

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

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

Jami Bailey
Division Director
Oil Conservation Division



April 17, 2013

Encana Oil & Gas (USA) Inc.
c/o Holland & Hart LLP
Attn: Mr. Michael Feldewert

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-6793
Administrative Application Reference No. pPRG1308440340

Encana Oil & Gas (USA) Inc.
OGRID 282327
Escrito A36-2407 Well No. 01H
API No. 30-039-31134

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	614 FNL & 251 FEL	A	36	24N	7W	Rio Arriba
Penetration Point	651 FNL & 877 FEL	A	36	24N	7W	Rio Arriba
Terminus	384 FNL & 340 FWL	D	36	24N	7W	Rio Arriba

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
N/2 N/2 of Section 36	160	Escrito Gallup (Associated)	22619

Reference is made to your application received on March 21, 2013.

You have requested approval of an unorthodox oil well location for the well described above in the referenced pool or formation. This location is governed by Order No. R-5353 [January 17, 1977] which provides for 80-acre oil units with wells located at least 790 feet from a quarter section boundary at least 330 feet to any quarter-quarter section line, and Rule 15.16.14.B(2) [19.15.16.14.B(2) NMAC] concerning directional wells in designated project areas. The location is unorthodox because portions of the proposed completed interval are less than 790 feet from an outer boundary of the project area.

Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that you are seeking this location approval for engineering reasons that reduce waste.

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 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B, 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 5.9 [19.15.15.9 NMAC].

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

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey". The signature is fluid and cursive, with a large initial "J" and "B".

Jami Bailey
Director

JB/pg

cc: New Mexico Oil Conservation Division – Aztec
New Mexico State Land Office