

December 28, 2015



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

Re: Request for Rule 318.c. Exception Location
Federal RU 331-8 Well (API #05-045-22770)
Township 7 South, Range 93 West, 6th P.M.
Surface location: NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 8 – 628' FNL & 1,907' FWL
Bottomhole location: NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 8 – 504' FNL & 2,656' FEL

Dear Mr. Lepore:

WPX Energy Rocky Mountain, LLC ("WPX"), hereby requests the Colorado Oil and Gas Conservation Commission ("Commission" or "COGCC") staff administratively approve a Rule 318.c. exception location for the Federal RU 331-8 well (the "Well"). WPX is leaseholder (along with Encana Oil & Gas (USA) Inc. ("Encana")) for the N $\frac{1}{2}$ NW $\frac{1}{4}$ and E $\frac{1}{2}$ of Section 8, Township 7 South, Range 93 West, 6th P.M. (the "Subject Lands"), under Federal Lease COC 50944.

COGCC Rule 318.c. allows the Director to administratively approve a request for well location exception from Rule 318. or any order due to 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, where the consent of the mineral interest owner may also be required if the operator of the proposed well is also owner of the minerals towards which the operator proposes to drill the well.

On July 23, 2007, the Commission issued Order No. 139-76 which, among other things, approved the equivalent of one well per 10 acres for certain lands found in Township 7 South, Ranges 93 and 94 West, 6th P.M., including the Subject Lands, for the production of gas and associated hydrocarbons from the Williams Fork Formation, permitting any Williams Fork wells to be located downhole anywhere upon the lands but no closer than 100 feet from a lease line or unit boundary, unless the lease line or unit boundary abuts or corners lands which have not been approved for 10-acre density drilling of the Williams Fork Formation, in which event the permitted well will be located no closer than 200 feet from the lease line or unit boundary.



On January 15, 2015, the COGCC approved an Application for Permit-to-Drill (“APD”) for the Well (the planned bottomhole location of the Well moved to 504’ FNL & 2,656’ FEL of Section 8, Township 7 South, Range 93 West, 6th P.M., by amending the APD on June 18, 2015).

On August 27, 2015, WPX filed an application under Docket No. 151000609 to establish an approximate 320-acre drilling and spacing unit for the E½ of Section 8, Township 7 South, Range 93 West, 6th P.M. (the “Application Lands”), for the production of gas and associated hydrocarbons from the Williams Fork Formation, and pool all interests within the proposed unit, for the development and operation of the Williams Fork Formation. Subsequently, WPX and Encana entered into a joint operating agreement covering the Application Lands, which led to WPX withdrawing its request to pool interests.

On October 26, 2015, the Commission issued Order No. 139-123 which, among other things, approved an approximate 320-acre drilling and spacing unit for the Application Lands, for the production of gas and associated hydrocarbons from the Williams Fork Formation, permitting any Williams Fork wells to be located downhole anywhere upon the lands but no closer than 100 feet from a lease line or unit boundary, unless the lease line or unit boundary abuts or corners lands which have not been approved for 10-acre density drilling of the Williams Fork Formation, in which event the permitted well will be located no closer than 200 feet from the lease line or unit boundary. An unintended consequence of this Order was the planned bottomhole location for the Well became illegal, in that, the location would be approximately 58’ from the unit boundary.

WPX has obtained waivers to the exception location for the Well from Encana, the lease owner toward whom the well location is proposed to be moved, and the Bureau of Land Management, the mineral interest owner towards which the operator proposes to drill the well. Attached please find a copy of the executed Waiver of Objection to Exception Location.

The planned bottomhole location for the Well is an important part of WPX’s plan of development for the resource in the Subject Lands, which provides for efficient reservoir drainage and assures greater ultimate recovery of the hydrocarbons. Further, correlative rights of working interests and royalty owners will be protected should this request for exception location be approved.



Therefore, WPX requests the COGCC staff administratively approve a Rule 318.c. exception location for the Well. Should you have any questions or concerns regarding this request, please contact me.

Sincerely,

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

Vicki Schoeber
Regulatory Specialist
WPX Energy Rocky Mountain, LLC

Attachment