

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



August 26, 2014

WPX Energy Production, LLC
Attn: Ms. Heather Riley

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

Administrative Order NSL-7139
Administrative Application Reference No. pMAM14220556290

Administrative Order NSP-2001
Administrative Application Reference No. pMAM1422056439

WPX Energy Production, LLC
OGRID 120782
Chaco 2306-19E Well No. 189H
API No. 30-043-21188

Non-Standard Location

Proposed Location:

	<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	1757 FNL & 303 FWL	2	19	23N	6W	Sandoval
Penetration Point	2312 FSL & 340 FEL	I	24	23N	7W	Sandoval
Terminus	2196 FNL & 227 FWL	E	24	23N	7W	Sandoval

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
SW/4 NE/4, S/2 NW/4, and N/2 SE/4 of Section 24	200	Lybrook Gallup	42289

Reference is made to your application received on August 8, 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 surface location is outside the project area, and is permitted by Rule 19.15.16.15.B (4) NMAC which allows for surface locations outside project area. 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 to take better advantage of the NW to SE fracture orientation.

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 19.15.15.13 (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>
SW/4 NE/4, S/2 NW/4, N/2 SE/4 of Section 24	200	Lybrook Gallup	42289

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 200-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 200-acre non-standard proration unit, comprised of the SW/4 NE/4, S/2 NW/4, N/2 SE/4 of Section 24, Township 23 North, Range 7 West, NMPM, Sandoval County, New Mexico.

It is our understanding that WPX is seeking this approval because the operator had expected the NE Chaco CA, and new horizontal oil pool to be approved prior to completion of this well.

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.

August 26, 2014

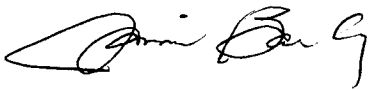
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General provisions

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 August 26, 2014

A handwritten signature in black ink, appearing to read "Jami Bailey", is written over a horizontal line.

Jami Bailey
Director

JB/mam

cc: New Mexico Oil Conservation Division – Aztec
Bureau of Land Management - Farmington