

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



October 17, 2014

WPX Energy Production, LLC
Attn: Ms. Gabrielle Gerholt

ADMINISTRATIVE NON-STANDARD LOCATION, AND NON-STANDARD PRORATION
UNIT

Administrative Order NSL-7174
Administrative Application Reference No. pMAM1427229864

Administrative Order NSP-2007
Administrative Application Reference No. pMAM1427230222

WPX Energy Production, LLC
OGRID 120782
Chaco 2306-04P Well No. 406H
API No. 30-045-35587

Non-Standard Location

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	1323 FSL & 208 FEL	P	4	23N	8W	San Juan
Penetration Point	706 FSL & 427 FEL	P	4	23N	8W	San Juan
Terminus	1052 FSL & 230 FWL	M	4	23N	8W	San Juan

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
S/2 S/2 of Section 4	160	Basin Mancos	97232

Reference is made to your application received on September 26, 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 less than 330 feet to the outside boundaries of the proposed project area.

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 WPX is seeking this location to efficiently develop this acreage.

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.

Non-Standard Proration Unit

You have also requested approval of a non-standard proration unit to be included in your proposed project area, as follows:

Units Comprising this Project Area

<u>Unit</u>	<u>Acres</u>	<u>Pool</u>	<u>Code</u>
S/2 S/2 of Section 4	160	Basin Mancos	97232

You have requested an exception pursuant to Rule 19.15.16.7.M NMAC, to approve a non-standard oil spacing and proration unit comprising 160-acres, consisting of the entire area described above as the Subject Unit or Project Area.

It is our understanding that WPX is seeking this approval because two previous NSPs had been filed for the N/2 S/2, and the S/2 N/2 of this section.

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 19.15.15.11.B(2), the above-described non-standard proration unit is hereby approved.

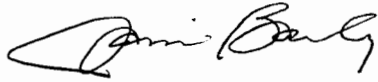
General provisions

The above approvals are 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.

October 17, 2014
Page 3

DONE at Santa Fe, New Mexico, on October 17, 2014

A handwritten signature in black ink, appearing to read "Jami Bailey". The signature is fluid and cursive, with the first name "Jami" and last name "Bailey" clearly distinguishable.

Jami Bailey
Director

JB/mam

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