

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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

Jami Bailey, Division Director
Oil Conservation Division



December 8, 2014

WPX Energy Production, LLC
Attn: Ms. Heather Riley

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-7204
Administrative Application Reference No. pMAM14333932480

WPX Energy Production, LLC
OGRID 120782
NE Chaco Com Well No. 177H
API No. 30-039-31252

Proposed Location:

	<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	1132 FNL & 755 FWL	4	6	23N	6W	Rio Arriba
Penetration Point	1488 FNL & 519 FWL	5	6	23N	6W	Rio Arriba
Terminus	1348 FNL & 230 FWL	9	1	23N	7W	Rio Arriba

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
N/2 of Section 6, N/2 of Section 1	628.61	Chaco Unit NE HZ (Oil)	98088

Reference is made to your application received on December 5, 2014.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed by the Special Rules for the Chaco Unit NE HZ (Oil) Pool, which provides for 320-acre units with wells to be located at least 330 feet from outer unit boundaries, and Rule 19.15.16.14.B (2) NMAC concerning directional wells in designated project areas. Although this location is standard, due to abundance of caution associated with problems with production casing in this well offset operators were notified.

Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC, 19.15.4.12.A(2) NMAC, and 19.15.4.12.A(9) NMAC.

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It is our understanding that you are seeking this location due to problems with either a wet shoe or RSI tool, and possible formation communication outside the legal setbacks.

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 Division Rule 19.15.4.12 A(2) NMAC and Division Rule 19.15.4.12 A(9) NMAC, in all adjoining units towards which the proposed location encroaches. However, the affected parties have signed a waiver for this application.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, 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 19.15.5.9 NMAC.

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

Done at Santa Fe, New Mexico, on December 8, 2014.



for Jami Bailey
Director

JB/mam

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