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 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
 Energy, Minerals and Natural Resources

Form C-103  
 Revised August 1, 2011

OIL CONSERVATION DIVISION  
 1220 South St. Francis Dr.  
 Santa Fe, NM 87505

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-045-35491
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator WPX Energy Production, LLC		6. State Oil & Gas Lease No. NM L2986-1
3. Address of Operator P. O. Box 640, Aztec, NM 87410 (505) 333-1822		7. Lease Name or Unit Agreement Name Chaco 2408-32P
4. Well Location Unit Letter <u>P</u> : <u>537'</u> feet from the <u>S</u> line and <u>329'</u> feet from the <u>E</u> line Section <u>32</u> Township <u>24N</u> Range <u>8W</u> NMPM County <u>San Juan</u>		8. Well Number #115H
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 7035' GR		9. OGRID Number 120782
		10. Pool name or Wildcat Nageezi Gallup

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

<b>NOTICE OF INTENTION TO:</b> PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input checked="" type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> DOWNHOLE COMMINGLE <input type="checkbox"/>		<b>SUBSEQUENT REPORT OF:</b> REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

Hold C104 for Directional Survey and "As Drilled" plat

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

WPX plans to change the production casing design as per the attached Operations Plan (see bottom of page 3). We intend to run a production liner in this well instead of a long string. We will however run in with a temporary tie-back string for completion purposes.

RCVD SEP 25 '13  
 OIL CONS. DIV.  
 DIST. 3

Spud Date:  Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Larry Higgins TITLE Permit Supervisor DATE 9/24/13  
 Type or print name Larry Higgins E-mail address: larry.higgins@wpxenergy.com PHONE: (505) 333-1808  
 For State Use Only  
 APPROVED BY: Wade Hogg TITLE Deputy Oil & Gas Inspector, District #3 DATE SEP 30 2013  
 Conditions of Approval (if any): PY

Hold C104 for Directional Survey and "As Drilled" plat

**WPX ENERGY**

**Operations Plan**

*(Note: This procedure will be adjusted on site based upon actual conditions)*

**DATE:** 9/23/13 **FIELD:** Nageezi Gallup

**WELL NAME:** Chaco 2408-32P #115H **SURFACE:** State

**SH Location:** SESE Sec 32-24N-8W **ELEVATION:** 7,035' GR

**BH Location:** SWSW Sec 32-24N-8W San Juan Co, NM **MINERALS:** State

**MEASURED DEPTH:** 10,437' **LEASE #:** NM L2986-1

**I. GEOLOGY:** Surface formation – San Jose

**A. FORMATION TOPS:** ( KB)

Name	MD	TVD	Name	MD	TVD
Ojo Alamo	1,163	1,163	Point Lookout	4,256	4,218
Kirtland	1,352	1,352	Mancos	4,466	4,428
Pictured Cliffs	1,868	1,867	<b>Kickoff Point</b>	<b>5,004</b>	<b>4,966</b>
Lewis	1,967	1,966	Target Top	5,690	5,499
Chacra	2,237	2,232	<b>Landing Point</b>	<b>5,915</b>	<b>5,539</b>
Cliff House	3,343	3,318	Target Base	5,915	5,539
Menefee	3,381	3,355			
			<b>TD</b>	<b>10,437</b>	<b>5,453</b>

**B. MUD LOGGING PROGRAM:** Mudlogger on location from surface csg to TD.

**C. LOGGING PROGRAM:** LWD GR from KOP to TD. LWD GR / Sonic will be run in Lateral.

**D. NATURAL GAUGES:** Gauge any noticeable increases in gas flow. Record all gauges in Tour book and on morning reports.

**II. DRILLING**

**A. MUD PROGRAM:** LSND mud (WBM) will be used to drill the 12-1/4" Surface hole and the 8 3/4" Directional Vertical hole and drill the curve portion of the wellbore. (OBM) will be used to drill the lateral portion of well. Treat for lost circulation as necessary. Obtain 100% returns prior to cementing. Notify Engineering of any mud losses.

**B. BOP TESTING:** While drill pipe is in use, the pipe rams and the blind rams will be function tested once each trip. The anticipated reservoir is expected to be less than 1800 psi, so the BOPE will be tested to **250 psi (Low) for 5 minutes** and **1500 psi (High) for 10 minutes**. Pressure test surface casing to **600 psi for 30 minutes** and intermediate casing to **1500 psi for 30 minutes**. Utilize a BOPE Testing Unit with a recording chart and appropriate test plug for testing. The drum brakes will be inspected and tested each tour. **All tests and inspections will be recorded in the tour book as to time and results.**

**NOTE:** Vertical portion of the well (8-3/4 in.) will be directionally drilled as per attached Directional Plan to +/- 5,004' (MD) / 4,966' (TVD). Curve portion of wellbore will be drilled and landed at +/- 90 deg. at +/- 5,915' (MD) / 5,539' (TVD). 7 in. csg will be set at this point. A 6-1/8" Lateral will be drilled as per the attached Directional Plan to +/- 10,437' (MD) / 5,453' (TVD). Will run 4-1/2 in. Production Liner from +/- 5,765 ft. to TD and cemented. Liner will be tied back to surface w / 4-1/2" Casing for stimulation / testing, then removed from the well.

**III. MATERIALS****A. CASING PROGRAM:**

<u>CASING TYPE</u>	<u>OH SIZE (IN)</u>	<u>DEPTH (MD) (FT)</u>	<u>CASING SIZE (IN)</u>	<u>WEIGHT(LB)</u>	<u>GRADE</u>
Surface	12.25"	400'+	9 5/8	36#	J-55
Intermediate	8.75"	5,915'	7	23#	K-55
Longstring	6.125"	10,437'	4 1/2	11.6#	N-80
Tie-Back String	N/A	Surf. - 5,765'	4.5"	11.6#	N-80

**B. FLOAT EQUIPMENT:**

1. SURFACE CASING: 9-5/8" notched regular pattern guide shoe. Run (1) standard centralizer on each of the bottom (4) joints of Surface Casing.
2. INTERMEDIATE CASING: 7" cement nose guide shoe with a self-fill insert float. Place float collar one joint above the shoe. Install (1) centralizer on each of the bottom (3) joints and one standard centralizer every (3) joints to 2,500 ft. Run (1) centralizer at 2,700 ft., 2,500 ft., 2,300ft., 2,000ft., 1,500 ft., and 1,000 ft.
3. PRODUCTION CASING: Run 4-1/2" Liner with cement nose guide Float Shoe + 2jts. of 4-1/2" casing + Landing Collar + Float Collar. Centralizer program will be determined by Wellbore condition and when Lateral is evaluated by Geoscientists and Reservoir Engineers.
4. TIE-BACK CASING: None

**C. CEMENTING:**

*(Note: Volumes may be adjusted onsite due to actual conditions)*

1. SURFACE: 10 bbl Fr Water Spacer + 190 sx (222.3 cu.ft.) of "Premium Cement" + 2% Calcium Chloride Cement + 0.125# pps of Poly-E-Flake, 15.8 #/gal (1.17 cu ft./sk, Vol 39.58 Bbls.). The 100% excess should circulate cement to the surface. WOC 12 hours. Test csg to 600psi. Total Volume: (222.3 cu-ft/190 sx/39.6 Bbls).
2. INTERMEDIATE: 20 bbl (112 cu-ft) Mud Flush III spacer + Lead: 850 sx Foamed 50/50 Poz Cement. 13.0 ppg + 0.1% Halad 766 + 0.2% Versaset + 1.5% Chem-Foamer 760 (Yield :1.43 cu-ft/ sk. / Vol: 1216 cu-ft / 216.5 Bbls.) + TAIL: 100 sx 13.5 #/gal. + 0.2% Versaset + 0.15% HALAD-766 (Yield: 1.28 cu-ft / sk / Vol: 128 cu-ft / 22.8 Bbls.). + Fresh Water Displacement (1,362 cu-ft / +/- 242 Bbls) + 100 sx Top-Out Cement Premium: Yield: (1.17 cu-ft/ sk / (Vol: 117 cu-ft / 20.8 Bbls). Test Casing to 1500 PSI for 30 minutes. Total Cement Volume: (1050 sx / 1461 cu-ft / 260 bbls). Mix with +/- 84,000 SCF Nitrogen. TOC at surface.
3. PRODUCTION LINER: **STAGE 1**:10 bbl (56.cu-ft) Fr Water Spacer. **STAGE 2**:40 bbl 9.5 ppg (224.6 cu-ft) Tuned Spacer III + 0.5 gal/bbl Musol + 38.75 ppb Barite + 0.5 gal/bbl SEM-7. **STAGE 3**: 10 bbl Fr Water Spacer. **STAGE 4: Lead Cement**: 50 / 50 Poz Premium + 0.2% Versaset + 0.2% Halad -766, Yield 1.43 cu ft/sk, 13.0 ppg, (10 sx / 14.3 cu ft. / 2.5 bbls). **STAGE 5**: 200 sx. Foamed Lead Cement: 50 / 50 Poz Standard + 0.2% Versaset + 0.2% HALAD-766 + 1.5% Chem-Foamer 760. Yield 1.97 cu-ft/sk. 13.0 ppg (200 sx / 394 cu-ft. / 70.2 bbls.). **STAGE 6**: Tail Cement : 100 sx. 50/50 Poz Standard + 0.2% Versaset + 0.05% HALAD-766 + .05% SA-1015, Weight: 13.5 ppg ( 100 sx / Yield 1.28 cu ft/sk. / 128 cu ft. / 22.8 bbls) **STAGE 7**: Displace w/ +/- 137 bbl Fr Water. Total Cement ( 563.3 cu ft / 95.5 bbls). Mix Foamed Cement w/ +/- 75,000 SCF Nitrogen. Est. TOC +/- 5,565 ft.

**IV. COMPLETION****A. CBL**

1. Run CCL for perforating.

**B. PRESSURE TEST**

1. Pressure test 4-1/2" casing to 5000 psi max, hold at 1500 psi for 30 minutes.

**C. STIMULATION**

1. Stimulate with approximately 2,805,000# 20/40 mesh sand and 340,000# 16/30 mesh sand in 619,113 gallons water with 42,696 mscf N<sub>2</sub> for 17 stages.
2. Isolate stages with flow through frac plug.
3. Drill out frac plugs with CTU and flowback lateral.

**D. RUNNING TUBING**

1. Production Tubing: Run 2-7/8", 6.5#, J-55, EUE tubing with a SN on top of bottom joint. Land tubing near Top of Liner point of curve (~5,750' MD).

- Although this horizontal well will be drilled past the applicable setbacks, an unorthodox location application is not required because the completed interval in this well, as defined by 19.15.16.7 B(1) NMAC, will be entirely within the applicable setbacks. This approach complies with all applicable rules, including 19.15.16.14 A(3) NMAC, 19.15.16.14 B(2) NMAC, 19.15.16.15 B(2) NMAC, and 19.15.16.15. B(4) NMAC.

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**The CHACO 2408 – 32P #115H was originally planned to run a full string of 4-1/2" 11.6# N-80 Production Casing from surface to TD:**

**Proposed Operations:**

A 4-1/2" 11.6# N-80 Liner will be run to TD and landed +/- 150 ft. into the 7" 23# K-55 Intermediate casing (set at 5,915 ft. MD) with a Liner Hanger and pack-off assembly then cemented to +/- 200 ft above the liner hanger. TOL will be +/- 5,765 ft. (MD) +/- 76 degree angle.

After cementing and TOL clean up operations are complete, the TOL will be tested to 1500 psi (per BLM).

A 4-1/2" 11.6# N-80 tie-back string with seal assembly will be run and stung into the PBR of the liner hanger, tested to 1500 PSI and hung off at the surface.

The Drilling Rig will be rigged down at this point and Completion operations will begin. After Stimulation and Testing operations are complete the 4-1/2" tie-back string will be removed from the well.