

7/24/2014 DATE IN	SUSPENSE	MAM ENGINEER	7/25/2014 LOGGED IN	NSL TYPE	PMA M14 206 30601 APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

Finalize  
letter  
E.M.F.

## 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]

-NSL  
-WFX Energy  
120782

#### [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 \_\_\_\_\_

-WFX  
-Chaco 2306  
206  
30-043-21190

#### [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

Pool  
-Lybrook  
G-114p  
42289

#### [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

mfeldewert@hollandhart.com

Date

7/24/14

e-mail Address

HOLLAND & HART<sup>LLP</sup>



**Michael H. Feldewert**  
Recognized Specialist in the Area of  
Natural Resources - oil and gas law - New  
Mexico Board of Legal Specialization  
mfeldewert@hollandhart.com

July 24, 2014

**VIA HAND DELIVERY**

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

**Re: Application of WPX Energy Production, LLC for administrative approval of an unorthodox well location in the Lybrook Gallup Pool for its Chaco 2306-20L 206H well in the S/2N/2 of Section 19, Township 23 North, Range 6 West, and the SE/4NE/4 of Section 24, Township 23 North, Range 7 West, N.M.P.M., Sandoval County, New Mexico.**

Dear Ms. Bailey:

WPX Energy Production, LLC (OGRID No. 120782) seeks administrative approval of an unorthodox well location for its **Chaco 2306 20L 206H** (API 30-043-21190) well to be completed within the Lybrook Gallup Pool (Pool Code 42289). This well has been drilled from a surface location 2133 feet from the South line and 158 feet from the West line (Unit L) of Section 20, Township 23 North, Range 6 West. The completed interval will commence no closer than 2529 feet from the North line and 368 feet from the East line (Unit H) of Section 19, Township 23 North, Range 6 West. The bottom hole location will be 2362 feet from the North line and 230 feet from the East line (Unit H) of Section 24, Township 23 North, Range 7 West. Since this acreage is governed by the Division's statewide rules which provides for wells to be located no closer than 330 feet to the outer boundary of the spacing unit, this well will be unorthodox because the completed interval will be closer than 330 feet to the southern boundary of the spacing unit.

Enclosed as **Exhibit A** is the Well Location and Acreage Dedication Plat (Form C-102), which shows that the completed interval of the proposed **Chaco 2306-20L 206H** well encroaches on the spacing and proration units to the Southeast and South of the spacing unit.

Enclosed as **Exhibit B** is a land map depicting the proposed **Chaco 2306-20L 206H** well in relation to adjoining spacing units reflects that WPX owns 100% of the working interest in the Federal leases to the Southeast and South. As a result, there are no parties affected by the encroachment. A courtesy copy of this application with all attachments has been sent by certified mail to the Bureau of Land Management.

**Holland & Hart<sup>LLP</sup>**

Phone [505] 988-4421 Fax [505] 983-6043 [www.hollandhart.com](http://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<sup>LLP</sup>



Your attention to this matter is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael H. Feldewert".

Michael H. Feldewert

**ATTORNEY FOR WPX ENERGY PRODUCTION**

cc: BLM  
Farmington Field Office  
6251 College Blvd. Suite A  
Farmington, NM 87402

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 1, 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 <b>30-043-21190</b>		*Pool Code 42289	*Pool Name LYBROOK GALLUP
*Property Code	*Property Name CHACO 2306-20L		*Well Number 206H
*GRID No. 120782	*Operator Name WPX ENERGY PRODUCTION, LLC		*Elevation 7038'

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	20	23N	6W		2133	SOUTH	158	WEST	SANDOVAL

<sup>11</sup> 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
H	24	23N	7W		2362	NORTH	230	EAST	SANDOVAL

<sup>12</sup> Dedicated Acres 200.90	S/2 N/2 - Section 19 SE/4 NE/4 - Section 24	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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

<sup>17</sup> 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 \_\_\_\_\_

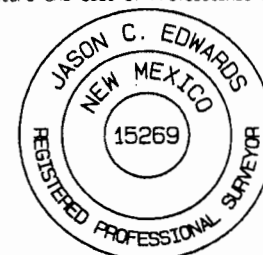
E-mail Address \_\_\_\_\_

<sup>18</sup> 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.

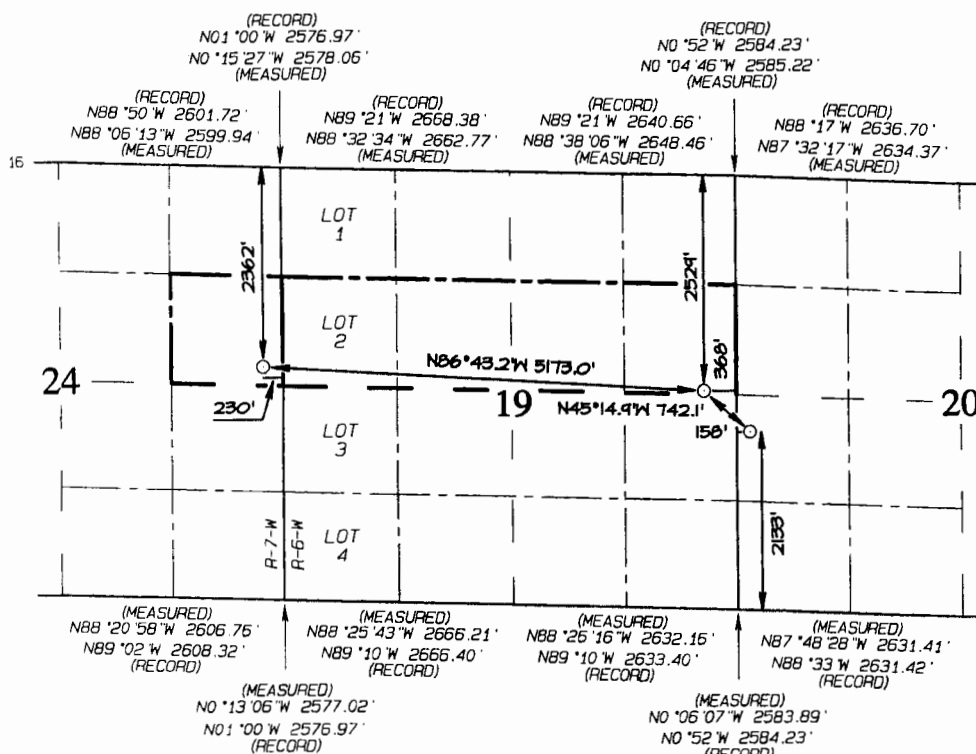
Date Revised: JUNE 26, 2014  
Date of Survey: AUGUST 21, 2013

Signature and Seal of Professional Surveyor



**JASON C. EDWARDS**

Certificate Number 15269



END-OF-LATERAL  
2362' FNL 230' FEL  
SECTION 24, T23N, R7W  
LAT: 36.21172°N  
LONG: 107.51851°W  
DATUM: NAD1927

LAT: 36.21173°N  
LONG: 107.51912°W  
DATUM: NAD1983

POINT-OF-ENTRY  
2529' FNL 368' FEL  
SECTION 19, T23N, R6W  
LAT: 36.21109°N  
LONG: 107.50100°W  
DATUM: NAD1927

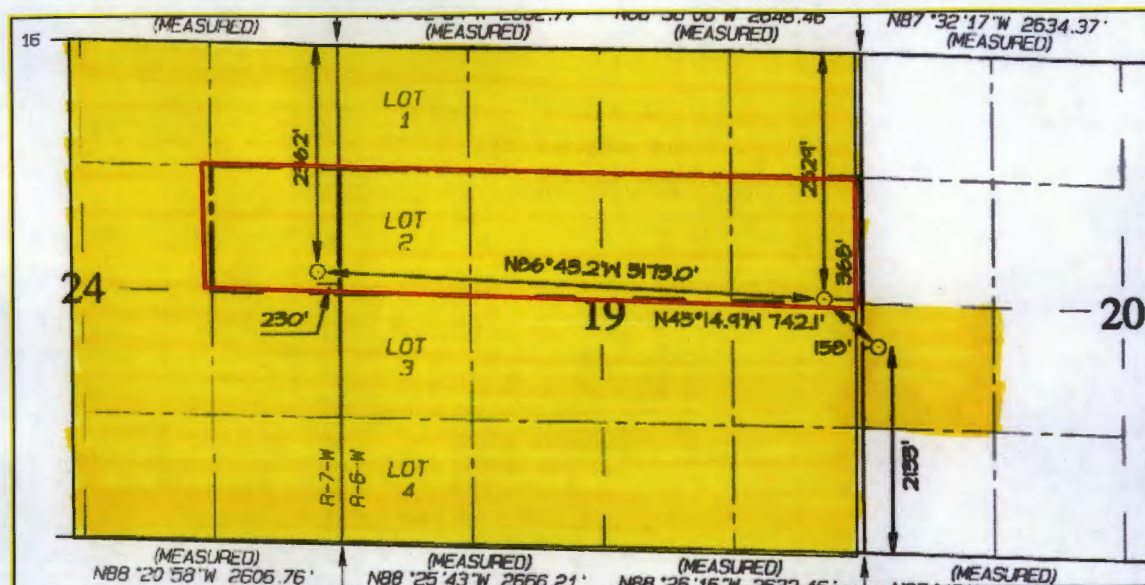
LAT: 36.21110°N  
LONG: 107.50160°W  
DATUM: NAD1983

SURFACE LOCATION  
2133' FSL 158' FWL  
SECTION 20, T23N, R6W  
LAT: 36.20967°N  
LONG: 107.49919°W  
DATUM: NAD1927

LAT: 36.20968°N  
LONG: 107.49979°W  
DATUM: NAD1983


EXHIBIT

A



## Exhibit B

WPX Energy Production, LLC  
Application for Non-Standard Location  
Sandoval County, New Mexico

 WPX Lease

Lybrook Gallup Oil Pool

Chaco 2306-20L



Project Area – T23N-R6W Section 19: S/2N/2 and Section 24: SE/4NE/4

Surface Location 2133' FSL, 158 FWL of Section 20, T23N-R6W

Gallup Penetration Point 2529' FNL, 368' FEL of Section 19, T23N-R6W

Bottomhole Location 2362 FNL, 230 FEL of Section 24, T23N-R7W

\*Ownership reflected represents 100% leasehold working interest in the Mancos / Gallup Formation underlying each tract which is the subject of this application

EXHIBIT

**B**

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

RECEIVED

JUN 11 2014

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.**

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMSF-078360
2. Name of Operator WPX Energy Production, LLC		6. If Indian, Allottee or Tribe Name
3a. Address PO Box 640 Aztec, NM 87410		7. If Unit of CA/Agreement, Name and/or No.
3b. Phone No. (include area code) 505-333-1808		8. Well Name and No. Chaco 2306-20L #206H
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sur: 2133' FSL & 158' FWL, sec 20, T23N, R6W - BHL: 2360' FNL & 230' FEL, Sec 24, T23N, R7W		9. API Well No. 30-043-21190
		10. Field and Pool or Exploratory Area Lybrook Gallup
		11. Country or Parish, State Sandoval County, NM

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 <u>Extend Lateral</u>
	<input 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 plans to plans to extend the lateral on this well as per attached C-102, operations plan and directional plan. No new surface disturbance is required. This well is in an extended CA per NMOCD order R-13817. 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.

**CONDITIONS OF APPROVAL**

Adhere to previously issued stipulations:

**THIS 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) Larry Higgins		Title Regulatory Specialist
Signature <i>Larry Higgins</i>		Date 6/10/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by <i>William Tambekou</i>	Petroleum Title Engineer	Date 6/16/2014
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.

(Instructions on page 2)

NMOCD RV

## McMillan, Michael, EMNRD

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**From:** Michael Feldewert <MFeldewert@hollandhart.com>  
**Sent:** Friday, July 25, 2014 9:58 AM  
**To:** McMillan, Michael, EMNRD  
**Cc:** McQueen Jr, Ken  
**Subject:** WPX Chaco 2306-20L 206H NSL application  
**Attachments:** 206H-ad\_Chaco 2306-20L #206H As-Drilled C-102.pdf

Michael: As we discussed this morning, WPX filed for approval of an NSL for the Chaco 2306-20L No. 206H well, and will be filing for approval of an NSL for the Chaco 2306-20L No. 207H well, because the Division order approving the Northeast Chaco Project Area is not yet effective. See Order R-13817, at p. 8, ¶(9). WPX hopes to have shortly final approval of the Communitization Agreement from the NMSLO and the corresponding pool for the CA area in place.

As to your second question, we have confirmed that the portion of the wellbore in the SE/4 NE/4 of Section 24 will be perforated. Therefore, please proceed as if the BHL will be the final perforation.

Let me know if you need anything further, and have good weekend.

*Michael H. Feldewert*  
*Santa Fe Office*  
*505-988-4421*  
*505-983-6043 (fax)*  
*[mfeldewert@hollandhart.com](mailto:mfeldewert@hollandhart.com)*

**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.

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**From:** McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]  
**Sent:** Friday, July 25, 2014 9:04 AM  
**To:** Michael Feldewert  
**Subject:** WPX Chaco 2306-20L NSL application

Michael:

- Can you explain the reason for the Chaco 2306-20L NSL application?
- Also is BHL is the final perforation?

Thank You

## Michael A. McMillan

Engineering and Geological Services Bureau, Oil Conservation Division  
1220 South St. Francis Dr., Santa Fe NM 87505  
O: 505.476.3448 F. 505.476.3462



State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Susana Martinez**  
Governor

**David Martin**  
Cabinet Secretary

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

**Jami Bailey, Division Director**  
Oil Conservation Division



August 4, 2014

WPX Energy Production, LLC  
Attn: Mr. Michael Feldewert

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

**Administrative Order NSL-7125**  
**Administrative Application Reference No. pMAM1420630601**

**WPX Energy Production, LLC**  
OGRID 120782  
**Chaco 2306-20L Well No. 206H**  
**API No. 30-043-21190**

**Proposed Location:**

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	2133 FSL & 158 FWL	L	20	23N	6W	Sandoval
Penetration Point	2529 FNL & 368 FEL	H	19	23N	6W	Sandoval
Terminus	2362 FNL & 230 FEL	H	24	23N	7W	Sandoval

**Proposed Project Area:**

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
S/2 N/2 of Section 19 and SE/4 NE/4 of Section 24	200.9	Lybrook Gallup	42289

Reference is made to your application received on July 24, 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 surface location is outside the project area, and is permitted by Rule 19.15.16.15.B (4) NMAC which allows for surface locations outside project area. 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.



August 4, 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 because the Division Order approving the Northeast Chaco Project Area is not yet effective.

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.

Done at Santa Fe, New Mexico, on August 4, 2014.

Jami Bailey  
Director

JB/mam

cc: New Mexico Oil Conservation Division – Aztec  
Bureau of Land Management – Farmington