

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication

☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement

☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☐ Does Not Apply

[A] ☒ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Heather Riley
Print or Type Name

Signature

Regulatory Manager
Title

10/29/2014
Date

Heather.riley@wpenergy.com
e-mail Address

Chaco 2308-06H #395H; API 30-045-35553

RECEIVED OGD
2014 OCT 30 P 2:51
- NSL 7182
- WPD Energy
Production LLC
120782
Well
- Chaco 23086H
30-045-35553
Pool
- Nageezi Gallup
47540

- need action
- who owns
- sub only
- sections 5



Sent via Overnight Delivery

October 29, 2014

Jami Bailey
Division Director
NEW MEXICO OIL CONSERVATION DIVISION
1220 South Saint Francis Drive
Santa Fe, NM 87505

*Re: Request for Administrative Approval for non-standard Nageezi Gallup Lateral
Chaco 2308-06H #395H, API: 30-045-35553*

Dear Ms. Bailey:

WPX Energy Production, LLC ("WPX"), pursuant to the provisions of Division Rule 19.15.15.13, hereby seeks administrative approval of an unorthodox location for the Nageezi Gallup (47540) formation in the Chaco 2308-06H #395H. This is a horizontal well with a surface location of 1687' FNL and 291' FEL, Section 6, T23N R8W and an end of lateral location of 380' FNL & 232' FWL, Section 6, T23N R8W. See attached plat.

This location is governed by statewide Rule 15.9.A [19.15.15.9.A NMAC], which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. The Special Rules for Horizontal Wells under Division Rule 19.15.16.15(B)(3) also apply and state no internal setbacks are required within a project area. Given these setback requirements, the producing interval in the lateral is encroaching the S/2 of the N/2 of Section 6, T23N R8W in that the Point of Entry is approximately 73' from the unit boundary.

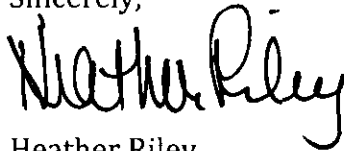
The spacing for the subject well is the N/2 of the N/2 of section 6 consisting of 4 consecutive parcels containing 40 acres more or less and totaling 163.34 acres. The spacing unit being encroached upon is the S/2 of the N/2 of Section 6 also consisting of 4 consecutive parcels containing 160.87 acres. All of Section 6 is operated by WPX and ownership is WPX and JMJ Land and Minerals Co ("JMJ"). A copy of the Notice Letter sent to JMJ is attached hereto.

Jami Bailey
Division Director
NEW MEXICO OIL CONSERVATION DIVISION
October 29, 2014
Page 2

The 7" casing landing point is at 5854' MD (1248' FNL & 396' FEL) and the Base Perf is 10,546' MD (400' FNL & 338' FWL). The completed interval will be inside of these distances; therefore, this lateral is not NSL to the East or West section lines. See attached Diagram.

Should you have any questions or concerns, please don't hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Heather Riley". The signature is written in a cursive, flowing style.

Heather Riley
Regulatory Manager
Enc.: As Drilled C-102
Completed Interval Diagram
Notice letter to JM]

District II
811 S. First Street, Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV
1220 S. St. Francis Drive, Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

OIL CONSERVATION DIVISION

1220 South St. Francis Drive
Santa Fe, NM 87505

Submit one copy to
Appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

"As Drilled"

*API Number		*Pool Code 47540	*Pool Name NAGEEZI GALLUP
*Property Code	*Property Name CHACO 2308-06H		*Well Number 395H
*OGRID No. 120782	*Operator Name WPX ENERGY PRODUCTION, LLC		*Elevation 6927'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot, Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	6	23N	8W		1687	NORTH	291	EAST	SAN JUAN

¹¹Bottom Hole Location If Different From Surface

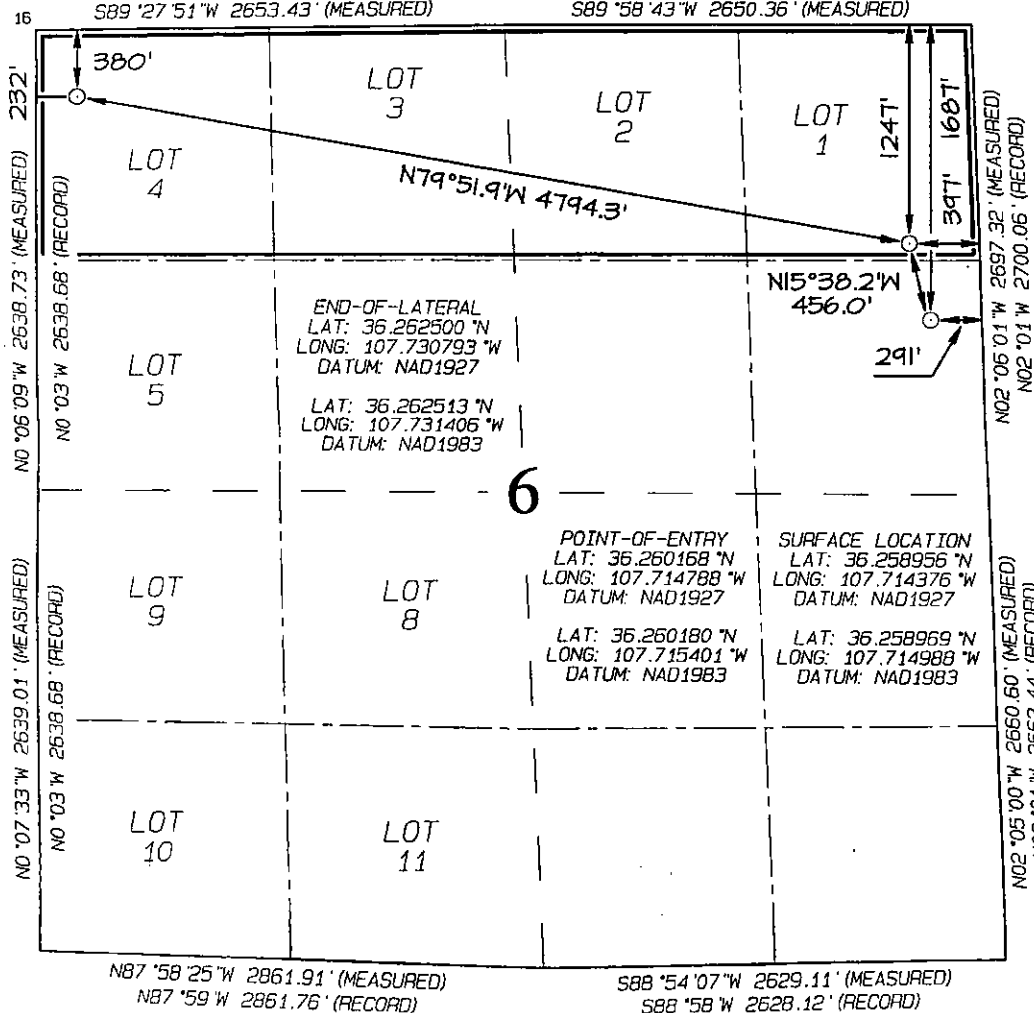
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	6	23N	8W	4	380	NORTH	232	WEST	SAN JUAN

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
163.34 Acres - N/2 N/2			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

S89°32'W 2654.52' (RECORD)
S89°27'51"W 2653.43' (MEASURED)

N89°57'W 2651.55' (RECORD)
S89°58'43"W 2650.36' (MEASURED)



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature: Neetha Riley Date: 10/27/2004

Heather Kiley
Printed Name
heather.riley@upxenergy.com
E-mail Address

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

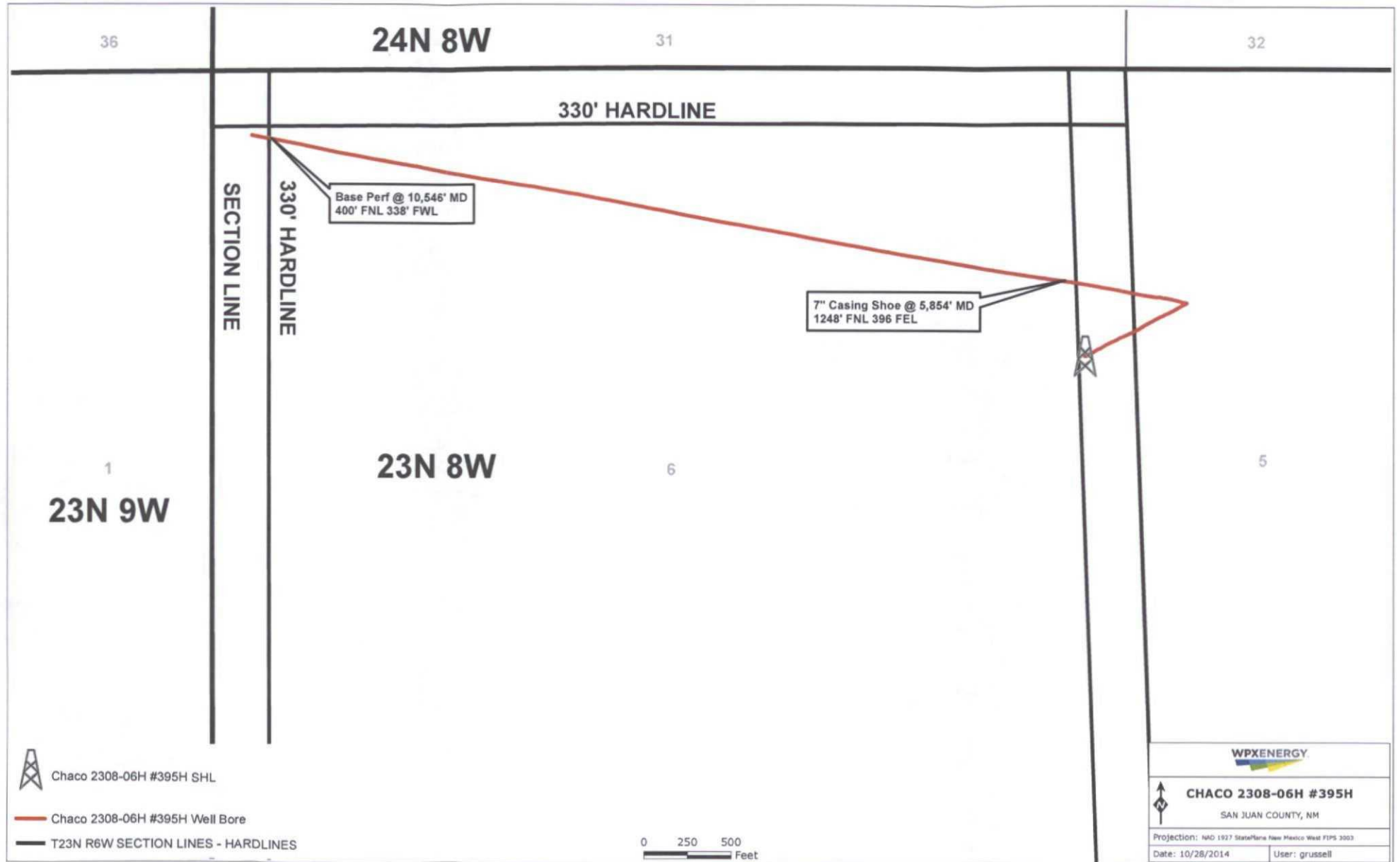
Date Revised: SEPTEMBER 26, 2014
Date of Survey: AUGUST 25, 2014

Signature and Seal of Professional Surveyor



JASON C. EDWARDS

Certificate Number 15269





Sent via E-mail and Certified Mail

October 29, 2014

JMJ Land and Minerals Co.
2204 N. Santiago Ave.
Farmington, NM 87401

Re: NOTICE TO INTERESTED PARTY AND INTEREST OWNERS
*Request for Administrative Approval for non-standard Nageezi Gallup Lateral
Chaco 2308-06H #395H, API: 30-045-35553*

Dear Interested Party or Interest Owner:

You have been identified as an Interested Party or Interest Owner having a right to notification of an application for Administrative Approval for non-standard Nageezi Gallup Lateral. Please find enclosed a complete copy of the application that was submitted to the New Mexico Oil Conservation Division on October 29, 2014. Please be advised that you have twenty (20) days from the date that the NMOCD receives the application in their Santa Fe office to submit any objections. The objections must be submitted in writing to:

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

It would be greatly appreciated, if you do not have any objections, if you would sign the waiver below and return to our office in the enclosed envelope or via email at the address listed below. Please feel free to contact me should you have any questions or concerns.

Sincerely,

A handwritten signature in black ink that reads "Heather Riley".

Heather Riley
Regulatory Manager

I DO NOT HAVE ANY OBJECTIONS AND HEREBY WAIVE THE 20 DAY PERIOD.

DATED



7013 1090 0001 7317 2675
7013 1090 0001 7317 2675

U.S. Postal Service™ CERTIFIED MAIL™ RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage \$	Postmark Here
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees \$	
Sent To <u>JmJ Land & Minerals</u>	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	
PS Form 3800, August 2006 See Reverse for Instructions	

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none">■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.■ Print your name and address on the reverse so that we can return the card to you.■ Attach this card to the back of the mailpiece, or on the front if space permits.	A. Signature X <input type="checkbox"/> Agent <input type="checkbox"/> Addressee
1. Article Addressed to: <u>JmJ Land & Minerals Co.</u> <u>2204 N. Santiago Ave.</u> <u>Farmington NM 87401</u>	B. Received by (Printed Name) C. Date of Delivery
2. Article Number (Transfer from service label)	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No
	3. Service Type <input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.
	4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes

7013 1090 0001 7317 2675

WPXENERGY.

Sent via E-mail and Certified Mail

October 29, 2014

JMJ Land and Minerals Co.
2204 N. Santiago Ave.
Farmington, NM 87401

Re: NOTICE TO INTERESTED PARTY AND INTEREST OWNERS
Request for Administrative Approval for non-standard Nageezi Gallup Lateral
Chaco 2308-06H #395H, API: 30-045-35553

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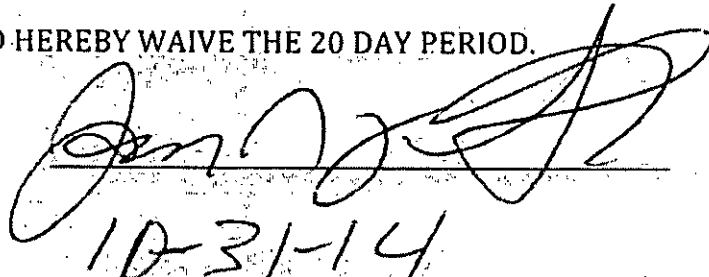
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

It would be greatly appreciated, if you do not have any objections, if you would sign the waiver below and return to our office in the enclosed envelope or via email at the address listed below. Please feel free to contact me should you have any questions or concerns.

Sincerely,

Heather Riley
Regulatory Manager

I DO NOT HAVE ANY OBJECTIONS AND HEREBY WAIVE THE 20 DAY PERIOD.



10-31-14

DATED

McMillan, Michael, EMNRD

From: McMillan, Michael, EMNRD
Sent: Friday, October 31, 2014 2:06 PM
To: 'Riley, Heather'
Subject: RE: Chaco 2308 6H Well NO. 395H and 2308 6H Well McQueen, Ken
<Ken.McQueen@wpenergy.com> NO. 396H

Ms. Riley:

Thank You for sending the waiver.

Here is the answer to the question about the 395H

- For the Chaco 2308 6H Well NO. 395H, it is encroaching on the SW/4 NW/4 of Section 5 (based on Pythagreom theorem). – I plan to apply for an NSP in section 5 of 23N R8W asking for a 640 acre spacing unit. The application is being drafted now. Would we need to have NSL approval for the corner unit given this scenario?

You would need to apply for an NSL-but if you own that unit, have a landman e-mail me a letter stating common ownership.

Michael McMillan

From: Riley, Heather [<mailto:Heather.Riley@wpenergy.com>]
Sent: Friday, October 31, 2014 1:51 PM
To: McMillan, Michael, EMNRD
Cc: McQueen, Ken; Richardson, Amy; West, Brennan; Granillo, Lacey
Subject: RE: Chaco 2308 6H Well NO. 395H and 2308 6H Well NO. 396H

Mr. McMillan,

Please see my responses below. Also, I have attached 20 day Notice Waivers for both application that have been signed by JMJ.

Thanks you,

Heather Riley
Regulatory Manager, San Juan Asset Team
WPX Energy
P. O. Box 640
Aztec, NM 87410
(970) 749-8747 (cell)
(505) 333-1822 (office)
heather.riley@wpenergy.com

From: McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]
Sent: Friday, October 31, 2014 9:23 AM
To: Riley, Heather
Subject: Chaco 2308 6H Well NO. 395H and 2308 6H Well NO. 396H

Ms. Riley:

I received your applications yesterday for the Chaco 2308 6H Well NO. 395H and 2308 6H Well NO. 396H wells.
I need the following information:

- What is your reason for the NSL? – Rather than drill the laterals east to west, we oriented the laterals roughly N 80 W to be more orthogonal to the hydraulic fracturing direction that we have seen in microseismic surveys in the area.
- For the Chaco 2308 6H Well NO. 395H, it is encroaching on the SW/4 NW/4 of Section 5 (based on Pythagreom theorem). – I plan to apply for an NSP in section 5 of 23N R8W asking for a 640 acre spacing unit. The application is being drafted now. Would we need to have NSL approval for the corner unit given this scenario?
- Is the casing shoe the beginning of the perforated interval for both wells? – To be conservative, we use the 7" casing shoe for the completed interval. The actual perforation will be at a deeper depth (further from the section line) than the 7" shoe.

Thank You

Michael A. McMillan

Engineering and Geological Services Bureau, Oil Conservation Division
1220 South St. Francis Dr., Santa Fe NM 87505
O: 505.476.3448 F. 505.476.3462

November 3, 2014

WPXENERGY

Via Email

Engineering and Geological Services Bureau, Oil Conservation Division
ATTN: Michael A. McMillan
1220 South St. Francis Dr.
Santa Fe, NM 87505

RE: T23N-R8W – Section 5, San Juan County, New Mexico
CHACO 2308-06H #395H
CHACO 2308-06H #396H

Mr. McMillan:

WPX owns 100% interest in the W/2 of T23N-R8W-Section 5, San Juan County, New Mexico, therefore, WPX is the only affected party concerning the above referenced wells. Please contact me if you have any questions.

Sincerely,



Chuck Bassett
Staff Landman