

ABOVE THIS LINE FOR DIVISION USE ONLY

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
 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 _____

7016
 - WSL
 - WPX Energy Production
 LLL
 120782
 2014 FEB 12 P 2:45
 RECEIVED OCD

- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or E 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

Well
 Chaco 2306-20L
 # 206H
 30-043 - Pending
 Pool (?)
 Lybrook
 GALLUP
 42289

[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.

Heather Riley _____
 Print or Type Name Signature Title Date

Heather Riley

Heather.riley@wpenergy.com
 e-mail Address



Sent via Overnight Delivery

February 11, 2014

Jami Bailey
Division Director
NEW MEXICO OIL CONSERVATION DIVISION
1220 South Saint Francis Drive
Santa Fe, NM 87505

*Re: Request for Administrative Approval for Non-Standard Lybrook Gallup Lateral
Chaco 2306-20L #206H
API#: Not yet assigned
Sec. 19, T23N, R6W*

Dear Ms. Bailey:

WPX Energy Production, LLC ("WPX"), pursuant to the provisions of Division Rule 19.15.15.13, hereby seeks administrative approval of an unorthodox location for the Lybrook Gallup (42289) formation in the Chaco 2306-20L #206H. This is a horizontal well with a surface location of 2133' FSL and 158' FWL, Section 20, T23N, R6W and an end of lateral location of 2374' FNL & 230' FWL, Section 19, T23N, R6W. See attached plat.

This location is governed by statewide Rule 15.9.A [19.15.15.9.A NMAC], which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. Initially the Lybrook Gallup Pool was set up with Special Pool Rules under Order No. R-2267 but these rules were later abolished with Order No. R-2267-B. The new Special Rules for Horizontal Wells under Division Rule 19.15.16.15(B)(3) also apply and state no internal setbacks are required within a project area. Given these setback requirements, the producing interval in the lateral is encroaching the N/2 of the S/2 of Section 19, T23N R6W in that it is approximately 204' from the unit boundary.

The spacing for the subject well is the S/2 of the N/2 of section 19 consisting of 4 consecutive parcels containing 40 acres more or less and totaling 160.90 acres. The spacing unit being encroached upon is the N/2 of the S/2 of Section 19 also consisting of 4 consecutive parcels containing 160.94 acres. All of Section 19 is operated by WPX and ownership is 100% WPX therefore no affected owner letters are required pursuant to NMOCD rules.



Please note that the maximum perforation range for the lateral will from 6,086' MD to 10,678' MD which are legal as to the east and west lines.

EAST LINE EXPLANATION: Referring to the plat, the Point of Entry is at 380' from the east line of Section 19 which correlates with approximately 6,084' MD. The top perforation is at 6,086' which is 2' past the Point of Entry so the distance from the east line for the perforation is 382'.

WEST LINE EXPLANATION: Our end of lateral is shown at 230' from the west line, which correlates to 10,779 MD. The deepest perforation would be the lower port in a RSI tool which would be set no deeper than 10,678' which correlates to 331' from the west line.

Should you have any questions or concerns, please don't hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Heather Riley".

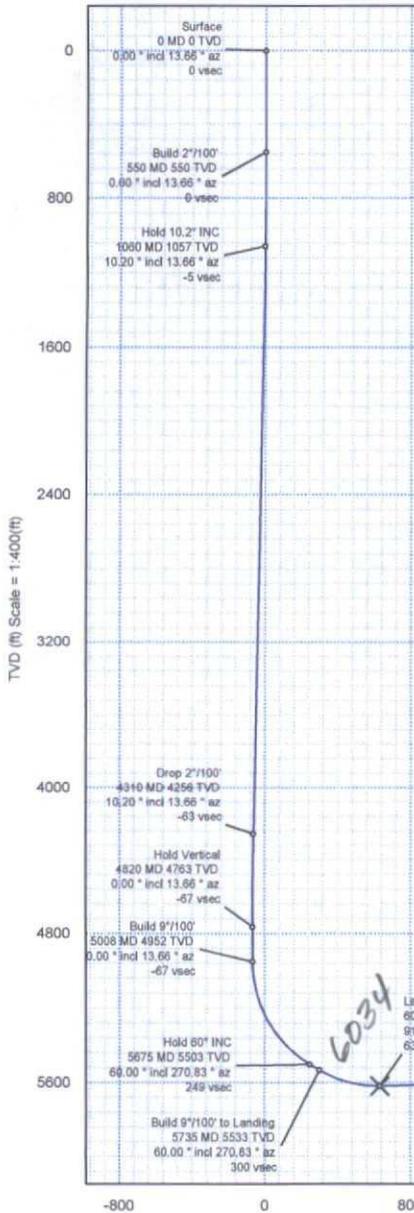
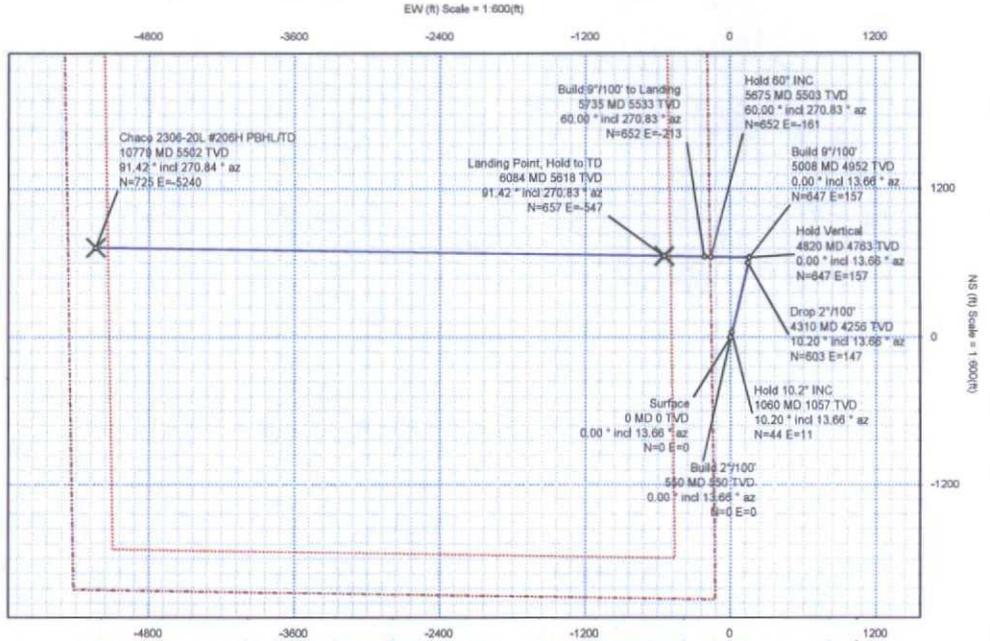
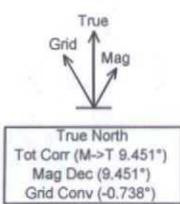
Heather Riley
Regulatory Team Lead

Enc.: C-102

Borehole: Original Hole	Well: Chaco 2306-20L #206H	Field: NM Sandoval County NAD27	Structure: Sec 20-23N-6W
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Gravity & Magnetic Parameters Model: BGGM 2013 Dip: 63.001° Date: 08-Jan-2014 MagDec: 9.451° FS: 50145.597nT Gravity FS: 996.484mgn (9.80665 Based)	Surface Location NAD27 New Mexico State Plane, Central Zone, US Feet Lat: N 36 12 34.81 Northing: 1897903.139ft US 131474.356ftu Lon: W 107 29 57.08 Easting: 8	Miscellaneous Slot: Chaco 2306-20L #206H TVD Ref: RKB(7052ft above MSL) Plan: Chaco 2306-20L #206H R0 mdv 08Jan14
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Proposal



Surface Location								
Northing: 1897903.139		Easting: 131474.356		Latitude: N 36 12 34.81		Longitude: W 107 29 57.08		
VSec Azimuth: 277.881								
Target Description	Grid Coord			Local Coord				
Target Name	Latitude	Longitude	Northing	Easting	TVD	VSec	N(+)/S(-)	E(+)/W(-)
Chaco 2306-20L #206H PBHL/TD	N 36 12 41.98	W 107 31 1.02	1898996.01	126243.79	5502.00	5290.04	725.39	-5240.07
Chaco 2306-20L #206H PP	N 36 12 41.31	W 107 30 3.76	1898967.37	130935.88	5618.00	631.90	657.20	-546.96
Chaco 2306-20M & 20L 330' Setback	N 36 12 18.54	W 107 29 56.80	1896257.41	131476.77	7052.00	-249.00	-1645.47	23.61
Chaco 2306-20M & 20L Section Line	N 36 12 18.54	W 107 29 56.80	1896257.41	131476.77	7052.00	-249.00	-1645.47	23.61
Critical Points								
Critical Point	MD	INCL	AZIM	TVD	VSEC	N(+)/S(-)	E(+)/W(-)	DLS
Surface	0.00	0.00	13.66	0.00	0.00	0.00	0.00	
Build 2°/100'	550.00	0.00	13.66	550.00	0.00	0.00	0.00	0.00
Hold 10.2' INC	1059.83	10.20	13.66	1057.15	-4.56	43.97	10.69	2.00
Drop 2°/100'	4309.87	10.20	13.66	4255.85	-62.51	603.03	146.58	0.00
Hold Vertical	4819.71	0.00	13.66	4763.00	-57.07	647.00	157.27	2.00
Build 9°/100'	5008.28	0.00	13.66	4951.57	-57.07	647.00	157.27	0.00
Hold 60° INC	5674.94	60.00	270.83	5502.90	248.84	651.61	-161.01	9.00
Build 9°/100' to Landing	5734.94	60.00	270.83	5532.90	300.41	652.36	-212.96	0.00
Landing Point, Hold to TD	6084.00	91.42	270.83	5618.00	631.91	657.20	-546.96	9.00
Chaco 2306-20L #206H PBHL/TD	10779.04	91.42	270.83	5502.00	5290.04	725.39	-5240.07	0.00

Vertical Section (ft) Azim = 277.881° Scale = 1,400(ft) Origin = 0N/-S, 0E/-W