

DATE IN 08/06/13	SUSPENSE	ENGINEER DB	LOGGED IN 08/06/13	TYPE NSL	APP NO PPAG 1322054731
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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



6957

**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

30-039-31148  
Escrito E26-2407 \*IH  
Encara

[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. Feldenwert

Print or Type Name

Signature

Title

Date

e-mail Address

Attorney  
mfeldenwert@holandhart.com

8/6/13



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

2013 AUG 6 PM 4:31  
RECEIVED

**Re: Application of Encana Oil & Gas (USA) Inc. for administrative approval of an unorthodox well location in the Escrito-Gallup Associated Pool for its Escrito E26 2407 01H well in the N/2 of Section 27, Township 24 North, Range 7 West, N.M.P.M., Rio Arriba County, New Mexico.**

Dear Ms. Bailey:

Encana Oil & Gas (USA) Inc. (OGRID No. 282327) seeks administrative approval of an unorthodox well location for its Escrito E26 2407 01H well (API 30-039-31148) located in the N/2 of Section 27, Township 24 North, Range 7 West. This area is subject to the General Rules And Regulations For The Associated Oil And Gas Pools Of Northwest New Mexico And Southeast New Mexico ("General Associated Pool Rules") as well as Special Rules And Regulations For The Escrito-Gallup Associated Pool ("Special Rules") adopted by the Commission under Order R-5353. Since Rule 2 of the Special Rules provides for 80-acre oil spacing units, Rule 2(b) of the General Associated Pool Rules requires 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 existing Escrito E26-2407 horizontal well.

Enclosed as **Exhibit A** is an Amended C-102 reflecting the final location of the Escrito E26-2407 01H horizontal well. It reflects that the completed interval encroaches on the quarter section lines to the East, West, South, Southeast and Southwest of the Project Area located in the N/2 of Section 27, but remains at least 330 feet from these quarter section lines. Encana believes that this location is necessary to efficiently develop the Gallup oil reserves underlying this Section.

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 LLP



Enclosed as **Exhibit B** is a land plat showing the operators of existing Gallup wells, leases, and all working interests in these leases for the spacing units to the East, West, South, Southeast and Southwest of the Project Area located in the N/2 of Section 27.

**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  
1800 E. French Dr., Hobbs, N.M. 88240  
Phone: (505) 596-6121 Fax: (505) 596-6780

DISTRICT II  
611 E. First St., Artesia, N.M. 88210  
Phone: (505) 746-1800 Fax: (505) 746-0780

DISTRICT III  
1000 Rio Bravo Rd., Aztec, N.M. 87410  
Phone: (505) 884-6170 Fax: (505) 884-6170

DISTRICT IV  
1800 E. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-8480 Fax: (505) 476-8480

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised August 1, 2011

Submit one copy to appropriate  
District Office

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <b>30-039-31148</b>	<sup>2</sup> Pool Code <b>22619</b>	<sup>3</sup> Pool Name <b>ESCRITO-GALLUP (Associated)</b>
<sup>4</sup> Property Code	<sup>5</sup> Property Name <b>ESCRITO E26-2407</b>	<sup>6</sup> Well Number <b>01H</b>
<sup>7</sup> OGRID No. <b>282327</b>	<sup>8</sup> Operator Name <b>ENCANA OIL &amp; GAS (USA) INC.</b>	<sup>9</sup> Elevation <b>6766.9'</b>

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
E	26	24N	7W		1766'	NORTH	431'	WEST	RIO ARRIBA

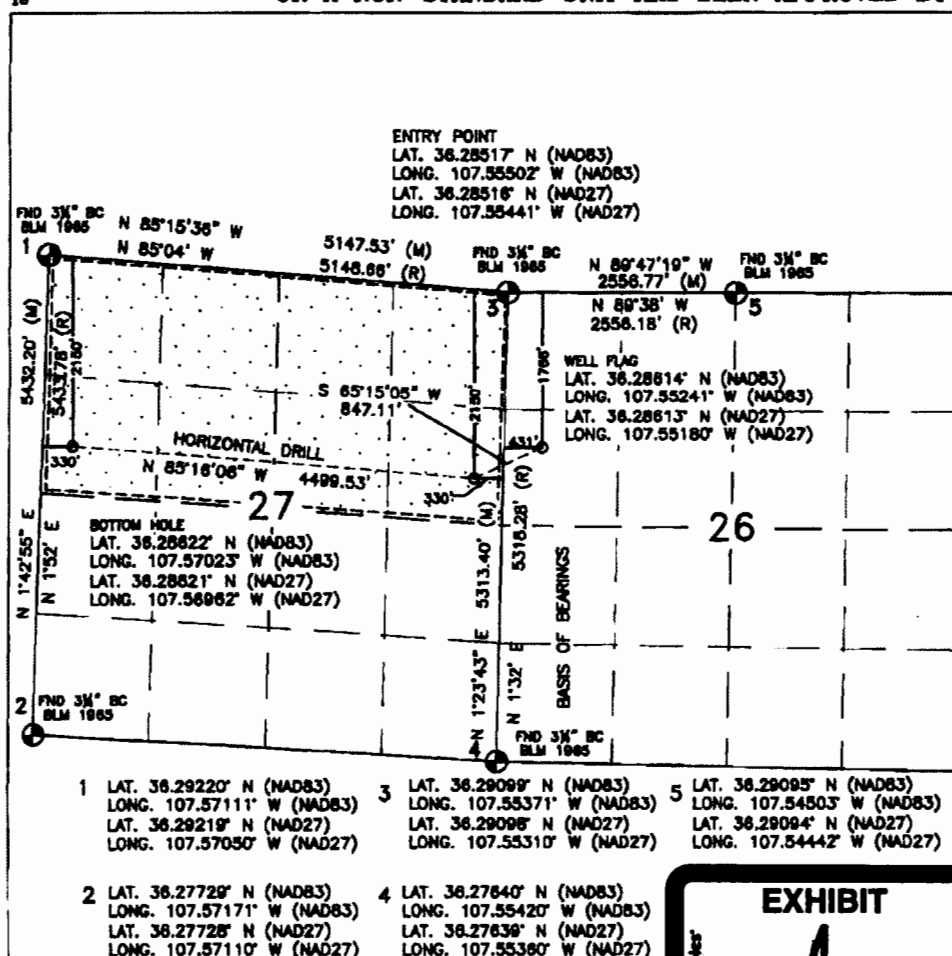
<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
E	27	24N	7W		2150'	NORTH	330'	WEST	RIO ARRIBA

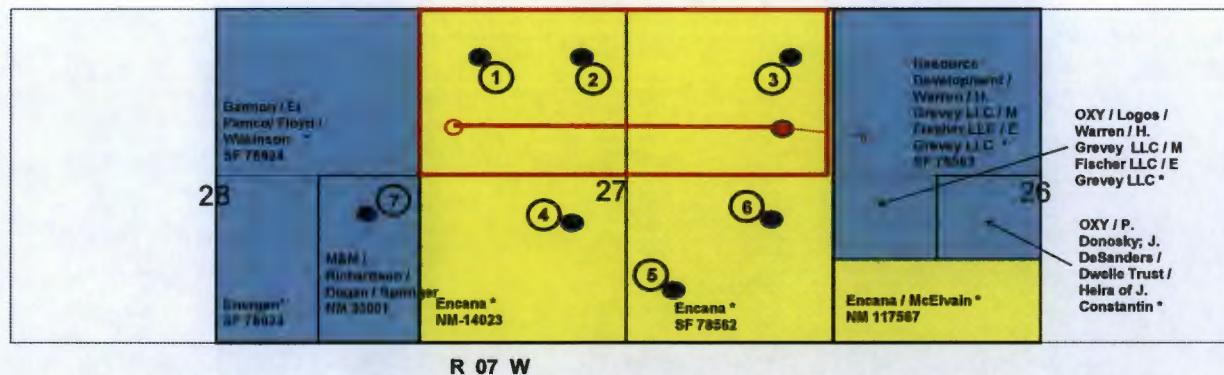
<sup>12</sup> Dedicated Acres <b>PROJECT AREA 320.00 ACRES N/2 SEC. 27</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION





16

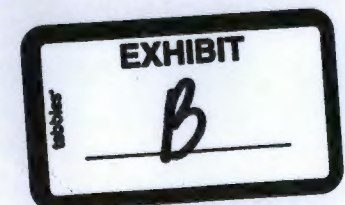


**Encana Oil & Gas (USA) Inc.**  
**Application for Exception to Rule 4.(a)**  
**Non-Standard Location**  
**Escrito Gallup Oil Pool**  
**Rio Arriba County, New Mexico**



**T  
24  
N**

	Encana Leases		<u>Existing Gallup Wells</u>	
	Non-Encana Leases		(1) Ernest #1 W2NW S27-24-07 Encana (Formerly QEP) Escrito Gallup	(5) Federal 1-27 #1 40-acre spacing unit SWSE S27-24-07 QEP Escrito Gallup
	<u>Escrito E26 2407 01H</u>		(2) Ernest #2 E2NW S27-24-07 Encana (Formerly QEP) Escrito Gallup	(6) Lybrook 7-27 #2 NESE S27-24-07 QEP Escrito Gallup
	<u>Project Area - T24N-R07W, Section 27 N2</u>		(3) Lybrook #7 E2NE S27-24-07 Encana (formerly (QEP) Escrito Gallup	(7) Magnum #1 NESE S28-24-07 M&M Production & Operation Escrito Gallup
	Surface Location 1766' FNL, 431' FWL , Section 26 24N-07W		(4) F-27-24-7 #1 E2SW S27-24-07 Encana (formerly (QEP)	
	Gallup Penetration Point 2150' FNL, 330' FEL , Section 27, 24N-07W			
	Bottomhole Location 2150' FNL, 330' FWL, Section 27, 24N-07W			



**Exhibit C**

**Notification List for Application for approval of an unorthodox well location in the  
Escrito-Gallup Associated Pool: N/2 of Section 27, T-24-N, R-7-West**

M & M Production & Operation Inc.  
5006 Sandalwood Drive  
Farmington, NM 87402

Michael Richardson  
5200 Vail Drive  
Denver, CO 80222

Dugan Production Corp.  
709 East Murray Drive  
Farmington, NM 87499

Jeannie Springer  
c/o Donna Salmon  
8929 White Wing  
Rio Verde, AZ 85263

Bannon Energy, Inc.  
3934 FM 1960 West, Suite 401  
Houston, TX 77068

El Pamco, Inc.  
800 Loma Linda Place, SE  
Albuquerque, NM

Floyd Revocable Living Trust and  
Successors in Trust  
4408 Royene NE  
Albuquerque, NM 87110

Wilkinson Revocable Living Trust -  
Credit Shelter Trust  
512 Liguana SW  
Albuquerque, NM 87104

Energen Resources Corporation  
2010 Afton Place  
Farmington, NM 87401

Resources Development Technology, LLC  
P. O. Box 1020  
Morrison, CO 80465

Oxy USA, Inc.  
P. O. Box 50250  
Midland, TX 79710

Logos Resources, LLC  
5001 N. Butler building 7101  
Farmington, NM 87401

Warren, Inc.  
324 Sandia Savings Building  
Albuquerque, NM 87102

Helen H. Grevey LLC  
2015 Wyoming BLVD NE  
Albuquerque, NM 87112

Marianne Fischer, LLC  
2015 Wyoming BLVD NE  
Albuquerque, NM 87112

Eileen Grevey, LLC  
2015 Wyoming BLVD NE  
Albuquerque, NM 87112

Patricia Sue Donosky  
4412 Lakeside Drive  
Dallas, TX 75205

Judy DeSanders  
4203 Abbott  
Dallas, TX 75225

R.E. & P.D. Dwelle Living Trust dated 11/2/2006  
Richard E. Dwelle & Peggy D. Dwelle Trustees  
123 Penny Lane  
Athens, TX 75751

Heirs of Estate of Jules Constantin, Deceased  
c/o Constantin Foundation  
4809 Cole Avenue, Lock Box #127  
Dallas, TX 75205-3578

T. H. McElvain Oil & Gas LLP  
1050 17th Street, Suite 2500  
Denver, CO 80202

**HOLLAND & HART**



**Michael H. Feldewert**  
Recognized Specialist in the Area of Natural  
Resources - oil and gas law - New Mexico  
Board of Legal Specialization  
[mfeldewert@hollandhart.com](mailto: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 Escrito-Gallup Associated Pool for its Escrito E26 2407 01H well in the N/2 of Section 27, Township 24 North, Range 7 West, N.M.P.M., Rio Arriba 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  
ATTORNEY FOR ENCANA OIL & GAS (USA) INC.