

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 _____

- NSL - 7405
 - WFX EOR and y Prod decisions
 LLC
 120782
 well
 - Lybrook
 2309-243 #765
 30-045-Ready

- [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

2016 JAN 29 P. 1: 30
 RECEIVED OGD
 Pod
 - Basin
 Mancos
 97232

[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.

Jordan L. Kessler
 Print or Type Name

Signature

Attorney
 Title

jlkessler@hollandhart.com
 e-mail Address

Date

1/29/16



January 29, 2016

VIA HAND DELIVERY

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

RECEIVED OGD
2016 JAN 29 P 1:30

Re: Application of WPX Energy Production, LLC for administrative approval of an unorthodox well location for its Lybrook 2309-34B No. 765 Well, San Juan County, New Mexico.

Dear Mr. Catanach:

WPX Energy Production, LLC (OGRID 120782) owns a leasehold interest covering the N/2 of Section 34, Township 23 North, Range 9 West, N.M.P.M., San Juan County, New Mexico. WPX plans to drill the **Lybrook 2309-34B No. 765 Well** as a vertical pilot hole to test the Basin Mancos Gas Pool (97232) in the N/2 of Section 34. The **Lybrook 2309-34B No. 765 Well** will be drilled from a non-standard surface location at 550 feet from the North line, 1,508 feet from the East line (Unit B) of Section 34. The pilot hole will be drilled vertically to a bottom hole location at 399 feet from the North line, 1,516 feet from the East line.

The special rules for the Basin Mancos Pool require that wells drilled within the area encompassed by these rules that is near an oil pool not listed in paragraphs (3) and (4) of Order R-12984 must conform to the special rules for the Basin-Mancos Gas Pool. See Appendix A to Order R-12984 (special rules) at Rule 1. These special rules require 320-acre spacing and that the well remains 660 feet from the outer boundary of the spacing unit. *Id.* at Rule 2. The surface and bottom hole locations for **Lybrook 2309-34B No. 765 Well** will be at a non-standard location because they are closer than 660 feet to the northern boundary of the spacing unit. Accordingly, the proposed pilot hole will encroach on the 320-acre spacing unit to the North. Approval of the unorthodox location for the vertical pilot hole will allow for efficient well spacing and testing of the Basin Mancos formation in the area.

Exhibit A is a land plat of Section 34 and the surrounding sections showing the location of the **Lybrook 2309-34B No. 765 Well** and the adjoining spacing units and wells.

Exhibit B is a Well Location and Acreage Dedication Plat (Form C-102) showing that as a result of the 660 foot setbacks required by the special rules for the Basin Mancos Gas Pool, the proposed **Lybrook 2309-34B No. 765 Well** encroaches on the spacing and proration unit to the North.

Exhibit C is a list of the affected parties for the request for approval of the non-standard well location. 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. Since this acreage involves federal leases, a courtesy copy of this application has been provided to the Bureau of Land Management.

Your attention to this matter is appreciated.

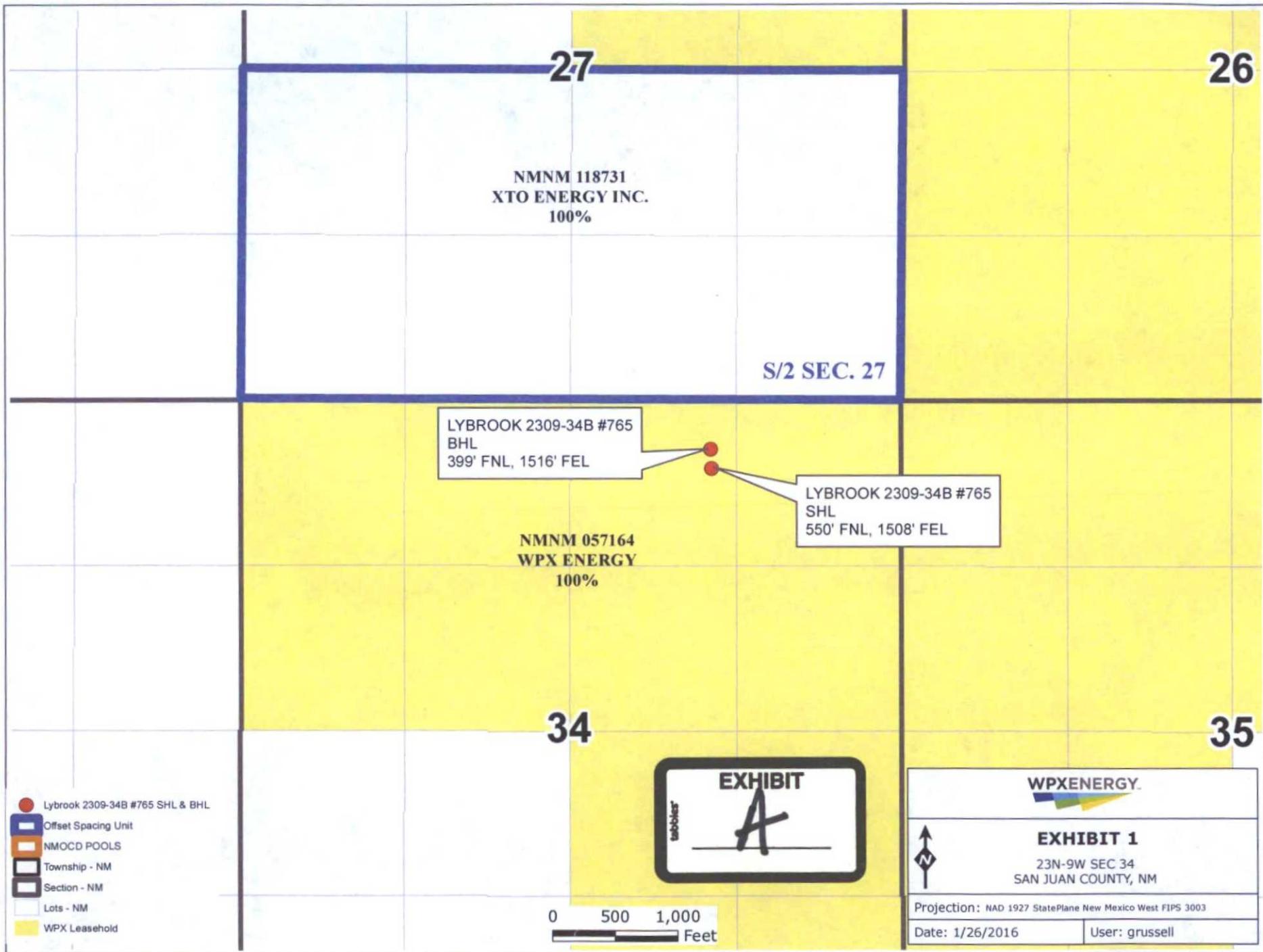
Sincerely,



Jordan L. Kessler

**ATTORNEY FOR
WPX ENERGY PRODUCTION, LLC**

cc: Bureau of Land Management
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 30-045-PENDING		*Pool Code 97232	*Pool Name BASIN MANCOS
*Property Code	*Property Name LYBROOK 2309-34B		*Well Number 765
*OGRID No. 120782	*Operator Name WPX ENERGY PRODUCTION, LLC		*Elevation 6696'

¹⁰ Surface Location

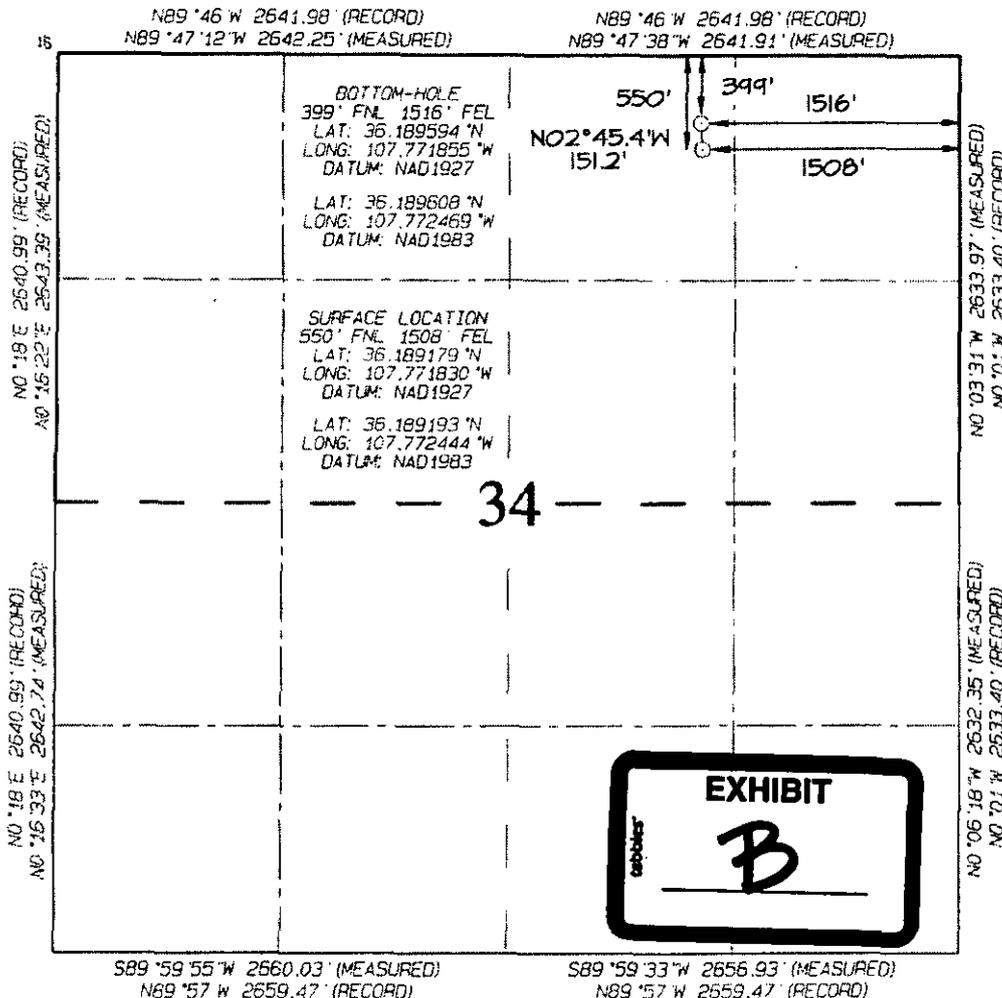
U. or lot no.	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County
B	34	23N	9W		550	NORTH	1508	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

U. or lot no.	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County
B	34	23N	9W		399	NORTH	1516	EAST	SAN JUAN

¹² Dedicated Acres 320.00	N/2 - Section 34	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



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 unless 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: JANUARY 20, 2016

Date of Survey: JUNE 5, 2015

Signature and Seal of Professional Surveyor



JASON C. EDWARDS

Certificate Number 15269

EXHIBIT C

XTO Energy Inc.
Attn: Jackson Dean
810 Houston Street
Fort Worth, Texas 76102

HOLLAND & HART^{LLP}



Jordan L. Kessler
Associate
Phone (505) 988-4421
Fax (505) 983-6043
jlkessler@hollandhart.com

January 29, 2016

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: XTO Energy Inc.
Attn: Jackson Dean
810 Houston Street
Fort Worth, Texas 76102

Re: **Application of WPX Energy Production, LLC for administrative approval of an unorthodox well location for its Lybrook 2309-34B No. 765 Well, San Juan County, New Mexico.**

Dear Mr. Dean,

Enclosed is a copy of the above-referenced application which was 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 at the Division's Santa Fe office located at 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:

Brennan West
Landman
WPX Energy, Inc.
P.O. Box 3102 MD: 44
Tulsa, OK 74101-3102
(539)-573-2878 (Office)
Brennan.West@wpxenergy.com

Sincerely,

Jordan L. Kessler
ATTORNEY FOR
WPX ENERGY PRODUCTION, LLC

Lowe, Leonard, EMNRD

From: Jordan L. Kessler <JLKessler@hollandhart.com>
Sent: Monday, May 02, 2016 3:23 PM
To: Lowe, Leonard, EMNRD
Subject: RE: WPX Lybrook NSL

Sorry for the confusion. WPX owns 100% of the interest in the NE/4 of Section 27, and XTO owns 100% of the SE/4 of 27. All parties in the E/2 of 27 therefore received notice.

Jordan

From: Lowe, Leonard, EMNRD [<mailto:Leonard.Lowe@state.nm.us>]
Sent: Monday, May 02, 2016 1:37 PM
To: Jordan L. Kessler
Subject: FW: WPX Lybrook NSL

From: Lowe, Leonard, EMNRD
Sent: Monday, May 02, 2016 11:46 AM
To: 'jkessler@hollandhart.com' <jkessler@hollandhart.com>
Cc: Jones, William V, EMNRD <WilliamV.Jones@state.nm.us>
Subject: WPX Lybrook NSL

Jordan Kessler,

In review of your NSL application for WPX NSL application for Lybrook 2309-34 B, No. 765.

Did you verify notification of all affected parties in 320 of Section 27-23N-9W, E/2?

Please update.

Leonard Lowe

Engineering Bureau
Oil Conservation Division
Energy Minerals and Natural Resources Department
1220 South St. Frances
Santa Fe, New Mexico 87004
Office: 505-476-3492
Fax: 505-476-3462
E-mail: leonard.lowe@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/>

Lowe, Leonard, EMNRD

From: Lowe, Leonard, EMNRD
Sent: Wednesday, May 04, 2016 5:30 PM
To: 'Jordan L. Kessler'
Cc: Perrin, Charlie, EMNRD; Jones, William V, EMNRD; McMillan, Michael, EMNRD; Goetze, Phillip, EMNRD; lisa@rwbyram.com
Subject: NSL-7405, Lybrook 2309 34B Well No. 765 (Unit B Sec. 34 23N 9W) San Juan County
Importance: High

Jordan L. Kessler,

The following permit has been issued and will soon be available on the Division's web site:
<http://ocdimage.emnrd.state.nm.us/imaging/WellFileCriteria.aspx>

NSL-7405

WPX Energy Production, LLC

WELL: Lybrook 2309 34B Well No. 765 (Unit B Sec. 34 23N 9W) San Juan County

Leonard Lowe

Engineering Bureau

Oil Conservation Division

Energy Minerals and Natural Resources Department

1220 South St. Frances

Santa Fe, New Mexico 87004

Office: 505-476-3492

Fax: 505-476-3462

E-mail: leonard.lowe@state.nm.us

Website: <http://www.emnrd.state.nm.us/ocd/>