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 District I - (575) 393-6161
 1625 N. French Dr., Hobbs, NM 88240
 District II - (575) 748-1283
 811 S. First St., Artesia, NM 88210
 District III - (505) 334-6178
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV - (505) 476-3460
 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

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|--|--|---|
| 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. 30-039-31294 |
| 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. E012079 |
| 3. Address of Operator 721 South Main Avenue, Aztec NM 87410 | | 7. Lease Name or Unit Agreement Name 132829 |
| 4. Well Location Unit Letter I : 1449' feet from the SOUTH line and 344' feet from the WEST line Section 16 Township 23N Range 6W NMPM County: Rio Arriba | | 8. Well Number NE Chaco Com #243H |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6858' | | 9. OGRID Number 120782 |
| 10. Pool name or Wildcat Chaco Unit NE HZ (oil) | | |

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

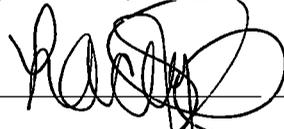
| | | | |
|---|--|--|--|
| NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input checked="" type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> DOWNHOLE COMMINGLE <input type="checkbox"/> | | SUBSEQUENT REPORT OF: 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"/> | |

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 Energy is proposing a change to conventional cement slurry on the production casing liner for the above mentioned well. Please note correction to the landing depth on the ops plan, original plan was incorrect. Attached is the updated Ops plan.

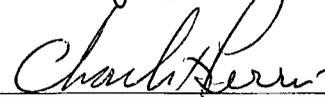
Spud Date: 3/26/15 Rig Release Date:

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

SIGNATURE  TITLE Permit Tech III DATE 4/7/15

Type or print name Lacey Granillo E-mail address: lacey.granillo@wpxenergy.com PHONE: 505-333-1816

For State Use Only

APPROVED BY:  TITLE **SUPERVISOR DISTRICT #3** DATE **APR 16 2015**

Conditions of Approval (if any): **FV**

WPX ENERGY

Operations Plan

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

DATE: 04/03/15 **FIELD:** Chaco Unit NE HZ (oil)
WELL NAME: NE Chaco COM #243H **SURFACE:** STATE
SH Location: NWSW Sec 16-23N-6W **ELEVATION:** 6,859' GR
BH Location: NESE Sec 16-23N-6W **MINERALS:** STATE
Rio Arriba Co, NM
MEASURED DEPTH: 11,375' **LEASE #:** E012079

I. GEOLOGY: Surface formation – San Jose

A. FORMATION TOPS: (KB)

| | | | | | |
|----------------|------|-------------|---------------|---------------|--------------|
| Ojo Alamo | 1371 | 1360 | Point Lookout | 4499 | 4201 |
| Kirtland | 1500 | 1483 | Mancos | 4719 | 4400 |
| Picture Cliffs | 1984 | 1927 | Gallup | 5938 | 5426 |
| Lewis | 2024 | 1963 | Kickoff Point | 5002 | 4656 |
| Chacra | 2342 | 2251 | Top Target | 5906 | 5410 |
| Cliff House | 3672 | 3453 | Landing Point | 6289 | 5515 |
| Menefee | 3696 | 3476 | Base Target | 6289 | 5515 |
| | | | TD | 11,375 | 5,433 |
| | | | | | |

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

C. LOGGING PROGRAM: LWD GR from surface casing to TD. LWD GR / E- 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, the 8 3/4" Directional Vertical hole, the curve portion of the wellbore. LSND (WBM) or (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 1300 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 +/- 5,002' (MD) / 4,656' (TVD). Curve portion of wellbore will be drilled and landed at +/- 90 deg. at +/- 6,289' (MD) / 5,515' (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 +/- 11,375' (MD) / 5,433' (TVD). Will run 4-1/2 in. Production Liner from +/- 6,139 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:

| CASING TYPE | OH SIZE (IN) | DEPTH (MD) (FT) | CASING SIZE (IN) | WEIGHT(LB) | GRADE |
|-----------------|--------------|-----------------|------------------|------------|-------|
| Surface | 12.25" | 320' | 9 5/8 | 36# | J-55 |
| Intermediate | 8.75" | 6,289' | 7 | 23# | K-55 |
| Prod. Liner | 6.125" | 6,139'-11,375' | 4-1/2" | 11.6# | N-80 |
| Tie-Back String | N/A | Surf. - 6,024' | 4-1/2" | 11.6# | N-80 |

B. FLOAT EQUIPMENT:

- SURFACE CASING:** 9-5/8" notched regular pattern guide shoe. Run (1) standard centralizer on each of the bottom (4) joints of Surface Casing.
- 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.
- PRODUCTION LINER:** Run 4-1/2" Liner with cement nose guide Float Shoe + 2jts. of 4-1/2" casing + Landing Collar + 4-1/2" pup joint + 1 RSI (Sliding Sleeve) positioned inside 330ft Hard line. Centralizer program will be determined by Wellbore condition and when Lateral is evaluated by Geoscientists and Reservoir Engineers. Set seals on Liner Hanger. Test TOL to 1500 psi for 15 minutes.
- TIE-BACK CASING:** None

C. CEMENTING:

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

- SURFACE:** 5 bbl Fresh Water Spacer, 100 sx (160 cu.ft.) of 14.5 ppg Type I-II (Neat G) + 20% Fly Ash cement w/ 7.41 gal/sack mix water ratio @ 1.61 cu ft/sx yield. Calculated @ volume + 50% excess. WOC 12 hours. Test csg to 600psi. Total Volume: (160 cu-ft/100 sx/ Bbls). TOC at Surface.
- INTERMEDIATE:** 20 bbl (112 cu-ft) Mud Flush III spacer + Lead: +/- 700 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.
- PRODUCTION LINER:** **Spacer #1:** 10 bbl (56.cu-ft) Water Spacer. **Spacer #2:** 40 bbl 9.5 ppg (224.6 cu-ft) Tuned Spacer III. **Spacer #3:** 10 bbl Water Spacer. **Lead Cement:** Extencem™ System. Yield 1.29 cu ft/sk, 13.5 ppg, (405 sx / 519.68 cu ft. / 92.6 bbls). **Tail Spacer:** 20 BBL of MMCR. **Displacement:** Displace w/ +/- 140 bbl Fr Water. Total Cement (520 cu ft / 92.6 bbls).

IV. COMPLETION**A. CBL**

1. Run CCL for perforating.

B. PRESSURE TEST

1. Pressure test 4-1/2" casing to 4500 psi max, hold at 1500 psi for 30 minutes. Open RSI sleeves.

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 N₂ for 17 stages.
2. Isolate stages with flow through frac plug.
3. Drill out frac plugs 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 (~6,000' 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.

NOTE:

Installation of RSI sleeves at Toe of Lateral.

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 6,174ft. MD) with a Liner Hanger and pack-off assembly then cemented to +/- 300 ft above the liner hanger. TOL will be +/- 6,024 ft. (MD) +/- 78 degree angle. TOC: +/- 5,724 ft. (MD).

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.

After Stimulation and Testing operations are complete the 4-1/2" tie-back string will be removed from the well.

Note: Changes to formation tops, casing landing points, well TD and Directional Plan