

DATE IN 8/08/2014	SUSPENSE	ENGINEER MAM	LOGGED IN 8/08/2014	TYPE NSL	APP NO PMA11422060430
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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]

- NSL 7149
- ENCLANA
282327

[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 _____

well

[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

- ESCRITO 6322408
1H
30-045-35451
Pool
- Basin MANCOS
97232

[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.

GABRIELLE A. GERHOLT

Print or Type Name

Gabrielle A. Gerholt
Signature

ATTORNEY

Title
gagerholt@hollandhart.com

8/8/14

Date

e-mail Address



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 L32-2408 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 L32-2408 01H** (API 30-045-35451) well to be completed within the Basin Mancos Gas Pool (Pool Code 97232). This well will be drilled from a surface location 1899 feet from the South line and 226 feet from the West line (Unit L) of Section 32, Township 24 North, Range 8 West. The penetration point will be 1900 feet from the South line and 330 feet from the East line (Unit I) of Section 31, Township 24 North, Range 8 West. The bottom hole location will be 1900 feet from the South line and 330 feet from the West line (Unit L) of Section 31. The entirety of Section 31 has been dedicated as the project area for the **Escrito L32-2408 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 Eastern and Western 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 L32-2408 01H** well encroaches on the spacing and proration units to the East and West.

Enclosed as **Exhibit B** is a land map depicting the proposed **Escrito L32-2408 01H** well in relation to adjoining spacing units and further identifies the owners in the affected leases.

HOLLAND & HART^{LLP}



Enclosed as **Exhibit C** is a notice list of the parties affected by the encroachment to the East 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 due to the well's encroachment towards the East and West.

Your attention to this matter is appreciated.

Sincerely,

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

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code 97232	*Pool Name BASIN MANCOS GAS
*Property Code	*Property Name ESCRITO L32-2408		*Well Number 01H
*GRID No. 282327	*Operator Name ENCANA OIL & GAS (USA) INC.		*Elevation 6937.3'

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
L	32	24N	8W		1899'	SOUTH	226'	WEST	SAN JUAN

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
L	31	24N	8W	3	1900'	SOUTH	330'	WEST	SAN JUAN

¹³ Dedicated Acres	¹³ PROJECT AREA	¹⁴ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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

16

1 LAT. 36.27807° N (NAD83)
LONG. 107.53871° W (NAD83)
LAT. 36.27608° N (NAD27)
LONG. 107.53810° W (NAD27)

2 LAT. 36.28355° N (NAD83)
LONG. 107.73221° W (NAD83)
LAT. 36.28354° N (NAD27)
LONG. 107.73180° W (NAD27)

3 LAT. 36.27084° N (NAD83)
LONG. 107.71418° W (NAD83)
LAT. 36.27083° N (NAD27)
LONG. 107.71355° W (NAD27)

4 LAT. 36.28381° N (NAD83)
LONG. 107.71422° W (NAD83)
LAT. 36.28380° N (NAD27)
LONG. 107.71381° W (NAD27)

5 LAT. 36.26360° N (NAD83)
LONG. 107.70523° W (NAD83)
LAT. 36.26359° N (NAD27)
LONG. 107.70482° W (NAD27)

REVISED - JULY, 16, 2013

BASIN MANCOS GAS POOL

HORIZONTAL DRILL

WELL FLAG

BASIS OF BEARINGS

N 0°20'20" E 2835.59' (M)
N 0°20' E 2836.04' (R)

ENTRY POINT

LAT. 36.288824° N (NAD83)
LONG. 107.715293° W (NAD83)
LAT. 36.288812° N (NAD27)
LONG. 107.714881° W (NAD27)

WELL FLAG

LAT. 36.26882° N (NAD83)
LONG. 107.71341° W (NAD83)
LAT. 36.26881° N (NAD27)
LONG. 107.71280° W (NAD27)

BOTTOM HOLE

LAT. 36.268778° N (NAD83)
LONG. 107.731042° W (NAD83)
LAT. 36.268783° N (NAD27)
LONG. 107.730429° W (NAD27)

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 L32 2408-01H

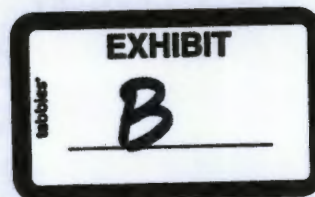
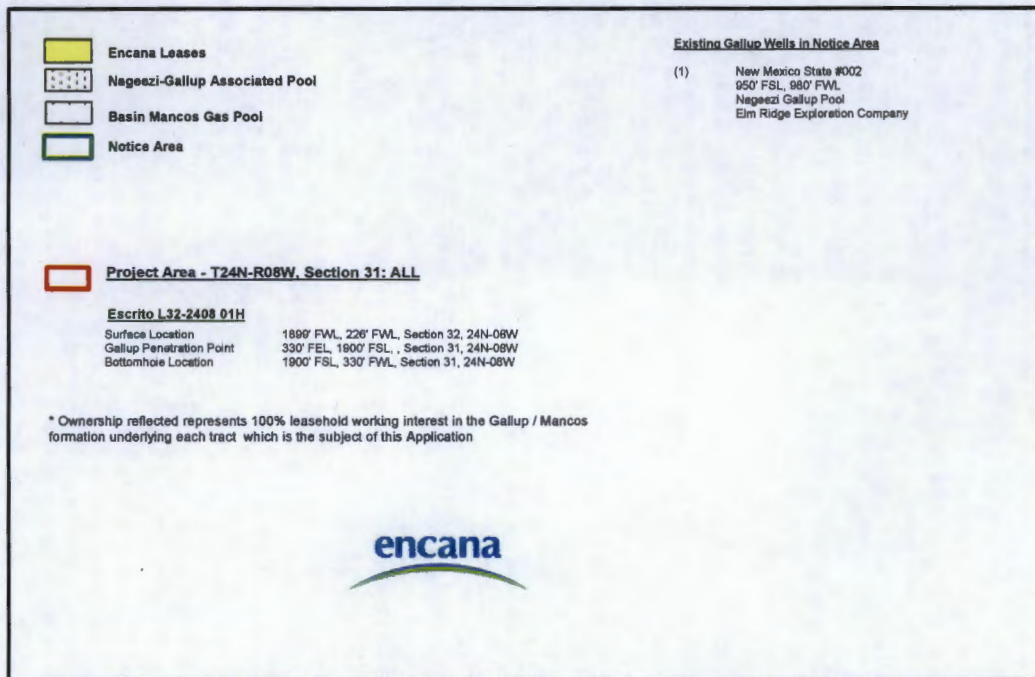
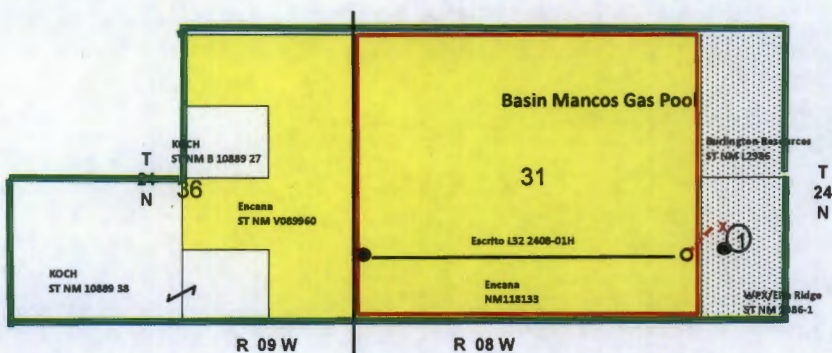


EXHIBIT C

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

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 L32-2408 01H well in Section 31, Township 24 North, Range 8 West, N.M.P.M., San Juan County, New Mexico.

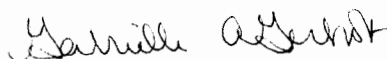
Ladies and Gentlemen:

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

Sincerely,



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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS**
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.5. Lease Serial No.
N/A6. BLM Allottee or Tribe Name
N/ARCVD NOV 4 '13
OIL CONS. DIV.

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

OCT 22 2013

7. If Unit of CA/Agreement, Name and/or No.
N/A DIST. 32. Name of Operator
Encana Oil & Gas (USA) Inc.

Farmington Field Office

8. Well Name and No.
Escrito L32-2408 01H3a. Address
370 17th Street, Suite 1700
Denver, CO 802023b. Phone No. (include area code)
720-876-35679. API Well No.
30-045-354514. Location of Well (Footage, Sec., T., R., M., or Survey Description)
SHL: 1899' FSL and 226' FWL Section 32, T24N, R8W
BHL: 1900' FSL and 330' FWL Section 31, T24N, R8W10. Field and Pool or Exploratory Area
Basin Mancos11. Country or Parish, State
San Juan, New Mexico

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Revising BHL and project area
	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Encana Oil & Gas (USA) Inc. (Encana) wishes to revise the bottom hole location approved by the BLM 3/21/2013 and to re-adjust the project area dedicated to the Escrito L32-2408 01H.

On December 31, 2012, Encana submitted an Application for Permit to Drill the Escrito L32-2408 01H well, with a 320 acre project area dedicated to the well. The original location permitted was NWSW Section 31 T24N R8W 2100' FSL and 330' FWL with a proposed submitted depth of 5,375' TVD/10,379' MD.

The New Mexico Oil Conservation Division (OCD) has informed Encana of the applicability and interpretation of the Basin Mancos Gas Pool (Order Number 12984, Pool Code 97232), which applies to the Escrito L32-2408 01H well. Therefore, Encana wishes to increase the project area for this well to 640 acres by stringing two (2) stand-up 320 acre spacing units.

Encana also wishes to revise the bottom hole location to the NWSW Section 31 T24N R8W 1900' FSL and 330' FWL with a new proposed depth of 5,375' TVD/10,351' MD.

Please see attached C-102, wellbore diagram, 10-point drilling plan and directional survey for details. **BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LEASEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS**

CONDITIONS OF APPROVAL

Adhere to previously issued stipulations.

14. I hereby certify that the foregoing is true and correct.

Name (Printed/Typed)

Catherine Anadu

Title Regulatory Analyst

Signature

Date

10/18/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

William Tambekou

Title

Petroleum Engineer

Date

10/29/2013

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

FFO

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.

(Instructions on page 2)