

12/24/2014 DATE IN	SUSPENSE	MAM ENGINEER	12/29/2014 LOGGED IN	NSL TYPE	PMAM1436340915 APP NO
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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



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

[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.

Jordan L. Kessler

Print or Type Name

Signature

Attorney

Title

jlkessler@hollandhart.com

e-mail Address

Date

12/24/14

- NSP 2016

- NSL 7224

- ENCLAVE Oil and GAS (454)
282327

2014 DEC 24 A 10:06

RECEIVED OGD

well
- Lybrook G31 2307
1H
30-043-21217

Pool
- Basin Mancos
97232



December 24, 2014

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

RECEIVED OOD
2014 DEC 24 A 10:06

Re: Application of Encana Oil & Gas (USA) Inc. for administrative approval of a 160-acre, more or less, non-standard spacing unit in the Basin Mancos Gas Pool and approval of an unorthodox well location in the Basin Mancos Gas Pool for its Lybrook G31-2307-01H well in the N/2 of Section 36, Township 23 North, Range 8 West, San Juan County and the NW/4 of Section 31, Township 23 North, Range 7 West, N.M.P.M., Sandoval County, New Mexico.

Dear Ms. Bailey:

As reflected on **Exhibit A** (Form C-102), Encana Oil & Gas (USA) Inc. (OGRID No. 282327) seeks to drill its **Lybrook G31-2307-01H** well and dedicate it to a 481.24 acre spacing a proration unit within the Basin Mancos Gas Pool (Pool Code 97232). This well will be drilled from a surface location 1358 feet from the North line and 2379 feet from the East line (Unit G) of Section 31, Township 23 North, Range 7 West, Sandoval County, to a bottom hole located 400 feet from the North line and 330 feet from the West line (Unit D) of Section 36, Township 23 North, Range 8 West, San Juan County, New Mexico.

As shown on Exhibit A, the first perforation for this well is expected to be 340 feet from the West line and 400 feet from the North line of Section 36, while the last perforation is expected to be 2,990 feet from the East line and 400 feet from the North line of Section 31. Since the Basin Mancos Gas Pool requires wells to be located no closer than 660 feet from the outer-boundary of the proposed spacing unit, this well will encroach on the spacing and proration units to the North, Northeast, East, West and Northwest. Encana seeks an unorthodox location for this proposed well to allow for efficient well spacing and prevent waste of a productive reservoir.

Enclosed as **Exhibit B** is a land map depicting the proposed spacing unit in relation to the adjoining spacing units and the owners in the affected leases. This exhibit reflects that the proposed spacing unit adjoins the Alamito-Gallup Pool to the South, which is subject to 40-acre spacing, and is comprised of a single Indian allottee lease (BIA 1403-1949). In order to allow

this single Indian allottee lease to be developed independently of the adjacent leases, Encana seeks the creation of a 160-acre non-standard spacing and proration unit comprised of the NW/4 of Section 31 to form a 481.24 acre spacing unit and project area for the proposed well. Encana intends to develop the E/2 of Section 31 with two standup horizontal wells, which have been permitted under API Nos. 3004321210 and 3004321211.

Enclosed as **Exhibit C** is a list of the parties affected by the non-standard location and the creation of a non-standard spacing unit. It includes not only the affected lessees (Dugan, WPX and Oxy) but also the affected Indian allottee owners. A copy of this application with all attachments has been sent by certified mail to all 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. A courtesy copy of this application has also been sent to the New Mexico State Land Office, the Bureau of Land Management, and the Federal Indian Mineral's Office. /

Your attention to this matter is appreciated.

Sincerely,



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

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

New Mexico State Land Office
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Federal Indian Minerals Office
6251 College Blvd. Suite B
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 30-043-21217	*Pool Code 97232	*Pool Name BASIN MANCOS
*Property Code	*Property Name LYBROOK G31-2307	*Well Number 01H
*GRID No. 282327	*Operator Name ENCANA OIL & GAS (USA) INC.	*Elevation 6995'

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
G	31	23N	7W		1358	NORTH	2379	EAST	SANDOVAL

¹¹ Bottom Hole Location If Different From Surface

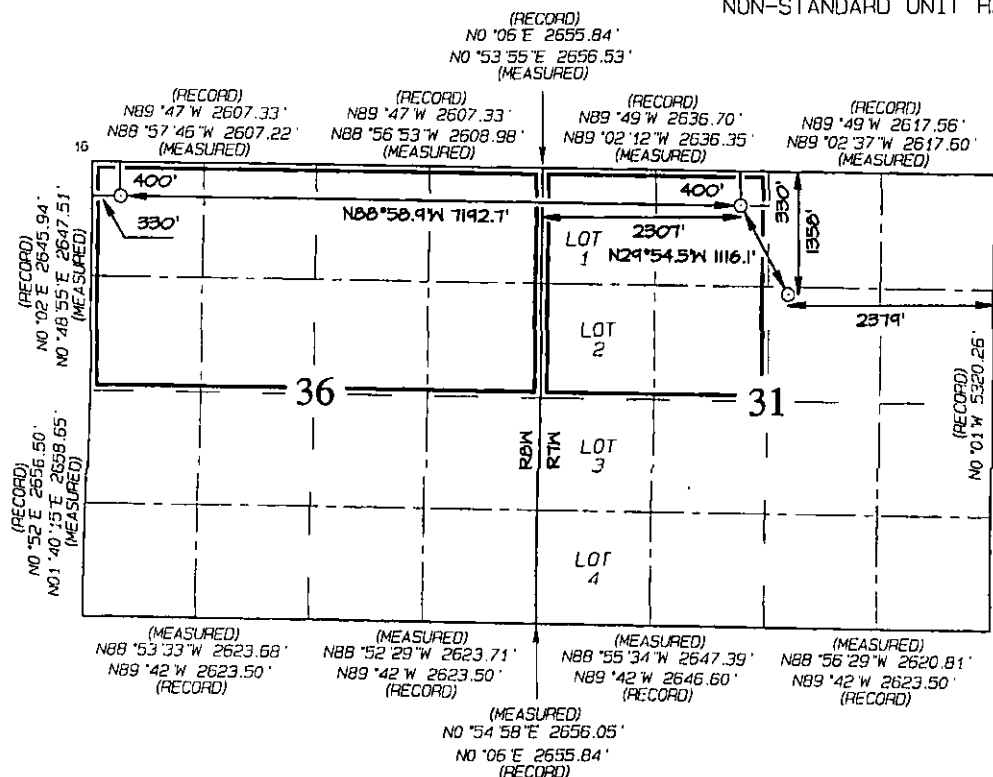
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	36	23N	8W		400	NORTH	330	WEST	SAN JUAN

¹² Dedicated Acres 481.24 Acres	NW/4 of Section 31 N/2 of Section 36	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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Estimated first perforation to occur 340' FWL Sec. 36

Estimated last perforation to occur 2,990' FEL Sec. 31

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 _____

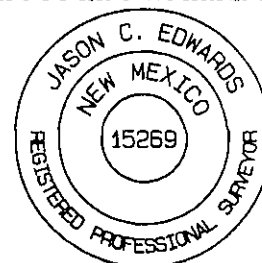
E-mail Address _____

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: APRIL 15, 2014
Survey Date: NOVEMBER 12, 2013

Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

END-OF-LATERAL
400' FNL 330' FNL
SECTION 36, T23N, R7W
LAT: 36.18958°N
LONG: 107.64028°W
DATUM: NAD1927

LAT: 36.18959°N
LONG: 107.64089°W
DATUM: NAD1983

POINT-OF-ENTRY
400' FNL 2307' FNL
SECTION 31, T23N, R7W
LAT: 36.18951°N
LONG: 107.61591°W
DATUM: NAD1927

LAT: 36.18952°N
LONG: 107.61652°W
DATUM: NAD1983

SURFACE LOCATION
1358' FNL 2379' FEL
SECTION 31, T23N, R7W
LAT: 36.18687°N
LONG: 107.61398°W
DATUM: NAD1927

LAT: 36.18688°N
LONG: 107.61459°W

EXHIBIT

A

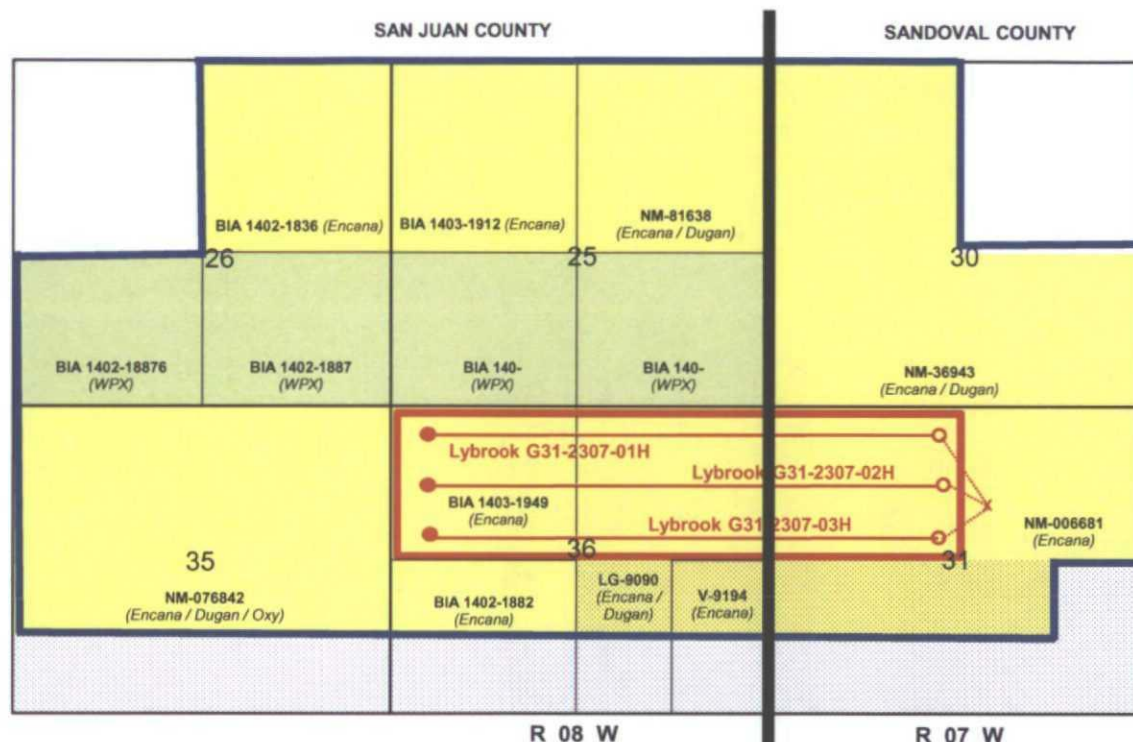


Exhibit B

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



T
23
N

R 08 W

R 07 W

- Encana Leases
- Non-Encana Leases
- Active Well (None)
- Alamito-Gallup Pool Area
- Basin Mancos Pool Area
- Project Area: Lybrook G31-2307-01H, 02H, 03H
- Notice Area

Project Area - T23N-R07W, Section 31: Lots 1, 2, S2NW: T23N-R08W, Section 36: N2

	Surface Hole Location	Gallup Penetration Point	Bottom Hole Location
Well Name	T23N-R7W Section 31	T23N-R7W Section 31	T23N-R8W Section 36
Lybrook G31 2307 01H	1,358' FNL, 2,379" FEL	400' FNL, 2,307' FWL	400' FNL, 330' FWL
Lybrook G31 2307 02H	1,379' FNL, 2,401' FEL	1,340' FNL, 2,309' FWL	1,340' FNL, 330' FWL
Lybrook G31 2307 03H	1,401' FNL, 2,380' FEL	2,257' FNL, 2,311' FWL	2,248' FNL, 330' FWL

Existing Wells

There are no active Gallup wells in Project Area or Notice Area associated with this Application.

All Lessees shown above indicate 100% WI ownership in the Gallup Formation as to the Lease boundaries.

EXHIBIT

B

Encana Oil & Gas (USA) Inc.
EXHIBIT C

Lessees:

WPX Energy Production LLC
P. O. Box 3102
Tulsa, OK 74101-3103

OXY Y-1 Company
5 Greenway Plaza, Suite 110
Houston, TX 77046-0506

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

Allottees:

SIEPHRENO R ANTHONY
PO BOX 54
NAGEEZI, NM 87037

SHIRENE RAMONA ANTONE
521 MESCILLA ST NE
ALBUQUERQUE, NM 87108

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DURANGO, CO 81302

EMERSON ATENCIO
PO BOX 457
NAGEEZI, NM 87037-0457

NINA ATENCIO
BOX 175
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PAULINE ATENCIO
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SAMSON CASTILLO
PO BOX 44
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SANDERSON J CASTILLO
GENERAL DELIVERY
COUNSELOR, NM 87018

WALLACE CASTILLO
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ISIAIH M CAYADITTO
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NAGEEZI, NM 87037

LUCITA CAYADITTO
PO BOX 272
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SHIRLEY A CHARLEY
38 ROAD 5255
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DOROTHY B COMANCHE
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Encana Oil & Gas (USA) Inc.

EXHIBIT C

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LIONEL L GLEASON
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NELLIE R HACEESA
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NAGEZZI, NM 87037

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JUDY HARRISON
PO BOX 453
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PATTY J HARRISON
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ROBINSON LEWIS
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SUSAN LEWIS
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THOMAS LEWIS
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RENA RICHELLE LUKEE
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EASTERN NAVAJO
AGENCY BUREAU OF INDIAN AFFAIRS
P O BOX 328
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Encana Oil & Gas (USA) Inc.

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EASTERN NAVAJO AGENCY
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C/O MELANIE LEVATO PARENT
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MARONDA MONTOYA
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NAVAJO NATION
WINDOW ROCK, AZ 86504

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Encana Oil & Gas (USA) Inc.

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Encana Oil & Gas (USA) Inc.

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34 PUMPHOUSE
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JACKSON VELARDE
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JIMI D VELARDE
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Encana Oil & Gas (USA) Inc.

EXHIBIT C

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CLIFFORD WERITO
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BLOOMFIELD, NM 87413

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c/o RENA WERITO
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TED WERITO
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IRA M WILLIE
758 STAGECOACH TRL
DURANGO, CO 81301-8468

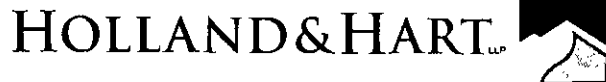
ROBERT J WILLIE
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EMERSON YAZZIE
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NAGEEZI, NM 87037

FRANK YAZZIE
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CORTEZ, CO 81321

VERA YAZZIE
306A N OLIVER
AZTEC, NM 87410



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

December 24, 2014

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO AFFECTED PARTIES

Re: Application of Encana Oil & Gas (USA) Inc. for administrative approval of a 160-acre, more or less, non-standard spacing unit in the Basin Mancos Gas Pool and approval of an unorthodox well location in the Basin Mancos Gas Pool for its Lybrook G31-2307-01H well in the N/2 of Section 36, Township 23 North, Range 8 West, San Juan County and the NW/4 of Section 31, Township 23 North, Range 7 West, N.M.P.M., Sandoval 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,

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

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

McMillan, Michael, EMNRD

From: Jordan L. Kessler <JLKessler@hollandhart.com>
Sent: Monday, January 05, 2015 5:05 PM
To: McMillan, Michael, EMNRD
Cc: Michael Feldewert
Subject: RE: Lybrook J31-2307-2H perforations

Mr. McMillan,

You asked me to provide you the footages for Encana's NSL applications for the Lybrook J31-2308-02H well and the Lybrook G31-2307 01H, 02H and 03H. Please find the footages below. As always, please give me a call if I can clarify anything for you.

Thanks!
Jordan

Lybrook J31-2308-02H:

SHL: 2192' from the South line, 2551' from the East line (Unit J), Section 31, Township 23 North, Range 7 West, Sandoval County, NM

BHL: 1177' from the South line, 330' from the West line (Unit O), Section 36, Township 23 North, Range 8 West, San Juan County, NM

First perforation: 340' from the West line; 1,177' from the South line of Section 36

Last perforation: 2,295' from the West line; 1,181' from the South line of Section 31

* **Lybrook G31-2307 01H:**

SHL: 1358' from the North line, 2379' from the East line (Unit G), Section 31, Township 23 North, Range 7 West, Sandoval County, NM

BHL: 400' from the North line, 330' from the West line (Unit D), Section 36, Township 23 North, Range 8 West, San Juan County, NM

First perforation: 340' from the West line; 400' from the North line of Section 36, Township 23 North, Range 8 West, San Juan County, NM

Last perforation: 2,287' from the West line; 400' from the North line of Section 31, Township 23 North, Range 7 West, Sandoval County, NM

Lybrook G31-2307 02H:

SHL: 1379' from the North line, 2401' from the East line (Unit G), Section 31, Township 23 North, Range 7 West, Sandoval County, NM

BHL: 1340' from the North line, 330' from the West line (Unit G), Section 36, Township 23 North, Range 8 West, San Juan