

06/12/2014 DATE IN	SUSPENSE	McMillin ENGINEER	06/14/2014 LOGGED IN	NSP TYPE	PEH1416431215 APP NO.
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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.

MICHAEL H. FELDEWERT

Print or Type Name

Signature

ATTORNEY

Title

Date

mfeldewert@hollandhart.com

e-mail Address

6/10/14

NSL 7023120782
 WPX ENERGY PRODUCTION, LLC
 30-043-21193

Pool 42289
 Lybrook Group

NSP
 WPX ENERGY
 120782
 GY PRODUCTION
 30-043-21193

Pool
 42289
 L 4132004
 Group



June 12, 2014

VIA HAND DELIVERY

Jami Bailey
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Dr.
Santa Fe, New Mexico 87505

Re: Application of WPX Energy Production, LLC for administrative approval of a 240-acre non-standard project area in the Lybrook Gallup Oil Pool (42289) and amendment of NSL-7023 for the Chaco 2206-02H 272H well, Section 2, Township 22 North, Range 6 West, Sandoval County, New Mexico.

Dear Ms. Bailey:

WPX Energy Production, LLC (OGRID 120782) owns 100% of the interest in the state lease for Section 2, Township 22 North, Range 6 West, NMPM, Sandoval County, New Mexico. WPX drilled the Chaco 2206-02H 272H well as a horizontal well within the Lybrook Gallup Oil Pool (42289) from a surface location of 1707 feet from the North line and 335 feet from the East line. The point of entry into the Lybrook Gallup Oil Pool is at 2690 feet from the North line and 400 feet from the East line (Unit H). The well has been perforated at 2720 feet from the North line and 858 feet from the East line (Unit I), 2716 feet from the North line and 1361 feet from the East line (Unit J), 2639 feet from the North line and 430 feet from the East line (Unit G), 2634 feet from the North line and 2107 feet from the West line (Unit F), and 2649 feet from the North line and 660 feet from the West line (Unit E).

A project area is the area an operator designates on form C-102, well location and acreage dedication plat that comprises one or more complete, contiguous spacing units (in one section or more than one section) that are developed by the horizontal well. 19.15.16.7.L(1) NMAC.

The project area for the Chaco 2206-02H 272H is non-standard because it does not meet the definition of a standard project area as set forth in 19.15.16.7.M NMAC. Approval of a non-standard project area is necessary because while WPX was building the curve they encountered difficulty getting the tool landed at the azimuth originally planned, instead landing the tool six degrees (6°) from the targeted two hundred seventy-one degrees (271°). When WPX began drilling the lateral portion of the wellbore they worked to bring the azimuth back to the planned location but it took a greater distance than anticipated, therefore penetrating spacing units I and J.



The Lybrook Gallup Oil Pool is spaced pursuant to statewide rule 19.15.15.9.A NMAC. That rule provides for 40-acre spacing and requires that the well remain 330 feet from the outer boundary of the spacing unit. *Id.* Previously, the Division approved an unorthodox well location for the Chaco 2206-02H 272H. See Administrative Order NSL-7023. WPX seeks amendment of Administrative Order NSL-7023 to reflect a penetration point at 2690 feet from the North line and 400 feet from the East line and a terminus at 2662 feet from the North line and 228 feet from the West line of Section 2.

Accordingly, WPX respectfully requests the Division grant the following relief:

- (1) Pursuant to 19.15.16.15.E NMAC, approve a non-standard 240-acre project area comprised of the N/2 SE/4 (Units I and J) and S/2 N/2 (Units H, G, F, E) of Section 2, Township 22 North and Range 6 West, Sandoval County, New Mexico;
- (2) Pursuant to 19.15.15.13.C NMAC, amend Administrative Order NSL-7023 to approve a non-standard horizontal well location with a penetration point of 2690 feet from the North line and 400 feet from the East line and a terminus at 2662 feet from the North line and 228 feet from the West line of Section 2.

As further support for this application, WPX has provided the following exhibits with this letter:

Exhibit A is the Well Location and Acreage Dedication Plat (Form C-102), which shows the non-standard project area and the Chaco 2206-02H 272H well encroachment on the spacing and proration units to the South and Southwest of the S/2 NW/4 of Section 2.

Exhibit B is a list of the affected parties for the request to amend Administrative Order NSL-7023. 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.

Exhibit C is a copy of the letter provided to the New Mexico State Land Office of the non-standard project area as required by 19.15.16.15.E(1) NMAC.

Your attention to this application is appreciated

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Rankin".

Adam G. Rankin
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 2, 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	*Pool Code 42289	*Pool Name LYBROOK GALLUP
*Property Code	*Property Name CHACO 2206-02H	*Well Number 272H
*GRID No. 120782	*Operator Name WPX ENERGY PRODUCTION, LLC	*Elevation 6949'

¹⁰ Surface Location

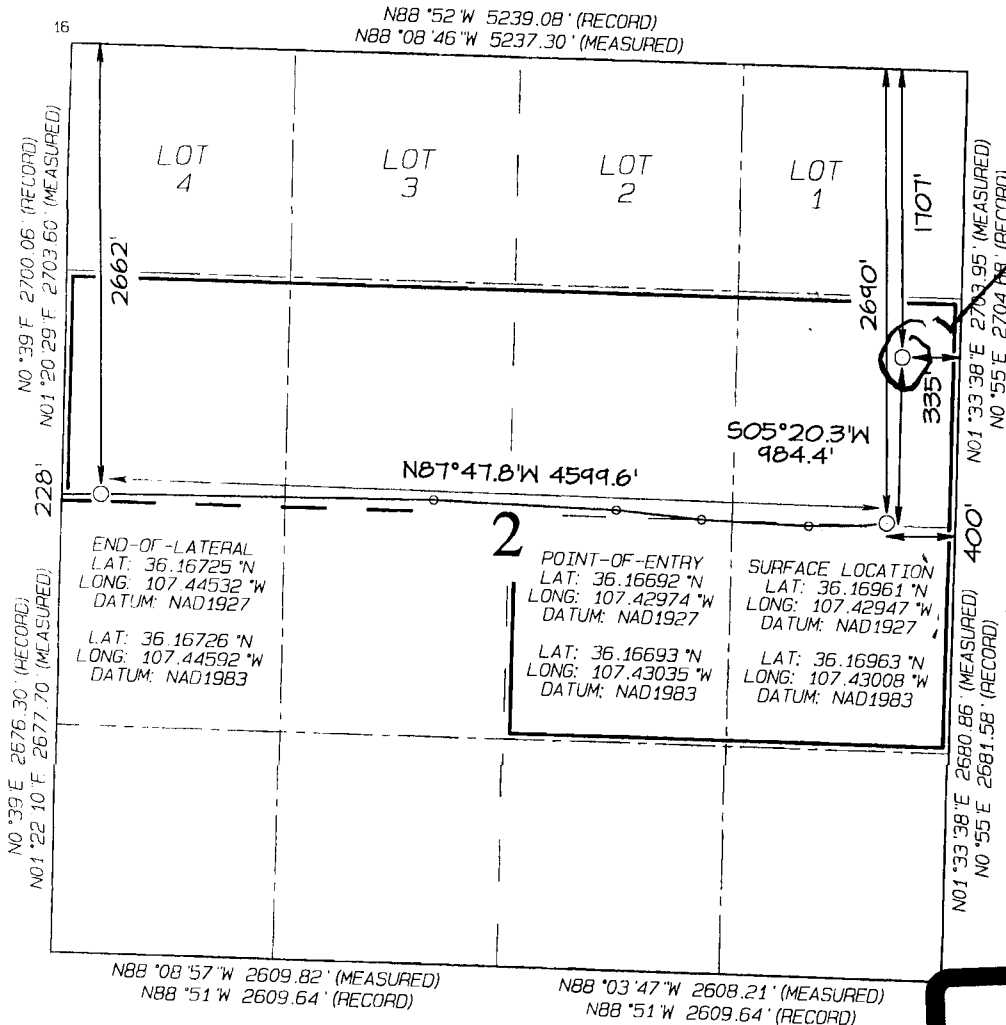
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	2	22N	6W		1707	NORTH	335	EAST	SANDOVAL

¹¹ 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	2	22N	6W		2662	NORTH	228	WEST	SANDOVAL

¹² Dedicated Acres 240.0 Acres N/2 SE/4 & S/2 N/2	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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



¹⁷ 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 _____

¹⁸ 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: JUNE 5, 2014
Survey Date: JANUARY 10, 2014

Signature and Seal of Professional Surveyor



JASON C. EDWARDS

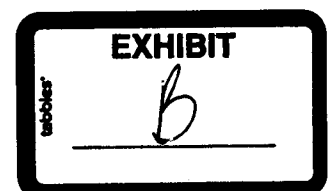
EXHIBIT

A

EXHIBIT B
WPX ENERGY PRODUCTION, LLC
NOTICE LIST FOR NON-STANDARD WELL LOCATION

Encana Oil & Gas (USA) Inc.
370 - 17 Street, Suite 1700
Denver, CO 80202

Dugan Production Corporation
P.O. Box 420
Farmington, NM 87499-0420



HOLLAND & HART^{LLP}



Adam G. Rankin
Associate
Phone (505) 954-7294
Fax (505) 983-6043
AGRankin@hollandhart.com

June 12, 2014

VIA HAND DELIVERY

Terry Warnell
Director Oil, Gas & Minerals
New Mexico State Land Office
330 Old Pecos Trail
Santa Fe, New Mexico 87501

Re: Application of WPX Energy Production, LLC for administrative approval of a 240-acre non-standard project area in the Lybrook Gallup Oil Pool (42289) and amendment of NSL-7023 for the Chaco 2206-02H 272H well, Section 2, Township 22 North, Range 6 West, Sandoval County, New Mexico.

Dear Mr. Warnell,

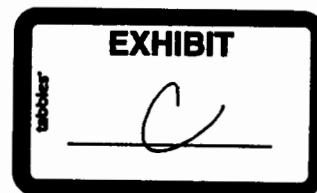
WPX is the leasehold operator of state lease V0-9209 which encompasses all of Section 2, Township 22 North, Range 6 West, Sandoval County, New Mexico. WPX has drilled the Chaco 2206-02H in Section 2 and has designated a non-standard project area for the well. See Attached.

Pursuant to 19.15.16.15.E(1) NMAC, WPX is providing the Commissioner of Public Lands a copy of the C-102 plat creating a 240-acre non-standard project area.

If you have questions regarding this non-standard project area please contact Heather Riley at heather.riley@wpxenergy.com or (505) 333-1822.

Sincerely,

Adam G. Rankin
Attorney for
WPX Energy Production LLC



Holland & Hart^{LLP}

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. ☻

HOLLAND & HART LLP



June 12, 2014

Adam G. Rankin
Associate
Phone (505) 954-7294
Fax (505) 983-6043
AGRRankin@hollandhart.com

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: AFFECTED PARTIES

Re: Application of WPX Energy Production, LLC for administrative approval of a 240-acre non-standard project area in the Lybrook Gallup Oil Pool (42289) and amendment of NSL-7023 for the Chaco 2206-02H 272H well, Section 2, Township 22 North, Range 6 West, Sandoval County, New Mexico.

This letter is to advise you that WPX Energy Production, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. As a lessee or operator in an offsetting tract, you are entitled to notice of the amendment of the unorthodox well location Administrative Order NSL-7023.

The application has been 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 with the applicant and the New Mexico Oil Conservation Division, 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:

Heather Riley
WPX Energy Production, LLC
(505) 333-1822
heather.riley@wpxenergy.com

Sincerely,

Adam G. Rankin
Attorney for
WPX Energy Production LLC

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



March 11, 2014

WPX Energy Production, LLC
Attn: Ms. Heather Riley

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-7023
Administrative Application Reference No. pMAM1404442235

WPX Energy Production, LLC
OGRID 120782
Chaco 2206-02H Well No. 272H
API No. 30-043-21193

Proposed Location:

	Footages	Unit	Sec.	Twsp	Range	County
Surface	1707 FNL & 335 FEL	H	2	22N	6W	Sandoval
Penetration Point	2655 FNL & 382 FEL	H	2	22N	6W	Sandoval
Terminus	2655 FNL & 230 FWL	E	2	22N	6W	Sandoval

Proposed Project Area:

Description	Acres	Pool	Pool Code
S/2 N/2 of Section 2	160	Lybrook Gallup	42289

Reference is made to your application received on February 12, 2014.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed by statewide Rule 19.15.15.9.A NMAC, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary, and Rule 19.15.16.14.B(2) NMAC concerning directional wells in designated project areas. This location is unorthodox because portions of the proposed completed interval are closer to outside boundaries of the proposed project area than any location that would be a standard location under the applicable pool rules.

March 11, 2014

Page 2

Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A(2) NMAC.

It is our understanding that you are seeking this location for engineering reasons, in order to maximize production of hydrocarbons underlying this project area and prevent waste.

It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 19.15.5.9 NMAC.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey", with a stylized, cursive script.

Jami Bailey
Director

JB/mam

cc: New Mexico Oil Conservation Division – Aztec
New Mexico State Land Office – Oil, Gas and Minerals

June 18, 2014



Via Email

Mike McMillan
New Mexico Department of Energy
Minerals and Natural Resources
1220 South Saint Francis Dr.
Santa Fe, New Mexico 87505

RE: Application of WPX Energy Production, LLC for administrative approval of a 240-acre non-standard project area in the Lybrook Gallup Oil Pool (42289) and amendment of NSL-7023 for the Chaco 2206-02H 272H well, Section 2, Township 22 North, Range 6 West, Sandoval County, New Mexico.

Mr. McMillan:

This letter is to confirm that WPX Energy Production, LLC (OGRID 120782) owns 100% of the interest in the state lease V-09209 located in Section 2, Township 22 North, Range 6 West, NMPM, Sandoval County, New Mexico.

Should you have any questions regarding the above provided information, please do not hesitate to contact the undersigned by phone at (539) 573-6575, or by email at chuck.bassett@wpxenergy.com.

Regards,

A handwritten signature in black ink, appearing to read 'CB', followed by a long, horizontal, slightly wavy line that extends to the right.

Chuck Bassett
Senior Landman

McMillan, Michael, EMNRD

From: Adam Rankin <AGRankin@hollandhart.com>
Sent: Wednesday, June 18, 2014 2:53 PM
To: McMillan, Michael, EMNRD
Subject: Chaco 2206-02H 272H well

Mike,

Apologies for being a little slow to get confirmation back to you regarding your question about this well and the portion of the application requesting a non-standard project area. You asked whether WPX has a completion within Unit H of the proposed project area and the answer is that it does; the completion in Unit H is located at 2694 FNL and 430 FEL. Thus, WPX requests a non-standard project area consisting of the S/2 N/2 and the NE/4 SE/4 since the well develops each of the 40s in that area. Bear in mind that the Section is a non-standard size.

You also asked who owned the N/2 SW/4 and the answer is that WPX owns 100%.

Please let me know if you have any questions about this and we appreciate your attention to this application.

Best,
Adam

Adam G. Rankin
Holland & Hart LLP
110 North Guadalupe Suite 1
P.O. Box 2208
Santa Fe, NM 87504
Office: (505) 988-4421
Direct: (505) 954-7294
Cell: (505) 570-0377
Fax (505) 983-6043
E-mail: agrarkin@hollandhart.com
[Download vCard](#)
[Web Bio](#)

HOLLAND&HART 

CONFIDENTIALITY NOTICE: This message is confidential and may be privileged. If you believe that this email has been sent to you in error, please reply to the sender that you received the message in error; then please delete this e-mail. Thank you.

McMillan, Michael, EMNRD

From: Bassett, Chuck <Chuck.Bassett@wpenergy.com>
Sent: Tuesday, July 01, 2014 3:14 PM
To: McMillan, Michael, EMNRD
Subject: Re: Perforation for #272H

Mike,

Revised footages as requested.

Unit G
2639 FNL
2364 FEL

Unit I
2663 FSL
858 FEL

Unit J
2670 FSL
1361 FEL

Sent from my iPhone

On Jul 1, 2014, at 4:08 PM, "McMillan, Michael, EMNRD" <Michael.McMillan@state.nm.us> wrote:

Check:

Can you provide me the perforations for Unit I, and Unit J from the South boundary. Can you also provide the perforations In Unit G. Section 2 22 N, 6W Sandoval, County NM.

Mike