

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



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

RECEIVED
 OCT 30 2013
 10:51 AM
 ENCANO OIL & GAS
 LYBROOK E27 2306 #3H
 30-043-21150
 [submitted with
 Lybrook E27 2306 #1H]

[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 *[Signature]* Attorney 10/29/13
 Print or Type Name Signature Title Date
 mfeldewert@hillandhart.com
 e-mail Address



October 29, 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 E27-2306 03H and Lybrook E27-2306 01H 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 E27-2306 03H and Lybrook E27-2306 01H 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 requires all wells to be located no closer than 660 feet to the outer boundary of the spacing unit and further requires that each well be no nearer than 1320 feet to the nearest well drilling to or capable of producing from the same pool. The NE/4 and the NW/4 of Section 28, T-23-North, R-6-West have been combined to form the project area for these proposed wells.

The penetration points for both the Lybrook E27-2306 03H well and the Lybrook E27-2306 01H well will be 330 feet from the East boundary of the N/2 of Section 28. These wells will also be closer in proximity than 1320 feet. 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 E27-2306 03H and the Lybrook E27-2306 01H 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 Northeast, East and South of the N/2 of Section 28. Enclosed as **Exhibits C1 and C2** are JMJ Land's waiver of the 20 day notice period and acceptance of the proposed non-standard locations and Dugan Production Corporation's waiver. Since different federal leases are involved, the BLM has also been notified of this application.

Your attention to this matter is appreciated.

Sincerely,

fo 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

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 30-043-21150		*Pool Code 13379		*Pool Name COUNSELORS GALLUP-DAKOTA	
*Property Code 40083		*Property Name LYBROOK E27-2306		*Well Number 03H	
*GRID No. 282327		*Operator Name ENCANA OIL & GAS (USA) INC.		*Elevation 7054'	

¹⁰ Surface Location

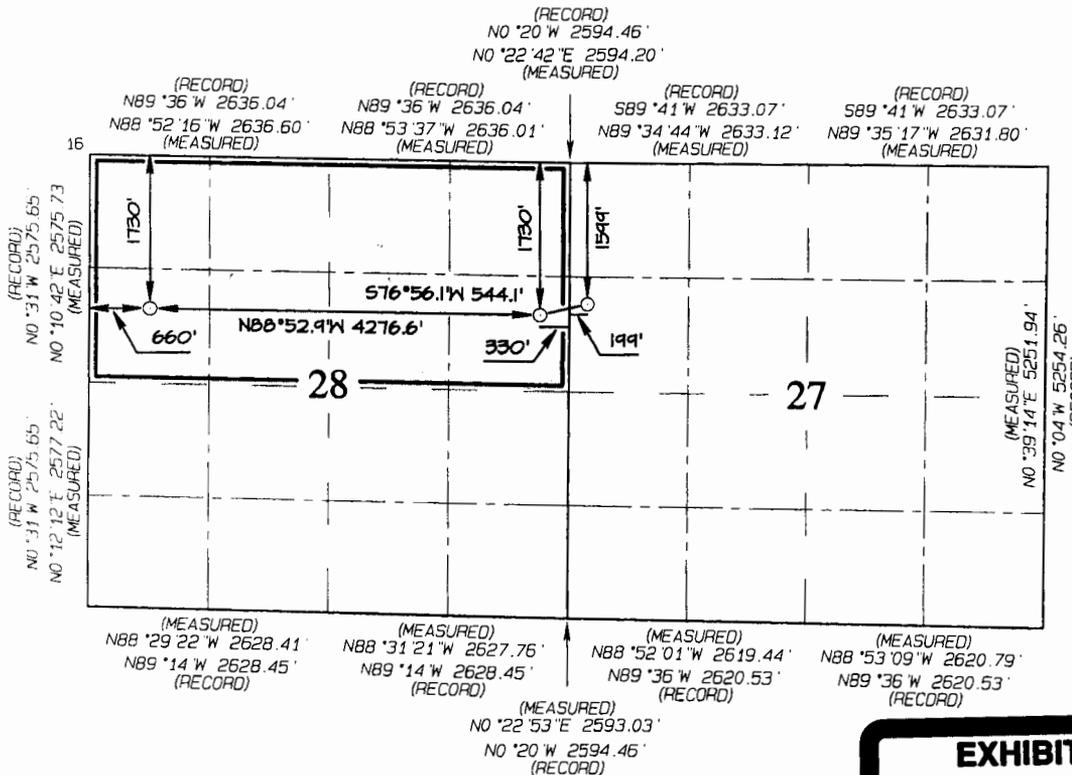
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	27	23N	6W		1599	NORTH	199	WEST	SANDOVAL

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
E	28	23N	6W		1730	NORTH	660	WEST	SANDOVAL

¹² Dedicated Acres 320.00 Acres N/2 - Section 28	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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 _____ Date _____

Printed Name _____

E-mail Address _____

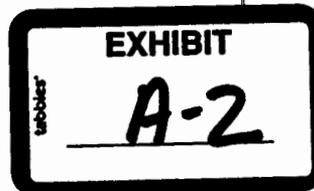
¹⁸ SURVEYOR CERTIFICATION

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 22, 2013

Survey Date: OCTOBER 22, 2012

Signature and Seal of Professional Surveyor



END-OF-LATERAL
1730' FNL 660' FWL
SECTION 28, T23N, R6W
LAT: 36.19869°N
LONG: 107.47950°W
DATUM: NAD1927

POINT-OF-ENTRY
1730' FNL 330' FEL
SECTION 28, T23N, R6W
LAT: 36.19861°N
LONG: 107.46501°W
DATUM: NAD1927

SURFACE LOCATION
1599' FNL 199' FWL
SECTION 27, T23N, R6W
LAT: 36.19897°N
LONG: 107.46322°W
DATUM: NAD1927

LAT: 36.19871°N
LONG: 107.48010°W
DATUM: NAD1983

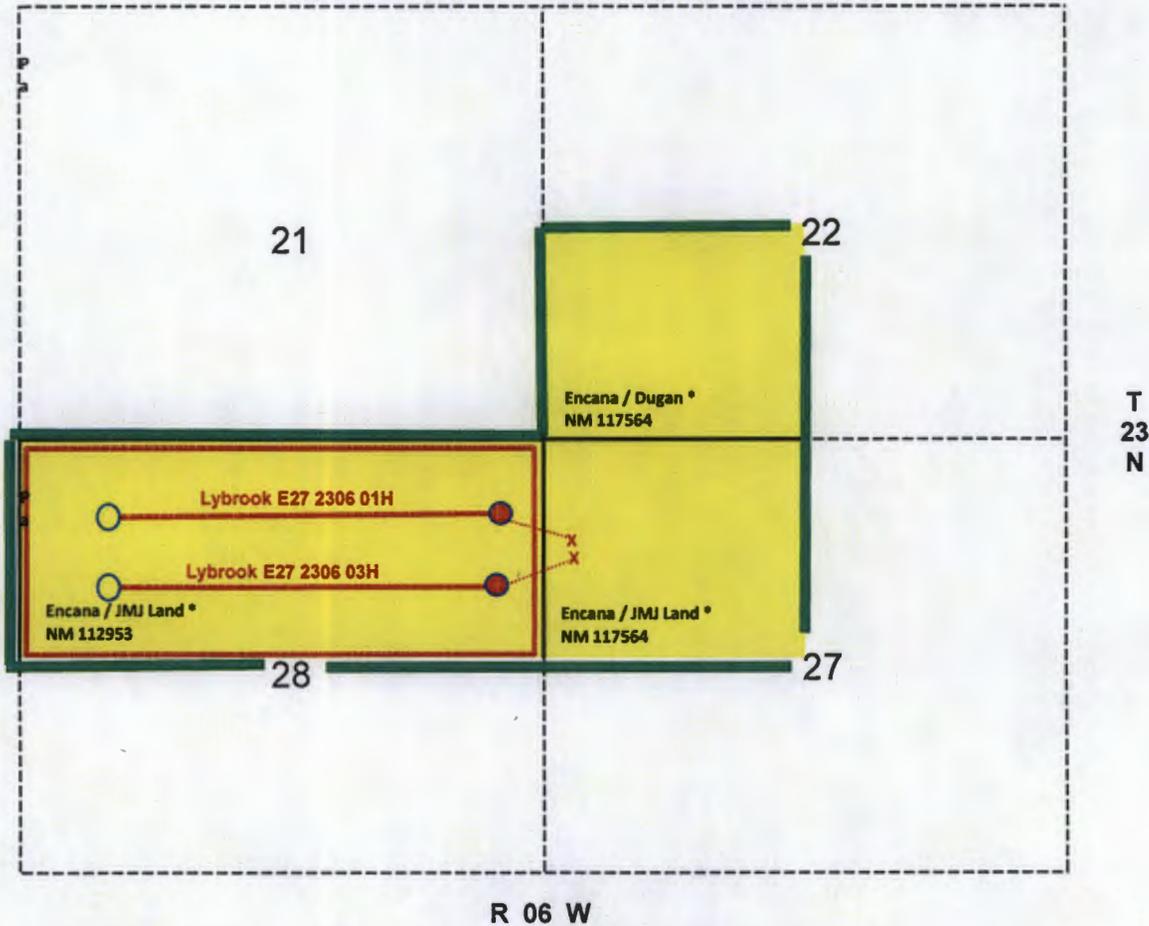
LAT: 36.19863°N
LONG: 107.46561°W
DATUM: NAD1983

LAT: 36.19898°N
LONG: 107.46382°W
DATUM: NAD1983

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-Dakota Pool



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

 Encana Oil & Gas Leases

 Project Area - T23N-R06W, Section 28 N2

Lybrook E27 2306 01H

Surface Location	1569' FNL 199' FWL, Section 27, 23N-06W
Gallup Penetration Point	700' FNL, 330" FEL, Section 28, 23N-06W
Bottomhole Location	700' FNL, 660' FWL, Section 28, 23N-06W

Lybrook E27 2306 03H

Surface Location	1599' FNL 199' FWL, Section 27, 23N-06W
Gallup Penetration Point	1730' FNL, 330' FEL, Section 28, 23N-06W
Bottomhole Location	1730' FNL, 660' 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

To: McCool, Wade; Kofoed, Georgia G.; Binion, Mona
Subject: RE: Waiver of 20 Day Notice Period for Lybrook M27 02H & 04H and Lybrook E27 01H & 03H (URGENT; ACTION REQUESTED)

From: McCool, Wade [<mailto: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 JMJ/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 JMJ'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 JMJ 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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Lisamarie Ortiz

From: Kurt Fagrelus [Kurt.Fagrelus@duganproduction.com]
Sent: Monday, October 28, 2013 1:46 PM
To: Binion, Mona
Subject: RE: OCD Application Lybrook E27 2306 01H-03H

Mona, Dugan Production does not object to the approval of this non standard location by the NMOCD. Thank you, Kurt Fagrelus

From: Binion, Mona [mailto:Mona.Binion@Encana.com]
Sent: Monday, October 28, 2013 11:25 AM
To: Kurt Fagrelus
Subject: OCD Application Lybrook E27 2306 01H-03H

Kurt,

Attached is a copy of an Application for Administrative approval to Non-Standard Locations as referenced in the attached application. As an owner of leasehold position in a tract which offsets these locations to the northeast, Dugan Production Corp. was provided notice of the application.

Encana respectfully requests that Dugan support Encana's effort to expedite approval to this Application by indicating your acceptance to the Application and further acceptance and waiver of the 20 day notice period required by NMOCD for their approval.

Please advise at your earliest convenience of your acceptance and waiver as requested above.

We thank you in advance of your support of in this regard.

Regards,

Mona L. Binion, CPL

Land Negotiator, NBU

Encana Oil & Gas (USA) Inc.

370 17th Street, Suite 1700

Denver, CO 80202

(720) 876-5325

(720) 876-6325 fax

(303) 204-3147 cell

mona.binion@encana.com



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