

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

David R. Catanach, Division Director
Oil Conservation Division



May 19, 2015

WPX Energy Production, LLC
Attn: Ms. Jordan Kessler

ADMINISTRATIVE NON-STANDARD LOCATION, AND NON-STANDARD
PRORATION UNIT ORDER

Administrative Order NSL-7280
Administrative Application Reference No. pMAM1508330290

Administrative Order NSP-2029
Administrative Application Reference No. pMAM1508330623

WPX Energy Production, LLC
OGRID 120782
Chaco 2307-17H Well No. 163H
API No. 30-039-31226

Non-Standard Location

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	1871` FNL & 372` FEL	H	17	23N	7W	Rio Arriba
Penetration Point	2517` FNL & 461` FEL	H	17	23N	7W	Rio Arriba
Final perforation	1619` FNL & 331` FWL	E	17	23N	7W	Rio Arriba
Terminus	1615` FNL & 311` FWL	E	17	23N	7W	Rio Arriba

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
S/2 N/2 of Section 17	160	Basin Mancos	97232

Reference is made to your application received on March 23, 2015.

You have requested to drill this horizontal well at an unorthodox oil well location Rules for the Basin Mancos Gas Pool, which provides for 320-acre units with wells to be located at least 660 feet from outer unit boundaries, and Rule 19.15.16.14.B (2) NMAC concerning directional wells in designated project areas. This location is unorthodox because portions of the proposed completed interval are closer to outside boundaries of the proposed project area than any location that would be a standard location under the applicable pool rules.

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

It is our understanding that you are seeking this location in order for efficient well spacing and to prevent waste of a productive reservoir.

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 in all adjoining units towards which the proposed location encroaches. However, one affected party had signed a waiver, and the other parties did not object during the original application period.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved.

Non-Standard Proration Unit

You have also requested approval of one or more non-standard proration units to be included in your proposed project area, as follows:

Units Comprising this Project Area

<u>Unit</u>	<u>Acres</u>	<u>Pool</u>	<u>Code</u>
S/2 N/2 of Section 17	160	Basin Mancos	97232

A standard proration unit in the Basin Mancos Gas pool consists of 320-acres comprising a half-section. Your proposed non-standard proration unit consists of one or more contiguous quarter-quarter sections located entirely within the same half section.

Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A(3) NMAC.

The applicant is seeking this non-standard proration unit in the Basin Mancos, because a standard project area consists of a governmental half-section. The NE/4 NE/4 of Section 17 is dedicated to the Lybrook Gallup Pool, which according to Division Order R-12984 issued on September 3, 2008, is not listed and frozen; therefore acreage outside of this pool in the project area is dedicated to the Basin Mancos. Further, the NW/4 NE/4, and the N/2 NW/4 are dedicated to Administrative Order NSP-2028, issued On May 19, 2015. As a result, the S/2 N/2 is dedicated to the Basin Mancos Pool.

It is understood that you have given due notice of this application to all operators or owners to whom notice is required by Division Rule 19.15.4.12.A(3) NMAC. However, one affected party had signed a waiver, and the other parties did not object during the original application period.

Pursuant to the authority conferred by Division Rule 19.15.15.11(B), the above-described non-standard proration unit is hereby approved.

General provisions

The above approvals are 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 May 19, 2015.


 DAVID R. CATANACH
Director

DRC/mam

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