Susana Martinez Governor

Ken McQueen Cabinet Secretary

Matthias Sayer Deputy Cabinet Secretary Heather Riley, Division Director Oil Conservation Division



New Mexico Oil Conservation Division approval and conditions listed below are made in accordance with OCD Rule 19.15.7.11 and are in addition to the actions approved by BLM on the following <u>3160-5</u> form.

Operator Signature Date: **Original APD 9/20/2017** Sundry Extension Date 12/3/2018

WELL INFORMATION: ENCANA OIL & GAS (USA) INC. 30-043-21293 VENADO CANYON UNIT #207H

Conditions of Approval: (See the below checked and handwritten conditions)

✓ Notify Aztec OCD 24hrs prior to casing & cement.

Hold C-104 for directional survey & "As Drilled" Plat

- O Hold C-104 for NSL, NSP, DHC,
- O Spacing rule violation. Operator must follow up with change of status notification on other well to be shut in or abandoned

Regarding the use of a pit, closed loop system or below grade tank, the operator must comply with the following as applicable:

A pit requires a complete C-144 be submitted and approved prior to the construction or use of the pit, pursuant to 19.15.17.8.A

A closed loop system requires notification prior to use, pursuant to 19.15.17.9.A

A below grade tank requires a registration be filed prior to the construction or use of the below grade tank, pursuant to 19.15.17.8.C

Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string

Submit Gas Capture Plan form prior to spudding or initiating recompletions operations.

Regarding Hydraulic Fracturing, review EPA Underground Injection Control Guidance 84

December 17, 2018 Page 2

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✓ Oil base muds are not to be used until fresh water zones are cased and cemented providing isolation from the oil or diesel. This includes synthetic oils. Oil based mud, drilling fluids and solids must be contained in a steel closed loop system.

Well-bore communication is regulated under 19.15.29 NMAC. This requires well-bore Communication to be reported in accordance with 19.15.29.8.

Comply with current regulations at time of spud Prior to production operator needs to be in compliance with RULE 19.15.5.9

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NMOCD Approved by Signature

<u>12/13/18</u> Date

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