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Form 3160-5
(February 2005)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APR 21 2015

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

Farmington Field Office
Bureau of Land Management

SUBMIT IN TRIPLICATE - Other instructions on page 2.

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| 5. Lease Serial No. NMSF 078362 |
| 6. If Indian, Allottee or Tribe Name |
| 7. If Unit of CA/Agreement, Name and/or No. 132829 |
| 8. Well Name and No. NE Chaco Com #265H |
| 9. API Well No. 30-039-31290 |
| 10. Field and Pool or Exploratory Area Chaco Unit NE HZ (oil) |
| 11. Country or Parish, State Rio Arriba, NM |

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|--|
| 1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other |
| 2. Name of Operator WPX Energy Production, LLC |
| 3a. Address PO Box 640 Aztec, NM 87410 |
| 3b. Phone No. (include area code) 505-333-1816 |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) SHL: 1366' FSL & 268' FWL, SEC 5, T23N, R6W BHL: 1553' FNL & 915' FWL, SEC 6 T23N R6W |

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|--|--|---|--|--|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other CHANGE OF PLANS-CEMENT |
| | <input checked="" type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

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 plans.

CONDITIONS OF APPROVAL

Adhere to previously issued stipulations

OIL CONS. DIV DIST. 3

APR 28 2015

BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

| | |
|--|-----------------------|
| 14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) LACEY GRANILLO | Title Permit Tech III |
| Signature | Date 4/20/15 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|-----------------------------|--------------|
| Approved by <u>William Tambekou</u> | Petroleum Title Engineer | Date 4-22-15 |
| Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. | Office FFO | |

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

NMOCDAV

WPX ENERGY**WPX ENERGY****Operations Plan**

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

DATE: 4/14/15 **FIELD:** Chaco Unit NE HZ (Oil)
WELL NAME: NE Chaco COM # 265H **SURFACE:** BLM
SH Location: NWSW Sec 5 -23N -06W **ELEVATION:** 6830' GR
BH Location: SWNW Sec 6 -23N -06W **MINERALS:** Federal
Rio Arriba CO., NM
MEASURED DEPTH: 10,285 **LEASE #:** NMSF0078362

I. GEOLOGY: Surface formation – San Jose

A. FORMATION TOPS: (KB)

| Name | MD | TVD | Name | MD | TVD |
|----------------|------|------|----------------------|-------------|------|
| Ojo Alamo | 1417 | 1404 | Point Lookout | 4477 | 4271 |
| Kirtland | 1749 | 1716 | Mancos | 4717 | 4496 |
| Picture Cliffs | 2051 | 1999 | Kickoff Point | 4972 | 4913 |
| Lewis | 2177 | 2117 | Top Target | 5795 | 5536 |
| Chacra | 2526 | 2444 | Landing Point | 6045 | 5580 |
| Cliff House | 3689 | 3533 | Base Target | 6045 | 5580 |
| Menefee | 3731 | 3572 | | | |
| | | | TD | 10285 | 5494 |

- B. **MUD LOGGING PROGRAM:** Mudlogger on location from surface csg to TD.
C. **LOGGING PROGRAM:** LWD GR from surface casing to TD.
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, and the curve portion of the wellbore. A 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 +/- 4,972' (MD) / 4,913' (TVD). Curve portion of wellbore will be drilled and landed at +/- 90 deg. at +/- 6,045' (MD) / 5,580' (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 +/- 10,285' (MD) / 5,494' (TVD). Will run 4-1/2 in. Production Liner from +/- 5,895 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'+ | 9.625" | 36# | J-55 |
| Intermediate | 8.75" | 6,045' | 7" | 23# | K-55 |
| Prod. Liner | 6.125" | 5,895 - 10,284' | 4-1/2" | 11.6# | N-80 |
| Tie-Back String | N/A | Surf. - 5,895' | 4-1/2" | 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 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 the 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.
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). TOC at Surface.
2. 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.
1. 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. Increase pressure to 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 (~5,800' 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 6,094 ft. MD) with a Liner Hanger and pack-off assembly then cemented to +/- 300 ft above the liner hanger. TOL will be +/- 5,944 ft. (MD) +/- 78 degree angle. TOC: +/- 5,644 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.

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.

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