

DATE IN <u>7/14/15</u>	SUSPENSE	ENGINEER <u>MAM</u>	LOGGED IN <u>7/15/15</u>	TYPE <u>NSL</u>	APP NO. <u>NSL 7329</u>
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64

ABOVE THIS LINE FOR DIVISION USE ONLY

check
w/ David
b/c 96-Ach

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]

NSL 7329

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Operator: WPX Energy Production

Well: Chaco 2408 33D - 112H

API: 30-045-35605

Pool: Basin Mancos

Check One Only for [B] or [C]

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

#97232

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

[D] Other: Specify _____

2015 JUL 14 P. 3:16
RECEIVED OOD

[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.

Jordan L. Kessler
Print or Type Name

Jordan L. Kessler
Signature

Attorney
Title

jlkessler@hollandhart.com
e-mail Address

7/14/15
Date

July 14, 2015

VIA HAND DELIVERY

David Catanach
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RECEIVED OOD
2015 JUL 14 P 3:16

Re: Application of WPX Energy Production, LLC for administrative approval of an unorthodox well location for its Chaco 2408-33D #112H Well, San Juan County, New Mexico.

Dear Mr. Catanach:

WPX Energy Production, LLC (OGRID 120782) owns a leasehold interest covering all of Section 33 and the W/2 of Section 34, Township 24 North, Range 8 West, N.M.P.M., San Juan County, New Mexico. WPX plans to drill the **Chaco 2408-33D #112H Well** as the initial transverse horizontal well to develop the Basin Mancos Pool underlying Section 33 and the E/2 of Section 34. The **Chaco 2408-33D #112H Well** will be drilled from a surface location at 1276 feet from the North line, 405 feet from the West line (Unit D) of Section 33. The completed interval will begin at approximately 380 feet from the North line, 1837 feet from the West line (Unit C), and the last perforation will be no closer than 1067 feet from the South line, 2370 feet from the West line (Unit N) of Section 34.

The special rules for the Basin Mancos Pool require that wells drilled within the area encompassed by these rules that is near an oil pool not listed in paragraphs (3) and (4) of Order R-12984 must conform to the special rules for the Basin-Mancos Gas Pool. See Appendix A to Order R-12984 (special rules) at Rule 1. These special rules require 320-acre spacing and that the well remains 660 feet from the outer boundary of the spacing unit. *Id.* at Rule 2. The completed interval of the **Chaco 2408-33D #112H Well** will be at a non-standard location because it is closer than 660 feet to the northern and eastern boundaries of the 960-acre project area. Accordingly, the proposed completed interval will encroach on the 320-acre spacing unit to the North and the 320-acre spacing unit to the East of the project area. Approval of the unorthodox completed interval will allow for efficient spacing of horizontal wells and thereby prevent waste.



Exhibit A is a land plat of Sections 33 and 34 and the surrounding sections showing the location of the **Chaco 2408-33D #112H Well** and the adjoining spacing units and wells. It also reflects that WPX has plans to drill at least two additional transverse wells in the 960-acre project area. By separate application, WPX has submitted request for approval of the Chaco 2408-33D #113H Well and the Chaco 2408-33D #119H Well.

Exhibit B is a Well Location and Acreage Dedication Plat (Form C-102) showing that as a result of the 660 foot setbacks required by the special rules for the Basin Mancos Gas Pool, the proposed completed interval for the **Chaco 2408-33D #112H Well** encroaches on the spacing and proration units to the North and East.

Exhibit C is a list of the affected parties for the request for approval of the non-standard well location. A copy of this application with all attachments has been sent by certified mail to each of these affected parties 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. Since this acreage involves federal leases, a courtesy copy of this application has been provided to the Bureau of Land Management.

Your attention to this matter is appreciated.

Sincerely,

Jordan L. Kessler
ATTORNEY FOR
WPX ENERGY PRODUCTION, LLC

cc: Bureau of Land Management
Farmington Field Office
6251 College Blvd. Suite A
Farmington, NM 87402

District I
1625 N. French Drive. Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II
911 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

*API Number 30-045-35605		*Pool Code 97232	*Pool Name BASIN MANCOS
*Property Code	*Property Name CHACO 2408-33D		*Well Number 112H
*OSRID No. 120782	*Operator Name WPX ENERGY PRODUCTION, LLC		*Elevation 7020'

¹⁰ Surface Location

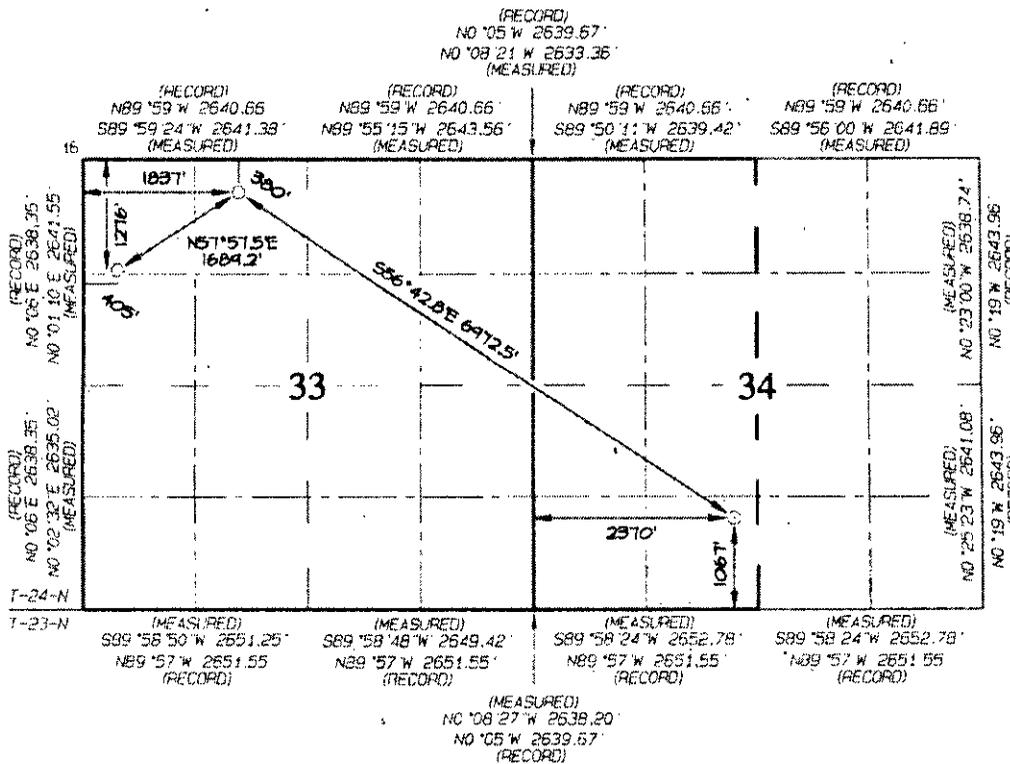
Lot or lot no.	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County
D	33	24N	8W		1276	NORTH	405	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

Lot or lot no.	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County
N	34	24N	8W		1067	SOUTH	2370	WEST	SAN JUAN

*Dedicated Acres 950.0	Entire Section 33 W/2 - Section 34	*Joint or Infill	*Consolidation Code	*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 _____ Date _____

Printed Name _____

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: JUNE 30, 2015
Survey Date: DECEMBER 12, 2013
Signature and Seal of Professional Surveyor _____



JASON C. EDWARDS

Certificate Number 15269

SURFACE LOCATION
1276' FNL 405' FWL
SECTION 33, T24N, R8W
LAT: 36.274567°N
LONG: 107.694209°W
DATUM: NAD1927

POINT-OF-ENTRY
380' FNL 1837' FWL
SECTION 33, T24N, R8W
LAT: 36.277023°N
LONG: 107.689347°W
DATUM: NAD1927

END-OF-LATERAL
1067' FSL 2370' FWL
SECTION 34, T24N, R8W
LAT: 36.266485°N
LONG: 107.689595°W
DATUM: NAD1927

LAT: 36.274579°N
LONG: 107.694821°W
DATUM: NAD1983

LAT: 36.277035°N
LONG: 107.689599°W
DATUM: NAD1983

LAT: 36.266498°N
LONG: 107.670206°W
DATUM: NAD1983

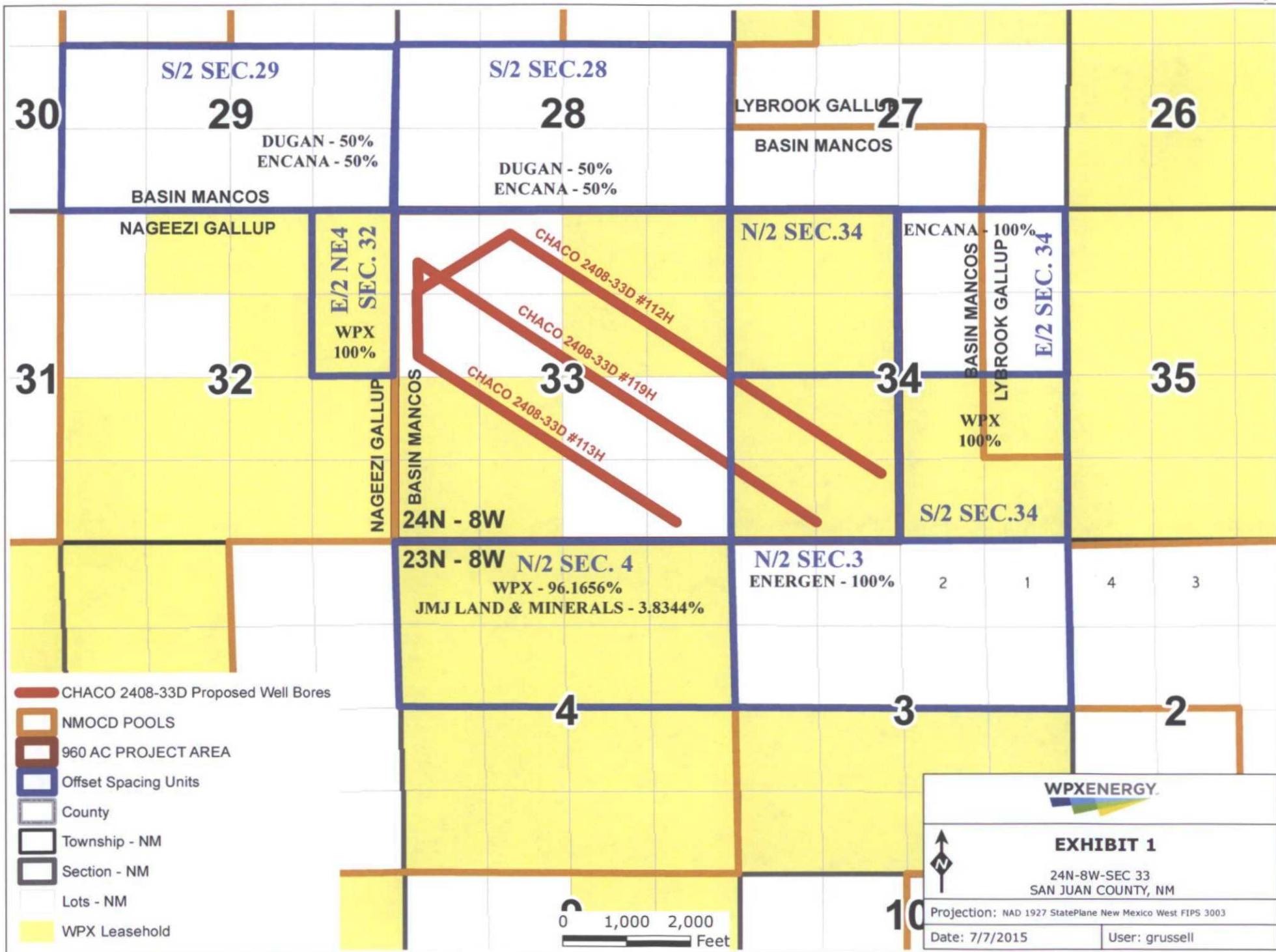


EXHIBIT C
WPX ENERGY PRODUCTION, LLC

Dugan Production Corp.
P.O. Box 420
Farmington, NM 87499

Encana Oil & Gas (USA) Inc.
Attn: Land Department
370 17th Street, Suite 1700
Denver, CO 80202

HOLLAND & HART ^{LLP}



Jordan L. Kessler
Associate
Phone (505) 988-4421
Fax (505) 983-6043
jlkessler@hollandhart.com

July 14, 2015

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: AFFECTED PARTIES

Re: Application of WPX Energy Production, LLC for administrative approval of an unorthodox well location for its Chaco 2408-33D #112H Well, San Juan County, New Mexico.

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from this date at the Division's Santa Fe office located at 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this application, please contact the following:

Brennan West
Landman
WPX Energy, Inc.
P.O. Box 3102 MD: 44
Tulsa, OK 74101-3102
(539)-573-2878 (Office)
Brennan.West@wpxenergy.com

Sincerely,

Jordan L. Kessler
ATTORNEY FOR
WPX ENERGY PRODUCTION, LLC

Holland & Hart ^{LLP}

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, New Mexico 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Boulder Carson City Colorado Springs Denver Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C. ☉

WPXENERGY

July 16, 2015

Dugan Production Corp.
P.O. Box 420
Farmington, NM 87499

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

Re: **NOTICE TO INTERESTED PARTY AND INTEREST OWNERS**
Application for administrative approval of an unorthodox well location
Chaco 2408-33D #112H
All of Section 33 and the W/2 of Section 32, 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 Proration Unit. Please find enclosed a complete copy of the application that was submitted to the New Mexico Oil Conservation Division July 16, 2015. Please be advised that you have thirty (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,

Brennan West
Senior Landman
WPX Energy Production, LLC

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

Kurt Feguli
BY _____
Dugan Production Corp.
COMPANY _____
7-28-15
DATED _____

WPXENERGY

July 16, 2015

Dugan Production Corp.
P.O. Box 420
Farmington, NM 87499

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

Re: NOTICE TO INTERESTED PARTY AND INTEREST OWNERS
Application for administrative approval of an unorthodox well location
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San Juan County, New Mexico

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You have been identified as an Interested Party or Interest Owner having a right to notification of an application for a Non-Standard Proration Unit. Please find enclosed a complete copy of the application that was submitted to the New Mexico Oil Conservation Division July 16, 2015. Please be advised that you have thirty (30) 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,

Brennan West
Senior Landman
WPX Energy Production, LLC

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

Mona Benion
BY
Encana Oil & Gas (USA) Inc.
COMPANY
7/29/2015
DATED