

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



July 8, 2014

WPX Energy Production, LLC
c/o Holland & Hart LLP, Attorneys
Attn: Mr. Adam Rankin

ADMINISTRATIVE NON-STANDARD LOCATION, AND NON-STANDARD PRORATION
UNIT

Administrative Order NSL-7023-A
Administrative Application Reference No. pEH1416430365

Administrative Order NSP-1993
Administrative Application Reference No. pEH1416431215

WPX Energy Production, LLC
OGRID 120782
Chaco 2206-02H Well No. 272H
API No. 30-043-21193

Non-Standard Location

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	1707 FNL & 335 FEL	H	2	22N	6W	Sandoval
Penetration Point	2694 FNL & 430 FEL	H	2	22N	6W	Sandoval
Terminus	2662 FSL & 228 FWL	E	2	22N	6W	Sandoval

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
S/2 N/2 and N/2 SE/4 of Section 2	240	Lybrook Gallup	42289

Reference is made to your application received on June 13, 2014.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed by statewide Rule 19.15.15.9.A NMAC, which provides for 40-acre units, with wells located at least 330 feet

from a unit outer boundary, and Rule 19.15.16.14.B(2) NMAC concerning directional wells in designated project areas. This location is unorthodox because portions of the proposed completed interval are less than 330 feet to the outside boundaries of the proposed project area.

Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A(2) NMAC.

It is our understanding that WPX is seeking this location because they encountered difficulty getting the tool landed at the originally planned azimuth.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 19.15.4.12 (A) 2 NMAC, in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved.

Non-Standard Proration Unit

You have also requested approval of a non-standard proration unit to be included in your proposed project area, as follows:

Units Comprising this Project Area

<u>Unit</u>	<u>Acres</u>	<u>Pool</u>	<u>Code</u>
S/2 N/2 of Section 2	160	Lybrook Gallup	42289
N/2 SE/4 of Section 2	80		

You have requested an exception pursuant to Rule 19.15.16.7.M NMAC, to approve a non-standard oil spacing and proration unit comprising 240-acres, consisting of the entire area described above as the Subject Unit or Project Area.

We understand that you are seeking this exception in order to allow you to create a 240-acre non-standard proration unit, comprised of the S/2 N/2 and N/2 SE/4 of Section 2, Township 22 North, Range 6 West, NMPM, Sandoval County, New Mexico.

It is our understanding that WPX is seeking this approval because WPX encountered difficulty getting the tool landed at the originally planned azimuth; instead, the well penetrated Units, I and J (N/2 SE/4) of Section 2.

It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

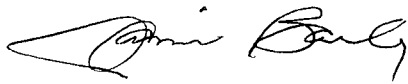
Pursuant to the authority conferred by Division Rule 19.15.15.11.B(2), the above-described non-standard proration unit is hereby approved.

General provisions

The above approvals are subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 19.15.5.9 NMAC.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on July 8, 2014

A handwritten signature in black ink, appearing to read "Jami Bailey". The signature is fluid and cursive, with the first name "Jami" and last name "Bailey" clearly distinguishable.

Jami Bailey
Director

JB/mam

cc: New Mexico Oil Conservation Division – Aztec
New Mexico State Land Office – Oil, Gas, and Minerals