

DATE IN 1-8-17	SUSPENSE 1-28	ENGINEER DB	LOGGED IN 1-10	TYPE DHC	APP NO. PDKB1301059022
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NSL - PDKB1301056337  
 NSP - PDKB1301058883  
 DHC - PDKB1301059022

ABOVE THIS LINE FOR DIVISION USE ONLY

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



WPX  
 Tylerook 23-8-16  
 #201H

**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 \_\_\_\_\_

2017 JAN - 8 P 4: 15  
 RECEIVED OGD

[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.

Adam G. Ranken  Attorney 01/08/13  
 Print or Type Name Signature Title Date  
 agranken@hollandhart.com  
 e-mail Address



January 8, 2013

**VIA HAND DELIVERY**

Jami Bailey, Director  
Oil Conservation Division  
New Mexico Department of  
Energy, Minerals and Natural Resources  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

RECEIVED OGD  
2013 JAN - 8 P 4: 15

**Re: Application of WPX Energy Production, LLC for administrative approval of an unorthodox well location and 80-acre non-standard spacing unit in the Basin-Mancos Gas Pool (97232), and approval of downhole commingling of production from the Nageezi Gallup Pool (47540) and the Basin-Mancos Gas Pool (97232), Section 16, Township 23 North, Range 8 West, N.M.P.M., San Juan County, New Mexico.**

Dear Ms. Bailey:

WPX Energy Production, LLC, holds a state oil and gas lease that covers the S/2 of Section 16, T-23-N, R-8-W in San Juan County, New Mexico. WPX plans to drill the Lybrook 23-8-16 well as a horizontal well in the N/2 S/2 of Section 16 at a surface location 1491 feet from the South line and 248 feet from the East line (Unit I) and a bottom hole location 2300 feet from the South line and 340 feet from the West line (Unit L).

The SW/4 of said Section 16 is located in the Basin-Mancos Gas Pool (Pool Code 97232) and subject to the special rules for that pool created under Order R-12984. The remainder of Section 16 is located in the Nageezi Gallup Pool (Pool Code 47540), an oil pool in that is not listed in paragraphs (3) and (4) of Order 12984. WPX has been informed by Mr. Bill Hoppe in the Aztec District Office that because of the peculiar nature of the special rules for the Basin-Mancos Gas Pool, WPX needs to seek approval of (1) a non-standard well location in the N/2 SW/4 due to the differing setbacks in these adjacent pools, (2) a non-standard 80-acre spacing and proration unit in the Basin-Mancos Gas Pool comprised of the N/2 of SW/4 (Units K and L), and (3) commingling of the production from the two adjacent pools in the horizontal wellbore.

The special rules for the Basin-Mancos Gas Pool require that an oil well drilled within the area encompassed by these rules that is near an oil pool not listed in paragraphs (3) and (4) of Order 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 wells remain 660 feet from the outer boundary of the spacing unit. *Id.* at Rule 2.

The completed interval of the segment of WPX's proposed horizontal well located in the Nageezi Gallup Pool in the N/2 SE/4 of Section 16 will be at a standard location and will have dedicated to it standard spacing units for oil pools comprised of Units J and I. However, the remaining portion of the wellbore located in the Basin-Mancos Gas Pool in the N/2 SW/4 of Section 16 will have dedicated to it a non-standard 80-acre spacing unit comprised of Units K and L instead of the 320-acre spacing unit required by the special pool rules. In addition, the portion of the wellbore in the N/2 SW/4 will be at a non-standard location 340 feet from the outer boundary of the proposed unit instead of 660 feet required by the special rules.

Accordingly, to allow WPX an opportunity to efficiently and economically recover the reserves in these adjacent pools underlying the N/2 S/2 of Section 16, WPX respectfully requests that the Division issue one or more administrative orders granting the following relief:

- (1) Pursuant to NMAC 19.15.15.13.C, the Division approve a non-standard horizontal well location 2300 feet from the South line and 340 feet from the West line in the N/2 SW/4 of Section 16;
- (2) Pursuant to NMAC 19.15.15.11.B(2), the Division approve an 80-acre non-standard spacing and proration unit in the Basin-Mancos Gas Pool comprised of the N/2 SW/4 (Units K and L); and
- (3) Pursuant to NMAC 19.15.12.11.C(1), the Division approve the commingling of production from the Nageezi Gallup Pool and the Basin-Mancos Gas Pool in WPX's proposed horizontal well to be located in the N/2 S/2 of said Section 16.

As further support for this application, WPX has provided the following exhibits with this letter:

**Exhibit A** is a land plat of Section 16 and the surrounding sections showing the location of the Lybrook 23-8-16 in the N/2 S/2 of Section 16 and the adjoining spacing units and wells.

**Exhibit B** is the Well Location and Acreage Dedication Plat (Form C-102), which shows that as a result of the 660 foot setbacks required by the special rules for the Basin-Mancos Gas Pool, the proposed Lybrook 23-8-16 well encroaches on the spacing and proration units to North and West of the SW/4 of Section 16.

**Exhibit C** is copy of a completed form C-107-A (application for downhole commingling).

**Exhibit D** is a list of the affected parties for both the request for approval of the non-standard well location and for the request for the creation of a non-standard spacing unit



in the Basin-Mancos Gas Pool. 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.

Finally, since the ownership and percentages between the two pools involved are identical, there are no affected parties with respect to the request for downhole commingling. However, pursuant to NMAC 19.15.12.11.C(1)(c), a copy of this application has been provided to the New Mexico State Land Office by certified mail.

Your attention to this application is appreciated.

Sincerely,

Adam G. Rankin

**ATTORNEY FOR WPX ENERGY PRODUCTION LLC**

AGR

cc: David K. Brooks, Oil Conservation Division



**WPX ENERGY**

**23N - 8W - 16**

Projection: NAD 1983 StatePlane New Mexico West FIPS 3003 Feet  
 Date: 1/8/2013      User: grussell

**EXHIBIT**

**A**

Path: R:\Project\San\_Juan\Chaco Slope\MXD\Ken\_McQueen\23N-8W-16-Slide.mxd  
 1/8/2013 - 1:12:02 PM

District I  
1625 N. French Drive, Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720

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

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised August 1, 2011

Submit one copy to  
Appropriate District Office

OIL CONSERVATION DIVISION  
1220 South St. Francis Drive  
Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code	*Pool Name
		47540 / 97232	NAGEEZI GALLUP (I&J) / BASIN MANCOS (K&L)
*Property Code	*Property Name		*Well Number
	LYBROOK 23-8-16		201H
*OGRID No.	*Operator Name		*Elevation
120782	WPX ENERGY PRODUCTION, LLC		6858'

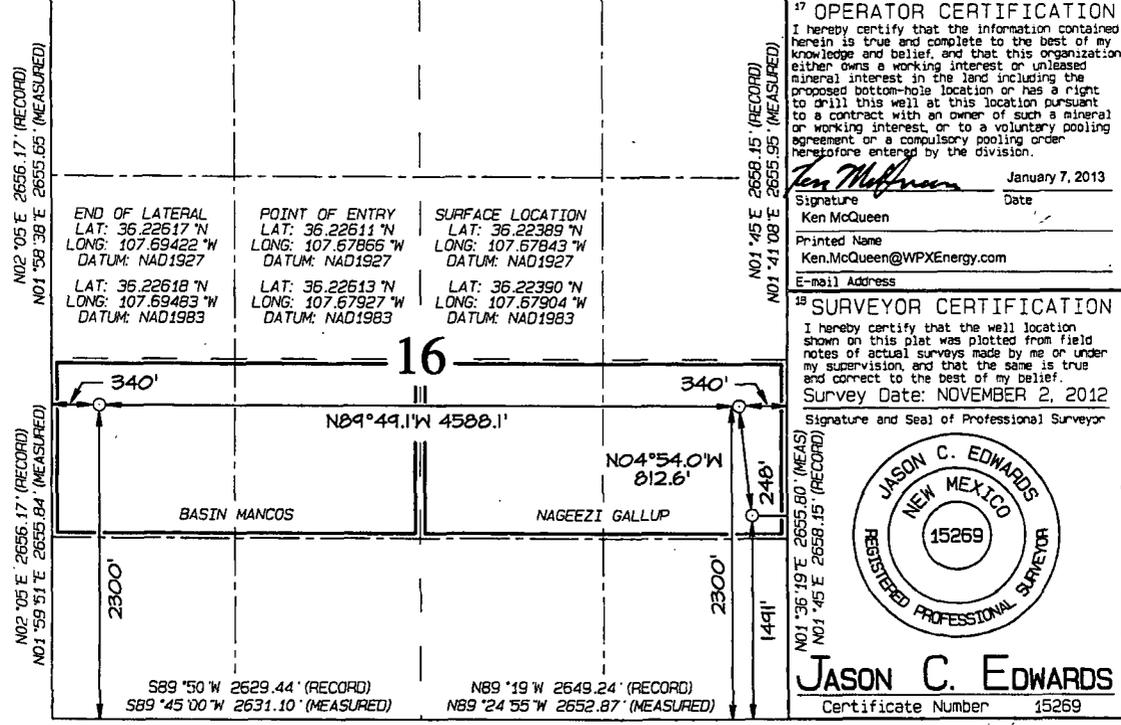
10 Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	16	23N	BW		1491	SOUTH	248	EAST	SAN JUAN

11 Bottom 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
L	16	23N	BW		2300	SOUTH	340	WEST	SAN JUAN

*Dedicated Acres	*Joint or Infill	*Consolidation Code	*Order No.
160.0 Acres - (N/2 S/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

N89°43'W 2627.13' (RECORD) N89°43'W 2627.13' (RECORD)  
N89°50'08"W 2627.81' (MEASURED) N89°51'06"W 2624.33' (MEASURED)



District I  
1625 N. French Drive, Hobbs, NM 88240

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107A  
Revised August 1, 2011

District II  
811 S. First St., Artesia, NM 88210

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

APPLICATION TYPE  
 Single Well  
 Establish Pre-Approved Pools  
EXISTING WELLBORE  
 Yes  No

District III  
1000 Rio Brazos Road, Aztec, NM 87410

District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

Operator: WPX Energy Production, LLC

Address: P.O. Box 640, Aztec, NM 87410

Lease: Lybrook 23-8-16 Well No.: 201H Unit Letter-Section-Township-Range: Surface : I-16-23N-8W County: San Juan

BHL: I, J, K, L -16-23N-8W

OGRID No. 120782 Property Code 39581 API No. 30-045-35439 Lease Type:  Federal  State  Fee

DATA ELEMENT	UNITS I & J		UNITS K & L			
Pool Name	Nageezi Gallup		Basin Mancos			
Pool Code	47450		97232			
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	5438' - 5538'		5438' - 5538'		<div style="border: 1px solid black; padding: 5px;"> <p>Note: This commingling application is to commingle two pools in the same formation. This will be a horizontal well bore and the entire producing lateral will be 5438' - 5538' TVD</p> </div>	
Method of Production (Flowing or Artificial Lift)						
0000000Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	2375 psi		2375 psi			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	41 Degrees API		41 Degrees API			
Producing, Shut-In or New Zone	New Zone		New Zone			
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date:		Date:		Date:	
	Rates:		Rates:		Rates:	
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil	Gas	Oil	Gas	Oil	Gas
	50 %	50%	50%	50%	%	%

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes  No   
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes  No

Are all produced fluids from all commingled zones compatible with each other? Yes  No

Will commingling decrease the value of production? Yes  No

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes  No

NMOCD Reference Case No. applicable to this well: \_\_\_\_\_

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

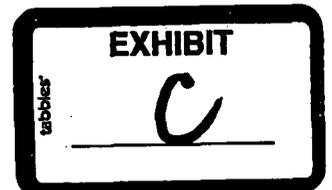
- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Ken McQueen TITLE: Director, San Jan Region DATE: January 7, 2013

TYPE OR PRINT NAME: Ken McQueen TELEPHONE NO. (539) 573-2889

E-MAIL ADDRESS: ken.mcqueen@wpxenergy.com



**Exhibit D**  
**WPX Energy Production, LLC**  
**Lybrook 23-8-16 Well**

E/2 Section 17

OXY Y-1 Company  
5 Greenway Plaza  
Houston, TX. 77046-0506  
P.O. Box 27570  
Houston, TX 77227-7570

Mulberry Partners II LLP  
105 S. 4th St.  
Artesia, NM 88210

NW/4 Section 16

Encana Oil & Gas (USA) Inc.  
370 - 17 Street, Suite 1700  
Denver, CO 80202

S/2 Section 16

XTO Energy Inc.  
810 Houston St.  
Fort Worth, Texas 76102-6298

ConocoPhillips  
600 North Dairy Ashford (77079-1175)  
P.O. Box 2197  
Houston, TX. 77252-2197

W/2 Section 21

QEP Energy Co.  
1050 17<sup>th</sup> St., Ste 500  
Denver, CO 80265

**Down Hole Commingling**

NM State Land Office  
310 Old Santa Fe Trail  
Santa Fe, NM 87504  
505-827-5766

## Brooks, David K., EMNRD

---

**From:** Adam Rankin <AGRankin@hollandhart.com>  
**Sent:** Thursday, January 17, 2013 4:06 PM  
**To:** Brooks, David K., EMNRD; Ezeanyim, Richard, EMNRD; Jones, William V., EMNRD  
**Subject:** WPX Lybrook 23-8-16 well applications  
**Attachments:** WPX Admin App.pdf; DOC011713.pdf

Gentlemen,

Attached is a signed waiver from QEP relating to the attached administrative application filed on behalf of WPX. If we are able to secure any additional waiver letters before the administrative time runs we will them for your consideration.

Best,  
Adam

**Adam G. Rankin**  
Holland & Hart LLP  
110 North Guadalupe Suite 1  
P.O. Box 2208  
Santa Fe, NM 87504  
Office: (505) 988-4421  
Direct: (505) 954-7294  
Cell: (505) 570-0377  
Fax (505) 983-6043  
E-mail: [agrarkin@hollandhart.com](mailto:agrarkin@hollandhart.com)  
[Download vCard](#)  
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HOLLAND&HART 

**CONFIDENTIALITY NOTICE:** This message is confidential and may be privileged. If you believe that this email has been sent to you in error, please reply to the sender that you received the message in error; then please delete this e-mail. Thank you.



QEP Energy Company

Independence Plaza  
1050 17th Street, Suite 500  
Denver, CO 80265

January 17, 2013

*Sent via Electronic Mail*

WPX Energy Inc.  
One Williams Center  
Tulsa, Oklahoma 74172

Attn: Joey Stauffer  
[Joey.stauffer@wpxenergy.com](mailto:Joey.stauffer@wpxenergy.com)

Re: Application for Non-Standard Spacing  
Section 16, Township 23 North, Range 8 West, N.M.P.M.  
San Juan County, New Mexico

Dear Mr. Stauffer:

QEP Energy Company ("QEP") is in receipt of notice of WPX Energy Inc.'s ("WPX") application to the New Mexico Oil Conservation Division for an unorthodox well location and non-standard spacing within Section 16, Township 23 North, Range 8 West. QEP has no objection to WPX's application as proposed.

If you require additional information, please contact Jennifer Bates at 303-308-3093.

Sincerely,  
QEP Energy Company

  
Bob La Roche  
General Manager  
Uinta Basin/San Juan Division