

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



April 11, 2012

WPX Energy Production, LLC
Attn: Ms. Heather Riley

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-6591
Administrative Application Reference No. pTWG12-08157145

WPX Energy Production, LLC
OGRID 120782
Schalk 32 Well No. 2B
API No. 30-039-31107

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Township</u>	<u>Range</u>	<u>County</u>
Surface	635 FSL & 2000 FWL	N	32	31N	4W	Rio Arriba
Penetration Point	798 FSL & 2363 FWL	N	32	31N	4W	Rio Arriba
Terminus	2066 FSL & 50 FEL	I	32	31N	4W	Rio Arriba

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
S/2 of Section 32	320	Basin Fruitland Coal Gas	71629

Reference is made to your application received on March 21, 2012.

You have requested to drill this horizontal well at an unorthodox gas well location described above in the referenced pool or formation. This location is governed by the Special Rules and Regulations for the Basin Fruitland Coal Gas Pool, which provide for 320-acre units with wells located at least 660 feet from a unit outer boundary, and Rule 15.16.14.B(2) [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 660 feet from an outer boundary of the project area.

Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

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It is our understanding that you are seeking this location for engineering reasons, in order to maximize the productive length of the wellbore lateral within the project area.

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 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B, 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 5.9 [19.15.15.9 NMAC].

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey". The signature is fluid and cursive, with a large initial "J" and "B".

Jami Bailey
Director

JB/db

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