



United States Department of the Interior



BUREAU OF LAND MANAGEMENT

Farmington Field Office
6251 College Blvd. Suite A
Farmington, New Mexico 87402
www.nm.blm.gov

IN REPLY REFER TO:
South Chaco Unit

July 22, 2014

Mr. Chuck Bassett
WPX Energy
P.O. Box 3102
Tulsa, Oklahoma 74101-3102

Reference is made to your request for the designation of **1,282.44** acres, more or less, in Sandoval County, New Mexico as logically subject to exploration and development under unitization provisions of the Mineral Leasing Act for Indian Allotted Lands, as amended. Pursuant to unitization regulations under 43 CFR Part 3180, the lands requested, as outlined on your plat marked Exhibit 'A' for the South Chaco Unit is hereby designated as a logical unit area. Your proposed use of the modified form for Allotted Indian lands and for a single formation Undivided Unit for unproven areas will be accepted. The undivided exploratory unit will unitize the Mancos Formation only within the vertical limits defined in your application. If conditions are such that further modification of said form is deemed necessary, two copies of the proposed modifications with appropriate justification must be submitted to this office for preliminary approval.

The unit agreement to be submitted for the area designated should provide for the initial obligation well to be drilled in the Mancos Formation as a horizontal lateral with a surface location in the SE/4SE/4 of Section 35, T., 23N., R.7W. The horizontal lateral portion of this well bore will develop the S/2S/2 of Section 35, T., 23N., R.7W., Sandoval County, New Mexico.

In the absence of any other type of land requiring special provisions or of any objections not now apparent, a duly executed agreement identical with said form will be approved if submitted in an approvable status within a reasonable period of time. However, notice is hereby given that the right is reserved to deny approval of any executed agreement submitted that, in our opinion, does not have the full commitment of sufficient lands to afford effective control of operations in the unit area.

Please include the latest status of all acreage when the executed agreement is submitted for final approval. The format of the sample exhibits attached to the model unit agreement (43 CFR 3186.1) should be followed closely in the preparation of Exhibits A and B. A minimum of Four (4) copies of the executed agreement should be submitted with your request for final approval. If you require additional executed copies of the agreement for further distribution, please increase the number of copies accordingly.

If you have questions regarding the above unit, please contact me at (505) 564-7735.

Sincerely,
/s/ Jim Lovato
Jim Lovato,
Senior Technical Advisor, Petroleum Engineer

Cc: Federal Indian Minerals Office

BEFORE THE OIL CONVERSATION
DIVISION
Santa Fe, New Mexico
Exhibit No. 3
Submitted by: WPX ENERGY PRODUCTION
Hearing Date: July 23, 2014