

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



March 5, 2014

WPX Energy Production, LLC
Attn: Ms. Heather Riley

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-7008
Administrative Application Reference No. pMAM1403855785

WPX Energy Production, LLC
OGRID 120782
Chaco 2306-06L Well No. 178H
API No. 30-039-31200

Proposed Location:

| | <u>Footages</u> | <u>Lot</u> | <u>Sec.</u> | <u>Twsp</u> | <u>Range</u> | <u>County</u> |
|-------------------|--------------------|------------|-------------|-------------|--------------|---------------|
| Surface | 1691 FSL & 572 FWL | 6 | 6 | 23N | 6W | Rio Arriba |
| Penetration Point | 1481 FSL & 364 FEL | 13 | 1 | 23N | 7W | Rio Arriba |
| Terminus | 1496 FSL & 250 FWL | 16 | 1 | 23N | 7W | Rio Arriba |

Proposed Project Area:

| <u>Description</u> | <u>Acres</u> | <u>Pool</u> | <u>Pool Code</u> |
|----------------------|--------------|----------------|------------------|
| N/2 S/2 of Section 1 | 151.4 | Lybrook Gallup | 42289 |

Reference is made to your application received on February 7, 2014.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed by statewide Rule 19.15.15.9.A NMAC, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary, and Rule 19.15.16.14.B(2) NMAC concerning directional wells in designated project areas. This surface location is outside the project area, and is permitted by Rule 19.15.16.15.B (4) NMAC which allows for surface locations outside project area. This location is unorthodox because portions of the proposed completed interval are closer to outside boundaries of the proposed project area than any location that would be a standard location under the applicable pool rules.

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Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A(2) NMAC.

It is our understanding that you are seeking this location for engineering reasons, in order to maximize production of hydrocarbons underlying this project area and prevent waste.

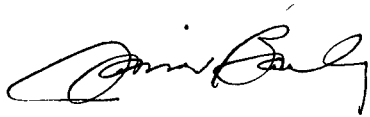
It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 19.15.5.9 NMAC.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey", with a stylized, cursive script.

Jami Bailey
Director

JB/mam

cc: New Mexico Oil Conservation Division – Aztec
United States Bureau of Land Management – Farmington