

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary-Designate

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

Jami Bailey, Division Director
Oil Conservation Division



April 30, 2013

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

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-6797
Administrative Application Reference No. pPRG1310034825

Encana Oil & Gas (USA) Inc.
OGRID 282327
Good Times L10-2410 Well No. 001H
API No. 30-045-35442

Proposed Location:

| | <u>Footages</u> | <u>Unit</u> | <u>Sec.</u> | <u>Twsp</u> | <u>Range</u> | <u>County</u> |
|-------------------|--------------------|-------------|-------------|-------------|--------------|---------------|
| Surface | 1753 FSL & 199 FWL | L | 10 | 24N | 10W | San Juan |
| Penetration Point | 1753 FSL & 330 FEL | I | 9 | 24N | 10W | San Juan |
| Terminus | 1753 FSL & 330 FWL | L | 9 | 24N | 10W | San Juan |

Proposed Project Area:

| <u>Description</u> | <u>Acres</u> | <u>Pool</u> | <u>Pool Code</u> |
|--------------------|--------------|--------------|------------------|
| S/2 of Section 9 | 320 | Basin-Mancos | 97232 |

Reference is made to your application received on April 9, 2013.

You have requested approval of an unorthodox gas well location for the well described above in the referenced pool or formation. This location is governed by Order No. R-12984 [September 3, 2008] which provides for 320-acre units with wells located at least 660 feet from the outer boundary of the spacing unit and no closer than 10 feet to any interior quarter or quarter-quarter section line or subdivision inner boundary, 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 the proposed penetration point and proposed terminus are less than 660 feet from the outer boundary of the project area.

April 30, 2013

Page 2

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
Bureau of Land Management - Farmington