells to be drilled from the surface either vertically or directionally from no more than one pad per quarter quarter section (or lots or parcels approximately equivalent thereto), without exception being granted by the Director:

Township 2 South, Range 98 West, 6th P.M.

Section 23: NW¼ NW¼ (40-acre DSU #1)

Section 23: NE¼ NW¼ (40-acre DSU #2)

IT IS FURTHER ORDERED that the provisions contained in the above order shall become effective immediately.


IT IS FURTHER ORDERED, that the Commission expressly reserves its right, after notice and hearing, to alter, amend or repeal any and/or all of the above order.

IT IS FURTHER ORDERED, that under the State Administrative Procedure Act the Commission considers this Order to be final agency action for purposes of judicial review within 30 days after the date this Order is mailed by the Commission.

IT IS FURTHER ORDERED, that an application for reconsideration by the Commission of this Order is not required prior to the filing for judicial review.

ENTERED this 11th day of October, 2012, as of October 1, 2012.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By 
Robert J. Frick, Secretary