

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 11, 2014

WPX Energy Production, LLC
Attn: Ms. Heather Riley

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-7018
Administrative Application Reference No. pMAM140442668

WPX Energy Production, LLC
OGRID 120782
Chaco 2206-02H Well No. 226H
API No. 30-043-21169

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	1686 FNL & 328 FEL	H	2	22N	6W	Sandoval
Penetration Point	1530 FNL & 382 FEL	H	2	22N	6W	Sandoval
Terminus	1530 FNL & 230 FWL	E	2	22N	6W	Sandoval

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
S/2 N/2 of Section 2	160	Lybrook Gallup	42289

Reference is made to your application received on February 12, 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 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.

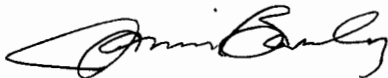
It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

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", written in a cursive style.

Jami Bailey
Director

JB/mam

cc: New Mexico Oil Conservation Division – Aztec
New Mexico State Land Office – Oil, Gas and Minerals