

DATE IN 08/06/13	SUSPENSE	ENGINEER DB	LOGGED IN 08/08/13	TYPE NSL	APP NO. PRG 1322053749
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ABOVE THIS LINE FOR DIVISION USE ONLY

## NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



6852

### ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

#### Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]  
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]  
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]  
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]  
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]  
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

#### [1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication  
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify \_\_\_\_\_

#### [2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners  
 [B] ☒ Offset Operators, Leaseholders or Surface Owner  
 [C] ☐ Application is One Which Requires Published Legal Notice  
 [D] ☐ Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office  
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,  
 [F] ☐ Waivers are Attached

#### [3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Michael H. Feldewert  
 Print or Type Name

Signature

Title

Date

e-mail Address

Attorney  
 8/16/13  
 m.feldewert@hollandhart.com



August 6, 2013

**VIA HAND DELIVERY**

Jami Bailey  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

**Re: Application of Encana Oil & Gas (USA) Inc. for administrative approval of an unorthodox well location in the Gallegos-Gallup Associated Pool for its Bisti H09-2510 01H well in the N/2 of Section 9, Township 25 North, Range 10 West, N.M.P.M., San Juan County, New Mexico.**

Dear Ms. Bailey:

Encana Oil & Gas (USA) Inc. (OGRID No. 282327) seeks administrative approval of an unorthodox well location for its Bisti H09-2510 01H well located in the N/2 of Section 9, Township 25 North, Range 10 West. This area is subject to the Special Rules and Regulations for the Gallegos-Gallup Oil Pool ("Gallegos-Gallup Rules") adopted by the Commission under R-3707 and the General Rules And Regulations For The Associated Oil And Gas Pools Of Northwest New Mexico And Southeast New Mexico ("General Associated Pool Rules") adopted by the Commission under Order R-5353. Since Rule 3(a) of the Gallegos-Gallup Rules and Rule 2 of the Special Rules provides for 80-acre oil spacing units, Rule 4(a) of the Gallegos-Gallup Rules and Rule 2(b) of the General Associated Pool Rules require any oil well to be located no closer than 790 feet to any quarter section line. Encana seeks an exception to this setback requirement for its Bisti H09-2510 01H horizontal well.

Enclosed as **Exhibit A** is an Amended C-102 reflecting the location of the Bisti H09-2510 01H horizontal well. It reflects that the completed interval encroaches on the quarter section lines to the South, Southeast, Southwest, East and West of the N/2 of Section 9, but remains at least 330 feet from these quarter section lines. Encana believes that this location is necessary to efficiently develop the Gallegos-Gallup oil reserves underlying this Section.

Rule 4(b) of the Gallegos-Gallup Rules and Rule 2(c) of the General Associated Pool Rules allows the "Secretary-Director of the Commission" to grant an exception to the well location requirements so long as no "offset operators" object to the application.

HOLLAND & HART<sup>LLP</sup>



Enclosed as **Exhibit B** is a land plat showing the operators of existing Gallegos-Gallup wells, leases, and all working interest in these leases for the spacing units to the South, Southeast, Southwest, East and West of the N/2 of Section 9.

**Exhibit C** is a complete list of these parties. A copy of this application with all attachments has been sent by certified mail to each of these parties advising them that if they have an objection it must be filed in writing with the division within 20 days from the date the division receives this application.

Your attention to this application is appreciated.

Sincerely,

Michael H. Feldewert  
ATTORNEYS FOR ENCANA OIL & GAS (USA).

cc: David K. Brooks, Oil Conservation Division

District I  
1625 N French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax (575) 393-0720  
District II  
811 S First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax (575) 748-9720  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to  
appropriate  
District Office

☒ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number 30-045-35341	<sup>2</sup> Pool Code 26980	<sup>3</sup> Pool Name GALLEGOS-GALLUP (ASSOCIATED) POOL
<sup>4</sup> Property Code 39159	<sup>5</sup> Property Name BISTI H09-2510	<sup>6</sup> Well Number 01H
<sup>7</sup> GRID No. 282327	<sup>8</sup> Operator Name ENCANA OIL & GAS (USA) INC.	<sup>9</sup> Elevation 6635.7

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	9	25-N	10-W		2183'	NORTH	475'	EAST	SAN JUAN

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	9	25-N	10-W		2181'	NORTH	343'	WEST	SAN JUAN

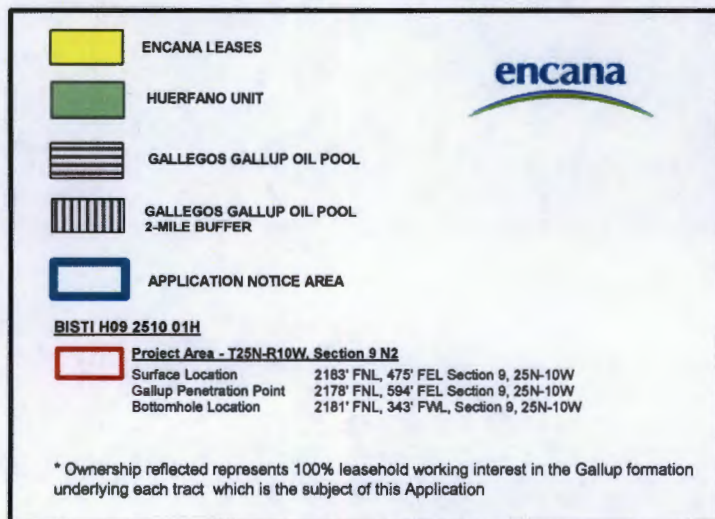
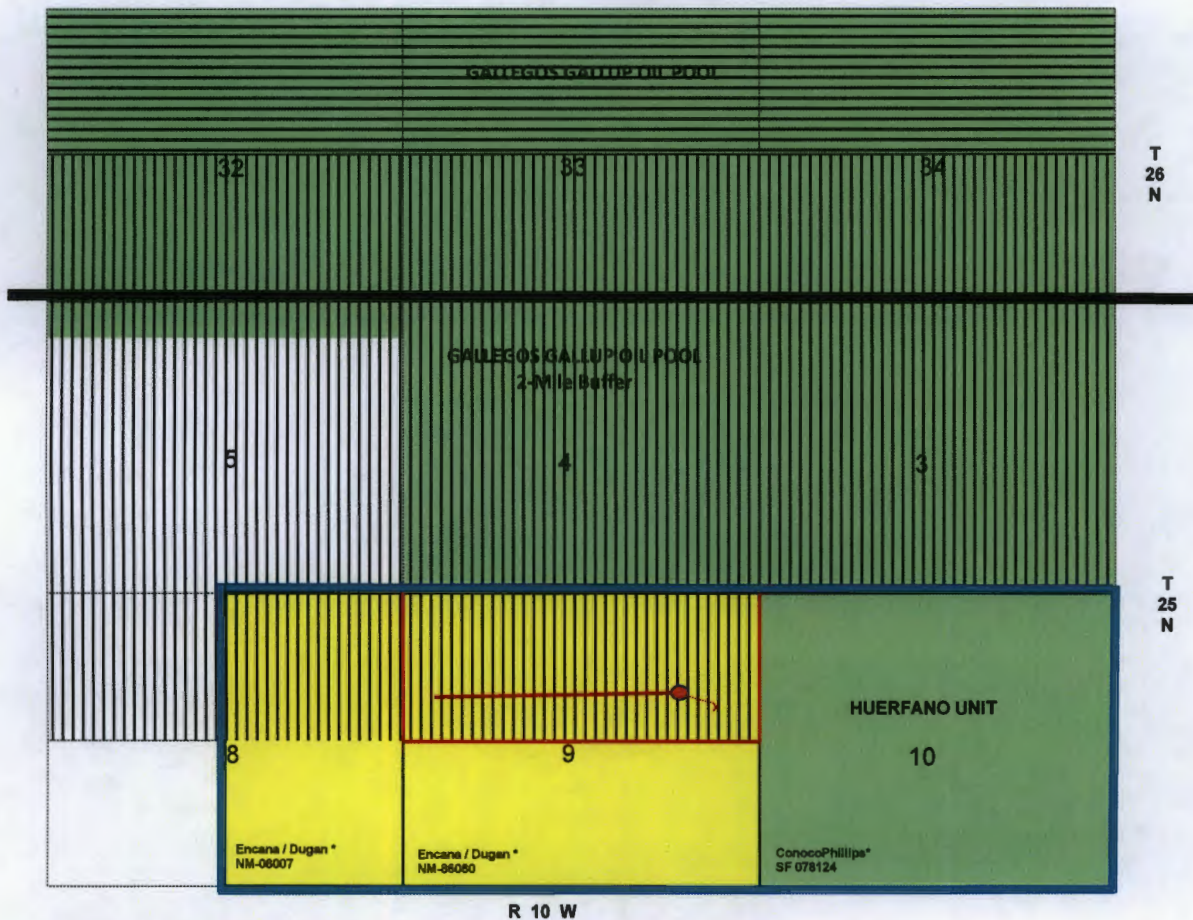
<sup>12</sup> Dedicated Acres 320 (N/2)	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

<p><sup>16</sup></p> <p>S89°59'08"W 2635.27'(M)</p> <p>S89°56'W 79.84 Chains (R)</p> <p>ENCANA OIL &amp; GAS (USA) INC. BISTI H09-2510 01H <b>AS DRILLED</b></p> <p>DUGAN LATE #1 S WELL HEAD</p> <p>S89°52'48"W 4339.67' BH TIE</p> <p>343' BHL</p> <p>FD BLM 3 1/4" BRASS CAP 2006</p> <p>ENCANA OIL &amp; GAS (USA) INC. BISTI H09-2510-01H BOTTOM HOLE: LAT. 36.41684°N-NAD 83 LONG. 107.90967°W-NAD 83 LAT. 36.41683°N-NAD 27 LONG. 107.90905°W-NAD 27</p>	<p>S89°52'49"W 2635.69'(M)</p> <p>FD QLO 2 1/2" BRASS CAP 1932</p> <p>ENCANA OIL &amp; GAS (USA) INC. BISTI H09-2510-01H SURFACE LOCATION LAT. 36.41685°N-NAD 83 LONG. 107.89453°W-NAD 83 LAT. 36.41683°N-NAD 27 LONG. 107.89392°W-NAD 27</p> <p>PENETRATION POINT 2178' FNL 594' FEL</p> <p>N87°07'45"W 114.02' TIE</p> <p>FD QLO 2 1/2" BRASS CAP 1932</p>	<p><sup>17</sup> OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><u>Holly Hill</u> 3/25/13 Signature Date</p> <p>Holly Hill Printed Name</p> <p>holly.hill@encana.com E-mail Address</p> <p><sup>18</sup> SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>JULY 02, 2012 Date of Survey</p> <p><u>WILLIAM E. MAHNE</u> Signature and Seal of Professional Surveyor</p> <p>WILLIAM E. MAHNE II Certificate Number 8466</p>
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EXHIBIT

A



## Exhibit B

Encana Oil & Gas (USA) Inc.  
Application for Exception to Rule 4(a)  
Non-Standard Location  
**Bisti H09 2510 01H**  
Gallegos Gallup Oil Pool  
San Juan County, New Mexico



**Exhibit C**

**Notification List for Application for approval of an unorthodox well location in the  
Gallegos-Gallup Associated Pool: N/2 of Section 9, T-25-N, R-10-West**

ConocoPhillips  
3401 East 30th Street  
Farmington, NM 87402  
Attention: Patrick H. Noah

Dugan Production Corp.  
709 East Murray Drive  
Farmington, NM 87401-6649

HOLLAND & HART<sup>LLP</sup>



**Michael H. Feldewert**  
Recognized Specialist in the Area of  
Natural Resources - oil and gas law - New  
Mexico Board of Legal Specialization  
mfeldewert@hollandhart.com

August 6, 2013

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO AFFECTED PARTIES**

**Re: Application of Encana Oil & Gas (USA) Inc. for administrative approval of an unorthodox well location in the Gallegos-Gallup Associated Pool for its Bisti H09-2510 01H well in the N/2 of Section 9, Township 25 North, Range 10 West, N.M.P.M., San Juan County, New Mexico.**

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from this date with the applicant and the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this application, please contact the following:

Mona L. Binion  
Encana Oil & Gas (USA) Inc.  
370 17th Street, Suite 1700  
Denver, Colorado 80202  
(720) 876-5325  
[mona.binion@encana.com](mailto:mona.binion@encana.com)

Sincerely,

Michael H. Feldewert  
ATTORNEYS FOR ENCANA OIL & GAS (USA) INC.