

ABOVE THIS LINE FOR DIVISION USE ONLY

received  
11-17-2014

**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

- NSL 7202  
- WPX Energy Production  
LLC  
120782

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
 DHC  CTB  PLC  PC  OLS  OLM

Well  
- Chaco 2308 11A  
#407H  
30-045-35564

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX  PMX  SWD  IPI  EOR  PPR

- [D] Other: Specify \_\_\_\_\_

Pool  
- Basin Mancos  
97232

[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.

Heather Riley \_\_\_\_\_ Signature  
 Print or Type Name  
 Regulatory Manager \_\_\_\_\_ Title  
 11/17/2014 \_\_\_\_\_ Date  
 Heather.riley@wpenergy.com  
 e-mail Address



*Sent via Overnight Delivery*

November 17, 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 Basin Mancos Lateral  
Chaco 2308-11A #407H, API: 30-045-35564*

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 Basin Mancos (97232) formation in the Chaco 2308-11A #407H. This is a horizontal well with a surface location of 335' FNL and 1047' FEL, Section 11, T23N R8W and an end of lateral location of 1265' FNL & 230' FEL, Section 12, T23N R8W. See attached plat.

The N/2 of Section 12 is located in the Basin Mancos Gas Pool (97232) and subject to the Special Rules and Regulations created under Order R-12984. These special Rules require 320-acre spacing units and 660 foot setbacks from the outer boundary of the spacing unit. The completed interval is closer than 660 feet from the West, North, East and Northwest lines of the proposed non-standard spacing unit. Accordingly, the proposed wellbore is non-standard under the Basin Mancos Special pool Rules and approval from the NMOCD is required.

As support for this application, the following exhibits are included:

**EXHIBIT A** is the Well Location and Acreage Dedication Plat (Form C-102), which shows the non-standard project area for the subject well.

**EXHIBIT B** is a land plat depicting the proposed subject well in relation to adjoining units and further identifies the owners in the affected leases.

**EXHIBIT C** is a list of the affected parties for the request for approval of a non-standard spacing unit in the Basin Mancos Gas Pool. A copy of the application with all attachments has been sent to the affected parties advising them that if they have an

Jami Bailey  
Division Director  
NEW MEXICO OIL CONSERVATION DIVISION  
November 17, 2014  
Page 2

objection they must file it in writing with the Division within 20 days from the date the Division receives this application.

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 Stated

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) 476-3452

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 30-045-35564		*Pool Code 97232	*Pool Name BASIN MANCOS
*Property Code	*Property Name CHACO 2308-11A		*Well Number 407H
*OGRID No. 120782	*Operator Name WPX ENERGY PRODUCTION, LLC		*Elevation 7011'

<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
A	11	23N	8W		335	NORTH	1047	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
A	12	23N	8W		1265	NORTH	230	EAST	SAN JUAN

<sup>12</sup> Dedicated Acres 320	<sup>13</sup> Joint or Infill N/2 - Section 12	<sup>14</sup> Joint or Infill	<sup>15</sup> Consolidation Code	<sup>16</sup> Order No.
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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

**SURFACE LOCATION**  
335' FML 1047' FEL  
SECTION 11, T23N, R8W  
LAT: 36.247948°N  
LONG: 107.645090°W  
DATUM: NAD1927

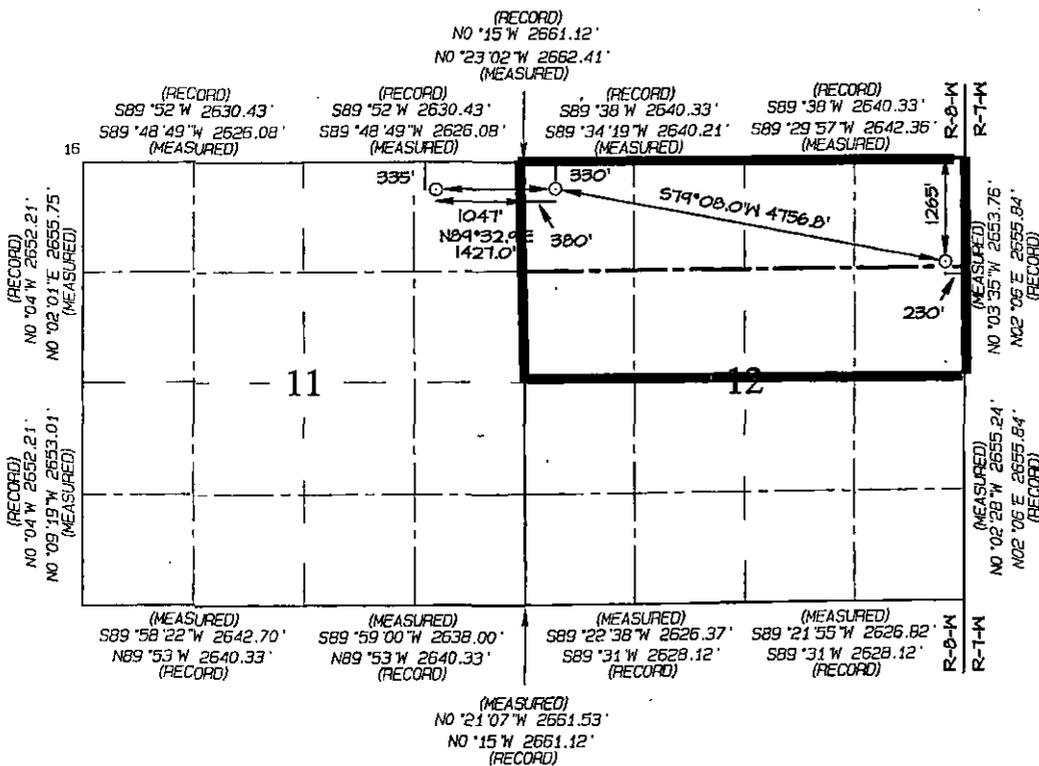
LAT: 36.247961°N  
LONG: 107.645700°W  
DATUM: NAD1983

**POINT-OF-ENTRY**  
330' FML 380' FML  
SECTION 12, T23N, R8W  
LAT: 36.247971°N  
LONG: 107.640250°W  
DATUM: NAD1927

LAT: 36.247984°N  
LONG: 107.640860°W  
DATUM: NAD1983

**END-OF-LATERAL**  
1265' FML 230' FEL  
SECTION 12, T23N, R8W  
LAT: 36.245481°N  
LONG: 107.624414°W  
DATUM: NAD1927

LAT: 36.245494°N  
LONG: 107.625024°W  
DATUM: NAD1983



**17 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.

*Heather Riley* 11/11/14  
Signature Date  
*Heather Riley*  
Printed Name  
*heather.riley@wpenergy.com*  
E-mail Address

**18 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 6, 2014  
Survey Date: SEPTEMBER 4, 2014

Signature and Seal of Professional Surveyor

**JASON C. EDWARDS**  
NEW MEXICO  
REGISTERED PROFESSIONAL SURVEYOR  
15269

**JASON C. EDWARDS**  
Certificate Number 15269

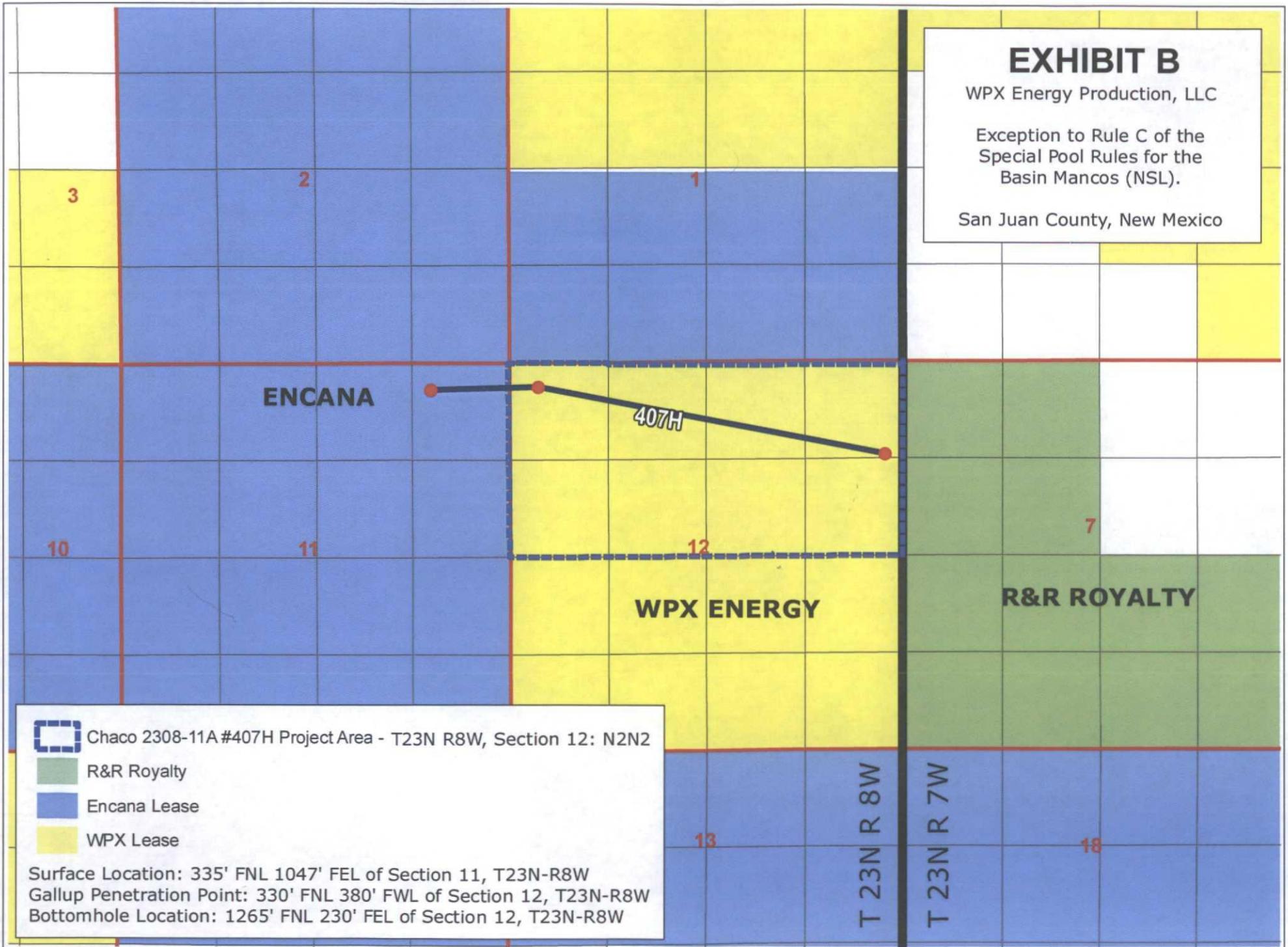
Exhibit A

# EXHIBIT B

WPX Energy Production, LLC

Exception to Rule C of the  
Special Pool Rules for the  
Basin Mancos (NSL).

San Juan County, New Mexico



 Chaco 2308-11A #407H Project Area - T23N R8W, Section 12: N2N2

 R&R Royalty

 Encana Lease

 WPX Lease

Surface Location: 335' FNL 1047' FEL of Section 11, T23N-R8W

Gallup Penetration Point: 330' FNL 380' FWL of Section 12, T23N-R8W

Bottomhole Location: 1265' FNL 230' FEL of Section 12, T23N-R8W

**EXHIBIT C**

R & R Royalty, Ltd.  
ATTN: Rajan Ahuja  
500 N. Shoreline Blvd Suite 322  
Corpus, Christi, Texas 78401

Mona Binion  
Encana Oil & Gas (USA) Inc.  
370 17<sup>th</sup> St., Suite 1700  
Denver, CO 80202



November 17, 2014

Mona Binion  
Encana Oil & Gas (USA) Inc.  
370 17<sup>th</sup> St., Suite 1700  
Denver, CO 80202

Re: NOTICE TO INTERESTED PARTY AND INTEREST OWNERS  
Application for Non-Standard Basin Mancos Gas Pool Location  
Section 12 T23N, R8W  
San Juan County, New Mexico

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 a Non-Standard Location. Please find enclosed a complete copy of the application that was submitted to the New Mexico Oil Conservation Division November 17, 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 send to my email 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.

\_\_\_\_\_  
\_\_\_\_\_  
DATED



November 17, 2014

R & R Royalty, Ltd.  
ATTN: Rajan Ahuja  
500 N. Shoreline Blvd Suite 322  
Corpus, Christi, Texas 78401

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Santa Fe, NM 87505

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Sincerely,  
  
Heather Riley  
Regulatory Manager

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

---

DATED

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature <span style="float: right;"><input type="checkbox"/> Agent <input type="checkbox"/> Addressee</span>  <b>X</b></p>
<p>1. Article Addressed to:  Mona Binion  Encana  370 17th St, Ste 1700  Denver, CO 80202</p>	<p>B. Received by (Printed Name) <span style="float: right;">C. Date of Delivery</span></p>
<p>2. Article Number  (Transfer from service label) 7013 1090 0001 7321 1121</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes  If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>PS Form 3811, February 2004</p>	<p>3. Service Type  <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail  <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>

Domestic Return Receipt 102595-02-M-1540

**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 Here
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees \$	

Sent To  
Mona Binion, Encana  
Street, Apt. No.,  
or PO Box No. 370 17th St, Ste 1700  
City, State, ZIP+4 Denver, CO 80202

PS Form 3800, August 2003 See Reverse for Instructions

7013 1090 0001 7321 1121  
PLACE STICKER AT TOP OF ENVELOPE OR TO THE RIGHT OF THE RETURN ADDRESS. FOLD AT DOTTED LINE.  
**CERTIFIED MAIL™**

**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:

R&R Royalties, Ltd  
 Attn: Rajan Ahuja  
 500 N. Shoreline Blvd, Ste 322  
 Corpus Christi, TX 78401

2. Article Number

(Transfer from service label)

7013 1090 0001 7321 1138

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

- 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

7013 1090 0001 7321 1138

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS, FOLD AT DOTTED LINE

**CERTIFIED MAIL™**

7013 1090 0001 7321 1138  
 7013 1090 0001 7321 1138  
 7013 1090 0001 7321 1138

**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	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

Postmark Here

Sent To

Rajan Ahuja, R&R Royalties, Ltd  
 Street, Apt. No. or PO Box No. 500 N Shoreline Blvd, Ste 322  
 City, State, ZIP+4 Corpus Christi, TX 78401

## McMillan, Michael, EMNRD

---

**From:** Riley, Heather <Heather.Riley@wpenergy.com>  
**Sent:** Thursday, November 20, 2014 10:35 AM  
**To:** McMillan, Michael, EMNRD  
**Cc:** Granillo, Lacey  
**Subject:** RE: Chaco 2308-11A 407H and Chaco 2308-11A 408H final perforations  
**Attachments:** 407H\_408H\_COMPLETED\_INTERVAL\_PLAT.PDF

The reason we need a non-standard location is to efficiently develop the acreage and prevent waste under the circumstances.

Please see attaché drawing of the completed intervals.

---

**From:** McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]  
**Sent:** Wednesday, November 19, 2014 4:04 PM  
**To:** Riley, Heather  
**Subject:** RE: Chaco 2308-11A 407H and Chaco 2308-11A 408H final perforations

Ms. riley  
Can you also provide a reason for the NSL application?  
Michael McMillan

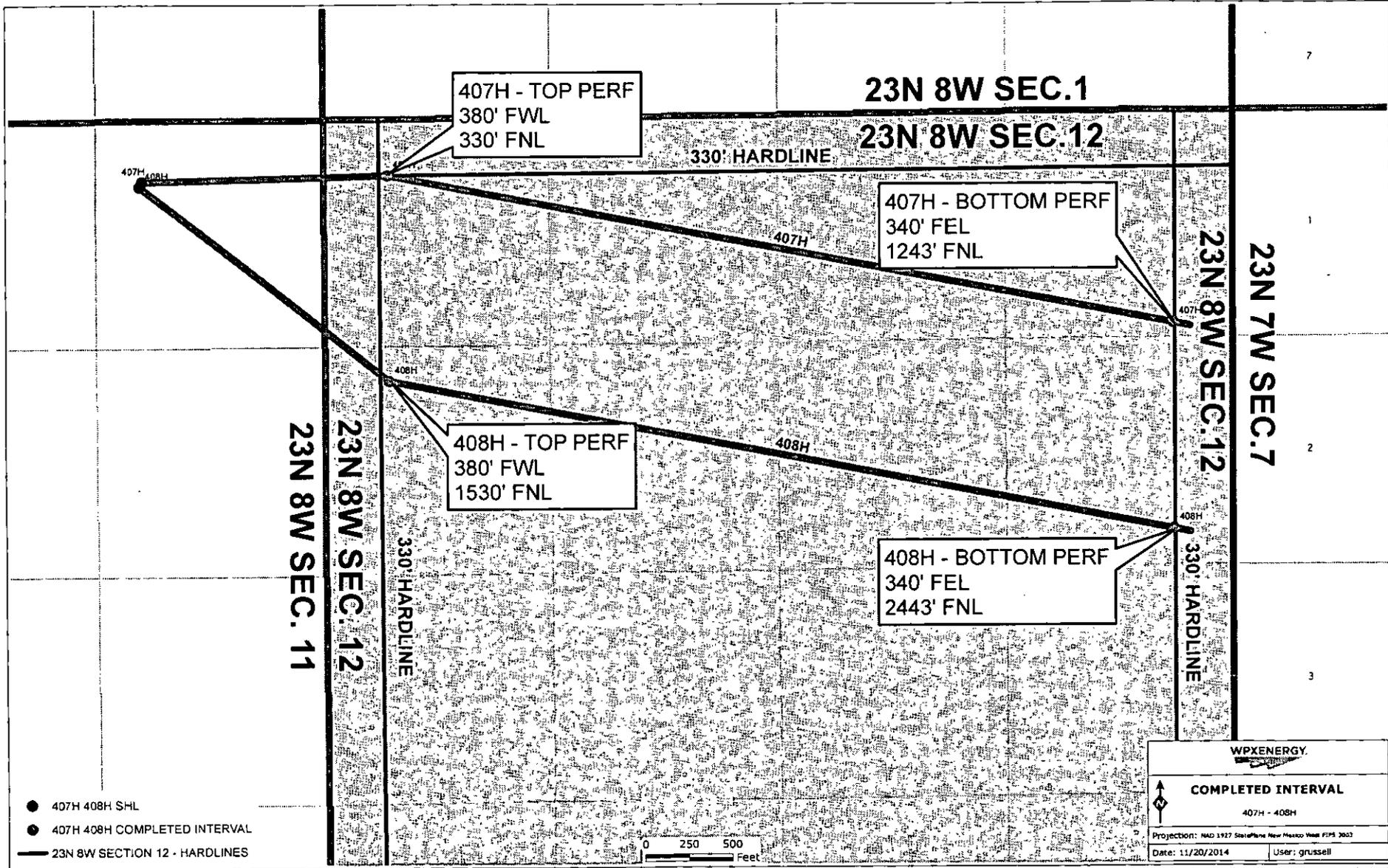
---

**From:** McMillan, Michael, EMNRD  
**Sent:** Wednesday, November 19, 2014 3:46 PM  
**To:** 'Riley, Heather'  
**Subject:** Chaco 2308-11A 407H and Chaco 2308-11A 408H final perforations

Ms. Riley:  
I received your NSL applications Monday November 17.  
I want to clarify the BHL for the Chaco 2308-11A 407H and Chaco 2308-11A 408H will be the final perforations?  
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



## McMillan, Michael, EMNRD

---

**From:** West, Brennan <Brennan.West@wpenergy.com>  
**Sent:** Friday, November 21, 2014 12:47 PM  
**To:** Riley, Heather; Bassett, Chuck; McMillan, Michael, EMNRD  
**Cc:** Granillo, Lacey  
**Subject:** RE: Chaco 2308-11A 407H and Chaco 2308-11A 408H final perforations

Hi Michael,

The N2 and the S2 of Section 12, T23N-R8W have identical working interest ownership. Let me know if you need anything further.

Thanks,

Brennan West  
Landman  
O: 539-573-2878  
C: 918-691-3111

---

**From:** Riley, Heather  
**Sent:** Thursday, November 20, 2014 12:19 PM  
**To:** West, Brennan; Bassett, Chuck  
**Cc:** Granillo, Lacey  
**Subject:** Fwd: Chaco 2308-11A 407H and Chaco 2308-11A 408H final perforations

Chuck and Brennan. Can one of you reply to this request please?

Sent from my iPhone

Heather Riley  
WPX Energy

Begin forwarded message:

**From:** "McMillan, Michael, EMNRD" <Michael.McMillan@state.nm.us>  
**Date:** November 20, 2014 at 10:51:06 AM MST  
**To:** "Riley, Heather" <Heather.Riley@wpenergy.com>  
**Subject:** RE: Chaco 2308-11A 407H and Chaco 2308-11A 408H final perforations

Ms. Riley

Can you get a landman to state that the S/2 Section 12 is leased by WPX? Use the same format as in the past.  
Thank You  
Michael McMillan

---

**From:** McMillan, Michael, EMNRD  
**Sent:** Thursday, November 20, 2014 10:36 AM  
**To:** 'Riley, Heather'  
**Subject:** RE: Chaco 2308-11A 407H and Chaco 2308-11A 408H final perforations

**WPXENERGY.**

November 17, 2014

Mona Binion  
Encana Oil & Gas (USA) Inc.  
370 17<sup>th</sup> St., Suite 1700  
Denver, CO 80202

Re: NOTICE TO INTERESTED PARTY AND INTEREST OWNERS  
Application for Non-Standard Basin Mancos Gas Pool Location  
Section 12 T23N, R8W  
San Juan County, New Mexico

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 a Non-Standard Location. Please find enclosed a complete copy of the application that was submitted to the New Mexico Oil Conservation Division November 17, 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 send to my email 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.

 Skylar Fast Landman

11/26/2014

DATED

## McMillan, Michael, EMNRD

---

**From:** Riley, Heather <Heather.Riley@wpxenergy.com>  
**Sent:** Friday, December 05, 2014 8:28 AM  
**To:** McMillan, Michael, EMNRD  
**Cc:** Granillo, Lacey; West, Brennan; Riley, Heather  
**Subject:** RE: Chaco 2308-11A #407H and #408H NSL Applications

The reason we need a non-standard location is to efficiently develop the acreage and prevent waste under the circumstances.

---

**From:** McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]  
**Sent:** Friday, December 05, 2014 8:21 AM  
**To:** Riley, Heather  
**Cc:** Granillo, Lacey; West, Brennan  
**Subject:** RE: Chaco 2308-11A #407H and #408H NSL Applications

Ms. Riley:

Can you state a reason for the NSL application?

I am working on the application today, and will submit to the Deputy Director on Monday.

Michael McMillan

---

**From:** Riley, Heather [<mailto:Heather.Riley@wpxenergy.com>]  
**Sent:** Wednesday, November 26, 2014 11:41 AM  
**To:** McMillan, Michael, EMNRD  
**Cc:** Granillo, Lacey; West, Brennan  
**Subject:** Chaco 2308-11A #407H and #408H NSL Applications

Mr. McMillan,

Attached are signed waivers from Encana for the NSL application that we have pending with your office for the above referenced wells. We are still awaiting waivers from R&R.

Thank 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@wpxenergy.com](mailto:heather.riley@wpxenergy.com)