

03/21/2013 SUSPENSE ENGINEER ~~DB~~ 03/25/2013 LOGGED IN TYPE DHC APP NO. PPAG 1308440779

ABOVE THIS LINE FOR DIVISION USE ONLY

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



NSL 6794  
PPAG 1308441565  
NSP  
PPAG 1308442240  
1965 30-045-35365

**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]

Lybrook 102-2308  
well # H  
Encana  
Oil & Gas

[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.

Michael H. Feldewert

Print or Type Name

Signature

Title

Date

mfeldewert@hollandhart.com  
e-mail Address

RECEIVED 007  
2013 MAR 21 P 4:32

March 21, 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 80-acre non-standard spacing unit in the Basin-Mancos Gas Pool (97232), approval of an non-standard location in the Basin-Mancos Gas Pool, and approval of downhole commingling of production from the Nageezi-Gallup Pool (47540) and the Basin-Mancos Gas Pool (97232), Section 2, Township 23 North, Range 8 West, N.M.P.M., San Juan County, New Mexico.**

Dear Ms. Bailey:

Encana plans to drill its Lybrook 102-2308 01H as a horizontal well in the N/2 S/2 of Section 2, T-23-N, R-8-W in San Juan County, New Mexico, from a surface location in Unit I to a bottom hole location in Unit L. See **Exhibit A (C-102)**. The SE/4 and the N/2 of said Section 2 are located in the Basin-Mancos Gas Pool (Pool Code 97232) and subject to Special Rules created under Order R-12984. The SW/4 of Section 2 is located in the Nageezi Gallup Pool (Pool Code 47540) and subject to general statewide rules for oil pools.

Since the Nageezi Gallup Pool is an unlisted oil pool under Order R-12984, the portion of the proposed wellbore in the SE/4 must comply with the Special Rules for the Basin-Mancos Gas Pool. See Appendix A to Order R-12984 (special rules) at Rule 1. These special rules require 320-acre spacing units and 660 foot setbacks from the outer boundary of the spacing units. *Id.* at Rule 2. In contrast, the general statewide rules applicable to the Nageezi Gallup Pool require 40-acre spacing units and 330 foot setbacks from the outer boundary of the spacing units. See NMAC 19.15.15.9.A. Since the completed interval for Encana's proposed well will be 2298 feet from the South line, it does meet all of the 660 foot setback requirements applicable to the SE/4 of Section 2 and encroaches towards the N/2 of Section 2.

In order to efficiently develop this acreage and to form a 160-acre project area comprised of the N/2 S/2 of Section 2, Encana requires approval of the following:



- (1) a non-standard 80-acre spacing and proration unit in the Basin-Mancos Gas Pool comprised of the N/2 SE/4 of Section 2;
- (2) a non-standard location for the portion of the proposed horizontal wellbore located in the Basin Mancos Gas Pool; and
- (2) down-hole commingling of the production from these two adjacent pools in the horizontal wellbore.

In addition to the proposed form C-102 provided as **Exhibit A**, Encana provides the following additional exhibits with this letter:

**Exhibit B** is land plat showing the leases in Section 2.

**Exhibit C** is a completed form C-107-A (application for downhole commingling).

**Exhibit D** is a list of the parties in the N/2 and the SE/4 of Section 2 affected by Encana's requests for a non-standard spacing unit and a non-standard location, as well as a list of the parties in the N/2 S/2 of Section 2 affected by the request for approval of downhole commingling. This list includes both the New Mexico State Land Office and the BLM field office pursuant to NMAC 19.15.12.11.C(1)(c) since state and federal lands are included in the proposed non-standard spacing unit. A copy of this application with all attachments has been sent by certified mail to each of these affected parties advising them that if they have an objection they must file it in writing with the division within 20 days from the date the division receives this application.

Your attention to this application is appreciated.

Sincerely,

Michael H. Feldewert

**ATTORNEY FOR ENCANA OIL & GAS (USA) INC.**

cc: David K. Brooks, Oil Conservation Division

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone (575) 393-6161 Fax (575) 393-9720  
District II  
811 S. First St., 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 Dr., 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 Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to  
appropriate  
District Office

☒ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

*API Number <b>30-045-35365</b>	*Pool Code <b>47540/97232</b>	*Pool Name <b>NAGEEZI-GALLUP/BASIN MANCOS GAS</b>
*Property Code <b>39532</b>	*Property Name <b>LYBROOK 102-2308</b>	*Well Number <b>01H</b>
*OGRID No. <b>282327</b>	*Operator Name <b>ENCANA OIL &amp; GAS (USA) INC.</b>	*Elevation <b>6973'</b>

<sup>10</sup> Surface Location

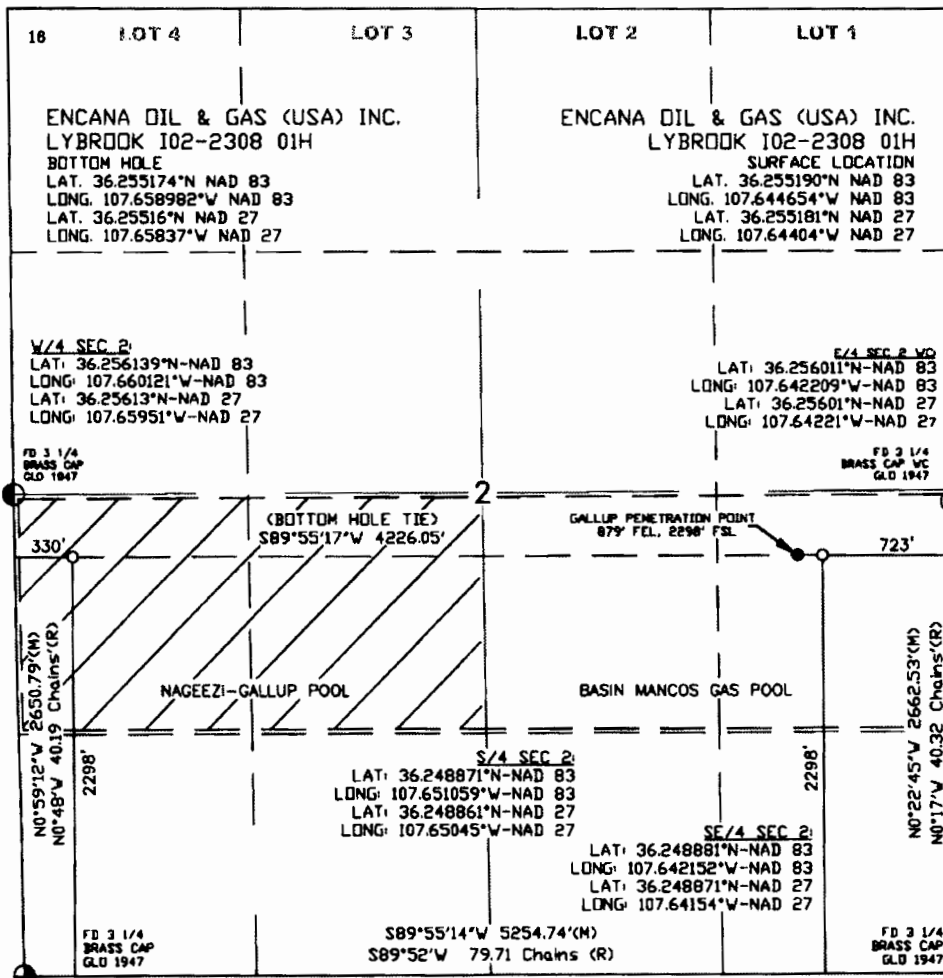
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>1</b>	<b>2</b>	<b>23-N</b>	<b>8-W</b>		<b>2298'</b>	<b>SOUTH</b>	<b>723'</b>	<b>EAST</b>	<b>SAN JUAN</b>

<sup>11</sup> 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
<b>L</b>	<b>2</b>	<b>23-N</b>	<b>8-W</b>		<b>2298'</b>	<b>SOUTH</b>	<b>330'</b>	<b>WEST</b>	<b>SAN JUAN</b>

*Dedicated Acres <b>160 ACRES - (N/2 S/2)</b>	*Joint or Infill	*Consolidation Code	*Order No.
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No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.



<sup>17</sup> 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 released 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.

*Brenda R. Linster* 08-14-13  
Signature Date  
**Brenda R. Linster, Regulatory Lead**  
Printed Name  
**brenda.linster@encana.com**  
E-mail Address

<sup>18</sup> 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.

21 JUNE 2011  
Date of Survey

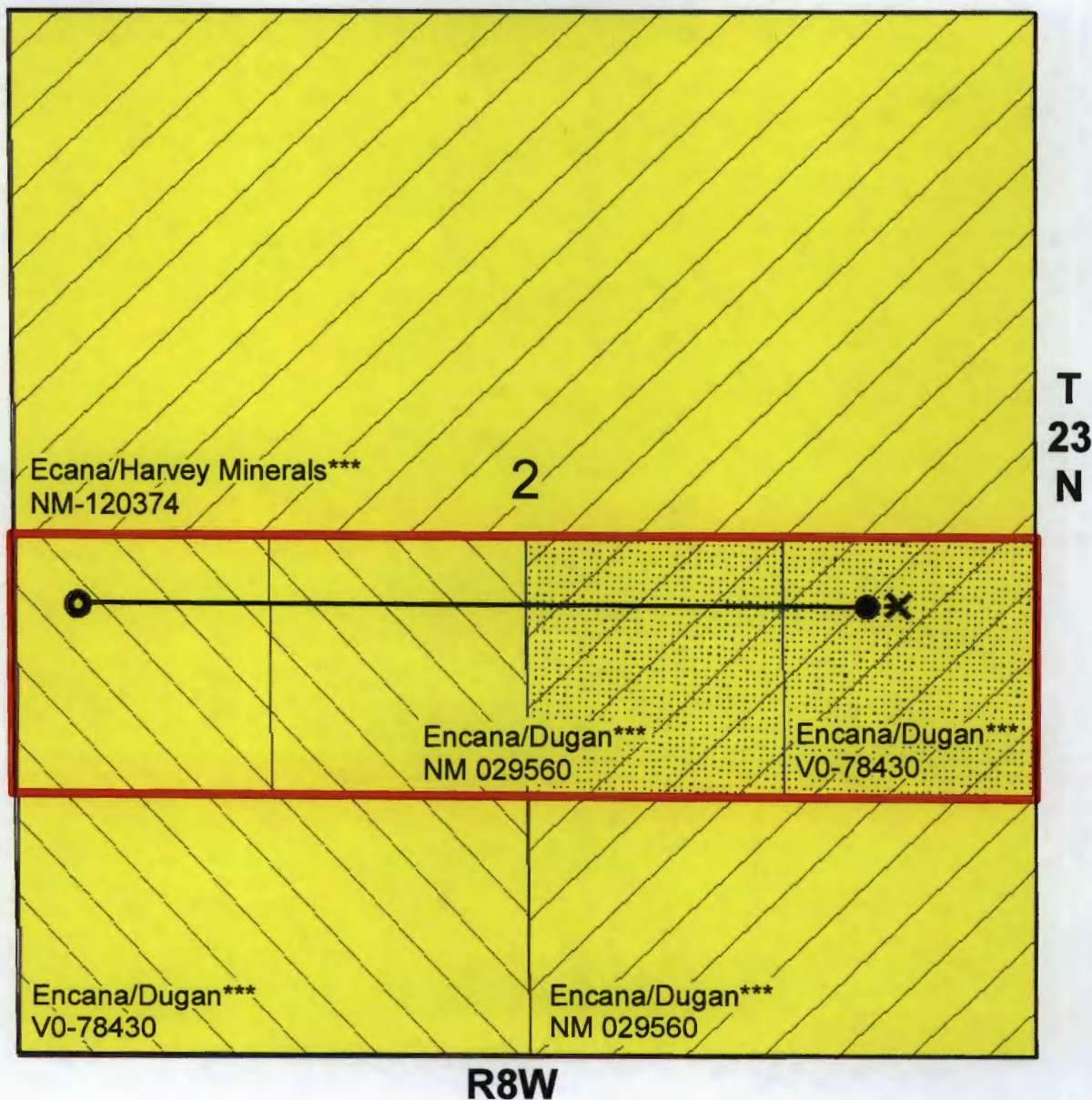
Signature and Seal of Professional Surveyor:

**WILLIAM E. MAHARE**  
# 8466  
RECEIVED  
WILLIAM E. MAHARE  
Certificate Number 8466

EXHIBIT

**A**

# Application for Non-Standard Spacing Unit and Unorthodox Location Basin Mancos Gas Pool



- ✕ Surface Hole
- Penetration Point (*Unorthodox Location*)
- ⊙ Bottom Hole
- Project Area

- Non-Standard Spacing Unit
- Basin Mancos Gas Pool
- Nageezi Gallup Oil Pool
- Encana Lease

WELL NAME	LYBROOK I02-2308-01H
SPACING UNIT	N2S2 S2(160 Acres)
SHL	2298' FSL, 723' FEL
PP	2298' FSL, 879' FEL
BHL	2298' FSL, 330' FWL
COUNTY	SAN JUAN
STATE	NEW MEXICO

\*\*\* Ownership shown represents 100% oil & gas leasehold working interest in the formation which is subject of this application as such formation underlies the lands depicted.



District I  
1025 N. French Drive, Hobbs, NM 88240

District II  
811 S. Park St., Artesa, NM 88210

District III  
1007 Rio Grande Road, Aztec, NM 87410

District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

Form C-107A  
Revised August 1, 2011

APPLICATION TYPE  
☒ Single Well  
Establish Pre-Approved Pools  
EXISTING WELLBORE  
Yes ☒ No

### APPLICATION FOR DOWNHOLE COMMINGLING

Encana Oil & Gas (USA) Inc.

370 17th Street, Suite 1700, Denver, CO 80202

Operator

Address

V07843 & NM 029560

Lybrook 102-2308 01H

I-02-23N-8W

Sandoval

San Juan

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No 282327

Property Code 39532

API No. 30-045-35365

Lease Type: ☒ Federal ☒ State ☐ Fee

DATA ELEMENT	UNITS I & J	UNITS K & L	
Pool Name	Basin-Mancos	Nageezi-Gallup	
Pool Code	97232	47450 47540	
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	+/- 5460' TVD/ +/- 1352' Lateral Horizontal Length	+/- 5460' TVD/ +/- 2297' Lateral Horizontal Length	
Method of Production (Flowing or Artificial Lift)			
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	+/- 1645 psi	+/- 1645 psi	
Oil Gravity or Gas BTU (Degree API or Gas BTU)	41 degrees API		
Producing, Shut-In or New Zone	New Zone	New Zone	
Date and Oil/Gas/Water Rates of Last Production (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date:	Limited test data available at this time. Estimates for well: - IP 30s - 500 MCFD Rates: - 400 BOPD - 200 BWPD	
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 37 % 37 %	Oil Gas 63 % 63 %	Oil Gas % %

### ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?

Yes No ☒

If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes ☒ No

Are all produced fluids from all commingled zones compatible with each other?

Yes ☒ No

Will commingling decrease the value of production?

Yes No ☒

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application?

Yes ☒ No

NMOCD Reference Case No. applicable to this well:

### Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication. - Attached
- Production curve for each zone for at least one year. (If not available, attach explanation.) - No production data because the well hasn't been drilled.
- For zones with no production history, estimated production rates and supporting data - Production rates based on initial Lybrook exploratory wells.
- Data to support allocation method or formula. - Allocation based on length of producing interval in applicable pool.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases. - Attached
- Any additional statements, data or documents required to support commingling. - N/A

### PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

List of other orders approving downhole commingling within the proposed Pre-Approved Pools

List of all operators within the proposed Pre-Approved Pools

Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application

Bottomhole pressure data

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE

TITLE Regulatory Lead

DATE 03/12/13

TYPE OR PRINT NAME Brenda R. Linster

TELEPHONE NO. ( 720 ) 876-3989

E-MAIL ADDRESS [brenda.linster@encana.com](mailto:brenda.linster@encana.com)

EXHIBIT

C

## **Exhibit D**

### **Request for Non-Standard Spacing Unit and Non-Standard Location in the Basin Mancos Gas Pool**

Harvey Mineral Partners, L.P.  
3811 Turtle Creek Blvd., Suite 2150  
Dallas, Texas 75219

Dugan Production Corporation  
Attn.: Kurt Fragrelius  
709 East Murray Drive  
Farmington, New Mexico 87401

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

### **Request for Downhole Commingling**

Dugan Production Corp.  
Attn.: Kurt Fragrelius  
709 East Murray Drive  
Farmington, New Mexico 87401

Ruth Ann Jeffers Calvert  
Post Office Box 65  
Artesia, New Mexico 88211-0065

Georgie E. Johnson  
1606 E. Castleberry Road  
Artesia, New Mexico 88210-9724

Mazzola and Company  
14624 Fenton Street  
Broomfield, Colorado 80020

Kenai Partners 1980 Drilling Fund – Series 1  
1675 Larimer Street, Suite 500  
Denver Colorado 80202

P & P Producing, Inc.  
30600 Telegraph Road  
Bingham Farms, MI 48025

Midpar LP (possible successor by merger with  
P & P Producing Inc.  
Post Office Box 3178  
Midland, Texas 79702-3178

New Mexico State Land Office  
Post Office Box 1148  
Santa Fe, New Mexico 87504

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



March 21, 2013

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO AFFECTED PARTIES**

**Re: Application of Encana Oil & Gas (USA) Inc. for administrative approval of an 80-acre non-standard spacing unit in the Basin-Mancos Gas Pool (97232), approval of an non-standard location in the Basin-Mancos Gas Pool, and approval of downhole commingling of production from the Nageezi-Gallup Pool (47540) and the Basin-Mancos Gas Pool (97232), Section 2, Township 23 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](mailto:mona.binion@encana.com)

Sincerely,

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