

DATE IN 7/14/15	SUSPENSE	ENGINEER MAM	LOGGED IN 7/15/15	TYPE NSL	APP NO p JAG1519641263
-----------------	----------	--------------	-------------------	----------	------------------------

ABOVE THIS LINE FOR DMSION USE ONLY

Checklist
0 AVE 2 h12
96-Ave 2 NEW
1500 CONFIRM
ADN
THIS CHECKLIST IS MANDATORY

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 Operator: WPX Energy Production
☒ NSL ☐ NSP ☐ SD well: Chaco 2408 350 119H
- Check One Only for [B] or [C] API: 30-045-3560
- [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.**
- NSL-1213-44
RECEIVED OGD
JUL 14 P 3:16
Pool: Basin Mancos
#: 97232

[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.

Jordan L. Kessler
Print or Type Name

Signature

Attorney

Title

jlkessler@hollandhart.com

c-mail Address

Date _____

7/14/15

RECEIVED OGD
JUL 14 P 3:16
Pool: Basin
#: 9723



July 14, 2015

VIA HAND DELIVERY

David Catanach
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RECEIVED OOD
2015 JUL 14 P. 3:16

Re: Application of WPX Energy Production, LLC for administrative approval of an unorthodox well location for its Chaco 2408-33D #119H Well, San Juan County, New Mexico.

Dear Mr. Catanach:

WPX Energy Production, LLC (OGRID 120782) owns a leasehold interest covering all of Section 33 and the W/2 of Section 34, Township 24 North, Range 8 West, N.M.P.M., San Juan County, New Mexico. WPX plans to drill the **Chaco 2408-33D #119H Well** as a transverse horizontal well to develop the Basin Mancos Pool underlying Section 33 and the E/2 of Section 34. The **Chaco 2408-33D #119H Well** will be drilled from a surface location at 1290 feet from the North line, 388 feet from the West line (Unit D) of Section 33. The completed interval will begin at approximately 839 feet from the North line, 380 feet from the West line (Unit D), and the last perforation will be no closer than 297 feet from the South line, 1357 feet from the West line (Unit N) of Section 34.

The special rules for the Basin Mancos Pool require that wells drilled within the area encompassed by these rules that is near an oil pool not listed in paragraphs (3) and (4) of Order R-12984 must conform to the special rules for the Basin-Mancos Gas Pool. See Appendix A to Order R-12984 (special rules) at Rule 1. These special rules require 320-acre spacing and that the well remains 660 feet from the outer boundary of the spacing unit. *Id.* at Rule 2. The completed interval of the **Chaco 2408-33D #119H Well** will be at a non-standard location because it is closer than 660 feet to the western, northwestern, and southern boundaries of the 960-acre project area. Accordingly, the proposed completed interval will encroach on the 320-acre spacing unit to the Northwest and South of the project area and will also encroach on the two 40-acre spacing units to the West of the project area, located in the E/2 NE/4 of Section 32. Section 32 is located within the Nageezi Gallup Pool (47540), which is subject to 40-acre oil spacing rules. Approval of the unorthodox completed interval will allow for efficient spacing of horizontal wells and thereby prevent waste.



Exhibit A is a land plat of Sections 33 and 34 and the surrounding sections showing the location of the **Chaco 2408-33D #119H Well**, the location of the Basin Mancos and Nageezi Gallup pools, and the adjoining spacing units. It also reflects that WPX has plans to drill at least two additional transverse wells in the 960-acre project area. By separate application, WPX has submitted request for approval of the Chaco 2408-33D #112H Well and the Chaco 2408-33D #113H Well.

Exhibit B is a Well Location and Acreage Dedication Plat (Form C-102) showing that as a result of the 660 foot setbacks required by the special rules for the Basin Mancos Gas Pool, the proposed completed interval for the **Chaco 2408-33D #119H Well** encroaches on the spacing and proration units to the West, Northwest, and South.

Exhibit C is a list of the affected parties for the request for approval of the non-standard well location. A copy of this application with all attachments has been sent by certified mail to each of these affected parties advising them that if they have an objection they must file it in writing with the division within 20 days from the date the division receives this application. WPX is the sole owner of the working interest in the E/2 NE/4 of Section 32. Accordingly, there are no parties affected by the encroachment to the West. Since this acreage involves federal leases, a courtesy copy of this application has been provided to the Bureau of Land Management.

Your attention to this matter is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Jordan L. Kessler".

Jordan L. Kessler

ATTORNEY FOR
WPX ENERGY PRODUCTION, LLC

cc: Bureau of Land Management
Farmington Field Office
6251 College Blvd. Suite A
Farmington, NM 87402

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

'API Number'	'Pool Code'	'Pool Name'
30-045-35601	97232	BASIN MANCOS
'Property Code'	'Property Name'	'Well Number'
	CHACO 2408-330	119H
'OGRID No.'	'Operator Name'	'Elevation'
120782	WPX ENERGY PRODUCTION, LLC	7020'

¹⁰ Surface Location

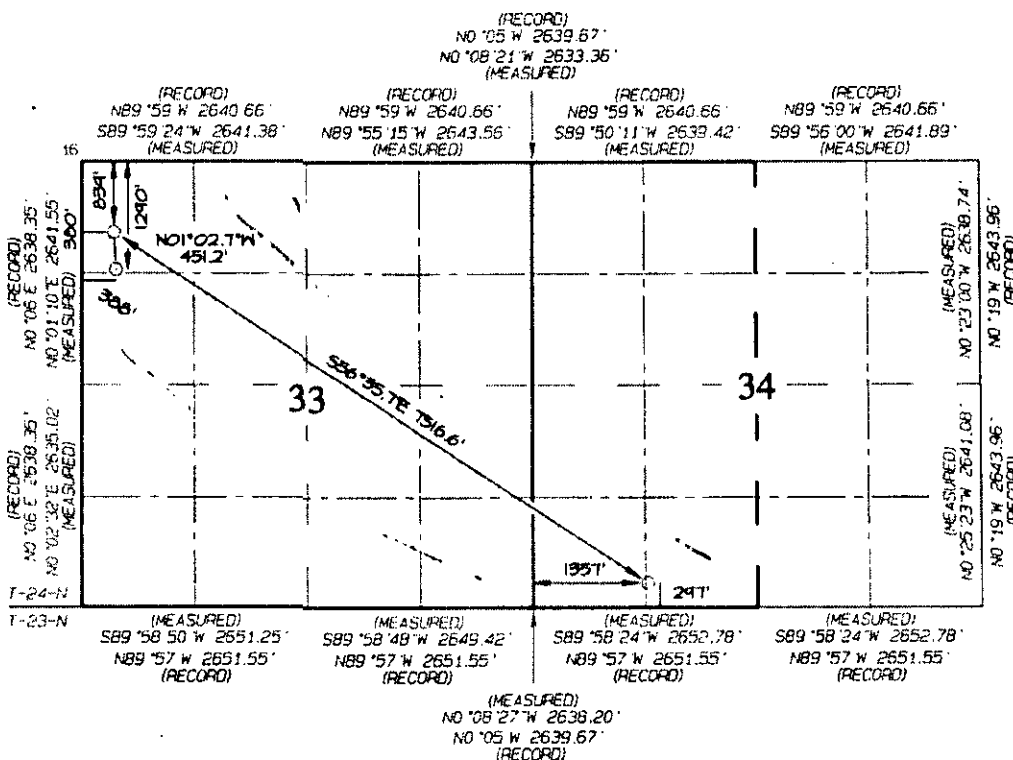
UL or lot no.	Section	Township	Range	Lot (in)	Feet from the	North/South line	Feet from the	East/West line	County
0	33	24N	8W		1290	NORTH	388	WEST	SAN JUAN

11 Bottom Hole Location If Different From Surface

LA or lot no.	Section	Township	Range	Lot 1st	Feet from the	North/South line	Feet from the	East/West line	County
N	34	24N	8W		297	SOUTH	1357	WEST	SAN JUAN

12 Dedicated Acres 960.0	Entire Section 33 W/2 - Section 34	13 Joint or Infill	14 Consolidation Code	15 Order No.
-----------------------------	---------------------------------------	--------------------	-----------------------	--------------

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



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, such as a mineral working interest, to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

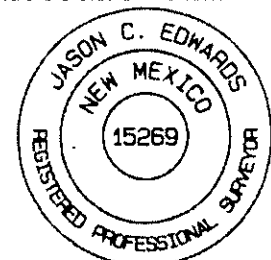
E-mail Address

19 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: JUNE 30, 2015
Survey Date: DECEMBER 12, 2013

Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

SURFACE LOCATION
1290' FNL 388' FWL
SECTION 33, T24N, R8W
LAT: 36.274528°N
LONG: 107.694266°W
DATUM: NAD1927

LAT: 36.274541°N
LONG: 107.694878°W
DATUM: NAD1983

POINT-OF-ENTRY
839' FNL 380' FNL
SECTION 33, T24N, R8W
LAT: 36.275768°N
LONG: 107.694292°W
DATE: NAD:1927

LAT: 36.275780°N
LONG: 107.694904°W
DATUM: NAD1983

END-OF-LATERAL
297° FSL 1357° FWL
SECTION 34, T24N, R8W
LAT: 36.264373° N
LONG: 107.673028° W
DATUM: NAD1927

LAT: 35.264385°N
LONG: 107.673639°W
DATUM: NAD1983

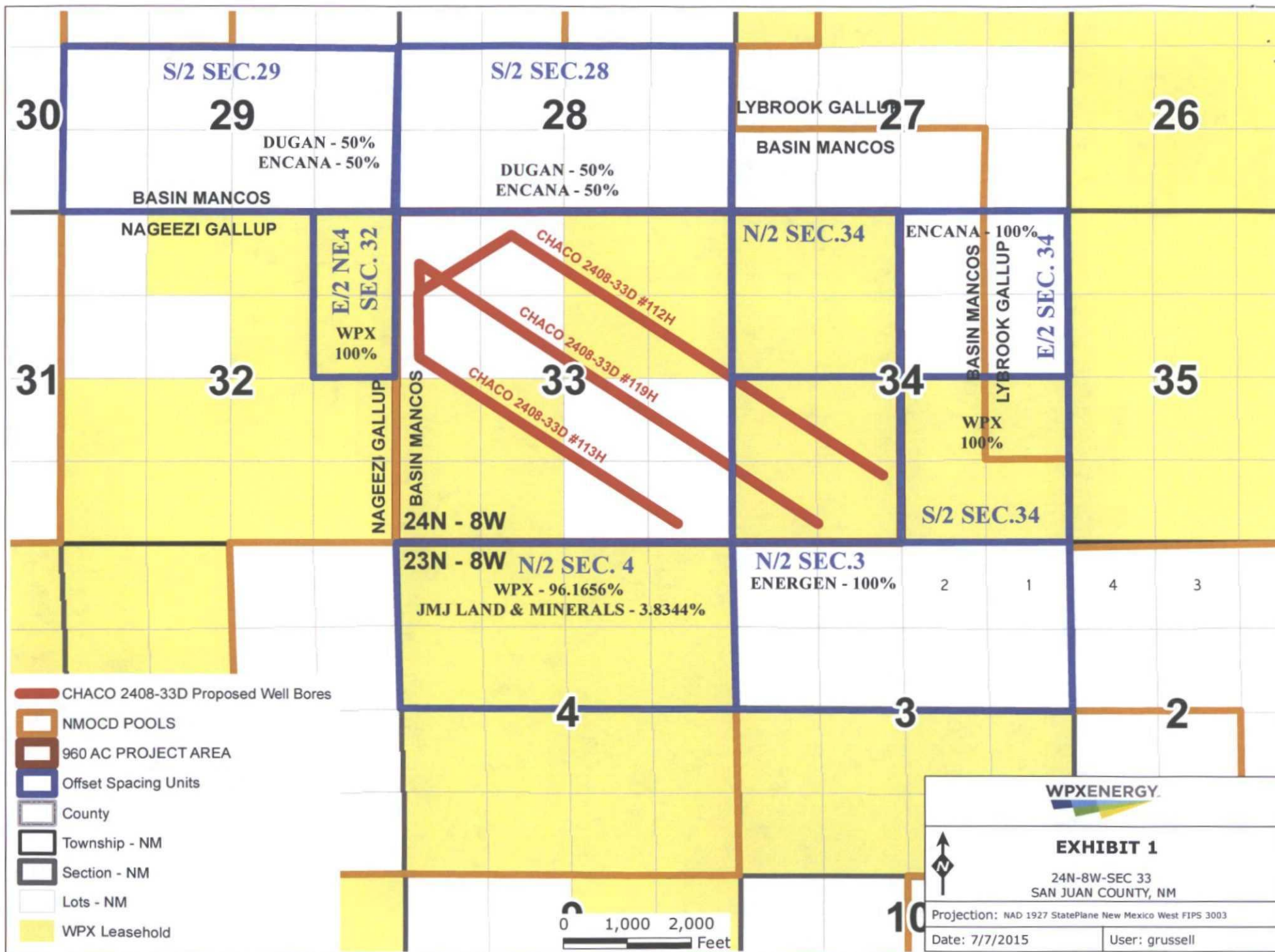


EXHIBIT C

Energen Resources Corporation
2010 Afton Place
Farmington, NM 87401

Dugan Production Corp.
P.O. Box 420
Farmington, NM 87499

Encana Oil & Gas (USA) Inc.
Attn: Land Department
370 17th Street, Suite 1700
Denver, CO 80202

HOLLAND & HART LLP



Jordan L. Kessler
Associate
Phone (505) 988-4421
Fax (505) 983-6043
jlkessler@hollandhart.com

July 14, 2015

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: AFFECTED PARTIES

Re: Application of WPX Energy Production, LLC for administrative approval of an unorthodox well location for its Chaco 2408-33D #119H Well, San Juan County, New Mexico.

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from this date at the Division's Santa Fe office located at 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this application, please contact the following:

Brennan West
Landman
WPX Energy, Inc.
P.O. Box 3102 MD: 44
Tulsa, OK 74101-3102
(539)-573-2878 (Office)
Brennan.West@wpxenergy.com

Sincerely,

Jordan L. Kessler
ATTORNEY FOR
WPX ENERGY PRODUCTION, LLC

Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, New Mexico 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Boulder Carson City Colorado Springs Denver Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C. ☉

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

David R. Catanach, Division Director
Oil Conservation Division



May 11, 2015

WPX Energy Production, LLC
Attn: Ms. Heather Riley

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-7275
Administrative Application Reference No. pMAM1511234236

WPX Energy Production, LLC
OGRID 120782
Chaco 2408-33D Well No. 119 H
API No. 30-045-35601

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	1290' FNL & 388' FWL	D	33	24N	8W	San Juan
Penetration Point	380' FNL & 380' FWL	D	33	24N	8W	San Juan
Final perforation	1183' FNL & 331' FEL	A	33	24N	8W	San Juan
Terminus	1201' FNL & 230' FEL	A	33	24N	8W	San Juan

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
N/2 of Section 33	320	Basin Mancos	97232

Reference is made to your application received on April 20, 2015.

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 the Special Rules for the Basin Mancos Gas Pool, which provides for 320-acre units with wells to be located at least 660 feet from outer unit boundaries, 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.

Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC, 19.15.4.12.A(2) NMAC, and 19.15.4.12.A(9) NMAC.

It is our understanding that you are seeking this location to efficiently develop the acreage and prevent waste.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 19.15.4.12 (A) 2 NMAC, in all adjoining units towards which the proposed location encroaches.

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.

Done at Santa Fe, New Mexico, on May 11, 2015.



DAVID R. CATANACH
Director

DRC/mam

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