

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

Form C-103
 Revised August 1, 2011

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

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.)		WELL API NO. 30-039-31196
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator WPX ENERGY PRODUCTION, LLC.		6. State Oil & Gas Lease No. E0683323
3. Address of Operator 721 SOUTH MAIN AZTEC NM		7. Lease Name or Unit Agreement Name
4. Well Location Unit Letter <u>M</u> : 396' feet from the <u>SOUTH</u> line and <u>303'</u> feet from the <u>WEST</u> line Section <u>32</u> Township <u>24N</u> Range <u>7W</u> NMPM County <u>RIO ARRIBA</u>		8. Well Number CHACO 2407-32M #158H
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 7031'		9. OGRID Number 120782
10. Pool name or Wildcat LYBROOK GALLUP		

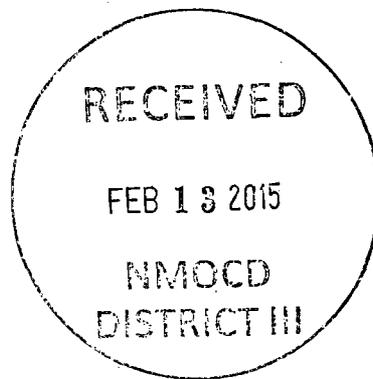
12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input checked="" type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> DOWNHOLE COMMINGLE <input type="checkbox"/> OTHER: CHANGE OF OPS PLANS <input type="checkbox"/>		SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/>	
--	--	---	--

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.

Hold C-104 for NSL



Spud Date:

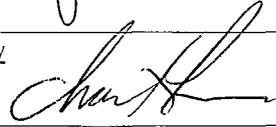
Rig Release Date:

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

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 3/4" 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 3/4" 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:**

<u>CASING TYPE</u>	<u>HOLE SIZE</u>	<u>DEPTH (MD)</u>	<u>CASING SIZE</u>	<u>WEIGHT</u>	<u>GRADE</u>
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.
-