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|-----------------|----------|-------------|-------------------|----------|--------------------|
| DATE IN 4.25.12 | SUSPENSE | ENGINEER DB | LOGGED IN 4.25.12 | TYPE NSL | APP NO. 1211643167 |
|-----------------|----------|-------------|-------------------|----------|--------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



PTG-V
 School 32#002A
 30-039-31108
 WPX ENERGY

ADMINISTRATIVE APPLICATION CHECKLIST

120782

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]

6624

[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 _____

2012 APR 25 A 10:57
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L-32-31N-4W

[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.

Heather Riley
 Print or Type Name

Heather Riley
 Signature

Regulatory Specialist, Sr.
 Title

4/24/12
 Date

Heather.riley@wpenergy.com
 e-mail Address

April 24, 2012

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

Re: *Request for Administrative Approval for Non-Standard Fruitland Location*
Schalk 32 #002A
API # 30-039-31108
Sec. 32, T31N, R4W
BHL: 2600' FSL & 1150' FEL

Dear Ms. Bailey:

WPX Energy Production, LLC ("WPX"), pursuant to the provisions of Division Rule 19.15.15.13, hereby seeks administrative approval of an unorthodox location for the Fruitland Coal (71629) formation in the Schalk 32 #002A. This is a horizontal well with an end of lateral location of 2600' FSL & 1150' FEL, Sec. 32, T31N, R4W. See attached plat.

Pursuant to Order No. R-8768-F, wells drilled on a GPU shall be located not closer than 660 feet to the outer boundary of the spacing unit and no closer than 10 feet to any interior quarter-quarter section line or sub-division inner boundary. The new Special Rules for Horizontal Wells under Division Rule 19.15.16.15(B)(3) modifies this rule stating no internal setbacks are required within the project area. Given these setback requirements, this location is encroaching the northern unit of Section 32, T31N R4W (laydown section). See attached map of Section 32 showing existing wells.

Placement of the surface location for this well was chosen taking into account archeological and topographical constraints. As for the end of lateral, WPX needs to drill the longest lateral that is operationally feasible in order to effectively and efficiently produce the Fruitland coal seam in the producing area while minimizing surface disturbances and meeting economic hurdles.

Jami Bailey
April 24, 2012
Page 2 of 2

The spacing for the subject well is the S/2 of Section 32 consisting of 320 acres. The spacing unit we are encroaching upon is the N/2 of Section 32 consisting of 320 acres. Section 32 is operated by WPX and ownership is 100% WPX therefore no affected owners letter are required pursuant to NMOCD rules.

Should you have any questions or concerns, please don't hesitate to contact me at the phone numbers listed above.

Sincerely,



Heather Riley
Regulatory Specialist, Sr.

Enc.: 1st page of APD
C-102
Map of Section 32

O: FNE
C: RUS/2
C: ADP/2
S: WBS

S: NLI
S: m-lane

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

APPLICATION FOR PERMIT TO DRILL OR REENTER

FEB 01 2012

| | | | | | |
|--|--|--|--|---|--|
| 1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER | | Farmington Field Office Bureau of Land Management | | 5. Lease Serial No. NMNM 223044 | |
| 1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone | | | | 8. Lease Name and Well No. Schalk 32 #2A | |
| 2. Name of Operator WPX Energy Production, LLC (FKA) Williams Production Company, LLC | | | | 9. API Well No. 30-039-31108 | |
| 3a. Address P.O. Box 640 Aztec, NM 87410 | | 3b. Phone No. (include area code) (505) 333-1808 | | 10. Field and Pool, or Exploratory Basin Fruitland Coal | |
| 4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 2070' FSL & 660' FWL At proposed prod. zone 2600' FSL & 1150' FEL | | | | 11. Sec., T., R., M., or Blk. and Survey or Area Section 32, 31N, 4W | |
| 14. Distance in miles and direction from nearest town or post office* approximately 31 miles northeast of Blanco, New Mexico | | 12. County or Parish Rio Arriba | | 13. State NM | |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660' | | 16. No. of Acres in lease 640.0 | | 17. Spacing Unit dedicated to this well 320.0 - (S/2) | |
| 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1980' | | 19. Proposed Depth 7071' | | 20. BLM/BIA Bond No. on file UTB000178 | |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6955' GR | | 22. Approximate date work will start* April 1, 2012 | | 23. Estimated duration 1 month | |
| 24. Attachments | | DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS". | | | |

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized officer.

| | | | | | |
|---|--|---------------------------------------|--|-----------------|--|
| 25. Signature <i>Larry Higgins</i> | | Name (Printed/Typed) LARRY HIGGINS | | Date 2-1-12 | |
| Title PERMIT SUPPLY | | | | | |
| Approved by (Signature) <i>[Signature]</i> | | Name (Printed/Typed) AFM | | Date 3/26/12 | |
| Title AFM | | Office FEO | | | |

Application approval 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.

Conditions of approval, if any, are attached.

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 reverse)

WPX Energy Production, LLC. proposes to develop the Basin Fruitland Coal formation at the above described location in accordance with the attached drilling and surface use plans.

The surface is under Jurisdiction of the Carson National Forest, Jicarilla Ranger District.

This location has been archaeologically surveyed by La Plata Archaeological Consultants. Copies of their report have been submitted directly to the CNF.

Approximately 140' of new access road will be required for this proposed well.

This APD is also serving as an application to obtain a pipeline right-of-way. An associated pipeline tie of 240.2 feet would be required for this well.

BLM'S 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

OPERATOR

RECEIVED

MAR 29 2012

WPX

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 | | *Pool Code 71629 | *Pool Name BASIN FRUITLAND COAL |
| *Property Code | *Property Name SCHALK 32 | | *Well Number 2A |
| *GRID No. 120782 | *Operator Name WILLIAMS PRODUCTION COMPANY | | *Elevation 6955' |

¹⁰ Surface Location

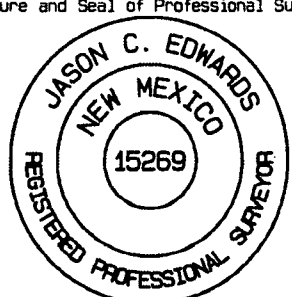
| | | | | | | | | | |
|--------------------|---------------|-----------------|-------------|---------|-----------------------|---------------------------|----------------------|------------------------|----------------------|
| UL or lot no. L | Section 32 | Township 31N | Range 4W | Lot Idn | Feet from the 2070 | North/South line SOUTH | Feet from the 660 | East/West line WEST | County RIO ARriba |
|--------------------|---------------|-----------------|-------------|---------|-----------------------|---------------------------|----------------------|------------------------|----------------------|

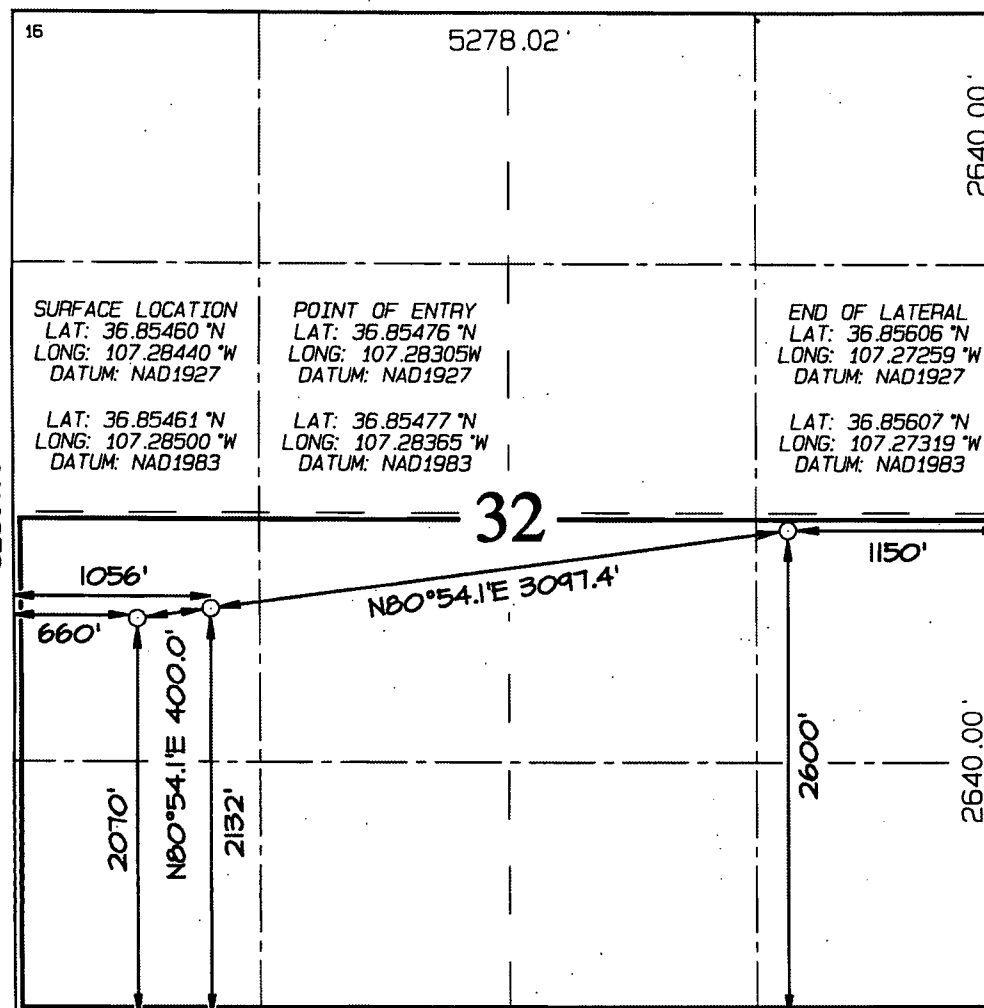
¹¹ Bottom Hole Location If Different From Surface

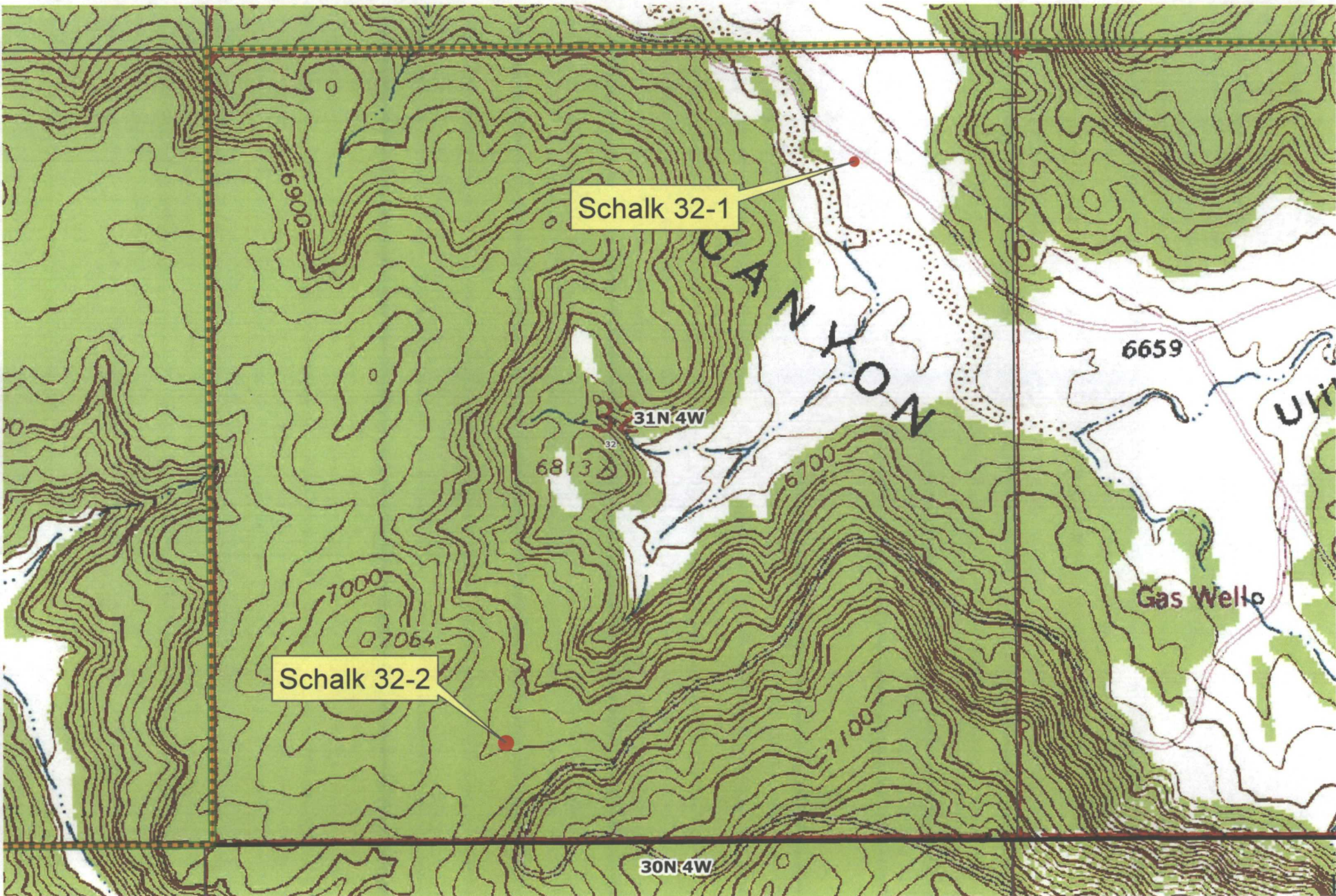
| | | | | | | | | | |
|--------------------|---------------|-----------------|-------------|---------|-----------------------|---------------------------|-----------------------|------------------------|----------------------|
| UL or lot no. I | Section 32 | Township 31N | Range 4W | Lot Idn | Feet from the 2600 | North/South line SOUTH | Feet from the 1150 | East/West line EAST | County RIO ARriba |
|--------------------|---------------|-----------------|-------------|---------|-----------------------|---------------------------|-----------------------|------------------------|----------------------|

| | | | |
|--|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres 320.0 Acres - (S/2) | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order No. |
|--|-------------------------------|----------------------------------|-------------------------|

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

| | | | |
|--|--|--|---|
| ¹⁶ | 5278.02' | | 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 _____ |
| <p>SURFACE LOCATION LAT: 36.85460°N LONG: 107.28440°W DATUM: NAD1927</p> <p>LAT: 36.85461°N LONG: 107.28500°W DATUM: NAD1983</p> | <p>POINT OF ENTRY LAT: 36.85476°N LONG: 107.28305°W DATUM: NAD1927</p> <p>LAT: 36.85477°N LONG: 107.28365°W DATUM: NAD1983</p> | <p>END OF LATERAL LAT: 36.85606°N LONG: 107.27259°W DATUM: NAD1927</p> <p>LAT: 36.85607°N LONG: 107.27319°W DATUM: NAD1983</p> | 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: DECEMBER 3, 2011 Date of Survey: AUGUST 9, 2011 Signature and Seal of Professional Surveyor  JASON C. EDWARDS Certificate Number 15269 |





Schalk 32-1

31N.4W

Schalk 32-2

30N.4W

6659

Gas Wells

6900

6813

7000

67064

6700

7100