

HOLLAND & HART^{LLP}



Jordan L. Kessler

Associate

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March 16, 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

Re: Application of WPX Energy Production, LLC for administrative approval of an unorthodox well location in the Basin Mancos Gas Pool for its Chaco 2308-24H 154H well in the S/2N/2 of Section 24, Township 23 North, Range 8 West N.M.P.M., San Juan County, New Mexico.

Dear Mr. Catanach:

WPX Energy Production, LLC (OGRID No. 120782) seeks administrative approval of an unorthodox well location for its **Chaco 2308-24H 154H** (API 30-045-35549) well to be completed within the Basin Mancos Gas Pool (Pool Code 97232). This well will be drilled from a surface location 1744 feet from the North line and 195 feet from the East line (Unit H) of Section 24, Township 23 North, Range 8 West. The completed interval will commence no closer than 2480 feet from the North line and 390 feet from the East line (Unit H) of Section 24, Township 23 North, Range 8 West. The final perforation will occur 1733 feet from the North line and 337 feet from the West line (Unit E). Since this acreage is governed by the Division's statewide rules which provides for wells to be located no closer than 330 feet to the outer boundary of the spacing unit, this well will be unorthodox because the completed interval will be closer than 330 feet to the boundary of the spacing unit.

Enclosed as **Exhibit A** is the Well Location and Acreage Dedication Plat (Form C-102), which shows that the completed interval of the proposed **Chaco 2308-24H 154H** well encroaches on the spacing and proration units to the North, East, Southeast, South, West and Northwest of the spacing unit.

Enclosed as **Exhibit B** is a land map depicting the proposed **Chaco 2308-24H 154H** well in relation to adjoining spacing units. A copy of this application with all attachments has been sent by certified mail to the affected parties advising them that if they have an objection it must be filed in writing with the division within 20 days from the date the division receives this application. WPX owns 100% of the working interest in the federal lease covered by the spacing units to the North and to the South. As a result, there are no parties affected by the

Holland & Hart^{LLP}

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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. ☏

HOLLAND & HART LLP



encroachment to the North or to the South. A courtesy copy of this application with all attachments has been sent by certified mail to the Bureau of Land Management.

Your attention to this matter is appreciated.

Sincerely,

Jordan L. Kessler

ATTORNEY FOR WPX ENERGY PRODUCTION

cc: BLM
Farmington Field Office
6251 College Blvd. Suite A
Farmington, New Mexico 87402

Encana Oil & Gas, Inc.
Attn: Land Department
370 17th Street
Suite 1700
Denver, Colorado 80202

Dugan Production Corporation
Attn: Land Department
Farmington, New Mexico 87499-0420

OXY USA Inc.
Attn: Land Department
Box 4294
Houston, Texas 77210

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) 476-3462

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	*Pool Code 97232	*Pool Name BASIN MANCOS
*Property Code	*Property Name CHACO 2308-24H	*Well Number 154H
*GRID No. 120782	*Operator Name WPX ENERGY PRODUCTION, LLC	*Elevation 6894'

¹⁰ Surface Location

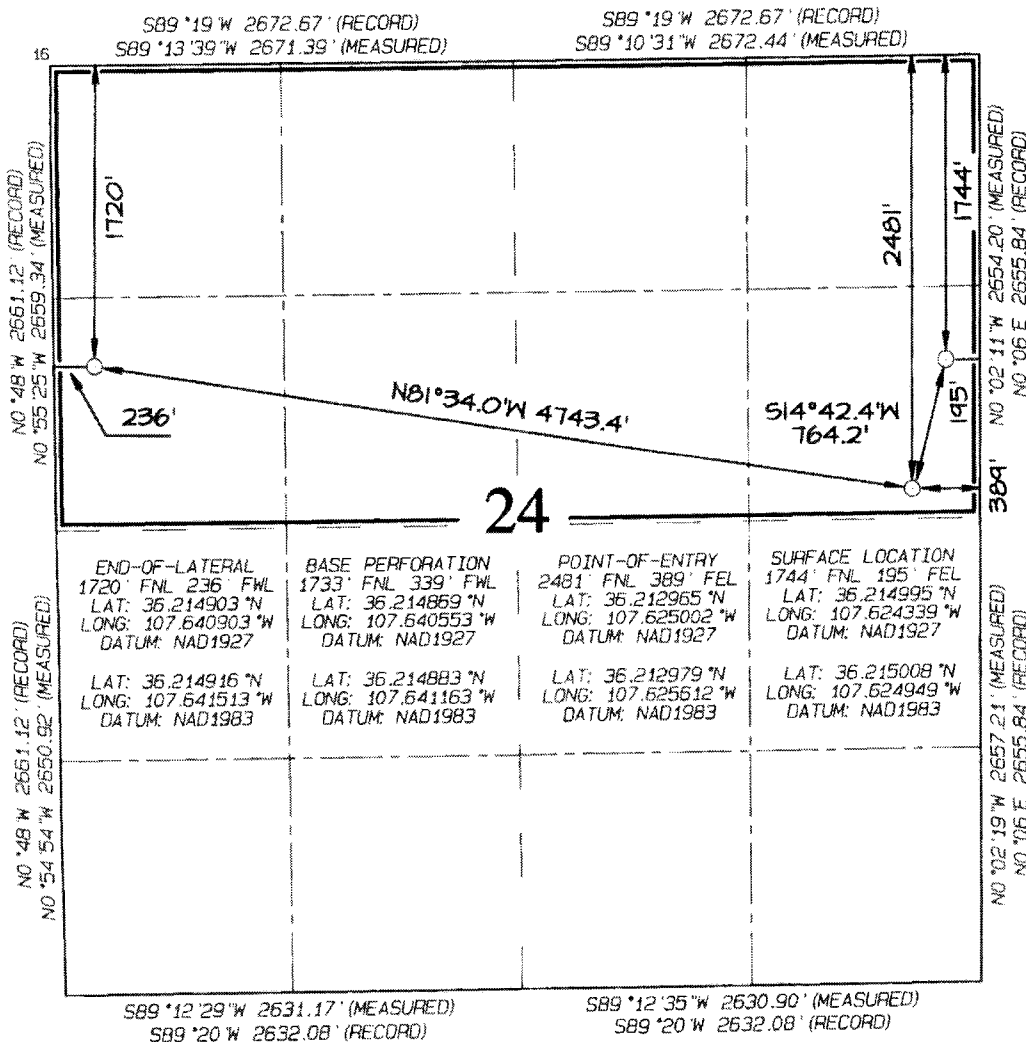
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	24	23N	8W		1744	NORTH	195	EAST	SAN JUAN

¹¹ 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
E	24	23N	8W		1720	NORTH	236	WEST	SAN JUAN

¹² Dedicated Acres 320.0 Acres N/2 - Section 24	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 _____ Date _____

Printed Name _____

E-mail Address _____

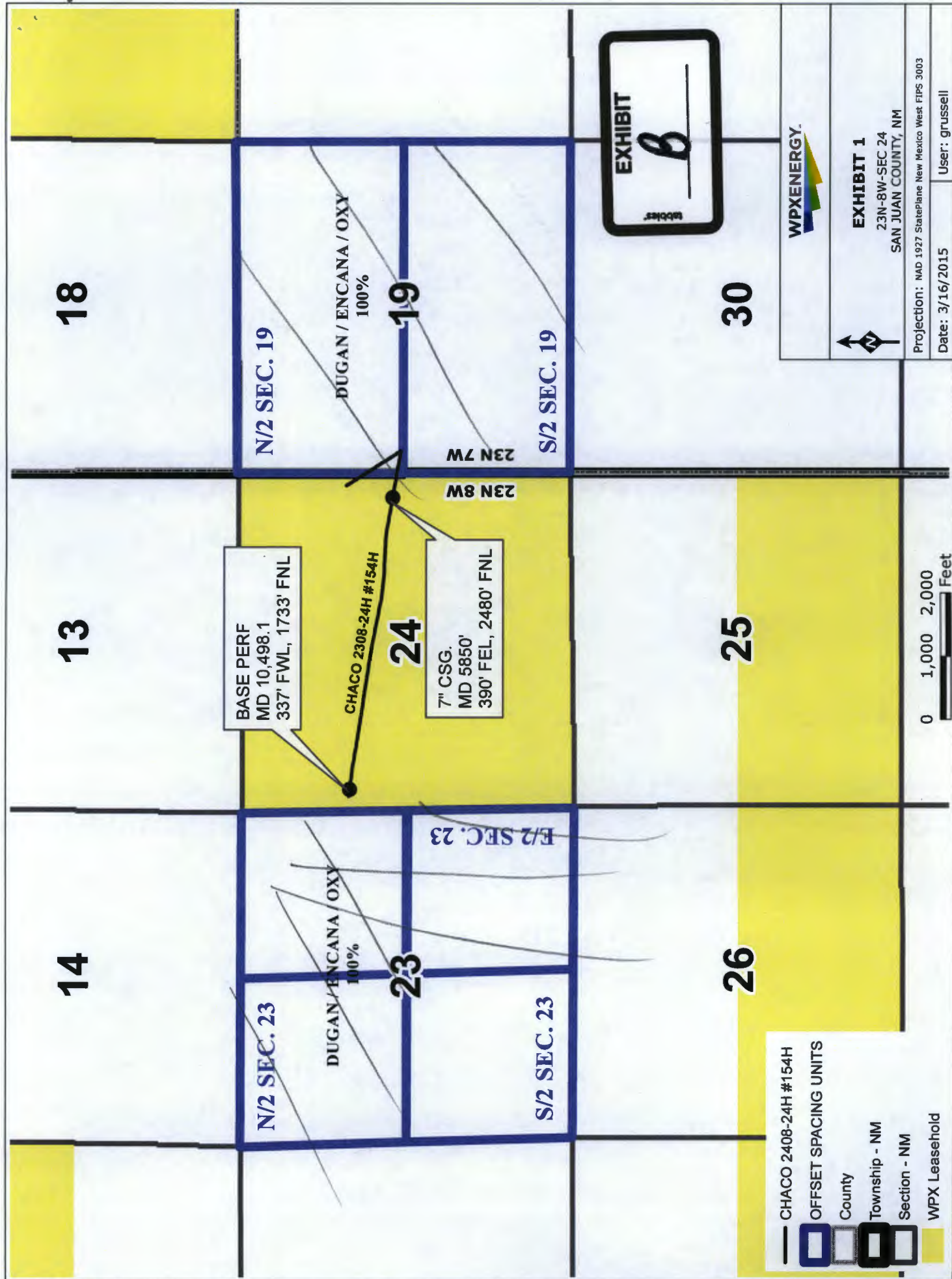
¹⁸ SURVEYOR CERTIFICATION

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: MARCH 19, 2015
Survey Date: SEPTEMBER 12, 2013

Signature and Seal of Professional Surveyor

JASON C. EDWARDS
Certificate Number 15269



- CHACO 2408-24H #154H
- OFFSET SPACING UNITS
- County
- Township - NM
- Section - NM
- WPX Leasehold

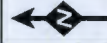
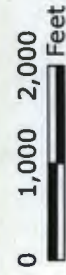


EXHIBIT 1
23N-8W-SEC 24
SAN JUAN COUNTY, NM

Projection: NAD 1927 StatePlane New Mexico West FIPS 3003

Date: 3/16/2015

User: grussell



HOLLAND & HART LLP



Jordan L. Kessler
Associate

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Fax (505) 983-6043

JLKessler@hollandhart.com

March 16, 2015

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: Affected Parties

Re: Application of WPX Energy Production, LLC for administrative approval of an unorthodox well location in the Basin Mancos Gas Pool for its Chaco 2308-24H 154H well in the S/2N/2 of Section 24, Township 23 North, Range 8 West N.M.P.M., San Juan County, New Mexico.

To Whom It May Concern:

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 with the applicant and the New Mexico Oil Conservation Division, 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
WPX Energy Production, LLC
T 539-573-2878
Brennan.West@wpxenergy.com

Sincerely,

Jordan L. Kessler

ATTORNEY FOR WPX ENERGY PRODUCTION LLC

McMillan, Michael, EMNRD

From: Jordan L. Kessler <JLKessler@hollandhart.com>
Sent: Tuesday, March 17, 2015 3:42 PM
To: McMillan, Michael, EMNRD
Subject: RE: Chaco 2308-24H 153H, 2308-24H 154H, 2308-24I 156H, 2308-24I 155H, notification and project area

Mr. McMillan,

Please see my responses to each of your questions below in red. I am still waiting for an answer regarding the 640-acre project area; I will update you ASAP.

Jordan

From: McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]
Sent: Tuesday, March 17, 2015 8:54 AM
To: Jordan L. Kessler
Subject: Chaco 2308-24H 153H, 2308-24H 154H, 2308-24I 156H, 2308-24I 155H, notification and project area

Ms. Kessler:

For the Chaco 2308-24H 153H, 2308-24H 154H, 2308-24I 156H, 2308-24I 155H, you must justify a 640-acre project area, when the Basin Mancos is a 32-acre project area. It appears more plausible to request two 320-acre project areas- N/2 and S/2.

I am waiting for a response from WPX regarding this question.

Your letter states 330-foot setbacks-it should be 660-foot setbacks.

Yes, it should be 660 foot setbacks. We are requesting non-standard locations located at 330 feet.

Make sure that the affected parties are notified. Call me to discuss notification

I can confirm that the affected parties in the NW/4 of Section 14 were notified for the Chaco 2308-24H 153H well.

I can confirm that the affected parties in the SW/4 of Section 30 were notified for the Chaco 2308-24I 155 well.

I can confirm that the affected parties in the SW/4 of Section 30 were notified for the Chaco 2308-24I 156 well.

Thank You

Michael A. McMillan

Engineering and Geological Services Bureau, Oil Conservation Division
1220 South St. Francis Dr., Santa Fe NM 87505

McMillan, Michael, EMNRD

From: Jordan L. Kessler <JLKessler@hollandhart.com>
Sent: Thursday, April 02, 2015 10:52 AM
To: McMillan, Michael, EMNRD
Subject: RE: Chaco 2308-24H 153H, 2308-24H 154H, 2308-24I 156H, 2308-24I 155H, notification and project area

Dear Mr. McMillan,

For all NSLs requested, the reason that we seek an unorthodox well location/completed interval is because it will all for efficient well spacing and prevent waste of a productive reservoir.

Thanks!
Jordan

From: McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]
Sent: Thursday, April 02, 2015 10:27 AM
To: Jordan L. Kessler
Cc: Lisamarie Ortiz; Michael Feldewert
Subject: RE: Chaco 2308-24H 153H, 2308-24H 154H, 2308-24I 156H, 2308-24I 155H, notification and project area

I need a reason for the NSL-there are 10 applications, so I am working on them now. Will the same reason apply for the other 6 applications
Thank You

Michael McMillan

From: Jordan L. Kessler [<mailto:JLKessler@hollandhart.com>]
Sent: Tuesday, March 17, 2015 3:42 PM
To: McMillan, Michael, EMNRD
Subject: RE: Chaco 2308-24H 153H, 2308-24H 154H, 2308-24I 156H, 2308-24I 155H, notification and project area

Mr. McMillan,

Please see my responses to each of your questions below in red. I am still waiting for an answer regarding the 640-acre project area; I will update you ASAP.

Jordan

From: McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]
Sent: Tuesday, March 17, 2015 8:54 AM
To: Jordan L. Kessler
Subject: Chaco 2308-24H 153H, 2308-24H 154H, 2308-24I 156H, 2308-24I 155H, notification and project area

Ms. Kessler:



Germaine R. Chappelle
Attorney
Direct: (505) 989-7338
Email: germaine.chappelle@gknet.com

May 19, 2015

Sent via email

Dear Director Catanach, Ms. Davidson and Mr. McMillan:

Responsive to Mr. McMillan's email request for a signed document requesting withdrawal of protests by my clients OXY USA Inc and OXY Y-1, which request was originally made via email on May 13, I submit the following:

Please be advised that my client has settled its concerns regarding WPX Energy Production's Administrative Approval Applications for the following wells, for which my client timely filed protests on April 6, 2015:

- Chaco 2308-24I 153H, San Juan
- Chaco 2308-24I 154H, San Juan
- Chaco 2308-24I 155H, San Juan
- Chaco 2308-24I 156H, San Juan

Please be further advised that my client has settled its concerns regarding WPX Energy Production's Administrative Approval Applications pertaining to the following wells, for which my client timely filed protests on April 13, 2015:

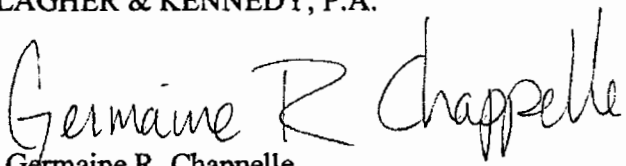
- 2307-17H 163H, Rio Arriba
- 2307-17H 275H, Rio Arriba

As a result, on behalf of my client I request that the protests filed by OXY USA Inc and OXY Y-1 be withdrawn.

Please let me know if you have any questions or if I may be of any assistance in closing this matter.

Very truly yours,

GALLAGHER & KENNEDY, P.A.

By: 
Germaine R. Chappelle

GRC