

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



October 3, 2013

EnCana Oil & Gas (USA) Inc.
c/o Mr. Michael H. Feldewert
Holland & Hart LLP

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-6867
Administrative Application Reference No. pPRG1325560046

Encana Oil & Gas (USA) Inc.
OGRID 282327
Escrito I24-2409 Well No. 1H
API No. 30-045-35322

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	1935 FSL & 205 FEL	I	24	24N	9W	San Juan
Terminus	1935 FSL & 330 FWL	L	24	24N	9W	San Juan

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
S/2 of Section 24	320	Basin Mancos Gas Pool	97232

Reference is made to your application received on September 12, 2013.

You have requested to drill this horizontal well at an unorthodox location described above in the referenced pool or formation. This location is governed by statewide Order No. R-12984, which provides for 320-acre units, with wells located at least 660 feet from a unit outer boundary, and Rule 15.16.14.B(2) [19.15.16.14.B(2) NMAC] concerning directional wells in designated project areas. This location is unorthodox because portions of the proposed completed interval are less than 660 feet from an outer boundary of the project area.

Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

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It is our understanding that you are seeking this location for geologic and engineering reasons.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9 [19.15.15.9 NMAC].

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey", with a stylized, cursive script.

Jami Bailey
Director

JB/db

cc: New Mexico Oil Conservation Division – Aztec
United States Bureau of Land Management