

## Davidson, Florene, EMNRD

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**From:** Dangler, Hugh <hdangler@slo.state.nm.us>  
**Sent:** Wednesday, March 19, 2014 12:40 PM  
**To:** mfelderwert@hollandhart.com; Davidson, Florene, EMNRD; Wade, Gabriel, EMNRD  
**Cc:** Jones, William V.; Martinez, Pete; Mcfall, Kurt L.; Martinez, Danny; Warnell, Terry G.; Bloom, Gregory B.  
**Subject:** FW: Prelim approval letter for WPX's super CA  
**Attachments:** WPX\_CA\_PrelimApproval.pdf

To Whom It May Concern re the OCD Hearing on March 20:

Enclosed please find a letter of preliminary approval from the State Land Office. At this time I am unaware of any opposing parties. If this form of notice is insufficient, please let me know and I will endeavor to correct it. I thought it best, given the approaching hearing date, to get this letter to each of you as fast as possible.

Sincerely,

Hugh W. Dangler  
Associate Counsel, New Mexico State Land Office  
827-5756

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**From:** Jones, William  
**Sent:** Wednesday, March 19, 2014 11:36 AM  
**To:** Dangler, Hugh; Martinez, Pete; McFall, Kurt; Martinez, Danny - Royalty; Warnell, Terry  
**Subject:** Prelim approval letter for WPX's super CA

Hi All,

Thanks to Pete and Hugh, here attached is a preliminary approval letter we have crafted and signed. As far as I know, this super CA has not been "named" – that hopefully will be done sometime or we will give it the name of the first well completed.

If anyone, including Hugh, sees something that needs changing, let us know as soon as possible? If so, I can turn it around pretty quickly.

There hearing is scheduled for tomorrow and WPX would probably like to have this, so....

If all is OK, Hugh would do the honors of making proper communication referencing Division Case No. 15102 of this to all the known parties, I believe this is only:

Mike Feldewert (with Holland and Hart) [mfeldewert@hollandhart.com](mailto:mfeldewert@hollandhart.com) as attorney for WPX  
The OCD, Jami Bailey c/o ([Florene.Davidson@state.nm.us](mailto:Florene.Davidson@state.nm.us)) and  
Gabe Wade ([Gabriel.Wade@state.nm.us](mailto:Gabriel.Wade@state.nm.us)) as Division attorney.

I have the original letter here if you would rather have this?

Pertaining to this, Bill Hoppe (OCD Aztec Geologist) indicated this AM that the OCD or WPX would probably be working to form a new oil pool for horizontal drilling within the vertical and horizontal limits of the proposed Super CA. I am really happy about this, it will hopefully make things easier going forward.

Will

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702-783-002

2014 MAR 19 P 12:55

Ray Powell, M.S., D.V.M.  
COMMISSIONER

*State of New Mexico*  
*Commissioner of Public Lands*

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SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760  
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March 18, 2014

Land Department-San Juan Region  
WPX Energy Inc.  
One Williams Center, MD 25-8  
Tulsa, OK 74172

*Case 15102*

**Re: State-Federal-Fee Proposed Communitization Agreement**

9237.30 Acres consisting of portions of 15 Sections  
All within Township 23 North, Ranges 6 and 7 West, NMPM  
Rio Arriba County, New Mexico

**State of New Mexico Minerals within this agreement:**

480 Acres, Tract No. 8 of the agreement  
Consisting of the following portion of lease: E0-1207-9  
NW4 and S2 of Section 16, Township 23 North, Range 6 West, NMPM  
Rio Arriba County, New Mexico

Dear Sir/Madam,

The State Land Office has received your draft Communitization Agreement (CA) proposing to communitize the oil and gas within the described depths of the Mancos formation as recovered from horizontal wells within the above described, diversely owned lands – lands further depicted in Exhibit A of the draft CA. The proposed CA would be effective January 1, 2013, and operated by WPX Energy Production, LLC.

We understand that this proposal is at this time scheduled for hearing before the New Mexico Oil Conservation Division (NMOCD) on March 20, 2014. Based on the supporting geologic and engineering data you supplied and the drilling schedule for the CA area, we believe that your proposal meets the interest requirements of the State of New Mexico and hereby provide our preliminary approval for the proposed CA. The Commissioner considers this an unusual case for a Communitization Agreement and reserves the right to individually evaluate the merits of proposed future agreements of this scope and magnitude.

Final approval of this CA is dependent upon such factors as the (i) filing of a fully signed CA upon the State Land Office, State-Federal-Fee form, modified with voluntary segregation within lease E0-

March 18, 2014  
State Land Office – Proposed Communitization Agreement  
WPX Energy Production, LLC  
Rio Arriba County, New Mexico  
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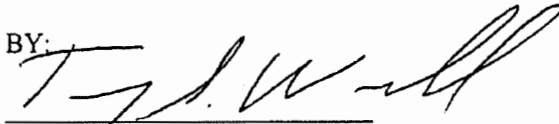
1207-9 of the 480 acres proposed as Tract No. 8; and (ii) obtaining project area approval from the NMOCD.

If you have any questions, please contact me or telephone either Mr. Will Jones at 505-827-6628 or Mr. Pete Martinez at 505-827-5791.

Sincerely,

RAY POWELL, M.S., D.V.M.  
COMMISSIONER OF PUBLIC LANDS

BY:

A handwritten signature in black ink, appearing to read "T. G. Warnell", written over a horizontal line.

TERRY G. WARNELL, Director  
Oil, Gas & Minerals Division  
(505) 827-5745  
RP/TGW/wvjj