

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 \_\_\_\_\_

*Handwritten notes:*  
 - NSL 7182  
 - WPD Energy Production LLC 120782  
 RECEIVED OGD  
 2014 OCT 30 P 2:51

[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

*Handwritten notes:*  
 Well  
 - Chaco 23086H 30-045-35553  
 Pool  
 - Nagecozi Gallup 47540

[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  
 Signature: *Heather Riley*  
 Title: Regulatory Manager  
 Date: 10/29/2014  
 e-mail Address: Heather.riley@wpenergy.com



***Sent via Overnight Delivery***

October 29, 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 Nageezi Gallup Lateral  
Chaco 2308-06H #395H, API: 30-045-35553*

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 Nageezi Gallup (47540) formation in the Chaco 2308-06H #395H. This is a horizontal well with a surface location of 1687' FNL and 291' FEL, Section 6, T23N R8W and an end of lateral location of 380' FNL & 232' FWL, Section 6, T23N R8W. 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. The 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 S/2 of the N/2 of Section 6, T23N R8W in that the Point of Entry is approximately 73' from the unit boundary.

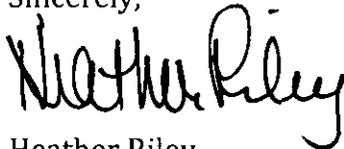
The spacing for the subject well is the N/2 of the N/2 of section 6 consisting of 4 consecutive parcels containing 40 acres more or less and totaling 163.34 acres. The spacing unit being encroached upon is the S/2 of the N/2 of Section 6 also consisting of 4 consecutive parcels containing 160.87 acres. All of Section 6 is operated by WPX and ownership is WPX and JMJ Land and Minerals Co ("JMJ"). A copy of the Notice Letter sent to JMJ is attached hereto.

Jami Bailey  
Division Director  
NEW MEXICO OIL CONSERVATION DIVISION  
October 29, 2014  
Page 2

The 7" casing landing point is at 5854' MD (1248' FNL & 396' FEL) and the Base Perf is 10,546' MD (400' FNL & 338' FWL). The completed interval will be inside of these distances; therefore, this lateral is not NSL to the East or West section lines. See attached Diagram.

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". The signature is written in a cursive, flowing style.

Heather Riley

Regulatory Manager

Enc.: As Drilled C-102

Completed Interval Diagram

Notice letter to JM]

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

"As Drilled"

|                     |  |                     |                              |
|---------------------|--|---------------------|------------------------------|
| *API Number         |  | *Pool Code<br>47540 | *Pool Name<br>NAGEEZI GALLUP |
| *Property Code      | *Property Name<br>CHACO 2308-06H             |                     | *Well Number<br>395H         |
| *GRID No.<br>120782 | *Operator Name<br>WPX ENERGY PRODUCTION, LLC |                     | *Elevation<br>6927'          |

<sup>10</sup> Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County   |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| H             | 6       | 23N      | 8W    |         | 1687          | NORTH            | 291           | EAST           | SAN JUAN |

<sup>11</sup> Bottom Hole Location If Different From Surface

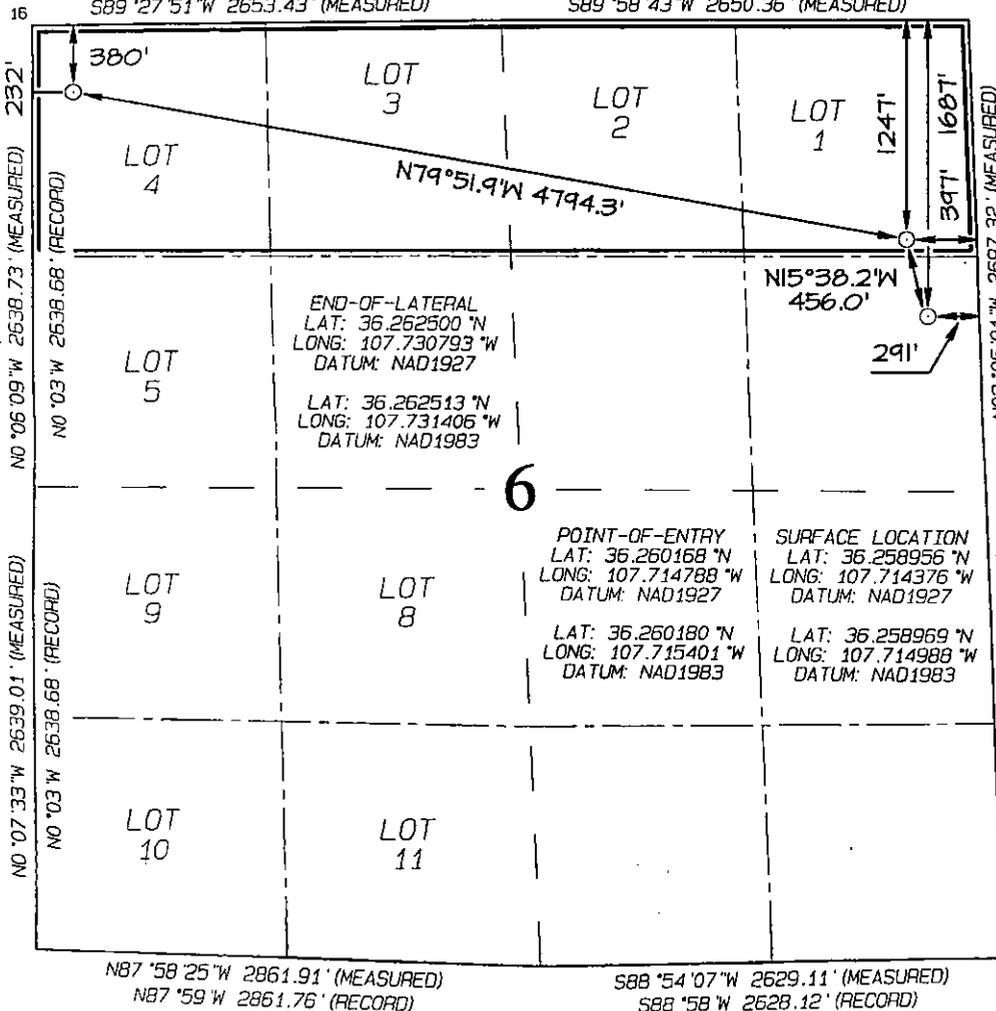
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County   |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| D             | 6       | 23N      | 8W    | 4       | 380           | NORTH            | 232           | WEST           | SAN JUAN |

|   |                               |                                  |                         |
|---|-------------------------------|----------------------------------|-------------------------|
| <sup>12</sup> Dedicated Acres<br>163.34 Acres - N/2 N/2 | <sup>13</sup> Joint or Infill | <sup>14</sup> Consolidation Code | <sup>15</sup> Order No. |
|---|-------------------------------|----------------------------------|-------------------------|

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

S89°32'W 2654.52' (RECORD)  
S89°27'51"W 2653.43' (MEASURED)

N89°57'W 2651.55' (RECORD)  
S89°58'43"W 2650.36' (MEASURED)



<sup>17</sup> OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature: *Heather Riley* Date: 10/27/2014

Printed Name: Heather Riley

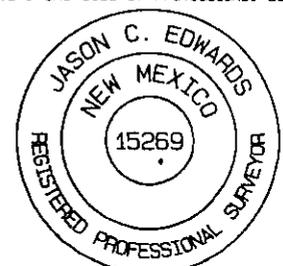
E-mail Address: heather.riley@wpxenergy.com

<sup>18</sup> SURVEYOR CERTIFICATION

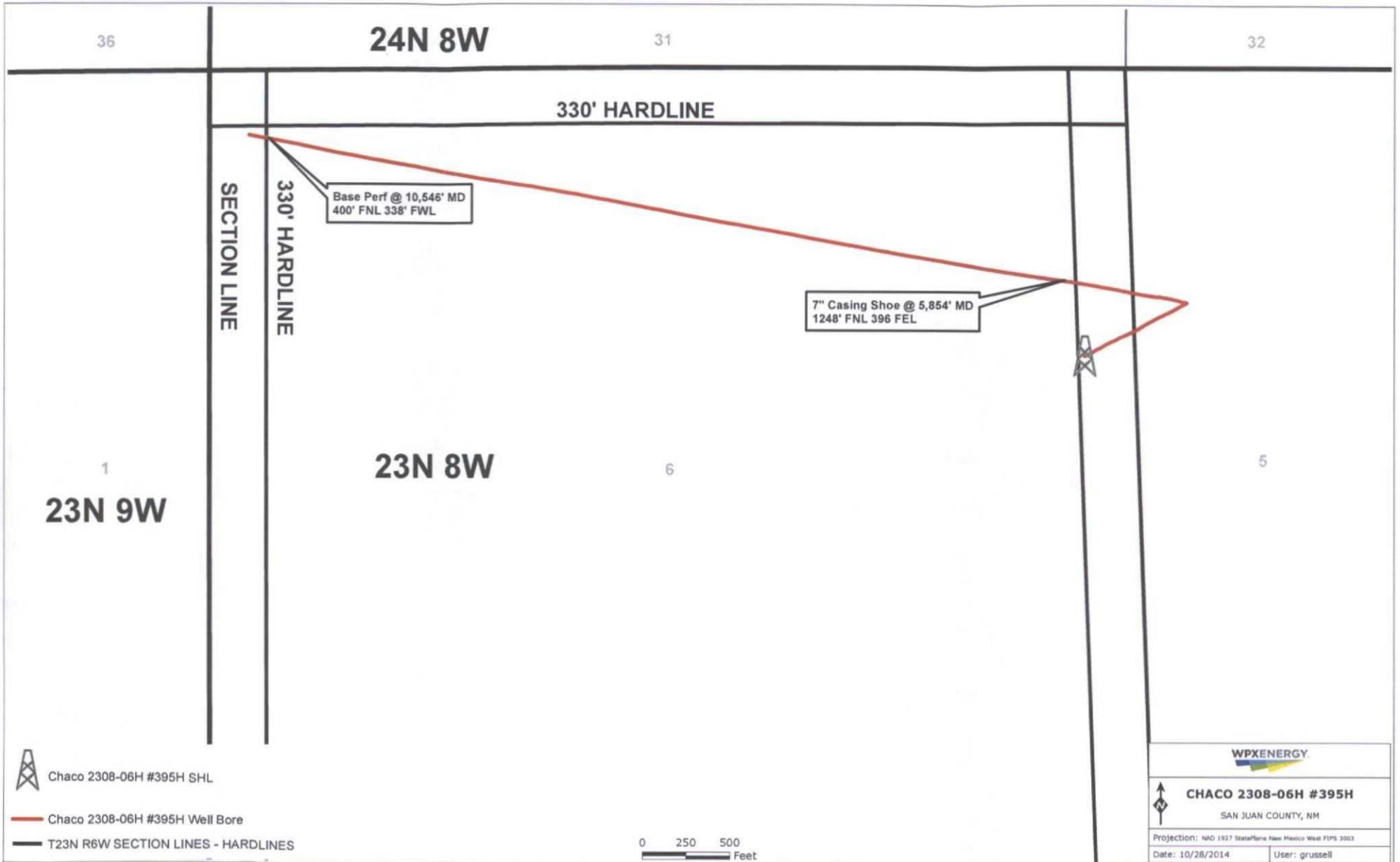
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date Revised: SEPTEMBER 26, 2014  
Date of Survey: AUGUST 25, 2014

Signature and Seal of Professional Surveyor



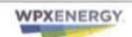
JASON C. EDWARDS  
Certificate Number 15269



Chaco 2308-06H #395H SHL

Chaco 2308-06H #395H Well Bore

T23N R6W SECTION LINES - HARDLINES



**CHACO 2308-06H #395H**

SAN JUAN COUNTY, NM

Projection: NAD 1927 StatePlane New Mexico West FIPS 3003

Date: 10/28/2014

User: grussell



*Sent via E-mail and Certified Mail*

October 29, 2014

JMJ Land and Minerals Co.  
2204 N. Santiago Ave.  
Farmington, NM 87401

Re: NOTICE TO INTERESTED PARTY AND INTEREST OWNERS  
*Request for Administrative Approval for non-standard Nageezi Gallup Lateral  
Chaco 2308-06H #395H, API: 30-045-35553*

Dear Interested Party or Interest Owner:

You have been identified as an Interested Party or Interest Owner having a right to notification of an application for Administrative Approval for non-standard Nageezi Gallup Lateral. Please find enclosed a complete copy of the application that was submitted to the New Mexico Oil Conservation Division on October 29, 2014. Please be advised that you have twenty (20) days from the date that the NMOCD receives the application in their Santa Fe office to submit any objections. The objections must be submitted in writing to:

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

It would be greatly appreciated, if you do not have any objections, if you would sign the waiver below and return to our office in the enclosed envelope or via email at the address listed below. Please feel free to contact me should you have any questions or concerns.

Sincerely,

  
Heather Riley  
Regulatory Manager

I DO NOT HAVE ANY OBJECTIONS AND HEREBY WAIVE THE 20 DAY PERIOD.

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DATED

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS, FOLDED AT DOTTED LINE  
**CERTIFIED MAIL™**



7013 1090 0001 7317 2675  
 7013 1090 0001 7317 2675

**U.S. Postal Service™**  
**CERTIFIED MAIL™ RECEIPT**  
 (Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at [www.usps.com](http://www.usps.com)

**OFFICIAL USE**

|   |    |                  |
|---|----|------------------|
| Postage   | \$ | Postmark<br>Here |
| Certified Fee                                     |    |                  |
| Return Receipt Fee<br>(Endorsement Required)      |    |                  |
| Restricted Delivery Fee<br>(Endorsement Required) |    |                  |
| Total Postage & Fees                              | \$ |                  |

Sent To JMJ Land & Minerals  
 Street, Apt. No., or PO Box No.  
 City, State, ZIP+4

PS Form 3800, August 2006 See Reverse for Instructions

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
JMJ Land & Minerals Co.  
2204 N. Santiago Ave.  
Farmington NM 87401

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  
 Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number (Transfer from service label) 7013 1090 0001 7317 2675

**WPXENERGY.**

*Sent via E-mail and Certified Mail*

October 29, 2014

JMJ Land and Minerals Co.  
2204 N. Santiago Ave.  
Farmington, NM 87401

Re: NOTICE TO INTERESTED PARTY AND INTEREST OWNERS  
*Request for Administrative Approval for non-standard Nageezi Gallup Lateral  
Chaco 2308-06H #395H, API: 30-045-35553*

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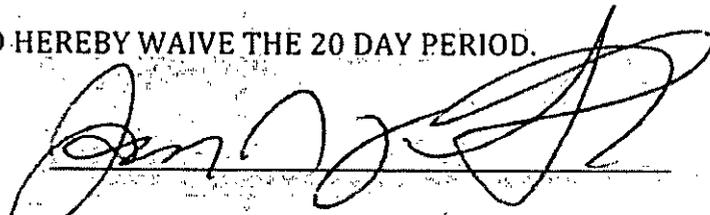
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

It would be greatly appreciated, if you do not have any objections, if you would sign the waiver below and return to our office in the enclosed envelope or via email at the address listed below. Please feel free to contact me should you have any questions or concerns.

Sincerely,

Heather Riley  
Regulatory Manager

I DO NOT HAVE ANY OBJECTIONS AND HEREBY WAIVE THE 20 DAY PERIOD.

  
\_\_\_\_\_  
10-31-14  
\_\_\_\_\_  
DATED

## McMillan, Michael, EMNRD

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**From:** McMillan, Michael, EMNRD  
**Sent:** Friday, October 31, 2014 2:06 PM  
**To:** 'Riley, Heather'  
**Subject:** RE: Chaco 2308 6H Well NO. 395H and 2308 6H Well McQueen, Ken  
<Ken.McQueen@wpenergy.com> NO. 396H

Ms. Riley:

Thank You for sending the waiver.

Here is the answer to the question about the 395H

- For the Chaco 2308 6H Well NO. 395H, it is encroaching on the SW/4 NW/4 of Section 5 ( based on Pythagreom theorem). – I plan to apply for an NSP in section 5 of 23N R8W asking for a 640 acre spacing unit. The application is being drafted now. Would we need to have NSL approval for the corner unit given this scenario?

You would need to apply for an NSL-but if you own that unit, have a landman e-mail me a letter stating common ownership.

Michael McMillan

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**From:** Riley, Heather [<mailto:Heather.Riley@wpenergy.com>]  
**Sent:** Friday, October 31, 2014 1:51 PM  
**To:** McMillan, Michael, EMNRD  
**Cc:** McQueen, Ken; Richardson, Amy; West, Brennan; Granillo, Lacey  
**Subject:** RE: Chaco 2308 6H Well NO. 395H and 2308 6H Well NO. 396H

Mr. McMillan,

Please see my responses below. Also, I have attached 20 day Notice Waivers for both application that have been signed by JMJ.

Thanks you,

Heather Riley  
Regulatory Manager, San Juan Asset Team  
WPX Energy  
P. O. Box 640  
Aztec, NM 87410  
(970) 749-8747 (cell)  
(505) 333-1822 (office)  
[heather.riley@wpenergy.com](mailto:heather.riley@wpenergy.com)

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**From:** McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]  
**Sent:** Friday, October 31, 2014 9:23 AM  
**To:** Riley, Heather  
**Subject:** Chaco 2308 6H Well NO. 395H and 2308 6H Well NO. 396H

Ms. Riley:

I received your applications yesterday for the Chaco 2308 6H Well NO. 395H and 2308 6H Well NO. 396H wells. I need the following information:

- What is your reason for the NSL? – Rather than drill the laterals east to west, we oriented the laterals roughly N 80 W to be more orthogonal to the hydraulic fracturing direction that we have seen in microseismic surveys in the area.
- For the Chaco 2308 6H Well NO. 395H, it is encroaching on the SW/4 NW/4 of Section 5 ( based on Pythagreom theorem). – I plan to apply for an NSP in section 5 of 23N R8W asking for a 640 acre spacing unit. The application is being drafted now. Would we need to have NSL approval for the corner unit given this scenario?
- Is the casing shoe the beginning of the perforated interval for both wells? – To be conservative, we use the 7” casing shoe for the completed interval. The actual perforation will be at a deeper depth (further from the section line) than the 7” shoe.

Thank You

## **Michael A. McMillan**

Engineering and Geological Services Bureau, Oil Conservation Division  
1220 South St. Francis Dr., Santa Fe NM 87505  
O: 505.476.3448 F. 505.476.3462

November 3, 2014



*Via Email*

Engineering and Geological Services Bureau, Oil Conservation Division  
ATTN: Michael A. McMillan  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

RE: T23N-R8W – Section 5, San Juan County, New Mexico  
CHACO 2308-06H #395H  
CHACO 2308-06H #396H

Mr. McMillan:

WPX owns 100% interest in the W/2 of T23N-R8W-Section 5, San Juan County, New Mexico, therefore, WPX is the only affected party concerning the above referenced wells. Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Chuck Bassett". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Chuck Bassett  
Staff Landman