Submit 1 Copy To Appropriate District Office
District I – (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II – (575) 748-1283
811 S. First St., Artesia, NM 88210
District III – (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV – (505) 476-3460
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-103
Revised August 1, 2011

WELL API NO. 30-039-31196	
5. Indicate Type of Lease STATE ☒ FEE ☐	
6. State Oil & Gas Lease No. E0683323	
SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)	7. Lease Name or Unit Agreement Name
1. Type of Well: Oil Well ☒ Gas Well ☐ Other	8. Well Number CHACO 2407-32M #158H
2. Name of Operator WPX ENERGY PRODUCTION, LLC.	9. OGRID Number 120782
3. Address of Operator 721 SOUTH MAIN AZTEC NM	10. Pool name or Wildcat LYBROOK GALLUP
4. Well Location Unit Letter M : 396' feet from the SOUTH line and 303' feet from the WEST line Section 32 Township 24N Range 7W NMPM County RIO ARRIBA	
	11. Elevation *(Show whether DR, RKB, RT, GR, etc.)* 7031'

KP

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK ☐	PLUG AND ABANDON ☐	REMEDIAL WORK ☐	ALTERING CASING ☐
TEMPORARILY ABANDON ☐	CHANGE PLANS ☒	COMMENCE DRILLING OPNS. ☐	P AND A ☐
PULL OR ALTER CASING ☐	MULTIPLE COMPL ☐	CASING/CEMENT JOB ☐	
DOWNHOLE COMMINGLE ☐			
OTHER: **CHANGE OF OPS PLANS** ☐		OTHER: ☐	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

WPX plans to adjust the surface depth from 400' to ~320'. Attached is an updated Operational Plan.

RECEIVED
FEB 13 2015
NMOCD
DISTRICT III

Hold C-104 for NSL

Spud Date: Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE TITLE PERMIT TECH III DATE 2/11/15

Type or print name E-mail address: PHONE:

For State Use Only

APPROVED BY: TITLE SUPERVISOR DISTRICT #3 DATE FEB 20 2015

Conditions of Approval (if any): AV

WPXENERGY

WPX ENERGY

Operations Plan

(Note: This procedure will be adjusted on site based upon actual conditions)

DATE:	8/6/2013	**FIELD:**	Lybrook Gallup
WELL NAME:	**Chaco 2407-32M #158H**	**SURFACE:**	State
SHL:	SWSW Sec 32 T24N-R7W	**ELEVATION:**	7,031' GR
BHL:	SESE Sec 32 T24N-R7W		
County:	Rio Arriba	**MINERALS:**	State
MEASURED DEPTH:	**10,321'**	**LEASE #:**	E6833-23

I. **GEOLOGY:** Surface formation – San Jose

A. **FORMATION TOPS:** (KB)

Name	MD	TVD	Name	MD	TVD
Ojo Alamo	1,395	1,392	Point Lookout	4,391	4,376
Kirtland	1,541	1,537	Mancos	4,591	4,576
Pictured Cliffs	1,996	1,990	**Kickoff Point**	**5,217**	**5,202**
Lewis	2,249	2,242	Target Top	5,729	5,634
Chacra	2,955	2,945	**Landing Point**	**6,045**	**5,723**
Cliff House	3,603	3,590	Target Base	6,045	5,723
Menefee	3,696	3,682			
			TD	**10,321**	**5,645**

B. **MUD LOGGING PROGRAM:** Mudlogger on location from surface csg to TD.

C. **LOGGING PROGRAM:** MWD: GR for curve and MWD: GR / SONIC in lateral.

D. **NATURAL GAUGES:** Gauge any noticeable increases in gas flow. Record all gauges in Tour book and on morning reports.

II. **DRILLING**

A. **MUD PROGRAM:** LSND water based mud (WBM) will be used to drill the 8 ¾" Vertical/Directional, and Curve portion of the well. Oil based mud (OBM) will be used to drill the lateral portion of well. Treat for lost circulation as necessary. Obtain 100% returns prior to cementing. Notify Engineering of any mud losses.

B. **BOP TESTING:** While drill pipe is in use, the pipe rams and the blind rams will be function tested once each trip. The anticipated reservoir is expected to be less than **1800 psi**, so the BOPE will be tested to **250 psi (Low) for 5 minutes** and **1500 psi (High) for 10 minutes**. Pressure test surface casing to **600 psi for 30 minutes** and intermediate casing to **1500 psi for 30 minutes.** Utilize a BOPE Testing Unit with a recording chart and appropriate test plug for testing. The drum brakes will be inspected and tested each tour. **All tests and inspections will be recorded in the tour book as to time and results.**

NOTE: Vertical portion of the well (8-3/4") will be vertically/directionally drilled as per attached Directional Plan to +/- 5,217' MD / 5,202' TVD. The 8 ¾" curve portion of wellbore will be drilled and landed at +/- 90 deg. at +/- 6,045' MD / 5,723' TVD. 7" csg. will be set at this point. Will drill the 6-1/8" Lateral as per the Directional Plan to a total depth of +/-10,321' MD / 5,645' (TVD). Will run 4-1/2" Production Casing to TD and cement.

III. MATERIALS

A. CASING PROGRAM:

CASING TYPE	HOLE SIZE	DEPTH (MD)	CASING SIZE	WEIGHT	GRADE
Surface	12.25"	+/-320'	9.625"	36#	J-55
Intermediate	8.75"	6,045'	7"	23#	K-55
Longstring	6.125"	10,321'	4.5"	11.6#	N-80

B. FLOAT EQUIPMENT:

1. SURFACE CASING: 9-5/8" notched regular pattern guide shoe. Run (1) standard centralizer on each of the bottom (4) joints of Surface Casing.

2. INTERMEDIATE CASING: 7" cement nose guide shoe with a self-fill insert float. Place float collar one joint above the shoe. Install (1) centralizer on each of the bottom (3) joints and one standard centralizer every (3) joints to 2,500 ft. Then run (1) centralizer at 2,700', 2,500', 2,300', 2,000', 1,500', and 1,000'.

3. PRODUCTION CASING: Run 4-1/2" casing with cement nose guide Float Shoe + 1jt. of 4-1/2" casing + Float Collar. Number of centralizers to run will be determined by wellbore condition and when Lateral is evaluated by Geoscientists and Reservoir Engineers.

C. CEMENTING:

(Note: Volumes may be adjusted onsite due to actual conditions)

1. SURFACE: 5 bbl Fresh Water Spacer, 100 sx (160 cu.ft.) of 14.5 ppg Type I-II (Neat G) + 20% Fly Ash cement w/ 7.41 gal/sack mix water ratio @ 1.61 cu ft/sx yield. Calculated @ volume + 50% excess. WOC 12 hours. Test csg to 600psi. Total Volume: (160 cu-ft/100 sx/ Bbls).TOC at Surface.

2. INTERMEDIATE: 20 bbl (112 cu-ft) Mud Flush III spacer + Lead: 850 sx Foamed 50/50 Poz Cement. 13.0 ppg (Yield:1.43 cu-ft/ sk. / Vol: 1216 cu-ft) + 0.1% Halad 766 + 0.2% Versaset + 1.5% Chem-Foamer 760 / TOTETANK + TAIL: 100 sx 13.5 #/gal. (Yield: 1.28 cu-ft / sk / Vol: 128 cu-ft) + 0.2% Versaset + 0.15% HALAD-766. + F. Water Displacement (1,511 cu-ft) + 100 sx Top-Out Cement Premium: Yield: (1.17 cu-ft/ sk (Vol: 117 cu-ft). Est TOC: Surface. Test Casing to 1500 PSI for 30 minutes. Total Volume: (1461 cu-ft/1050 sx/260 bbls).

3. PRODUCTION CASING: **STAGE 1**: 40 bbl (224.6 cu-ft) KCL water Spacer + **STAGE 2**:10 bbl (56.cu-ft) Fr Water Spacer.+ **STAGE 3**:40 bbl 10 ppg (224.6 cu-ft) Tuned Spacer III + 0.2 gal/bbl Musol + 38.7 ppb Barite + 0.5 gal/bbl SEM-7. + **STAGE 4**: 10 bbl Fr Water Spacer.+ **STAGE 5**: Lead Cement, 70 sx Premium cmt + 0.1% Halad-766, Yield 1.16 cu ft/sk, 15.8 #/gal, (70 sx / 81.2 cu ft. / 14.46 bbls) **STAGE 6:** Foamed Lead Cement: 240 sx. 50/50 Poz Standard + 0.2% Versaset + 0.2% HALAD-766 + 1.5% Chem-Foamer 760. Yield 1.43 cu-ft/sk ,13.0 ppg. (240sx / 343.2 cu-ft / 61.1bbls) + **STAGE 7**: Tail Cement : 110 sx 50/50 Poz Premium + 0.2% Versaset + .05% HALAD-766 + .05% SA-1015,Yield 1.3 cu-ft/sk,13.5 ppg. (110 sx / 143 cu ft. / 25.46 bbls) **STAGE 8**: Displace w/+/-162 bbl Fr Water. Total Cement (420 sx / 568.5 cu ft / 101.2 bbls). Mix w/ +/- 98,000 SCF Nitrogen. Est. TOC +/- 5,220 ft. Total Volume: (567.4 cu-ft / 420 sx / 101.1 bbls).

IV. COMPLETION

A. CBL

1. Run Cement Bond Log and ensure top of cement is above 7" casing shoe.

B. PRESSURE TEST

1. Pressure test 4-1/2" casing to 5000 psi max, hold at 1500 psi for 30 minutes.

C. STIMULATION

1. Stimulate with approximately 2,805,000# 20/40 mesh sand and 340,000# 16/30 mesh sand in 619,113 gallons water with 42,696 mscf N2 for 17 stages.
2. Isolate stages with flow through frac plug.
3. Drill out frac plugs with CTU and flowback lateral.

D. RUNNING TUBING

1. *Production Tubing:* Run 2-3/8", 4.7#, N-80, EUE tubing with a SN (1.91" ID) on top of bottom joint. Land tubing near landing point of curve (~ 6,000' MD).

- Although this horizontal well will be drilled past the applicable setbacks, an unorthodox location application is not required because the completed interval in this well, as defined by 19.15.16.7 B(1) NMAC,will be entirely within the applicable setbacks . This approach complies with all applicable rules, including 19.15.16.14 A(3) NMAC, 19.15.16.14 B(2) NMAC, 19.15.16.15 B(2)NMAC, and 19.15.16.15. B(4) NMAC.