

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-129
Revised August 1, 2011

Submit one copy to appropriate
District Office

NFO Permit No. _____
(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 19.15.18.12
(See Rule 19.15.18.12 NMAC and Rule 19.15.7.37 NMAC)

A. Applicant WPX Energy Production, LLC,
whose address is P.O. Box 640, Aztec NM 87410,

hereby requests an exception to Rule 19.15.18.12 until 11/14/2017 for the following described tank battery (or LACT):

Name of Lease W Lybrook Unit 735H 30-045-35801 Name of Pool Lybrook Mancos W

Location of Battery: Unit Letter B Section 34 Township 23N Range 9W

Number of wells producing into battery 3

B. Based upon oil production of 178 barrels per day, the estimated * volume of gas to be flared is 248 MCF; Value 704 per day.

C. Name and location of nearest gas gathering facility:
Williams Field Service, H-28, Sec 33 T24N, R8W

D. Distance Built Estimated cost of connection _____

E. This exception is requested for the following reasons: Flare for reserve recovery operations

WPX Energy requests authorization to flare the W Lybrook Unit 735H for 2 weeks starting 10/31/17-11/14/17 due to a work over/clean out job on the W Lybrook Unit 735H.

OIL CONS. DIV DIST. 3
OCT 26 2017

OPERATOR
I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.
Signature [Signature]
Printed Name & Title Lacey Granillo Permit Tech
E-mail Address lacey.granillo@wpxenergy.com
Date 10/26/17 Telephone No. 505-333-1818

OIL CONSERVATION DIVISION
Approved Until 11-14-2017
By [Signature]
Title SUPERVISOR DISTRICT #3
Date 10-26-17

* Gas-Oil ratio test may be required to verify estimated gas volume.

AV

3



September 15, 2017

Mr. Charlie Perrin
EMNRD District 3
1000 Rio Brazos Road
Aztec NM 87410

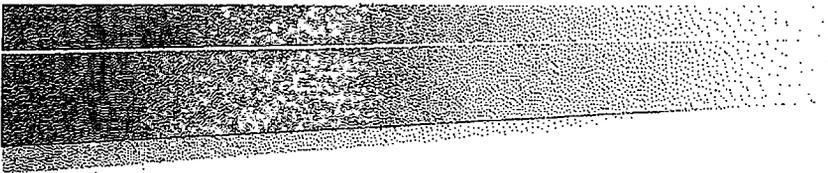
Dear Mr. Perrin,

We at WPX appreciate your concern regarding unnecessary flaring. We also believe our dedication to building infrastructure and facilities prior to drilling wells demonstrates our concern for minimizing flaring as well. However, there are special circumstances which arise occasionally that may necessitate flaring. Our commitment to drill longer laterals, which minimizes surface impact while fully developing the resource, has some unintended consequences. We are beginning to understand that bridges periodically form in these longer laterals, effectively sealing the remainder of the lateral from the producing wellbore and reducing the reserves in the wellbore. Those reserves at the toe end of the wellbore will be forever lost unless the bridge in the wellbore is cleaned out, which is an easier operation when done sooner rather than later. In other words, the longer the bridges remain in the wellbore, the more difficult they can become to remove.

Earlier in 2017, WPX used a coiled tubing unit on the West Lybrook 703H for this very reason. The results were nearly disastrous, as the coiled tubing became stuck from the bridging material and the wellbore was nearly lost. Coiled tubing has a lower flow rate for cleaning out the wellbore and removing debris, thereby increasing the chance of sticking. Coiled tubing also has a much lower tensile strength for pulling when the tubing becomes stuck, which can result parted tubing remaining in the wellbore and subsequent abandoning of the wellbore. As a result of the 703H incident, WPX believes utilizing a work over rig with stick pipe is the safest, most effective way to clean out these bridges, returning the lost reserves without undue risk of losing the wellbore.

The West Lybrook 752H was cleaned out over the weekend of September 9th, and attached to this letter you will see the dramatic improvement in production which reflects the reserves that will be recovered due to removing the bridges in the wellbore.

The unfortunate consequence of using stick pipe is that oxygen is introduced into the wellbore when the pipe connections are made. This oxygen will not dissipate if the wellbore is shut in, but rather will induce downhole corrosion and additional long-term operational issues. We also have observed that this oxygen migrates via faulting in the reservoir to offset wellbores, which increases their oxygen content and may require flaring for some of the wells offsetting the workover operation. If the high oxygen content gas is simply sent down the pipeline to the plant, it creates a dangerous potential for corrosion downstream, and can result in the entire gathering system being shut in. This would mean either flaring all the wells on the system or shutting them in. The only solution to effectively eliminate the oxygen post workover is to flare the gas until the oxygen content drops to a safe level. The typical amount of time to flare and eliminate the oxygen content post-cleanout is usually from 2 to 7 days. The flare request being made also includes any wells that may potentially see oxygen migration in addition to the well that is being worked on. There is no certainty that all these wells



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need to be flared, but WPX wants to be prepared for that potential should the need arise. The team will be diligently testing and monitoring for oxygen content during the workover operation to prevent any operational issues. We certainly appreciate your understanding as we work to recover these lost reserves in the longer laterals we have drilled.

Sincerely,



Marcia Brueggenjohann
Reservoir Engineering Manager, San Juan
WPX Energy

attachment