

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



July 15, 2014

Encana Oil and Gas (USA) Inc.
Attn: Mr. Michael Feldwert

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-7121
Administrative Application Reference No. pMAM1417751132

Encana Oil and Gas (USA) Inc.
OGRID 282327
Good Times P36A-2410 Well No. 1H
API No. 30-045-35449

Proposed Location:

	<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	314 FSL & 850 FEL	P	36	24N	10W	San Juan
Penetration Point	310 FNL & 1712 FEL	2	1	23N	10W	San Juan
Terminus	379 FSL & 1695 FEL	O	1	23N	10W	San Juan

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
W/2 E/2 of Section 1	159.79	Bisti, South-Gallup	5860

Reference is made to your application received on June 25, 2014.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed, by the Special Rules for the Bisti, South-Gallup Pool, which provides for 80-acre units, with wells located at least 330 feet from a center of a governmental quarter-quarter section, and Rule 19.15.16.14.B(2) NMAC concerning directional wells in designated project areas. This surface location is outside the project area, and is permitted by Rule 19.15.16.15.B (4) NMAC which allows for surface locations outside project area. This location is unorthodox because portions of the proposed completed interval are closer to outside boundaries of the proposed project area than any location that would be a standard location under the applicable pool rules.

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Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A(2) NMAC.

It is our understanding that you are seeking this location due to a drilling mistake. This well was drilled from a surface location north of the intended location, resulting in the penetration point and producing interval further north than was planned.

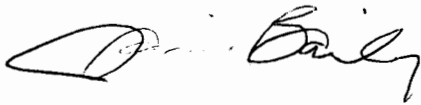
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 19.15.4.12 (A) 2 NMAC, in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 19.15.5.9 NMAC.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Done at Santa Fe, New Mexico, on July 15, 2014.

A handwritten signature in black ink, appearing to read "Jami Bailey". The signature is written in a cursive style with a large, looped initial "J".

Jami Bailey
Director

JB/mam

cc: New Mexico Oil Conservation Division – Aztec
Bureau of Land Management – Farmington