

DATE: 9/19/2014	SUSPENSE:	ENGINEER: MAM	LOGGED IN: 9/22	TYPE: NSL	APP NO: 1426529728
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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]

NSL 7158
WPK ENERGY

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Aztec Oil Syndicate #2H
30-043-21227

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

Pool
- Lybrook Gallap
42285

- [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.

Henther Riley
Print or Type Name

Henther Riley
Signature

Regulatory Manager 9/18/14
Title Date
Henther.riley@wpxenergy.com
e-mail Address

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) 748-1263 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) 476-3450 Fax: (505) 476-3452

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

"As Drilled"

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-043-21227	*Pool Code 42289	*Pool Name LYBROOK GALLUP
*Property Code	*Property Name AZTEC OIL SYNDICATE	*Well Number 2H
*GRID No. 120782	*Operator Name WPX ENERGY PRODUCTION, LLC	*Elevation 7126'

¹⁰ Surface Location

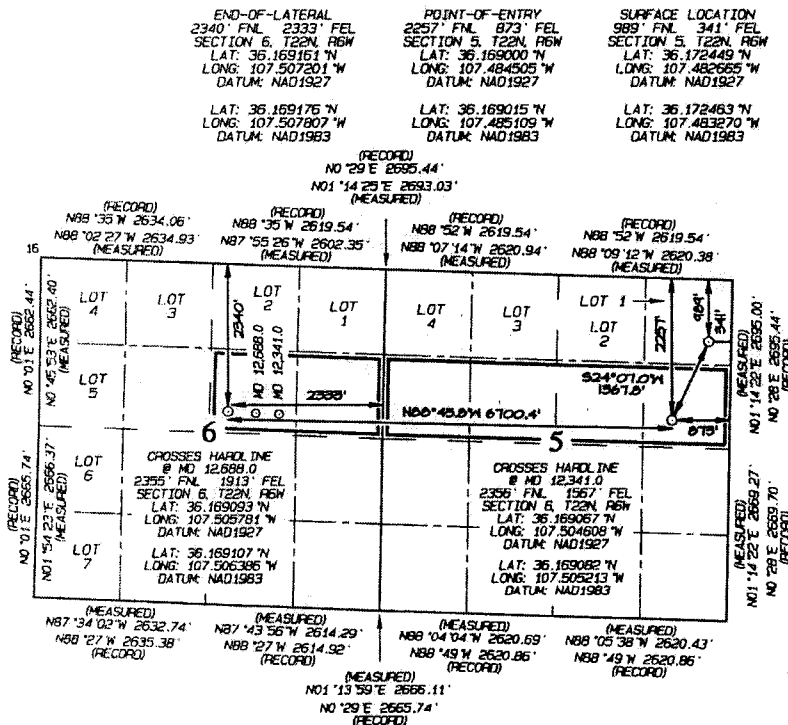
UL or lot no.	Section	Township	Range	Lot 1th	Feet from the	North/South line	Feet from the	East/West line	County
A	5	22N	6W	1	989	NORTH	341	EAST	SANDOVAL

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 1th	Feet from the	North/South line	Feet from the	East/West line	County
G	6	22N	6W		2340	NORTH	2333	EAST	SANDOVAL

*Dedicated Acres 240.0 Acres	S/2 N/2 - Section 5 S/2 NE/4 - Section 6	*Joint or Infill	*Consolidation Code	*Order No.
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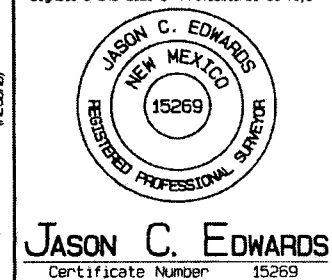
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE
BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

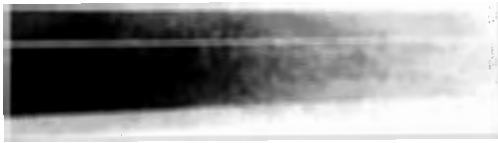


¹⁷ OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to 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: *Larry Higgins* Date: 9/19/14
Printed Name: Larry Higgins
E-mail Address: larry.higgins@wpxenergy.com

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: SEPTEMBER 19, 2014
Date of Survey: MARCH 4, 2014
Signature and Seal of Professional Surveyor





September 18, 2014

Jami Bailey
Division Director
NEW MEXICO OIL CONSERVATION DIVISION
1220 South Saint Francis Drive
Santa Fe, NM 87505

Re: Request for Administrative Approval of a non-standard location in the Lybrook Gallup Oil Pool (42289)
Aztec Oil Syndicate #2H, API: 30-043-21227

Dear Ms. Bailey:

WPX Energy Production, LLC, ("WPX"), requests administrative approval of an unorthodox location for the Aztec Oil Syndicate #2H. This well is subject to the Lybrook Gallup Pool rules which call for a 330' setback and 40 acre spacing. During drilling operations, the drillers inadvertently strayed from the planned path causing the lateral to cross the hardline from 12,341' - 12,688' MD.

This well was originally permitted under Logos Operating, LLC (Logos). The well was spud under Logos' supervision on July 25, 2014. On August 28, 2014, WPX and Logos executed the sale of the lease from Logos to WPX. On September 4, 2014, NMOCD approved the Change of Operator from Logos to WPX. On September 1, 2014, the lateral depth was at 12,341' MD which is the depth at which it crossed the hard line and continues until approximately 12,688' MD, resulting in approximately 347' of lateral encroachment. The S/2 of Section 6, T22N R6W is the acreage upon which the lateral is encroaching. This is unleased federal acreage.

The plan was to keep the lateral within 25' north or south of the planned line which would have resulted in a legal lateral. The well wandered south and crossed the hardline at approximately 12,341' MD. The difference from the plan was noted and an effort was made to bring the well back north. At that depth in the well it was difficult to steer and took several hours to cross back over the hardline at approximately 12,341' MD. When the well wandered south the bit also turned down, so the directional driller was working to bring the bit up and right to match plan. This may have been more difficult because the well was drilling in zone with little porosity and greater clay content that can be more difficult to steer in.

be more (not)

Jami Bailey
Division Director
NEW MEXICO OIL CONSERVATION DIVISION
September 18, 2014
Page 2

On September 17, 2014, WPX spoke with Jim Lovato at the BLM and explained this situation. Mr. Lovato indicated BLM does not oppose the authorization of this unorthodox location because the subject well is also a federal well and it offsets adjacent leased and unleased federal acreage. Please see the signed waiver below. There are no additional notice requirements.

Included for your review is an "As Drilled" plat. This well is scheduled to be hydraulically fractured next week so time is of the essence. Your attention this is greatly appreciated.

Please let me know if you have any questions or concerns related to this request. You can contact me or Ken McQueen at (539) 573-2889 or (918) 497-6890.

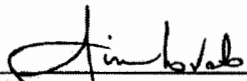
Sincerely,



Heather Riley
Regulatory Manager

Enc.: C-102

BLM does not oppose the authorization of this unorthodox location and hereby waives the 20 day period to file an objection.



Jim Lovato
Petroleum Engineer
BLM Division of Minerals

9/18/14

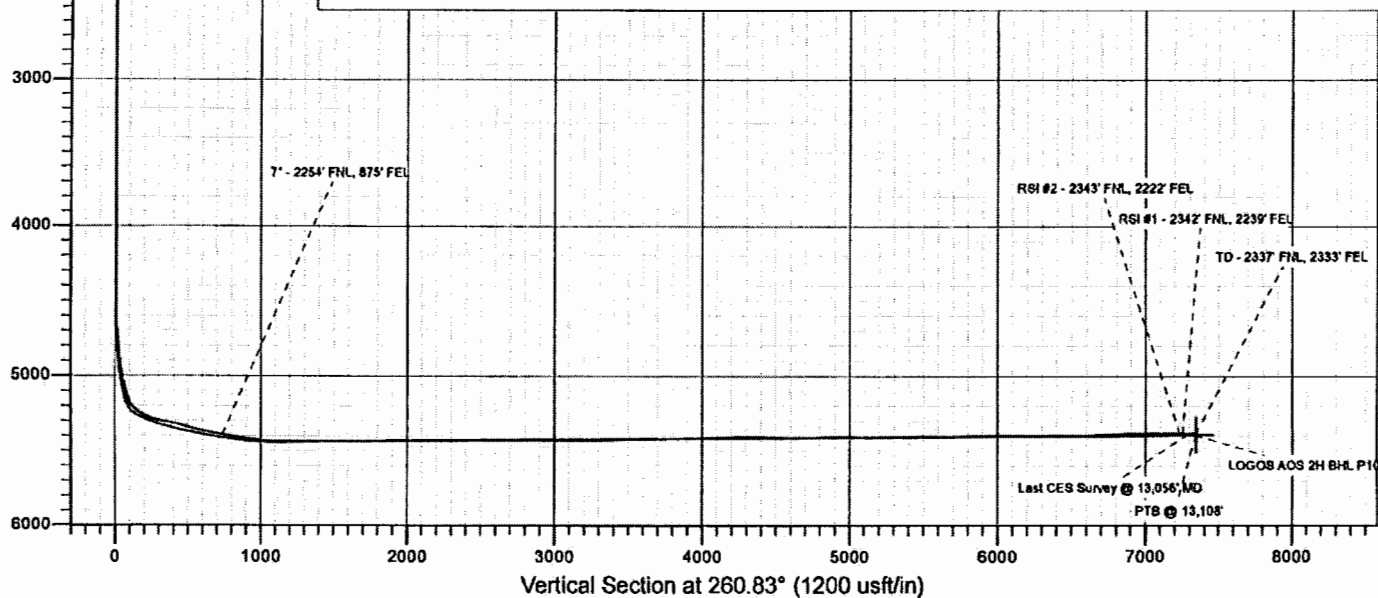
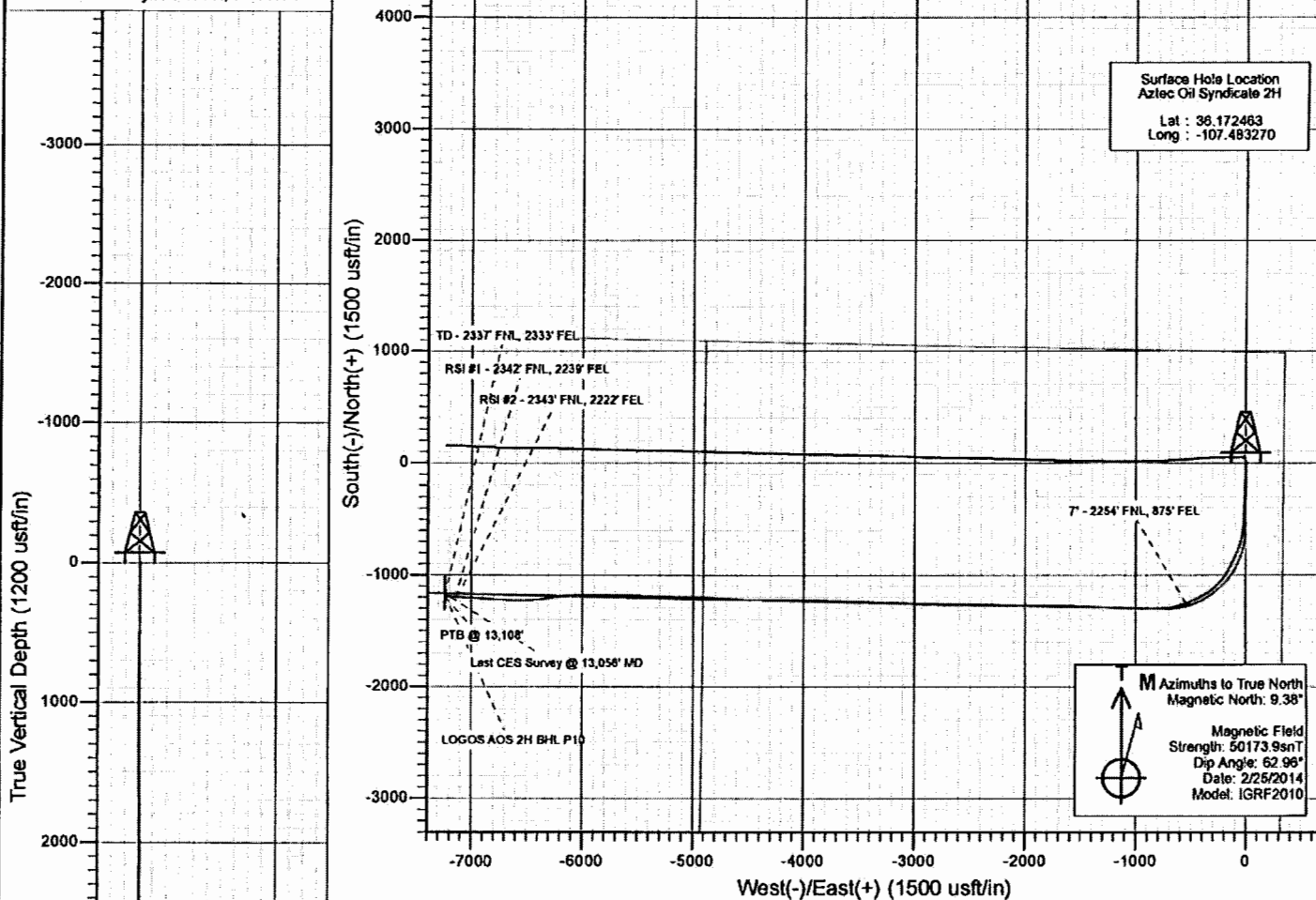
Date



Project: Sandoval County, NM
 Site: S5-T22N-R6W
 Well: Aztec Oil Syndicate 2H
 Wellbore: HZ
 Design: FINAL



FINAL
 Aztec Oil Syndicate 2H
 145XXX; SC
 KB=15' @ 7141.0usft (Aztec #222)
 Ground Elevation @ 7128.0
 North American Datum 1983
 Well Aztec Oil Syndicate 2H, True North





Project: Sandoval County, NM
Site: S5-T22N-R6W
Well: Aztec Oil Syndicate 2H
Wellbore: HZ
Design: FINAL

