

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



September 22, 2014

WPX ENERGY PRODUCTION, LLC
Attn: Ms. Heather Riley

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-7158
Administrative Application Reference No. pMAM1426529728

WPX ENERGY PRODUCTION, LLC
OGRID 120782
Aztec Oil Syndicate Well No. 2H
API No. 30-043-21227

Proposed Location:

| | <u>Footages</u> | <u>Unit/Lot</u> | <u>Sec.</u> | <u>Twsp</u> | <u>Range</u> | <u>County</u> |
|-------------------|---------------------|-----------------|-------------|-------------|--------------|---------------|
| Surface | 989 FNL & 341 FEL | 1 | 5 | 22N | 6W | Sandoval |
| Penetration Point | 2254 FNL & 875 FEL | H | 5 | 22N | 6W | Sandoval |
| Terminus | 2337 FNL & 2333 FEL | G | 6 | 22N | 6W | Sandoval |

Proposed Project Area:

| <u>Description</u> | <u>Acres</u> | <u>Pool</u> | <u>Pool Code</u> |
|-----------------------|--------------|----------------|------------------|
| S/2 N/2 of Section 5 | 160 | Lybrook Gallup | 42289 |
| S/2 NE/4 of Section 6 | 80 | | |

Reference is made to your application received on September 19, 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

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boundaries of the proposed project area than any location that would be a standard location under the applicable pool rules.

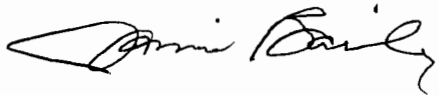
Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A(2) NMAC.

It is our understanding that you are seeking this location because the well had drifted further south, than originally planned.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 19.15.4.12 A (2) NMAC, in all adjoining units towards which the proposed location encroaches. The offset operator has waived their protest.

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

DONE at Santa Fe, New Mexico, on September 22, 2014

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
Bureau of Land Management – Farmington