

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-129
Revised August 1, 2011

Submit one copy to appropriate
District Office

NFO Permit No. _____
(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 19.15.18.12

(See Rule 19.15.18.12 NMAC and Rule 19.15.7.37 NMAC) **30-045-35439**

A. Applicant: **WPX Energy Production, LLC**

whose address is: **P.O. Box 640, Aztec, NM 87410,**

hereby requests an exception to Rule 19.15.18.12 until September 25, 2013, for the following described tank battery (or LACT):

Name of Lease: **Chaco 2308-16I #147H**

Name of Pool: **Nageezi Gallup/Basin Mancos**

Location of Battery: Unit Letter I Section 16 Township 23N Range 8W

Number of wells producing into battery One

B. Based upon oil production of 300 barrels per day, the estimated volume

of gas to be flared is **48 MMCF**; Value: **\$2,500** per day.

**RCVD APR 12 '13
OIL CONS. DIV.**

C. Name and location of nearest gas gathering facility:

DIST. 3

Beeline Gas Systems in NE qtr sec 9, T23N, R8W

D. Distance 9,654' Estimated cost of connection \$453,667.00

E. This exception is requested for the following reasons: Please see attached

OPERATOR

I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature Larry Higgins

Printed Name
& Title Larry Higgins, Permit Supervisor

E-mail Address larry.higgins@wpxenergy.com

Date: 4/12/13 Telephone No. (505) 333-1808

OIL CONSERVATION DIVISION

Approved Until _____

By Charles Stein

Title **SUPERVISOR DISTRICT # 3**

Date 4-22-2013

SEE ATTACHED CONDITIONS OF APPROVAL

* Gas-Oil ratio test may be required to verify estimated gas volume.

WPX Energy is requesting an exception to no-flare rule.

The subject well is a horizontal exploration oil well which is approximately 12,000' from the nearest functional gas gathering connection. The estimated cost to install this gas gathering line is \$453,667.

Due to the uncertainty of commercial oil production, the installation of this pipeline was deferred until the well was completed and commercial oil production could be demonstrated.

WPX expects stimulate the well on April 15 and complete this well on May 15. If the well is completed, the contract for pipeline construction will be awarded. WPX has already begun surveying, arch, and permitting on the pipeline route. BLM estimates 4-6 months for the approval process, plus two weeks for construction.

We believe that flaring gas until the gathering line is constructed in warranted for the following reasons:

- (1) Installation of the gas gathering line in advance of demonstrated commerciality on an exploration well is a significant financial risk which potentially could have no payback.
- (2) Post-stimulation shut-in during flowback is harmful to well productivity (SPE49223). "Under no circumstance, other than obvious emergencies, should the well be shut-in prior to hydrocarbon breakthrough, and even afterwards only as a last resort".

WPX originally assumed that delivery to an existing gas gathering line within 550' of this location was feasible, however the pipeline operator deemed that line not operable. Said operator offered to replace the line for \$453,667, and believed that task could be accomplished within the permitted flaring period through regulatory provisions related to line replacement. On further review, BLM determined that a full NEPA analysis was required and the provisions for replacing the pipeline under maintenance provisions were not applicable. In order to expedite the BLM process as much as possible, WPX elected to permit and install the gas gathering line.

CHACO 2308-161 #147H PIPELINE

ID	Task Name	Duration	Start	Finish	March	April	May	June	July	August	September	October	November
1	Meet with BLM	0 days	Thu 3/28/13	Thu 3/28/13		3/28							
2	Survey R/W	19 days	Mon 4/1/13	Fri 4/19/13									
3	BLM on Site	0 days	Wed 4/3/13	Wed 4/3/13		4/3							
4	Arch	26 days	Mon 4/1/13	Fri 4/26/13									
5	EA	26 days	Mon 4/1/13	Fri 4/26/13									
6	EA Review & Rewrite	14 days	Fri 4/26/13	Thu 5/9/13									
7	BLM ID Team Meeting	0 days	Mon 4/15/13	Mon 4/15/13		4/15							
8	Short BLM Turnaround	64 days	Thu 5/9/13	Wed 7/10/13									
9	Construction	17 days	Wed 7/10/13	Fri 7/26/13									
10	Long BLM Turnaround	190 days	Thu 5/9/13	Sat 11/9/13									
11	Construction	17 days	Sat 11/9/13	Mon 11/25/13									
12	Estimated Completion	0 days	Wed 5/15/13	Wed 5/15/13			5/15						
13	Flaring per NMAC 19.15.18.12A	60 days	Wed 5/15/13	Wed 7/10/13									

Perrin, Charlie, EMNRD

Requirements include:

1. Prior to flare, operator to provide a map and information reporting how residents, roads, trees, forest, wildlife area, local ground cover and other areas of concern have been addressed.
2. Flare through a portable flare unit with auto ignition.
3. Red flag days requires 24/7 manned monitoring or the well shut in.
4. Updated C-129 information submitted every 90 days to include volume of gas flared.