



March 21, 2014

Colorado Oil and Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, Colorado 80203
Attention: Matt Lepore, Director

RE: GM 703-4-HN1
Lot 5, Section 4-T7S-R96W
Grand Valley Field
Garfield County, Colorado

Dear Mr. Lepore:

WPX Energy Rocky Mountain, LLC, the operator, ("WPX") requests an exception location be granted. Also, WPXENERGY has obtained a waiver from the offset mineral owners as well as the Bureau of Land Management. This signed document with Exhibits has been submitted with the permit application.

WPX is seeking a permit to drill the following proposed Niobrara **horizontal** well to be located on federal lease COC-024603 in Garfield County, Colorado:

GM 703-4-HN1 (the "Well")

Township 7 South, Range 96 West, 6th P.M.

Surface Location:

Section 4: Lot 5 (SE/4NW/4) – 1,407' FWL and 1967' FNL

Bottom Hole Location:

Section 9: SE/4NW/4 – 1,407' FWL and 1,997' FNL

WPX has obtained a permit to drill a Niobrara **horizontal** well with a surface location and bottom hole location on federal lease COC-024603 described as follows:

GM 706-4-HN2 (the "Permitted Well")

Township 7 South, Range 96 West, 6th P.M.

Surface Location:

Section 4: Lot 5 (SE/4NW/4) – 1,965' FNL and 1,392' FWL

Bottom Hole Location:

Section 9: SW/4NW/4 – 1,887' FNL and 538' FWL

The Offset Mineral Owners are the same owners in both the Well, the Permitted Well and in federal lease COC-024603.

WPX proposes to drill the Well closer than 1,200 feet to the well bore of Permitted Well. WPX proposes to drill and complete the Permitted Well in a higher stratum in the Niobrara. The Well is proposed to drill a deeper stratum of the Niobrara that would be approximately 775 feet lateral distance and 300 feet vertical distance away from the Permitted Well wellbore. Pressure testing conducted by WPX between

two wells completed in the different stratum of the Niobrara and separated by comparable distances indicated pressure isolation. It is believed the proposed wells will not be in communication. WPX gathered micro-seismic data using the GM 743-4 vertical well and the GM 701-4-HN1. Both of these wells are also located on federal lease COC-24603. The micro-seismic surveys gathered data that helped establish the proper well bore spacing for future horizontal wells in the Niobrara and Mancos.

The Colorado Oil and Gas Conservation Commission Rules and Regulations, Location of Wells number 318(a) states the following:

Wells 2,500 feet or greater in depth. A well to be drilled two thousand five hundred (2,500) feet or greater shall be located not less than six hundred (600) feet from any lease line, and shall be located not less than one thousand two hundred (1,200) feet from any other producible or drilling oil or gas well when drilling to the same common source of supply, unless authorized by order of the Commission upon hearing.

The Colorado Oil and Gas Conservation Commission Rules and Regulations, Location of Wells number 318(c) states the following:

Exception locations. The Director may grant an operator's request for a well location exception to the requirements of this rule or any order because of geologic, environmental, topographic or archaeological conditions, irregular sections, a surface owner request, or for other good cause shown provided that a waiver or consent signed by the lease owner toward whom the well location is proposed to be moved, agreeing that said well may be located at the point at which the operator proposes to drill the well and where correlative rights are protected. If the operator of the proposed well is also the operator of the drilling unit or unspaced offset lease toward which the well is proposed to be moved, waivers shall be obtained from the mineral interest owners under such lands. If waivers cannot be obtained from all parties and no party objects to the location, the operator may apply for a variance under Rule 502.b. If a party or parties object to a location and cannot reach an agreement, the operator may apply for a Commission hearing on the exception location.

If you have any questions or concerns please contact me directly at 303-606-4086.

Sincerely,



Reed Haddock
WPX Energy Rocky Mountain, LLC
1001 17th Street, Suite 1200
Denver, CO 80202