

3/23/2015 DATE IN	SUSPENSE	ENGINEER MAM	3/23/2015 LOGGED IN	TYPE NSP	APP NO PMAM1508330290
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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.**

Jordan L. Kessler  
Print or Type Name

Signature

Attorney  
Title

jlkessler@hollandhart.com  
e-mail Address

3/23/15  
Date

- NSL 7280  
- NSP 2029  
- WFX Energy Production, LLC  
120782

624  
- C4A 2307174  
#1634  
30-039-31226

POW  
- BASIN MANCOS  
97232



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

March 23, 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 a 160-acre non-standard spacing unit and unorthodox well location in the Basin Mancos Gas Pool (Pool Code 97232), Rio Arriba County, New Mexico.**

Dear Mr. Catanach:

WPX Energy Production, LLC (OGRID 120782) has drilled the **Chaco 2307-17H 163H Well** as a horizontal well in the S/2 N/2 of Section 17, Township 23 North, Range 7 West, Rio Arriba County, New Mexico. As reflected on the Well Location and Acreage Dedication Plat (Form C-102) enclosed as **Exhibit A**, this well was drilled from a surface location 1871 feet from the North line and 372 feet from the East line (Unit H) of Section 17. The completed interval begins at approximately 2517 feet from the North line and 461 feet from the East line (Unit H) and the last perforation is no closer than 1619 feet from the North line and 331 feet from the West line (Unit E) of Section 17.

The S/2 N/2 of Section 17 is located in the Basin Mancos Gas Pool (97232) and subject to the Special Rules and Regulations created under Order R-12984. These Special Rules require 320-acre spacing units and 660 foot setbacks from the outer boundary of the spacing units. See Order R-12984 at Rule 2. Accordingly, the completed interval for this well encroaches on the spacing units to the East, Southeast, South, West, Northwest and North. Approval of this non-standard location will allow for efficient well spacing and location, thereby preventing waste.

In addition, the NE/4 NE/4 (Unit A) of said Section 17 is located in the Lybrook Gallup Oil Pool (42289), an oil pool that is not listed in paragraphs (3) or (4) of Order R-12984. By separate application, WPX has sought approval of a 120-acre non-standard spacing and proration unit in the Basin Mancos Gas Pool comprised of the NW/4 NE/4 and N/2 SW/4 of Section 17 (Units B, C and D) to be dedicated to the existing Chaco 2307-17H 275H Well for horizontal development of the N/2 N/2 of Section 17. To develop the remaining S/2 N/2 of Section 17 in a fashion that will equitably allocate production between the two pools, a separate non-standard

**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. ☏

HOLLAND & HART<sup>LLP</sup>



160-acre spacing and proration unit is necessary for dedication to the **Chaco 2307-17H 163H Well**.

**Exhibit B** is a land plat of Section 17 and the surrounding sections showing the location of the **Chaco 2307-17H 163H Well** and the ownership in the adjoining spacing units. WPX owns all of the interests in Section 17 and therefore there are no affected parties for the request for an unorthodox location to the North and the South. In addition, there are no affected parties for the request for a non-standard 160-acre spacing unit because WPX is the sole operator of the N/2 N/2 of Section 17. Nonetheless, a courtesy copy of this application and all attachments has been sent to the BLM-Farmington office.

**Exhibit C** is a list of the affected parties for the encroachment to the East, Southeast, West and Northwest. 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.

Your attention to this application is appreciated

Sincerely,

Jordan L. Kessler

**ATTORNEY FOR  
WPX ENERGY PRODUCTION LLC**

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 <b>30-039-31226</b>		*Pool Code <b>97232</b>	*Pool Name <b>BASIN MANCOS</b>
*Property Code	*Property Name <b>CHACO 2307-17H</b>		*Well Number <b>163H</b>
*OGRID No. <b>120782</b>	*Operator Name <b>WPX ENERGY PRODUCTION, LLC</b>		*Elevation <b>7257'</b>

<sup>10</sup> Surface Location

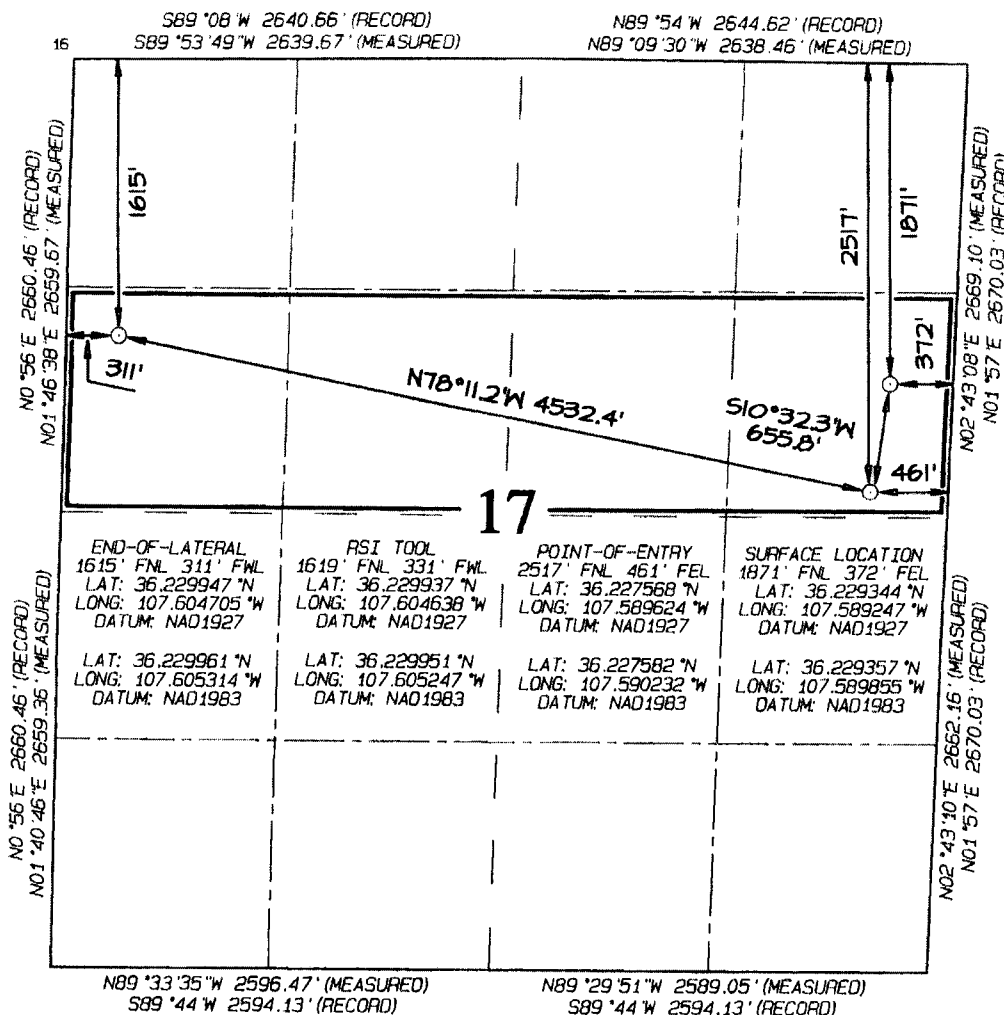
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	17	23N	7W		1871	NORTH	372	EAST	RIO ARriba

<sup>11</sup> 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	17	23N	7W		1615	NORTH	311	WEST	RIO ARriba

<sup>12</sup> Dedicated Acres <b>160.0 Acres - (S/2 N/2)</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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



<sup>17</sup> 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 \_\_\_\_\_

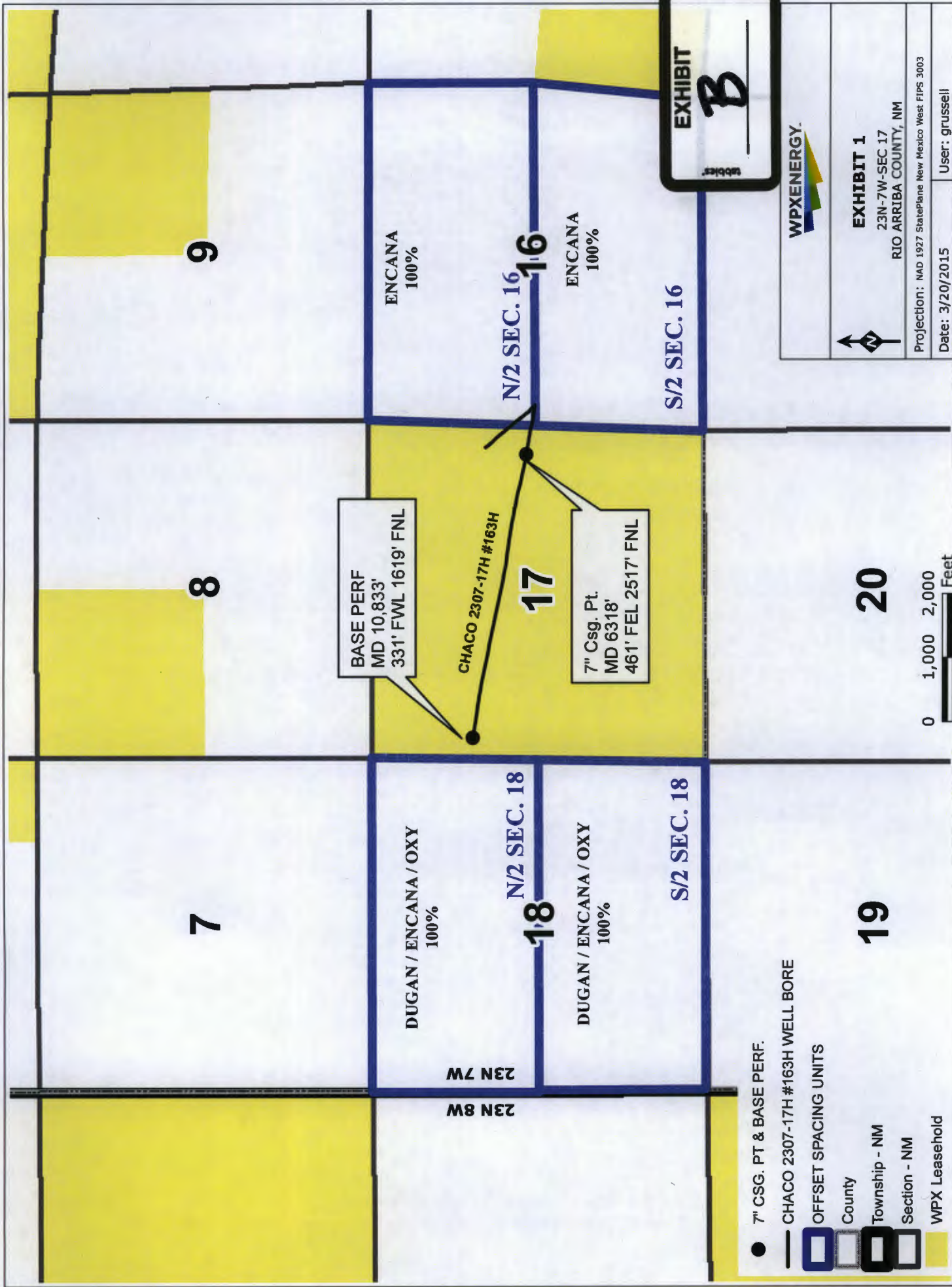
<sup>18</sup> SURVEYOR CERTIFICATION  
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date Revised: MARCH 19, 2015  
Survey Date: JANUARY 30, 2014

Signature and Seal of Professional Surveyor



**JASON C. EDWARDS**  
Certificate Number 15269



**Exhibit C**

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

Susannah Russell  
Land Negotiator  
Occidental Oil & Gas Corporation  
5 Greenway Plaza, Suite 110  
Houston, Texas 77046

HOLLAND & HART<sup>LLP</sup>



**Jordan L. Kessler**  
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jlkessler@hollandhart.com

March 23, 2015

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO: AFFECTED PARTIES**

**Re: Application of WPX Energy Production, LLC for administrative approval of a 160-acre non-standard spacing unit and unorthodox well location in the Basin Mancos Gas Pool (Pool Code 97232), Rio Arriba 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**



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:

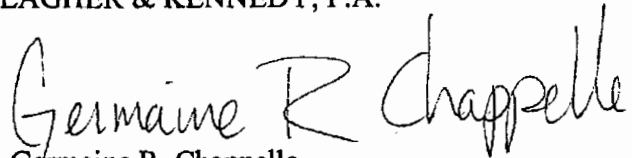
- 2307-17H 163H, Rio Arriba
- 2307-17H 275H, Rio Arriba

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