



Ray Powell, M.S., D.V.M.
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
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SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760
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www.nmstatelands.org

September 17, 2014

WPX Energy
P. O. Box 3102
Tulsa, OK 74101-3102

Attention: Mr. R. Charles Bassett

Re: Preliminary Approval for Proposed Northwest Lybrook Unit
Rio Arriba and San Juan Counties, New Mexico

Dear Mr. Bassett:

This office has received your letter of September 9, 2014 wherein you have requested preliminary approval for the Northwest Lybrook Unit area, Rio Arriba and San Juan Counties, New Mexico. The proposed unit agreement meets the general requirements of the Commissioner of Public Lands, who has this date granted you preliminary approval as to form and content.

Preliminary approval shall not be construed to mean final approval of this agreement in any way and will not extend any short term leases, until final approval and an effective date have been given.

When submitting your agreement for final approval, please submit the following:

1. Application for final approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
2. Pursuant to SLO Rule 19.2.100.51, applications for approval shall contain a statement of facts showing:
 - a. That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy.
 - b. That under the proposed unit operation, the State of New Mexico will receive its fair share of the recoverable oil and gas in place under its lands in the proposed unit area.
 - c. That each beneficiary institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the unit area.
 - d. That such unit agreement is in other respects for the best interest of the trust.

**BEFORE THE OIL CONVERSATION
DIVISION**

Santa Fe, New Mexico

Exhibit No. 3

Submitted by: **WPX ENERGY PRODUCTION**
Hearing Date: September 17, 2014

3. All ratifications from the Lessees of Record and Working Interest Owners. All signatures should be acknowledged by a notary and one set must contain original signatures.
4. Designation/concurrence from the Bureau of Land Management.
5. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.
6. The filing fee for a Unit Agreement is \$30.00 for every section or partial section thereof. Please submit a filing fee in the amount of \$150.00.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
Terry Warnell
Oil, Gas and Minerals Division
(505) 827-5744
RP/TW/pm

cc: Reader File,
NMOCD Attention: Mr. Daniel Sanchez
TRD-Attention: Ms. Joan Ishimoto
RMD-Attn: Mr. Kurt McFall
BLM- Attn: Mr. Jim Lovato



United States Department of the Interior



BUREAU OF LAND MANAGEMENT

Farmington Field Office
6251 College Blvd. Suite A
Farmington, New Mexico 87402
www.nm.blm.gov

IN REPLY REFER TO:
Northwest Lybrook Unit

September 18, 2014

Mr. Chuck Bassett
WPX Energy
P.O. Box 3102
Tulsa, Oklahoma 74101-3102

Reference is made to your request for the designation of **2,002.58** acres, more or less, in San Juan and Rio Arriba Counties, New Mexico as logically subject to exploration and development under unitization provisions of the Mineral Leasing Acts for both Federal and Indian Allotted Lands. Pursuant to unitization regulations under 43 CFR Part 3180, the lands requested, as outlined on your plat marked Exhibit 'A' for the Northwest Lybrook Unit is hereby designated as a logical unit area. Your proposed use of the modified form for Federal, State and Allotted Indian lands and for a single formation undivided unit areas will be accepted. The undivided exploratory unit will unitize the Mancos Formation only within the vertical limits defined in your application. If conditions are such that further modification of said form is deemed necessary, two copies of the proposed modifications with appropriate justification must be submitted to this office for preliminary approval.

The unit agreement to be submitted for the area designated will provide for the initial obligation well to be a horizontal lateral which will develop the Mancos Formation within the defined vertical limits.

In the absence of any other type of land requiring special provisions or of any objections not now apparent, a duly executed agreement identical with said form will be approved if submitted in an approvable status within a reasonable period of time. However, notice is hereby given that the right is reserved to deny approval of any executed agreement submitted that, in our opinion, does not have the full commitment of sufficient lands to afford effective control of operations in the unit area.

Please include the latest status of all acreage when the executed agreement is submitted for final approval. The format of the sample exhibits attached to the model unit agreement (43 CFR 3186.1) should be followed closely in the preparation of Exhibits A and B. A minimum of Four (4) copies of the executed agreement should be submitted with your request for final approval. If you require additional executed copies of the agreement for further distribution, please increase the number of copies accordingly.

If you have questions regarding the above unit, please contact me at (505) 564-7735.

Sincerely,
Jim Lovato
Jim Lovato,
Senior Technical Advisor, Petroleum Engineer

Cc: Federal Indian Minerals Office

