02055558

FORM 4 Rev 12/05

State of Colorado
Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203 Phone: (303)894-2100 Fax:(303)894-2109

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JUL 02 2012
COGCC

SUNDRY NOTICE

Submit original plus one copy. This form is to be used for general, technical and environmental sundry information. For proposed or completed operations, describe in full on Technical Information Page (Page 2 of this form.) Identify well or other facility by API Number or by OGCC Facility ID. Operator shall send an informational copy of all sundry notices for wells located in High Density Areas to the Local Government Designee (Rule 603b.)

1. OGCC Operator Number: 96850
2. Name of Operator: WPX Energy Rocky Mountain, LLC
3. Address: 1001 17th Street, Suite 1200
   City: Denver State: CO Zip: 80202
4. Contact Name: Greg Davis
   Phone: (303) 606-4071
   Fax: (303) 629-8268

Complete the Attachment Checklist

	OP	OGCC
Survey Plat		
Directional Survey		
Surface Eqpmt Diagram		
Technical Info Page	X	
Other		

5. API Number 05-045-20524-00 OGCC Facility ID Number
6. Well/Facility Name: Clough 7. Well/Facility Number NR 512-3
8. Location (QtrQtr, Sec, Twp, Rng, Meridian): NESW Section 3-T6S-R94W
9. County: Garfield 10. Field Name: Rulison
11. Federal, Indian or State Lease Number:

General Notice

☐ **CHANGE OF LOCATION:** **Attach New Survey Plat** (a change of surface qtr/qtr is substantive and requires a new permit)

	FNL/FSL		FEL/FWL	
Change of **Surface** Footage **from** Exterior Section Lines:				
Change of **Surface** Footage **to** Exterior Section Lines:				
Change of **Bottomhole** Footage **from** Exterior Section Lines:				
Change of **Bottomhole** Footage **to** Exterior Section Lines:				

attach directional survey

Bottomhole location Qtr/Qtr, Sec, Twp, Rng, Mer

Latitude | Distance to nearest property line | Distance to nearest bldg, public rd, utility or RR

Longitude | Distance to nearest lease line | Is location in a High Density Area (rule 603b)? Yes/No

Ground Elevation | Distance to nearest well same formation | Surface owner consultation date:

GPS DATA:
Date of Measurement PDOP Reading Instrument Operator's Name

☐ **CHANGE SPACING UNIT**

Formation	Formation Code	Spacing order number	Unit Acreage	Unit configuration

☐ **Remove from surface bond** Signed surface use agreement attached

☐ **CHANGE OF OPERATOR (prior to drilling):**
Effective Date:
Plugging Bond: ☐ Blanket ☐ Individual

☐ **CHANGE WELL NAME** **NUMBER**
From:
To:
Effective Date:

☐ **ABANDONED LOCATION:**
Was location ever built? ☐ Yes ☐ No
Is site ready for Inspection? ☐ Yes ☐ No
Date Ready for Inspection:

☐ **NOTICE OF CONTINUED SHUT IN STATUS**
Date well shut in or temporarily abandoned:
Has Production Equipment been removed from site? ☐ Yes ☐ No
MIT required if shut in longer than two years. Date of last MIT

☐ **SPUD DATE:**

☐ **REQUEST FOR CONFIDENTIAL STATUS** (6 mos from date casing set)

☐ **SUBSEQUENT REPORT OF STAGE, SQUEEZE OR REMEDIAL CEMENT WORK** *submit cbl and cement job summaries

Method used	Cementing tool setting/perf depth	Cement volume	Cement top	Cement bottom	Date

☐ **RECLAMATION:** Attach technical page describing final reclamation procedures per Rule 1004.
Final reclamation will commence on approximately ☐ Final reclamation is completed and site is ready for inspection.

Technical Engineering/Environmental Notice

☒ Notice of Intent Approximate Start Date: 7/2/2012
☐ Report of Work Done Date Work Completed:

Details of work must be described in full on Technical Information Page (Page 2 must be submitted.)

☐ Intent to Recomplete (submit form 2)	☐ Request to Vent or Flare	☐ E&P Waste Disposal
☐ Change Drilling Plans	☐ Repair Well	☐ Beneficial Reuse of E&P Waste
☐ Gross Interval Changed?	☐ Rule 502 variance requested	☐ Status Update/Change of Remediation Plans
☐ Casing/Cementing Program Change	☒ Other: Gas Production Through Csg Holes	for Spills and Releases

I hereby certify that the statements made in this form are, to the best of my knowledge, true, correct and complete.

Signed: Greg Davis Date: 7/2/12 Email: Greg.J.Davis@Williams.com

Print Name: Greg Davis Title: Supervisor Permits

COGCC Approved: David Andrews Title PE II Date: 7/2/2012

CONDITIONS OF APPROVAL, IF ANY:

COGCC Comments: Casing holes have been reported at 5403' and 5432' (in the Wasatch Formation). Gas is migrating up channeled cement from the upper portion of the Williams Fork Formation and through the casing holes into the production casing. There is no Williams Fork or other MesaVerde Group completed interval, and bradenhead pressure has been zero. **COGCC Conditions of Approval:** 1) Production of Williams Fork gas through the Wasatch casing holes is approved for a period not to exceed 12 months. 2) Before the end of the 12-month period, a remediation plan must be submitted on a Sundry Notice, describing planned remediation of the casing holes, all planned cement squeeze(s) above the Williams Fork top of gas, and proposed Williams Fork completion intervals. A post-remediation CBL will be required. 3) During this 12-month approval period, bradenhead pressure shall be monitored and recorded at least weekly, and monthly bradenhead monitoring reports shall be emailed to david.andrews@state.co.us no later than the 10th of the month for the previous month's summary.

FORM 4 Rev 12/05

TECHNICAL INFORMATION PAGE

FOR OGCC USE ONLY
RECEIVED
JUL 02 2012
COGCC

1. OGCC Operator Number: 96850 API Number: 05-045-20524-00
2. Name of Operator: WPX Energy Rocky Mountain, LLC OGCC Facility ID #
3. Well/Facility Name: Clough Well/Facility Number: NR 512-3
4. Location (QtrQtr, Sec, Twp, Rng, Meridian): NESW Section 3-T6S-R94W

This form is to be completed whenever a Sundry Notice is submitted requiring detailed report of work to be performed or completed. This form shall be transmitted within 30 days of work completed as a "subsequent" report and must accompany Form 4, page 1.

5. **DESCRIBE PROPOSED OR COMPLETED OPERATIONS**

See attached e-mail dated 6/29/12.

Andrews, David

From: Burt, Samuel [Samuel.Burt@wpxenergy.com]
Sent: Friday, June 29, 2012 2:42 PM
To: Andrews, David
Cc: Tannehill, Julie; Hejl, Kent; Davis, Gregory
Subject: RE: NR 512-3 update

Dave,

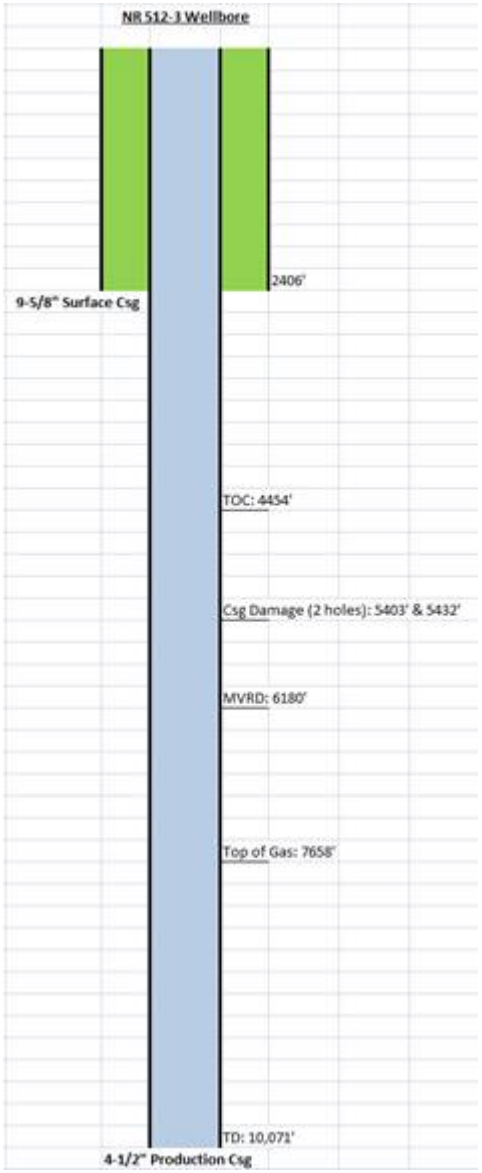
As per our earlier conversation today, here is the information you requested:

- MVRD: 6180'
- Top of Cement: 4454'
- The CBL can be found at the following site:

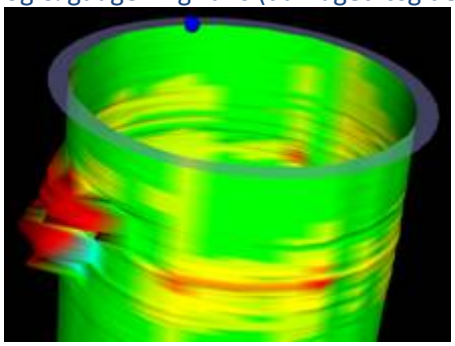
  https://www.dropbox.com/s/43l29hrdo0u8run/WPX%20CLOUGH%20NR%20512-3%20CBL.PDF

Here are some additional information to summarize the situation:

- Wellbore diagram outlining TOC, damage, MVRD, TOG, and TD

- 

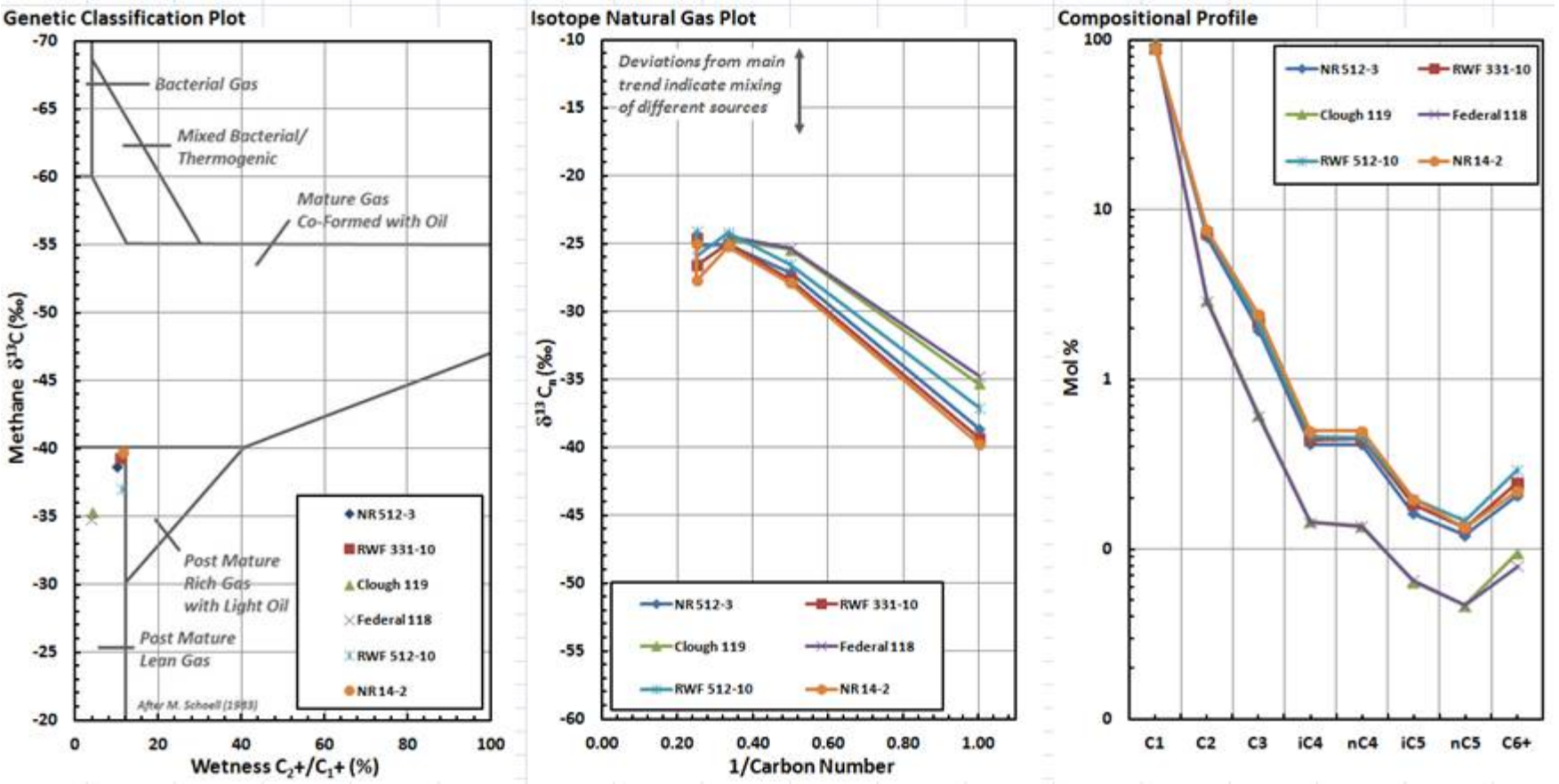
- **Timeline of events**
  - Spud: 11/5/11
  - TD well: 11/30/11
  - Winter Stipulations through May 2012
  - Logged CBL: 5/1/12 – No notable casing issues
  - Well Control Issue Identified: 5/19/12

- Control well & swap out washed-out tubing head assembly: 5/20 & 5/21/12, respectively
- Caliper log & gauge ring runs (damaged csg depths located): 5/29/12
  - 
- Temp log and production survey run (confirmed gas produced only through csg holes and not up through casing): 5/31/12
- Gas samples taken: 6/7/12
- Down-hole camera run: 6/10/12
- Well dead due to hydrostatic pressure: 6/11/12 – present
- Gas sample analysis results (indicated Upper Williams Fork source): 6/27/12

Given the fact that the gas is from the Williams Fork and not from the Wasatch formation, WPX Energy would like approval to produce the well through the casing holes for several reasons.

Firstly, HSE is always of great concern to WPX. Flowing the well will keep pressure off the backside. Given the proximity to TOC, WPX would feel better flowing the well than shutting it in and allowing pressure to build. Running in the hole with a tubing string would not only aide in production, but also provide means to easily maintain well control and possibly kill the well if need be.

Secondly, WPX is permitted to produce gas from the Williams Fork formation. Gas samples were taken from the NR 512-3, as well as from the closest bottom-hole Wasatch (Clough 119 & Federal 118) and Williams Fork (RWF 331-10, NR 14-2, & RWF 512-10) wells, for comparison purposes. Samples were tested for composition, isotopes, and wetness. Conclusive results indicate that the gas being produced from the NR 512-3 is from the Upper Williams Fork. Please refer to the graphs below for gas analysis results:



Lastly, the well is located in an area that is highly undeveloped. Thus, there is limited data available for reservoir modeling. This situation provides a unique opportunity to learn more about the shallow Williams Fork reservoir in the North Rulison area. How do we learn about the reservoir in this case? Only an open-hole (OH) log has been run to date. WPX would like to run a cased-hole (CH) log at this time. After producing the well through next spring, another CH log would be run. The neutron curve would then be compared to the earlier CH log to help identify reservoir depletion…providing the source depth(s) of the produced gas through the current casing holes.

Completing any zones below the casing damage will require remediation (squeeze and casing patch) of the holes. The current market environment does not make such remediation operations very attractive at this point in time. Likewise, searching for the source of this Upper Williams Fork gas would also be less economic if WPX has to perforate all the suspect sands. Although unfortunate, these casing holes can still be of use and provide the same valuable information. WPX will gladly file appropriate variance request forms with the State of Colorado.

Please let me know your thoughts and concerns regarding our proposed plan. We are committed to providing you with any information you may need to help make an informed decision.

Thanks,
Tyler

Samuel "Tyler" Burt
Completions Engineer - Piceance Asset
WPX Energy
1001 17th St |Ste 1200 |Denver |CO 80202
O: 303-260-4527
M: 303-579-1239
E: Samuel.Burt@WPXenergy.com

From: Andrews, David [mailto:David.Andrews@state.co.us]
Sent: Tuesday, June 05, 2012 8:14 AM
To: Hejl, Kent
Cc: Burt, Samuel; Tannehill, Julie
Subject: RE: NR 512-3 update

Kent,

Thanks for the update. When you are ready to remediate, please email your procedure on a Sundry Notice (Notice of Intent) and include a pdf copy of the production casing CBL. Do not send a duplicate hard copy of the Sundry Notice.

Thanks,

David D. Andrews, P.E., P.G.
Engineering Supervisor - Western Colorado

State of Colorado
Oil and Gas Conservation Commission
707 Wapiti Court, Suite 204
Rifle, Colorado 81650
Office Phone: (970) 625-2497 Ext. 1
Cell Phone: (970) 456-5262
Fax: (970) 625-5682
E-mail: David.Andrews@state.co.us
Website: http://www.colorado.gov/cogcc

From: Hejl, Kent [mailto:Kent.Hejl@wpxenergy.com]
Sent: Tuesday, June 05, 2012 7:59 AM
To: Andrews, David
Cc: Burt, Samuel; Tannehill, Julie; Hejl, Kent
Subject: RE: NR 512-3 update

Dave,

We've ran a caliper log on the NR 512-3, API # 05-045-20524. Based on the caliper log we have a hole in the 4 ½" production casing string at `5432', we also have some damage at ~5403'. We also ran, in combination, a spinner survey and a temperature log. The spinner and temperature log, confirmed that the well is flowing from the hole at ~5432'. The temperature log does not indicate we have any flow from below this point. We are going to continue our investigation a bit further before we put together a remediation plan.

We're going to have a gas sample analyzed to try to determine the origin of the gas. We are also looking into running a camera down the 4 ½" casing to try and understand the extent of the damage and possibly learn a bit about what happened to cause the casing to fail.

We are currently flowing the well to sales, it's flowing at 600 psi on a 20/65" choke, ~1mmcf/day. Our geologist are also look at logs on the NR 512-3 well and off set wells to see if they can determine the source of the gas flowing from the hole at ~5432'.

I'll continue to update you on ongoing operations.

Thanks

Kent Hejl
District Completion Manager
Office: (970) 263-2715
Cell: (970) 629-2404
kent.hejl@wpxenergy.com
WPXENERGY

From: Hejl, Kent
Sent: Thursday, May 24, 2012 10:24 AM
To: 'david.andrews@state.co.us'
Cc: Burt, Samuel; Tannehill, Julie
Subject: NR 512-3 follow up e-mail

Dave,

Here is some information on the issues we talked about on Tuesday the 22nd.

We may have an issue with the integrity of the 4 ½" production casing string on the NR 512-3 well, API# 05-045-20524. For reasons to be determined, the 4 ½" production casing started flowing on May 19th, no completion operation had began. The production casing string is 4 ½" P-110, 11.6# set at 10,060', the casing was ran and cemented on December 3, 2011. We are currently working to find it issue with the 4 ½" production casing, until we pin point the problem I don't have an answer on how we are going to remediate.

The surface casing on this well is 9 5/8" is H-40,32# & J-55,36# set at 2406', there is no pressure on the Bradenhead at this time.

When find out what may have caused the 4 ½" production casing to flow we will update you with our findings, at that time we should have a remediation plan in place.

Thank you

Kent Hejl
District Completion Manager
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Cell: (970) 629-2404
kent.hejl@wpxenergy.com