

DATE IN 10/22/13	SUSPENSE	ENGINEER DB	LOGGED IN 10/24/2013	TYPE NSL	PPRG 1329763454
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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



6896

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 _____

Encana Oil & Gas
 Lybrook H04-2208* JH
 30-045-35328

- [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

Attorney
 Title

10/22/13
 Date

mfeldewert@hollandhart.com
 e-mail Address



October 22, 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 Basin Mancos Gas Pool (97232) for its Lybrook H04-2208 01H well in the S/2 N/2 of Section 4, Township 22 North, Range 8 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 **Lybrook H04-2208 01H**, a horizontal well with a surface location and a bottom hole location in the N/2 of Section 4, Township 22 North, Range 8 West. This area is subject to the Special Rules and Regulations for the Basin Mancos Pool ("Basin Mancos Rules") adopted by the Commission under R-12984, which requires 320-acre spacing units and wells to be no closer than 660 feet to the outer boundary of the spacing unit. Two standup 320-acre spacing units in Section 4 will be combined to form a 640-acre project area for this proposed well. The penetration point of the proposed well will be in Unit H of Section 4 at a location 1980 feet from the north line and 398 feet from the east line. The bottom hole location is located in Unit E at 1980 feet from the north line and 330 feet from the east line.

Enclosed as **Exhibit A** is the approved C-102 for the Lybrook H04-2208 01H horizontal well. It reflects that the W/2 and the E/2 of Section 4 have been combined to form a 644.03 project area for this well, and that the completed interval encroaches towards the spacing units to West and East of Section 4, but remains at least 330 feet from the spacing unit boundary. Encana believes that this location is necessary to efficiently develop the Basin Mancos reserves underlying Section 4. Rules 19.15.15.13(B) and 19.15.4.12(A)2 NMAC allow the director to grant an exception to the well location requirements so long as no affected party, as defined in the Division Rules, objects to the application.



Enclosed as **Exhibit B** is a land plat showing the leases and all working interest owners in the spacing units to the West and East of Section 4. It reflects that the ownership is common between the adjoining spacing units and the spacing unit containing the proposed unorthodox well location. Nonetheless, since the NW/4 of adjoining Section 10 contains a federal lease that is not included in the project area, a copy of this application with all attachments has been sent by certified mail to the BLM and Dugan 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. See **Exhibit C**.

Your attention to this matter is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael H. Feldewert".

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

cc: David K. Brooks, Oil Conservation Division

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



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 3160-4 or 3160-5 form.

Operator Signature Date: May 14, 2013

Well information:

API Well #	Well Name	Well #	Operator Name	Type	Stat	County	Surf. Owner	UT	Sec	Twp	N/S	Rng	W/E
30-045-35328-00-00	LYBROOK H04 2208	001H	ENCANA OIL & GAS (USA) INC.	O	N	San Juan	F	H	4	22	N	8	W

Conditions of Approval:

Hold C-104 for: NSL/ "As Drilled" C102/ Directional Survey

NMOCD Approved by Signature

JUN 11 2013

Date



RECEIVED

Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

MAY 15 2013

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON New Mexico Field Office
Do not use this form for proposals to drill or recomplete an
abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NM 55836

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
Encana Oil & Gas (USA) Inc.

3a. Address
370 17th Street, Suite 1700
Denver, CO 80202

ATTN: AMANDA CAVOTO

3b. Phone No. (include area code)
720-876-3437

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
SHL: 1980' FNL and 330' FEL Section 4, T22N, R8W
BHL: 1980' FNL and 330' FWL Section 4, T22N, R8W

7. If Unit of CA/Agreement, Name and/or No.

RCVD JUN 4 '13

8. Well Name and No.
Lybrook H04-2208 01H OIL CONS. DIV.

9. API Well No.
30-045-35328 DIST. 3

10. Field and Pool or Exploratory Area
Basin Mancos

11. Country or Parish, State
San Juan, New Mexico

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☒ Notice of Intent

☐ Acidize

☐ Deepen

☐ Production (Start/Resume)

☐ Water Shut-Off

☐ Subsequent Report

☐ Alter Casing

☐ Fracture Treat

☐ Reclamation

☐ Well Integrity

☐ Final Abandonment Notice

☐ Casing Repair

☐ New Construction

☐ Recomplete

☒ Other Revise dedicated

☒ Change Plans

☐ Plug and Abandon

☐ Temporarily Abandon

acres, request removal

☐ Convert to Injection

☐ Plug Back

☐ Water Disposal

of timing stipulations

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Encana Oil & Gas (USA) Inc. (Encana) would like to change the BHL footage from 1980' FNL and 2310' FEL Section 5, T22N, R8W to 1980' FNL and 330' FWL Sec 4, T22N, R8W.

Encana would also like to amend the casing program (to 9 5/8" surface casing, 7" intermediate casing and 4 1/2" production casing), the pilot hole depth (from 5863' to 5014'), BOP and directional plans. Please see attached wellbore diagram, 10-point drilling plan, pipe specs, BOP diagram and directional plan.

The New Mexico Oil Conservation Division (OCD) has informed Encana of the applicability and interpretation of the Basin Mancos Gas Pool (Order Number 12984, Pool Code 97232), which applies to the Lybrook H04-2208 01H well. Therefore, Encana wishes to increase the project area for this well from 240 to 644 acres. Please see attached C-102.

Encana also requests permission to remove the recreation timing restrictions (Special Stipulation 5).

CONDITIONS OF APPROVAL

Adhere to previously issued stipulations.

BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

14. I hereby certify that the foregoing is true and correct.

Name (Printed/Typed)

Amanda Cavoto

Title Engineering Technologist

Signature

Amanda Cavoto

Date

5/14/13

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Troy L. Salyers

Title Petroleum Engineer

Date 5/28/2013

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

FFO

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

NMOCD AV

District I
1625 N. French Drive, Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II
811 S. First Street, 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 Drive, Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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 Drive
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-35328	*Pool Code 97232	*Pool Name BASIN MANCOS
*Property Code 39160	*Property Name LYBROOK H04-2208	*Well Number 01H
*GRID No. 282327	*Operator Name ENCANA OIL & GAS (USA) INC.	*Elevation 6850'

¹⁰ Surface Location

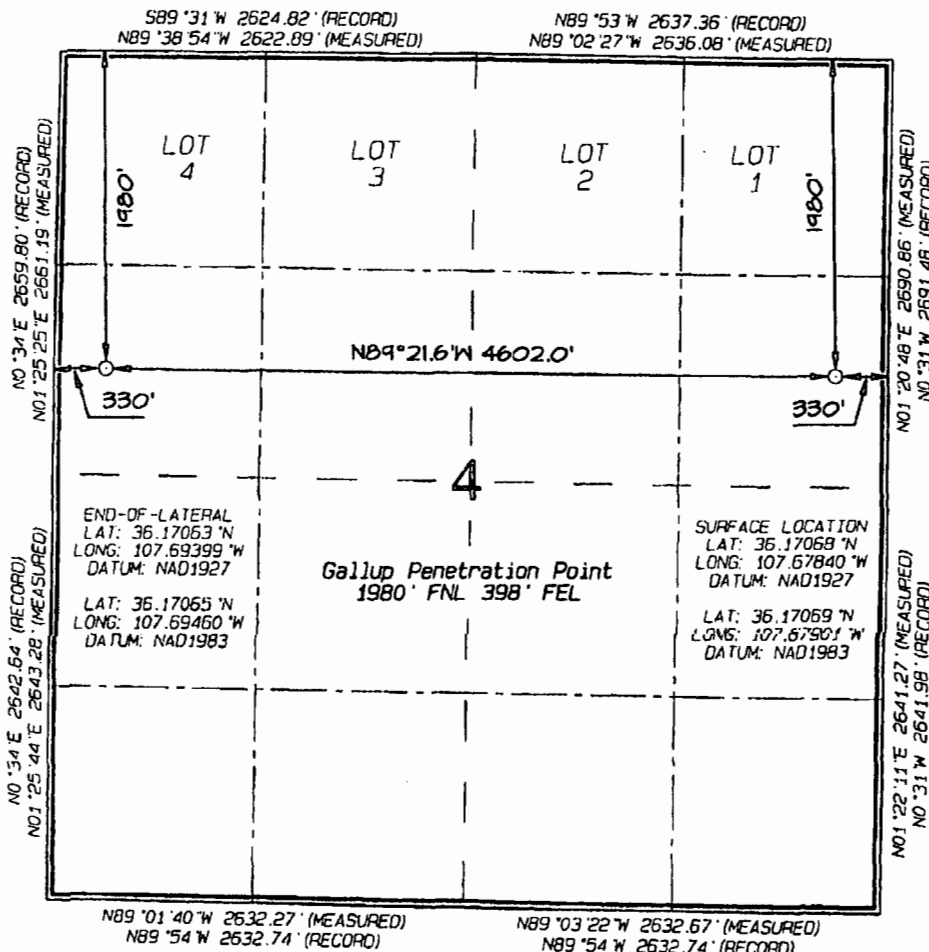
UL or lot no.	Section	Township	Range	Lot 10n	Feet from the	North/South line	Feet from the	East/West line	County
H	4	22N	8W		1980	NORTH	330	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 10n	Feet from the	North/South line	Feet from the	East/West line	County
E	4	22N	8W		1980	NORTH	330	WEST	SAN JUAN

*Dedicated Acres 644.03 Acres Entire Section 4	*Joint or Infill	*Consolidation Code	*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



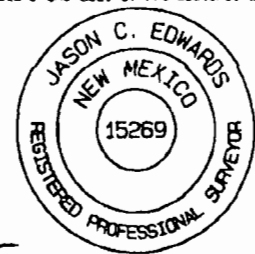
¹⁷ OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to 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.

Signature
Brenda R. Linster, Regulatory Lead
Printed Name
brenda.linster@encana.com
E-mail Address

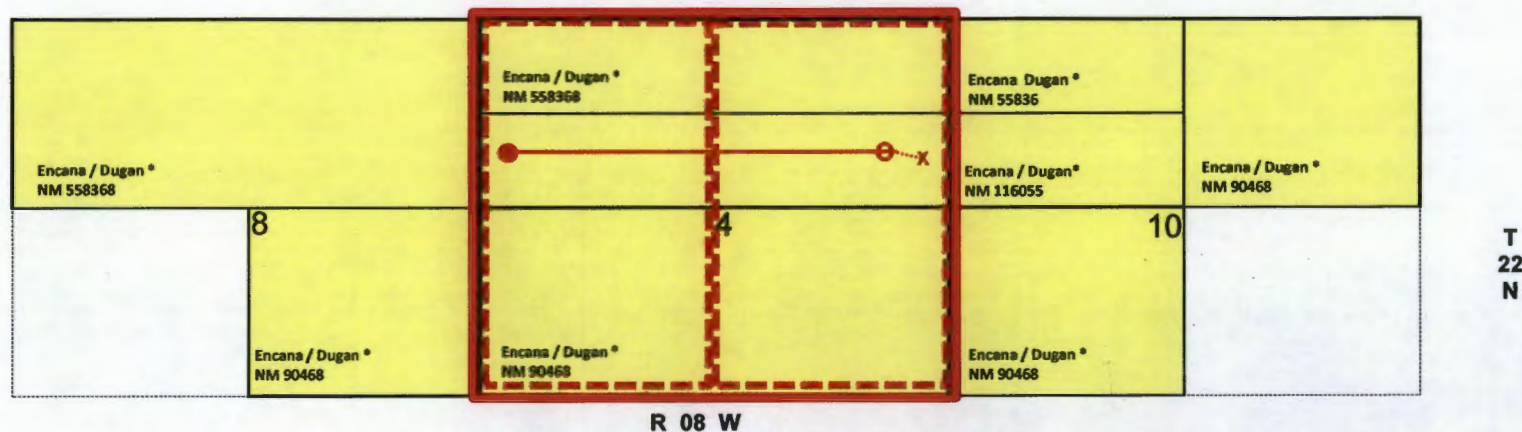
¹⁸ SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date Revised: APRIL 3, 2013
Date of Survey: APRIL 4, 2012

Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269



All Lands depicted on this map are located within boundary of Basin Mancos Gas Pool



Encana Leases



Basin Mancos Spacing Unit



Project Area

T22N-R08W, Section 4 All

LybrookLH04 2208 01H

Surface Location 1980' FNL, 330' FEL Section 4, 22N-08W
 Gallup Penetration Point 1980' FNL, 398' FEL Section 4, 22N-08W
 Bottomhole Location 1980' FNL, 330' FWL Section 4, 22N-08W

* Ownership reflected represents 100% leasehold working interest in the Basin Mancos underlying each tract which is the subject of this Application

Exhibit B

Encana Oil & Gas (USA) Inc.
 Application for Exception to Rule 2. C. (1)
 Non-Standard Location
 Basin Mancos Gas Pool
 San Juan County, New Mexico



Exhibit C

**Notification List for Application for approval of an unorthodox well location in the
Basin Mancos Pool: N/2 of Section 4, T-22-N, R-8-West**

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

Bureau of Land Management
Farmington Field Office
6251 College Blvd. Suite A
Farmington, NM 87402

HOLLAND & HART LLP



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

October 22, 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 Basin Mancos Gas Pool (97232) for its Lybrook H04-2208 01H well in the N/2 of Section 4, Township 22 North, Range 8 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

Sincerely,

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