

HOLLAND & HART LLP



**Gabrielle A. Gerholt**  
**Of Counsel**

**Phone** (505) 988-4421

**Fax** (505) 983-6043

[gagerholt@hollandhart.com](mailto:gagerholt@hollandhart.com)

August 8, 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

**Re: Application of Encana Oil & Gas (USA) Inc. for administrative approval of an unorthodox well location in the Basin Mancos Gas Pool for its Escrito D32-2408 01H well in Section 31, Township 24 North, Range 8 West, N.M.P.M., San Juan County, New Mexico.**

Dear Ms. Bailey:

Encana Oil & Gas (USA) Inc. (OGRID No. 282327) seeks administrative approval of an unorthodox well location for its **Escrito D32-2408 01H** (API 30-045-35519) well to be completed within the Basin Mancos Gas Pool (Pool Code 97232). This well will be drilled from a surface location 1306 feet from the North line and 280 feet from the West line (Unit D) of Section 32, Township 24 North, Range 8 West. The penetration point will be 400 feet from the North line and 330 feet from the East line (Unit A) of Section 31, Township 24 North, Range 8 West. The bottom hole location will be 400 feet from the North line and 330 feet from the West line (Unit D) of Section 31. The entirety of Section 31 has been dedicated as the project area for the **Escrito D32-2408 01H** well.

Since this acreage is governed by the Special Rules and Regulations for the Basin Mancos Gas Pool, which provides for wells to be located no closer than 660 feet to the outer boundary of the spacing unit, this well will be unorthodox because the completed interval will be closer than 660 feet to the East, Northeast, North, Northwest and West boundaries. This unorthodox well location is necessary in order to allow Encana to fully access the reservoir and avoid waste of the resource.

Enclosed as **Exhibit A** is the Well Location and Acreage Dedication Plat (Form C-102), which shows that the completed interval for the **Escrito D32-2408 01H** well encroaches on the spacing and proration units to the East, Northeast, North, Northwest and West.

**Holland & Hart LLP**

**Phone** [505] 988-4421 **Fax** [505] 983-6043 **www.hollandhart.com**

110 North Guadalupe Suite 1 Santa Fe, NM 87501 **Mailing Address** P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. ☐



Enclosed as **Exhibit B** is a land map depicting the proposed **Escrito D32-2408 01H** well in relation to adjoining spacing units and further identifies the owners in the affected leases.

Enclosed as **Exhibit C** is a notice list of the parties affected by the encroachment to the East, Northeast, North, Northwest and West. 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 been sent to the New Mexico State Land Office and the Bureau of Land Management due to the well's encroachment.

Your attention to this matter is appreciated.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gabrielle A. Gerholt".

Gabrielle A. Gerholt

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

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

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

**DISTRICT II**  
 811 S. First St., Artesia, N.M. 88210  
 Phone: (505) 748-1888 Fax: (505) 748-9720

**DISTRICT III**  
1000 Rio Bravo Rd., Artec, N.M. 87410  
Phone: (505) 334-8178 Fax: (505) 334-8170

**DISTRICT IV**  
1220 E. St. Francis Dr., Santa Fe, NM 87506  
Phone: (505) 470-3400 Fax: (505) 470-3400

## OIL CONSERVATION DIVISION

1220 South St. Francis Dr.  
Santa Fe, NM 87506

Submit one copy to appropriate District Office

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code 97232	*Pool Name BASIN MANCOS GAS
*Property Code	*Property Name ESCRITO D32-2408		*Well Number 01H
*GRID No. 282327	*Operator Name ENCANA OIL & GAS (USA) INC.		*Elevation 6944.9'

### <sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	WEST/West line	County
D	32	24N	8W		1306'	NORTH	280'	WEST	SAN JUAN

<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	WEST/West line	County
D	31	24N	8W	1	400'	NORTH	330'	WEST	SAN JUAN

<sup>13</sup> Dedicated Acres	PROJECT AREA	<sup>15</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>16</sup> Order No.
643 Acres - All of 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

18

BOTTOM HOLE	ENTRY POINT	WELL FLAG	18
LAT. 36.276973° N (NAD83)	LAT. 36.276995° N (NAD83)	LAT. 36.274508° N (NAD83)	
LONG. 107.730968° W (NAD83)	LONG. 107.715228° W (NAD83)	LONG. 107.713178° W (NAD83)	
LAT. 36.276981° N (NAD27)	LAT. 36.276983° N (NAD27)	LAT. 36.274496° N (NAD27)	
LONG. 107.730355° W (NAD27)	LONG. 107.714616° W (NAD27)	LONG. 107.712566° W (NAD27)	

## 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 undivided 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 unitary pooling agreement or a compulsory pooling order heretofore entered by the Division.

Y. K. K. 8/20/14  
Signature Date

Signature Katie Wegner  
Printed Name

E-mail Address Katie.wegner@encana.com

### 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.

**JULY 31, 2013**

Date of Survey \_\_\_\_\_

Signature and Seal of Professional Surveyor:

RECEIVED NEW YORK

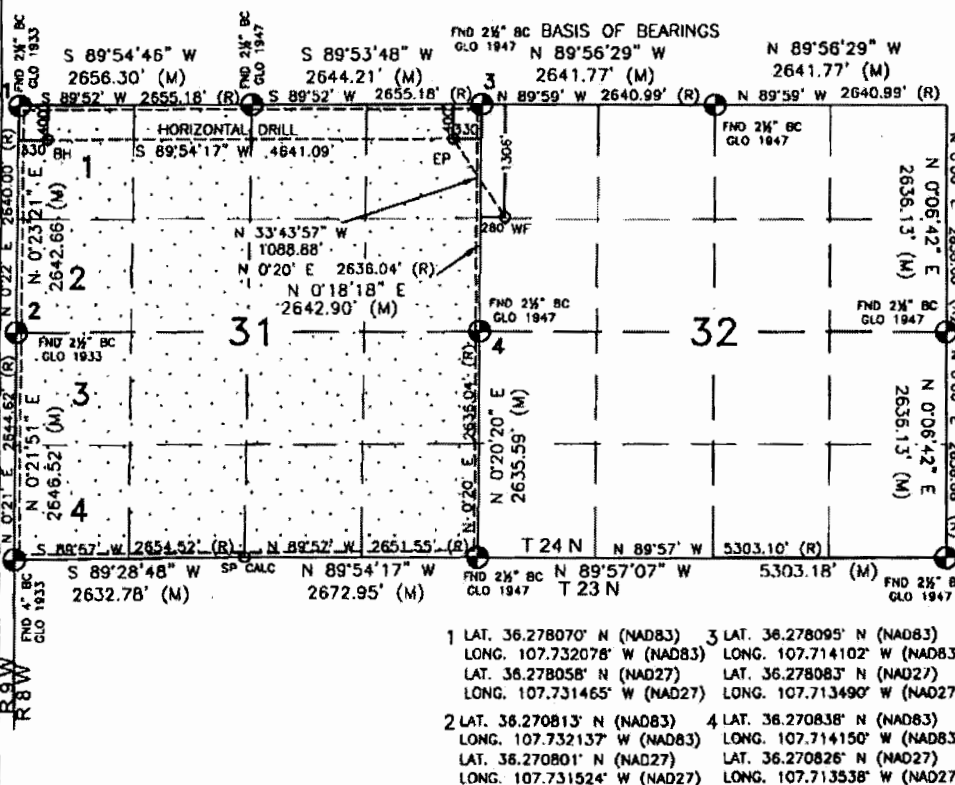
10201

ERED  
IND ST

PROFESSIONAL L.A.

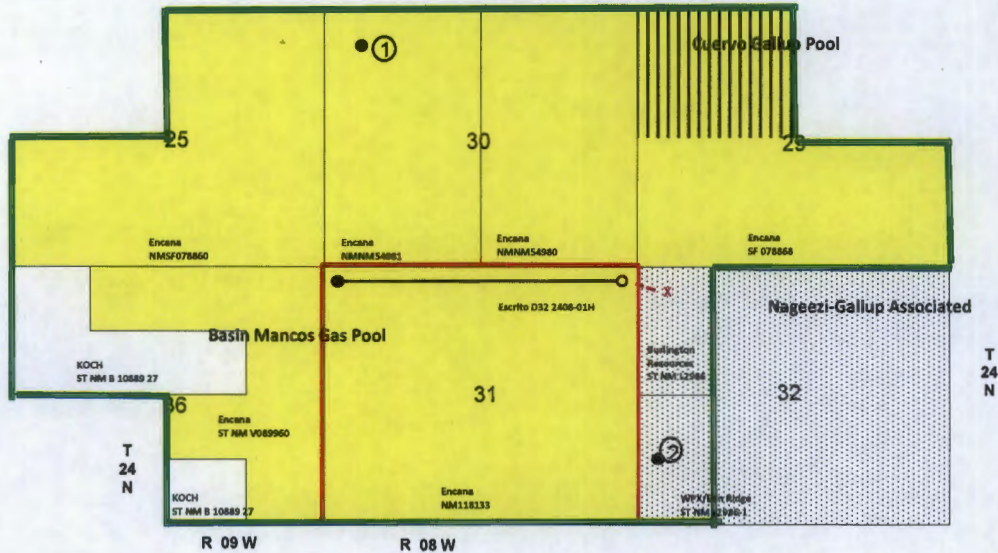
DAVID RUSSELL

Certificate Number	10201
--------------------	-------



## Exhibit B

Encana Oil & Gas (USA) Inc.  
Application for Exception to Rule  
Non-Standard Location  
Basin Mancos Gas Pool  
San Juan County, New Mexico  
Escrito D32 2408-01H



- Encana Leases
- Nageezi -Gallup Associated Pool
- Basin Mancos Gas Pool
- Cuervo Gallup Pool
- Notice Area

Project Area - T24N-R08W, Section 31: ALL

### Escrito D32-2408-01H

Surface Location 1306' FNL, 280' FWL, Section 32, 24N-08W  
Gallup Penetration Point 400' FNL, 330' FEL, Section 31, 24N-08W  
Bottomhole Location 400' FNL, 330' FWL, Section 31, 24N-08W

### Existing Gallup Wells in Notice Area

- (1) Escrito D30 2408 01H  
444' FNL, 440' FWL  
Basin Mancos Gas Pool  
Encana Oil & Gas (USA) Inc.
- (2) New Mexico State #002  
950' FNL, 980' FWL  
Nageezi Gallup Pool  
Elim Ridge Exploration Company

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



EXHIBIT

B

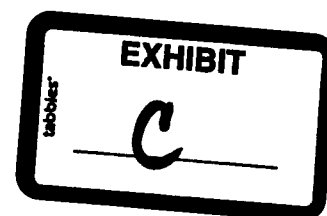
## EXHIBIT C

WPX Energy Production, LLC  
One Williams Center, Suite 4400  
Tulsa, Oklahoma 74172

KOCH Exploration  
610 s. Main Avenue  
Aztec, NM 87410

Burlington Resources  
3401 E. 30th Street  
Farmington, NM 87402

Elm Ridge Exploration Company, LLC.  
San Juan Basin Land Manager  
12225 Greenville Ave., Suite 950  
Dallas, TX 75243



HOLLAND & HART



**Gabrielle A. Gerholt  
Of Counsel**

**Phone** (505) 988-4421

**Fax** (505) 983-6043

[gagerholt@hollandhart.com](mailto:gagerholt@hollandhart.com)

August 8, 2014

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

**TO AFFECTED PARTIES**

**Re: Application of Encana Oil & Gas (USA) Inc. for administrative approval of an unorthodox well location in the Basin Mancos Gas Pool for its Escrito D32-2408 01H well in Section 31, Township 24 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:

Paula M. Rauchfuss  
Encana Oil & Gas (USA) Inc.  
370 17th Street, Suite 1700  
Denver, Colorado 80202  
(720) 876-3801  
[Paula.Rauchfuss@Encana.com](mailto:Paula.Rauchfuss@Encana.com)

Sincerely,

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

**Holland & Hart LLP**

Phone: (505) 988-4421 Fax: (505) 983-6043 [www.hollandhart.com](http://www.hollandhart.com)

110 North Guadalupe, Suite 1, Santa Fe, NM 87501 Mailing Address: P.O. Box 2208, Santa Fe, NM 87504-2208

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C.

# RECEIVED

FEB 26 2014

Form 3160-3  
(August 2007)

FORM APPROVED  
OMB No. 1004-0137  
Expires July 31, 2010

UNITED STATES **Farmington Field Office**  
DEPARTMENT OF THE INTERIOR **Bureau of Land Management**  
BUREAU OF LAND MANAGEMENT

## APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM 118133
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator Encana Oil & Gas (USA) Inc.		7. If Unit or CA Agreement, Name and No. N/A
3a. Address 370 17th Street, Suite 1700 Denver, CO 80202		8. Lease Name and Well No. Escrito D32-2408 01H
3b. Phone No. (include area code) 720-876-3533		9. API Well No. 30-045-35519
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface D 1306' FNL and 280' FWL Section 32, T24N, R8W At proposed prod. zone D 400' FNL and 330' FWL Section 31, T24N, R8W		10. Field and Pool, or Exploratory Basin Mancos Gas
11. Sec., T. R. M. or Blk. and Survey or Area Section 31, T24N, R8W NMPM		12. County or Parish San Juan
13. State NM		14. Distance in miles and direction from nearest town or post office* +/- 36.9 miles southeast of the intersection of US Hwy 550 & US Hwy 64 in Bloomfield, NM
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	BHL is 330' from west lease line Section 31, T24N, R8W	16. No. of acres in lease NMNM 118133 - 1240.0 1664.80
17. Spacing Unit dedicated to this well 640 acres - All of Section 31, T24N, R8W 643.00	18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 5,429' TVD/10,971' MD
20. BLM/BIA Bond No. on file COB-000235	21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,945' GL, 6,961' KB	22. Approximate date work will start* 07/24/2014
23. Estimated duration 25 days	24. Attachments	

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the BLM.

25. Signature <i>Katie Wegner</i>	Name (Printed/Typed) Katie Wegner	Date 2/25/14
Title Regulatory Analyst		
Approved by (Signature) <i>Troy Salyers</i>	Name (Printed/Typed) Troy Salyers	Date 3/27/2014
Title Petroleum Engineer (Acting AFM) EFO		

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4

**BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS**

**DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS"**

NMOCDA