

DATE IN 10/24/13	SUSPENSE	ENGINEER DB	LOGGED IN 10/28/13	TYPE NSL	APP NO PPRG 1330154146
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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



*Separated two wells/
single application to
two applications*

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]

6810

[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 M27-2366 #4H
30-043-21151*

[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]
 Signature

Attorney
 Title

10/24/13
 Date

mfeldewert@hollandhart.com
 e-mail Address



October 24, 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 unorthodox well locations in the Counselor Gallup-Dakota Oil Pool (13379) for its Lybrook M27-2306 02H and Lybrook M27-2306 04H wells in Section 28, Township 23 North, Range 6 West, N.M.P.M., Sandoval 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 M27-2306 02H and Lybrook M27-2306 04H wells. Encana intends to drill the above mentioned horizontal laterals within two (2) miles of the Counselors Gallup-Dakota Oil Pool. The Counselors Gallup-Dakota Oil pool is a listed pool under Division Order R-12984, and is therefore governed by the Special Rules and Regulations adopted under Division Order R-7034. Rule 2 of these special rules require 160 acres spacing units and Rule 4 require all wells to be located no closer than 660 feet to the outer boundary of the spacing unit. The SE/4 and the SW/4 of Section 28, T-23-N, R-6-West will be combined to form the project area for these proposed wells.

As reflected on the enclosed Exhibits A-1 and A-2, the penetration point for the Lybrook M27-2306 02H well will be 330 feet from the East boundary of the S/2 of Section 28, and the penetration point for the Lybrook M27-2306 04H well will be 330 feet from the East and 550 feet from the South boundaries of the S/2 of Section 28. The above mentioned wells are therefore unorthodox under these special rules.

Rule 5 of the Special Rules, as well as 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 **Exhibits A1 and A2** are the C-102s for the Lybrook M27-2306 02H and the Lybrook M27-2306 04H reflecting the location of the proposed wells.

HOLLAND & HART LLP



Enclosed as **Exhibit B** is a land plat showing the leases and all working interest owners in the spacing units to the East, South and Southeast of Section 28.

JMJ Land is the only party affected by this application. Enclosed as **Exhibit C** is JMJ Land's waiver of the 20 day notice period and acceptance of the proposed non-standard locations. Since different federal leases are involved, the BLM has been notified of this application.

Your attention to this matter is appreciated.

Sincerely,

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

cc: David K. Brooks, Oil Conservation Division

BLM
Farmington Field Office
6251 College Blvd. Suite A
Farmington, NM 87402

Submit one copy to
Appropriate District Office

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

OIL CONSERVATION DIVISION

1220 South St. Francis Drive
Santa Fe, NM 87505

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-043-21151		*Pool Code 13379	*Pool Name COUNSELORS GALLUP--DAKOTA
*Property Code 40082	*Property Name LYBROOK M27-2306		*Well Number 04H
*OGRID No. 282327	*Operator Name ENCANA OIL & GAS (USA) INC.		*Elevation 7132'

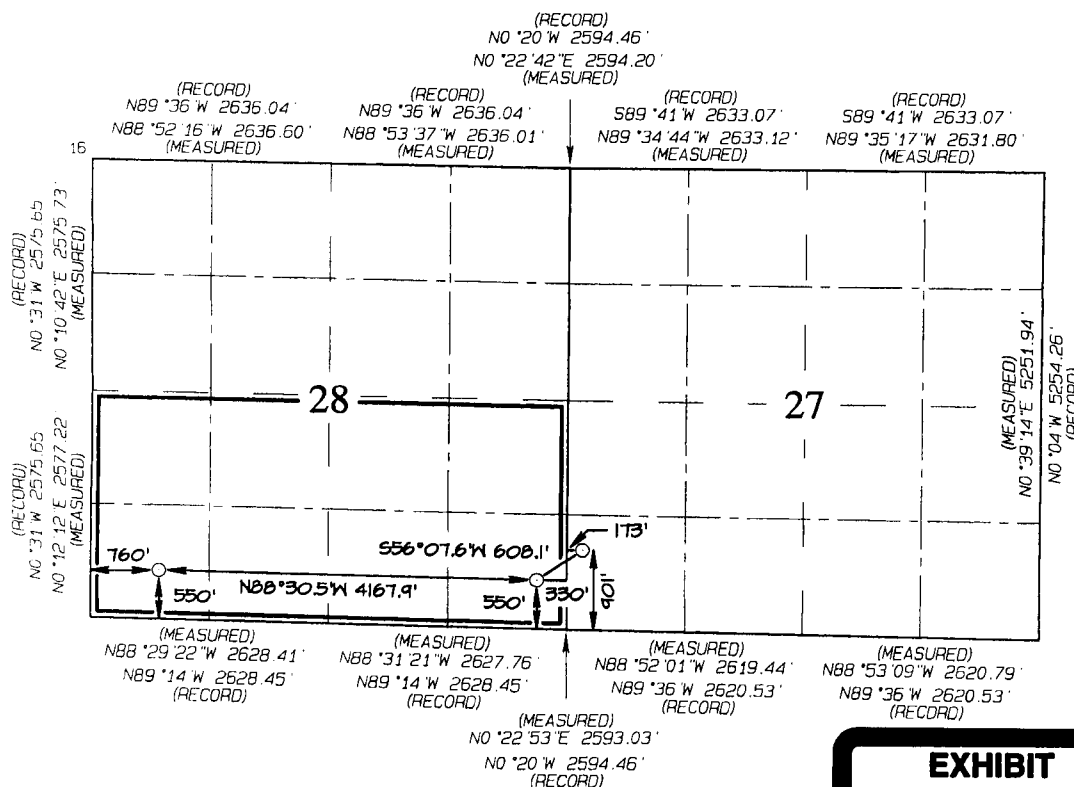
10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	27	23N	6W		901	SOUTH	173	WEST	SANDOVAL

¹¹ 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
M	28	23N	6W		550	SOUTH	760	WEST	SANDOVAL
¹² Dedicated Acres					¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.
320.00 Acres S/2 - Section 28									

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



END-OF-LATERAL
550' FSL 760' FWL
SECTION 28, T23N, R6W
LAT: 36.19079°N
LONG: 107.47907°W
DATUM: NAD1927

LAT: 36.19080°N
LONG: 107.47967°W
DATUM: NAD1983

POINT-OF-ENTRY
550' FSL 330' FEL
SECTION 28, T23N, R6W
LAT: 36.19063°N
LONG: 107.46495°W
DATUM: NAD1927

LAT: 36.19065°N
LONG: 107.46555°W
DATUM: NAD1983

SURFACE LOCATION
901' FSL 173' FWL
SECTION 27, T23N, R6W
LAT: 36.19158 °N
LONG: 107.46325 °W
DATUM: NAD1927

LAT: 36.19160 °N
LONG: 107.46386 °W
DATUM: NAD1983

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.

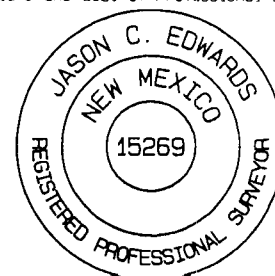
Signature _____ Date _____
Holly Hill
Printed Name _____
holly.hill@encana.com
E-mail Address _____

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: OCTOBER 17, 2013
Survey Date: DECEMBER 5, 2012

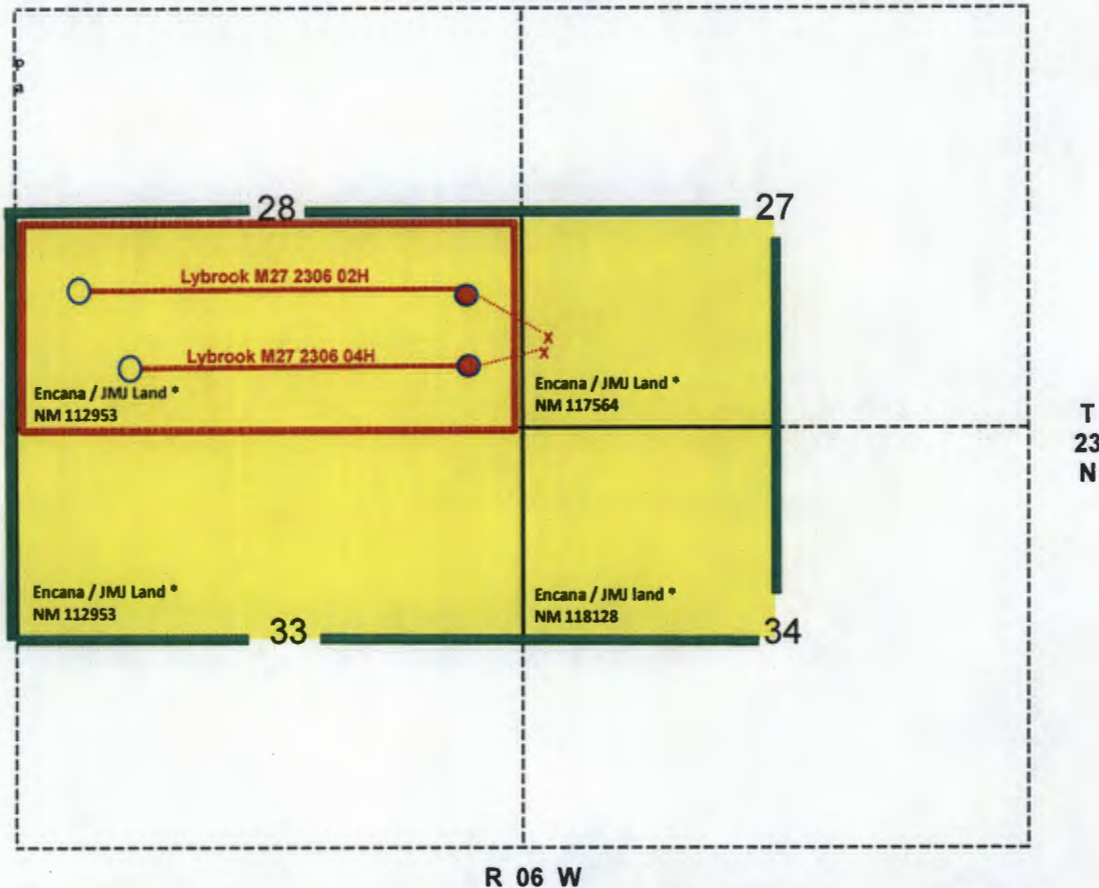
Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

Exhibit B


Encana Oil & Gas (USA) Inc. Application for Exception to Rule 4 Non-Standard Location Counselor's Gallup Oil Pool



1330

All Lands depicted on this map are located within 2-Mile buffer surrounding the boundary of Counselor's Gallup Oil Pool

 Encana Oil & Gas Leases

 **Project Area - T23N-R06W, Section 28 S2**

Lybrook M27 2306 02H

Surface Location 931' FSL 177' FWL, Section 27, 23N-06W
Gallup Penetration Point 1880' FSL, 330" FEL, Section 28, 23N-06W
Bottomhole Location 1880' FSL, 660' FWL, Section 28, 23N-06W

Lybrook M27 2306 04H

Surface Location 901' FSL 173' FWL, Section 27, 23N-06W
Gallup Penetration Point 550' FSL, 330' FEL, Section 28, 23N-06W
Bottomhole Location 550' FSL, 760' FWL, Section 28, 23N-06W

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



EXHIBIT

B

Lisamarie Ortiz

From: McCool, Wade [Billy.McCool@encana.com]
Sent: Monday, October 14, 2013 12:03 PM
To: Kofoed, Georgia G.; Binion, Mona
Subject: FW: Waiver of 20 Day Notice Period for Lybrook M27 02H & 04H and Lybrook E27 01H & 03H (URGENT; ACTION REQUESTED)

Importance: High

B. Wade McCool
Land Negotiator, San Juan Basin
Encana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700
Denver, Colorado 80202
Office: (720) 876-5965
Cell: (918) 521-6654
Fax: (720) 876-6965

From: James Strickler [mailto:jamesstrickler@msn.com]
Sent: Monday, October 14, 2013 11:37 AM
To: McCool, Wade; matthew strickler
Subject: RE: Waiver of 20 Day Notice Period for Lybrook M27 02H & 04H and Lybrook E27 01H & 03H (URGENT; ACTION REQUESTED)
Importance: High

Wade,

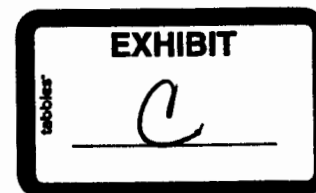
JMJ Land and Minerals accepts your non standard location applications for the subject wells as described below.

Thanks,

James R. J. Strickler, President
JMJ Land and Minerals Company
2204 N. Santiago Ave.
Farmington, NM 87401
505-402-3248, cell

From: Billy.McCool@encana.com
To: jamesstrickler@msn.com; aventinellc@gmail.com
Subject: Waiver of 20 Day Notice Period for Lybrook M27 02H & 04H and Lybrook E27 01H & 03H (URGENT; ACTION REQUESTED)
Date: Mon, 14 Oct 2013 16:43:50 +0000

James,



Holland & Hart, in behalf of Encana, will be submitting an Application for administrative approval of a Non Standard Location the following JM/J/Encana wells:

- brook E27 2306 01H: Encana will be requesting a 330' setback from the East line of Section 28; 23N, 6W as an exception to the 660' setback for the applicable pool.
- brook E27 2306 03H: Encana will be requesting a 330' setback from the East line of Section 28; 23N, 6W as an exception to the 660' setback for the applicable pool.
- brook M27 2306 02H: Encana will be requesting a 330' setback from the East line of Section 28; 23N, 6W as an exception to the 660' setback for the applicable pool.
- brook M27 2306 04H: Encana will be requesting a 330' setback from the East line and a 550' setback from the South line of Section 28; 23N, 6W as an exception to the 660' setback for the applicable pool.

In order to prevent conflicts in our scheduling, we respectfully request JM/J's support to expedite OCD approval of this location by confirmation of its acceptance of this application and waiver of the 20 day notice period for this application required under OCD rules.

To confirm, please reply to this email that JM/J agrees to waive the notice period for the non-standard location that will be applicable to the wells described herein.

B. Wade McCool
Land Negotiator, San Juan Basin
Encana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700
Denver, Colorado 80202
Office: (720) 876-5965
Cell: (918) 521-6654
Fax: (720) 876-6965

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<http://www.encana.com>

Brooks, David K., EMNRD

From: Michael Feldewert <MFeldewert@hollandhart.com>
Sent: Thursday, November 21, 2013 10:38 AM
To: Brooks, David K., EMNRD
Subject: Encana: Lybrook M27-2306 ##2H & 4H; NSL Applications AND Lybrook E27-2306 #01H and #03H NSL Applications

We have checked with Encana and confirmed that the C-102's submitted with the NSL application for the Lybrook N27-2306 02H and 04H wells correctly reflect how the wells will be drilled. There will be no encroachment to the West as reflected in the current C-102s on file with the BLM and the Division. Amended reports conforming to the NSL application will be filed with the BLM and the Division once the NSLs are approved.

This same situation exists with respect to the recently filed NSL Application for the Lybrook E27 2306 01H and 03H wells. The OCD records do not yet reflect the revised locations set forth in the NSL application. Amended reports conforming to the NSL application will be filed once the NSLs are approved.

If you have any further questions, please let me know or feel free to call. Sorry for the confusion.

Michael H. Feldewert

Partner

Holland & Hart, LLP

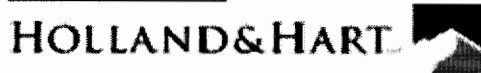
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From: Brooks, David K., EMNRD [<mailto:david.brooks@state.nm.us>]
Sent: Tuesday, November 19, 2013 3:46 PM
To: Michael Feldewert
Subject: Encana - Lybrook M27-2306 ##2H & 4H; NSL Applications

Good Afternoon Mike

There are discrepancies between the referenced applications and OCD records regarding the locations of these wells.

For the No. 2H, OCD records show SL at 960 FS & 181 FW and BHL at 1880 FS & 330 FW, whereas application shows SL at 931 FS & 177 FW and BHL at 1880 FS & 660 FW.

For the No. 4H, OCD records show BHL at 550 FS & 330 FW, whereas application shows BHL at 550 FS & 760 FW.

Please advise which is correct.

Sincerely
David