

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 _____

[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
Print or Type Name

Signature

Regulatory Manager
Title

1/22/2015
Date

Heather.riley@wpenergy.com
e-mail Address

CHACO 2408-25M #237H, API: 30-045-35499

NSL 7228
- WPX ENERGY
120782

well
- CHACO 2408-25M #237H
30-045-35499
SAN JUAN

Pool
- Lybrouck-0-114P
42289

Sent via Overnight Delivery

January 22, 2015

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

Re: **AMENDED** Request for Administrative Approval for non-standard Lybrook Gallup (Oil) Lateral; Chaco 2408-25M #237H, API: 30-045-35499

Dear Mr. Catanach:

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 Lybrook Gallup (Oil) (42289) pool for the CHACO 2408-25M #237H. This is a horizontal well with a surface location of 261' FSL and 330' FWL, Section 25, T24N R8W and an end of lateral location of 897' FSL & 202' FWL, Section 25, T24N 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 planned base perforation was at 331' FWL in a legal location, but through inadvertent error, the base perforation came in at 307' FWL encroaching Section 27, T24N R8W by 23'. As WPX was reaching TD, they requested the directional company provide an estimated measured depth at which the well would cross the 330' setback. The estimate given was approximately 10,553' MD. Using this estimate, WPX ran the 4 1/2" liner and placed the RSi tool at 10,538' MD. It wasn't until WPX was working through the postdrill plots that they realized a mistake had been made. The well actually crossed the 330' setback line at approximately 10,515' MD. The discrepancy was due to a software problem that Scientific Drilling (SDI) was having and due to SDI neglecting to use the surveyed midpoint of the section line, which WPX provided, to plot the section line and 330' setback line.

David Catanach
Division Director
NEW MEXICO OIL CONSERVATION DIVISION
January 22, 2015
Page 2

The offset operators in Section 27, T24N R8W are Encana and Dugan. They have both agreed to waive the 20 day notice provision. We will forward the Waivers as soon as they are received.

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

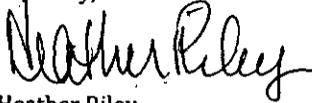
EXHIBIT A is the Well Location and Acreage Dedication Plat (Form C-102), which shows the non-standard project area for the subject well.

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 88240
Phone: (575) 393-6181 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 Grande 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

Exhibit "A"

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|----------------|----------------------------|----------------|
| 'API Number | 'Pool Code | 'Pool Name |
| | 42289 | LYBROOK GALLUP |
| 'Property Code | 'Property Name | 'Well Number |
| | CHACO 2408-25M | 237H |
| 'OGRID No. | 'Operator Name | 'Elevation |
| 120782 | WPX ENERGY PRODUCTION, LLC | 6846' |

¹⁰ Surface Location

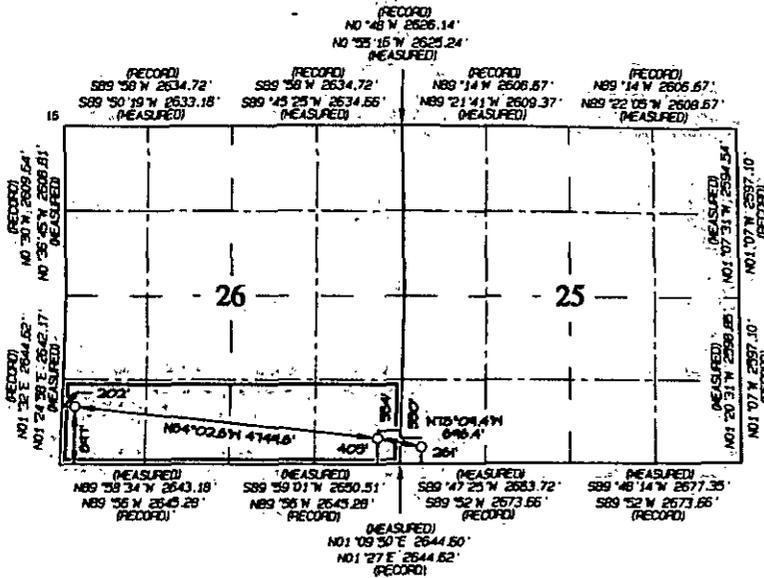
| UL or lot no. | Section | Township | Range | Lot 1st | Feet from the | North/South Line | Feet from the | East/West Line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| M | 25 | 24N | 8W | | 261 | SOUTH | 330 | WEST | SAN JUAN |

¹¹ Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot 1st | Feet from the | North/South Line | Feet from the | East/West Line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| M | 26 | 24N | 8W | | 897 | SOUTH | 202 | WEST | SAN JUAN |

| | | | |
|-------------------------------------|------------------|--------------------|------------|
| 'Dedicated Acres | 'Joint or Infill | 'Conservation Code | 'Order No. |
| 160.0 Acres S/2 S/2 - Section 26 | | | |

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



END-OF-LATERAL
897' FSL 307' FML
SECTION 26, T24N, R8W
LAT: 36.280511° N
LONG: 107.658864° W
DATUM: NAD1983

BASE PERFORATION
897' FSL 307' FML
SECTION 26, T24N, R8W
LAT: 36.280487° N
LONG: 107.658806° W
DATUM: NAD1983

POINT-OF-ENTRY
405' FSL 354' FSL
SECTION 26, T24N, R8W
LAT: 36.279133° N
LONG: 107.642940° W
DATUM: NAD1983

SURFACE LOCATION
261' FSL 330' FML
SECTION 25, T24N, R8W
LAT: 36.278737° N
LONG: 107.640628° W
DATUM: NAD1983

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.

Frederick Riley 11/22/2015
Signature Date
Frederick Riley
Print Name
Frederick.Riley@openenergy.com
E-mail Address

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: JANUARY 13, 2015
Survey Date: AUGUST 30, 2013

Signature and Seal of Professional Surveyor

JASON C. EDWARDS
NEW MEXICO
REGISTERED PROFESSIONAL SURVEYOR
15269

JASON C. EDWARDS
Certificate Number 15269

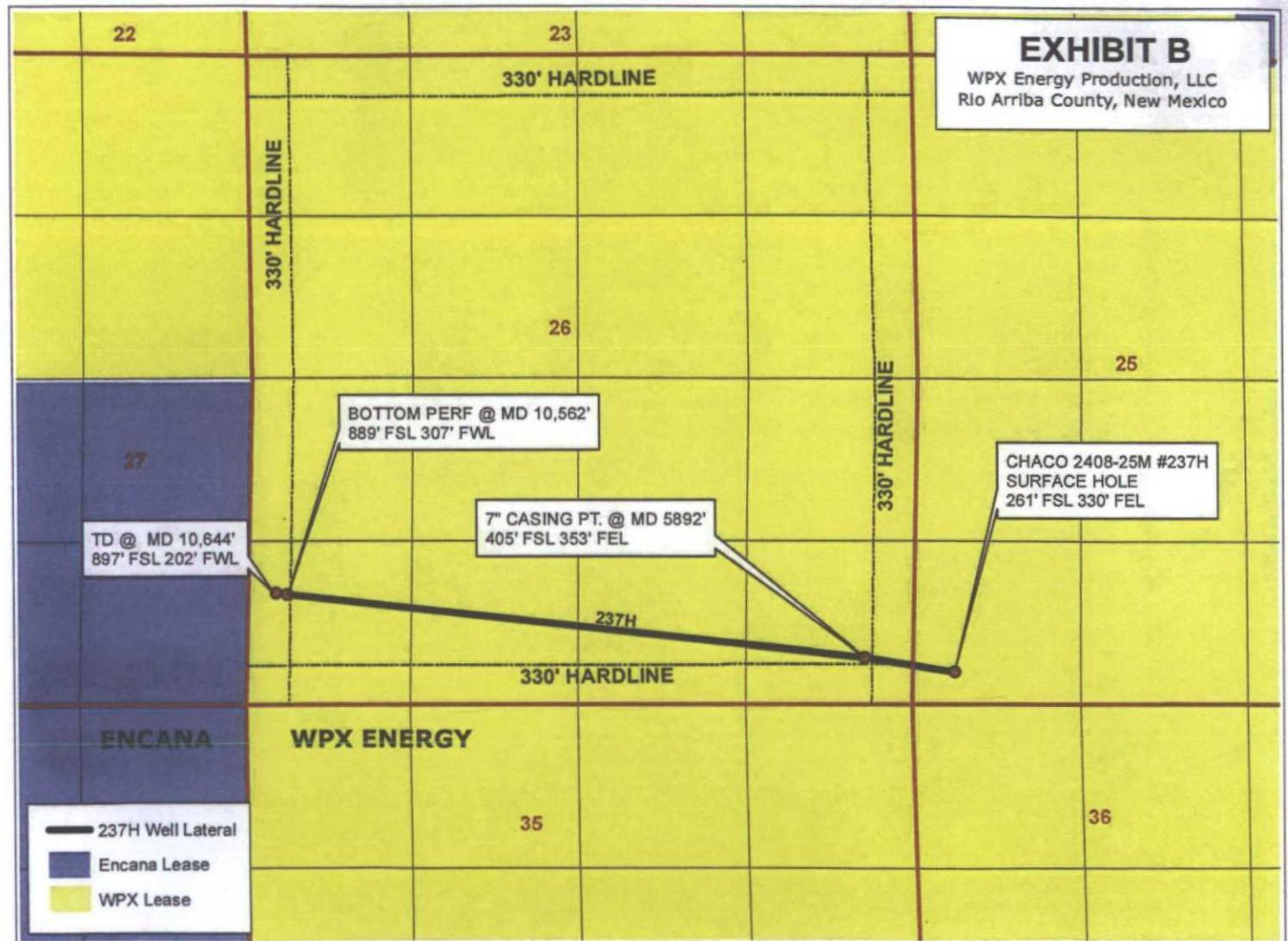


EXHIBIT C
Chaco 2408-25M #237H NSL Application

Skylar Fast, RL
Land Negotiator – San Juan Basin
Encana Services Company Ltd.
370 17th Street, Suite 1700
Denver, Colorado 80202

Kurt Fagrelus
Dugan Production Corp.
709 East Murray Drive
Farmington, NM 87401

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:
 Skylar Fast
 370 17th St. Suite 700
 Denver CO 80202
 Entana Oil & Gas

2. Article Number
 (Transfer from service label)

7013 1090 0001 7317 3399

PS Form 3811, February 2004

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 X 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

PLEASE AFFIX TOP OF LABEL OVER THE RIGHT
 OF THE RETURN ADDRESS FOR A LIMITED TIME
CERTIFIED MAILSM

7013 1090 0001 7317 3399

102290-02-M-1540

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:
 Duga
 709 East Murray Dr
 Farmington, nm 87401
 Kurt Fagreluis

2. Article Number
 (Transfer from service label)

7013 1090 0001 7317 3412

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-01-1540

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

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

Postmark Here

237 NSL

Sort to Duga

Street, Apt. No., or PO Box No.
 City, State, ZIP+4

PS Form 3800, August 2000. See Reverse for Instructions.

217E 21E2 1000 0601 E102



January 22, 2015

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

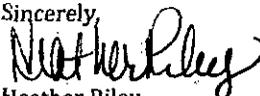
Re: NOTICE TO INTERESTED PARTY AND INTEREST OWNERS
Application for Non-Standard Location
Chaco 2408-25M #237H
Section 26 T24N, R8W
San Juan County, New Mexico

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 January 22, 2015. 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



January 22, 2015

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

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1/22/2015

DATED



January 22, 2015

Kurt Fagrelis
709 East Murray Dr.
Farmington, NM 87401

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1/22/2015
DATED