

DATE IN: 12/09/2014 SUSPENSE: MAM ENGINEER: 12/09/2014 TYPE: NSL APP NO: PWD433932460

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 _____

(2) NOTIFICATION REQUIRED TO: Check Those Which Apply, or ☐ Does Not Apply
[A] ☒ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offser 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
Print or Type Name

Signature

Regulatory Manager
Title

Heather.riley@wpenergy.com
e-mail Address

Date

12/09/2014

A

54

RECEIVED OOD

NE CHACO COM #177H, API: 30-039-31252

- NSL 7204
- WPX Energy Production LLC
120792

well
- NE Chaco Com #177H
30-039-31252

Pool
- Chaco NE HZ (OTI)
98088

WPXENERGY

Sent via Overnight Delivery

December 3, 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 Chaco Unit NE HZ (Oil)
Lateral: NE CHACO COM #177H, API: 30-039-31252

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 end of lateral in the Chaco Unit NE HZ (Oil) (98088) pool for the NE CHACO COM #177H. This is a horizontal well with a surface location of 1132' FNL and 755' FWL, Section 6, T23N R6W and an end of lateral location of 1348' FNL & 230' FWL, Section 1, T23N R7W. See attached plat.

Pursuant to NMOCD Order number R-13817 and R-13817-A, a 9,238-acre Project Area was created as well as a new pool: Chaco Unit NE HZ (Oil) (98088). Under the provision of these orders, this pool shall be developed on 320-acre spacing and no portion of the completed interval shall be closer than 330 feet to the outer boundary of the Project Area.

The end of lateral for this well is located 230' from the western boundary of the Project Area. The bottom of the RSI tool was set at a depth of 11,473' MD, 337' from the western boundary of the Project Area, and was the intended western limit of the lateral completed interval. On November 3, 2014, the 4.5" liner was cemented, the plug was bumped and 2,000 psi was held for 12 minutes. The subsequent routine pressure test on the production casing was unsuccessful.

On November 21, 2014, WPX ran a packer to 6,100' MD, 75' below the top of the 4.5" liner and 59' above the base of the 7" intermediate casing. The casing above the packer was tested at 1,500 psi for 30 minutes and held pressure. The casing below the packer was tested at 1,500 psi and lost 600 psi in 6 minutes.

721 South Main Ave. | P.O. Box 640 | Aztec, NM 87410 | (505) 333-1822 Tel. | heather.riley@wpxenergy.com

Jami Bailey
Division Director
NEW MEXICO OIL CONSERVATION DIVISION
December 3, 2014
Page 2

Following the first pressure test on November 21, 2014, WPX ran a second pressure test with the packer at 6,199' MD, 40' below the base of the 7" intermediate casing and 174' below the top of the 4.5" liner. The results confirmed the previous pressure test at 6,100' MD.

The most likely scenario is a wet shoe or a RSI failure. If there is a wet shoe, there is a possibility of formation communication past the 330' setback. Consequently this NSL application is being filed out of an abundance of caution.

The offset operator in Section 2, T23N R7W is Encana. Encana has agreed to waive the 20 day notice provision. We will forward the Waiver as soon as it is received.

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

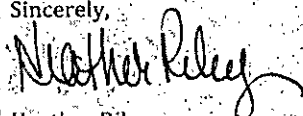
EXHIBIT A is the Well Location and Acreage Dedication Plat (Form C-102), which shows the non-standard project area for the subject well.

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. A copy of the application with all attachments has been sent to the affected party 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.

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

Sincerely,



Heather Riley
Regulatory Manager

Enc.: As Stated

District I
1625 N. French Drive, Hobbs, NM 80240
Phone: (575) 393-6151 Fax: (575) 393-0720

District II
811 S. First Street, Artesia, NM 88210
Phone: (575) 748-1203 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 98088	Pool Name CHACO NE HZ (OIL)
Property Code 313800	Property Name NE CHACO COM		Well Number 177H
OGRIID No. 120782	Operator Name WPX ENERGY PRODUCTION, LLC		Elevation 6982'

10 Surface Location

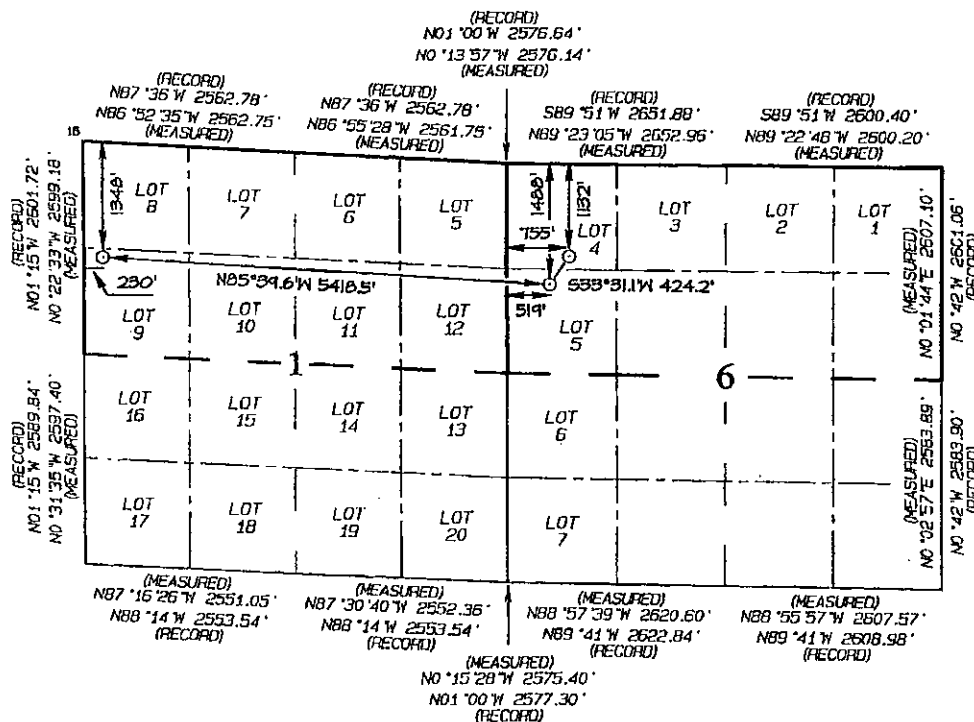
U. or lot no.	Section	Township	Range	Lot Idh	Feet from the	North/South line	Feet from the	East/West line	County
D	6	23N	6W	4	1132	NORTH	755	WEST	RIO ARriba

11 Bottom Hole Location If Different From Surface

U. or lot no.	Section	Township	Range	Lot Idh	Feet from the	North/South line	Feet from the	East/West line	County
E	1	23N	7W	9	1348	NORTH	230	WEST	RIO ARriba

12 Dedicated Acres 628.61	N/2 - Section 6, T23N, R6W N/2 - Section 1, T23N, R7W	13 Joint or Infill	14 Consolidation Code	15 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



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.

Signature: Heather Riley
Date: 12/5/14

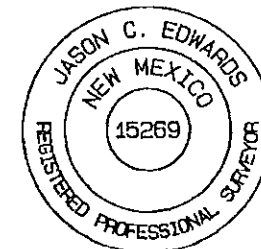
Printed Name: Heather Riley
E-mail Address: heather.riley@wpxonergy.com

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: NOVEMBER 11, 2014
Survey Date: SEPTEMBER 19, 2013

Signature and Seal of Professional Surveyor



JASON C. EDWARDS

Certificate Number 15269

END-OF-LATERAL
1348' FNL 230' FNL
SECTION 1, T23N, R7W
LAT: 36.257482°N
LONG: 107.535271°W
DATUM: NAD1927

LAT: 36.257495°N
LONG: 107.535677°W
DATUM: NAD1983

BASE PERFORATION
1349' FNL 337' FNL
SECTION 1, T23N, R7W
LAT: 36.257466°N
LONG: 107.534909°W
DATUM: NAD1927

LAT: 36.257479°N
LONG: 107.535515°W
DATUM: NAD1983

POINT-OF-ENTRY
1488' FNL 519' FNL
SECTION 6, T23N, R6W
LAT: 36.256552°N
LONG: 107.51931°W
DATUM: NAD1927

LAT: 36.256565°N
LONG: 107.517337°W
DATUM: NAD1983

SURFACE LOCATION
1132' FNL 755' FNL
SECTION 6, T23N, R6W
LAT: 36.257532°N
LONG: 107.516153°W
DATUM: NAD1927

LAT: 36.257545°N
LONG: 107.516758°W
DATUM: NAD1983

EXHIBIT B

WPX Energy Production, LLC
Rio Arriba County, New Mexico

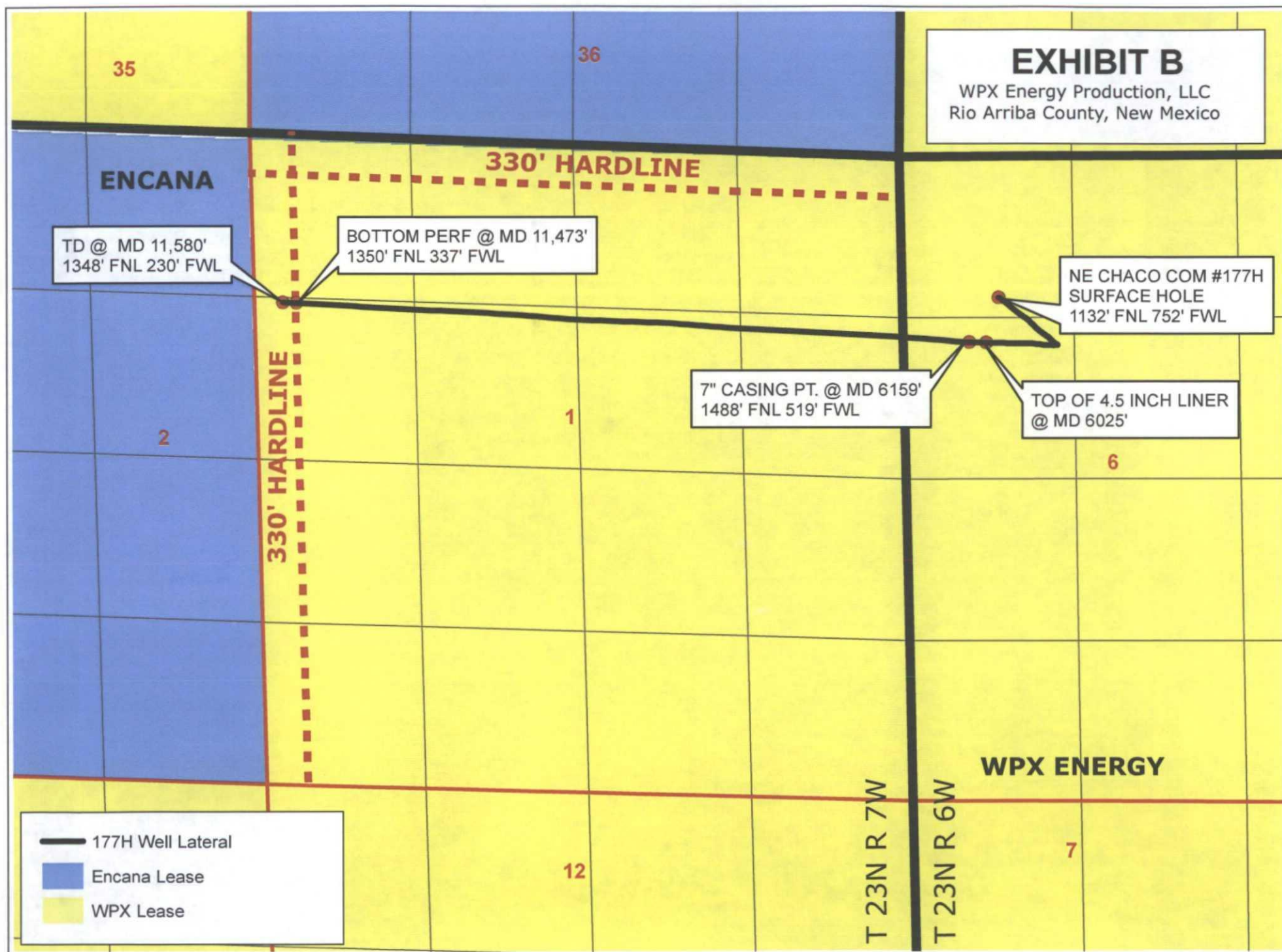


EXHIBIT C

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

WPXENERGY

December 3, 2014

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

Re: NOTICE TO INTERESTED PARTY AND INTEREST OWNERS
Application for Non-Standard Location
NE CHACO COM #177H
Section 12.T23N, R8W
Rio Arriba County, New Mexico

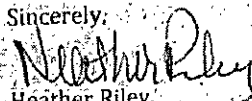
Dear Interested Party or Interest Owner:

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 December 3, 2014. Please be advised that you have twenty (20) days from the date that the NMOCDD 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

WPXENERGY

December 3, 2014

Mona Binion
Encana Oil & Gas (USA) Inc.
3701 17th St., Suite 1700
Denver, CO 80202

Re: NOTICE TO INTERESTED PARTY AND INTEREST OWNERS:
Application for Non-Standard Location
NE CHACO COM #177H
Section 12-T23N, R8W
Rio Arriba County, New Mexico

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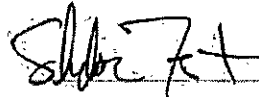
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

It would be greatly appreciated, if you do not have any objections, if you would sign the waiver below and 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 East) Landman

12/4/2014
DATED

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

CERTIFIED MAIL™

7013 1090 0001 7317 3214
7013 1090 0001 7317 3214

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

For delivery information visit our website at 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, Encawa
Street, Apt. No.,
or PO Box No. 370 17th St, Ste 1700
City, State, ZIP+4 Denver CO 80202

PS Form 3800, August 2005

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:

Mona Binion
Encawa Oil & Gas
370 17th St., Suite 1700
Denver, CO 80202

2. Article Number

(Transfer from service label)

7013 1090 0001 7317 3214

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

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540