

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]

[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 _____

- NSL 7191
- ENCLANA oil and GAS
282327

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 2014 OCT 24 P 11:29

[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

- Well
- Escrito M322408
Well # 14
30-045-35521
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

10/24/14
Date

e-mail Address

HOLLAND & HART ^{LLP}



Gabrielle A. Gerholt
Of Counsel
Phone (505) 988-4421
Fax (505) 983-6043

gagerholt@hollandhart.com

October 24, 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

RECEIVED OGD
2014 OCT 24 P 1:29

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 M32-2408 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 M32-2408 01H** (API 30-045-35521) well to be completed within the Basin Mancos Gas Pool (Pool Code 97232). This well will be drilled from a surface location 413 feet from the South line and 60 feet from the West line (Unit M) of Section 32, Township 24 North, Range 8 West. The penetration point will be 330 feet from the East line and 400 feet from the South line (Unit P) of Section 31, Township 24 North, Range 8 West. The last perforation will be located 330 feet from the West line and 1880 feet from the North line (Lot 2) of Section 31.

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 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 M32-2408 01H** well encroaches on the spacing and proration units to the East, West, South, Southeast and Southwest.

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. ♻️

HOLLAND & HART^{LLP}



Enclosed as **Exhibit B** is a land map depicting the proposed **Escrito M32-2408 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, West, South, Southeast and Southwest. 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 – Farmington Field Office due to the well's encroachment.

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

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

DISTRICT I
1828 E. French Dr., Hobbs, N.M. 88240
Phone: (575) 893-9161 Fax: (575) 893-0720

DISTRICT II
811 E. First St., Artesia, N.M. 88210
Phone: (575) 746-1263 Fax: (575) 746-9780

DISTRICT III
1000 Elv Brasseo Rd., Artesia, N.M. 87410
Phone: (506) 334-6178 Fax: (506) 334-6170

DISTRICT IV
1820 E. St. Francis Dr., Santa Fe, NM 87506
Phone: (505) 478-8460 Fax: (505) 478-8468

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

RECEIVED

OIL CONSERVATION DIVISION FEB 26 2014

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

Farmington Field Office AMENDED REPORT
Bureau of Land Management

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-35521		*Pool Code 97232	*Pool Name BASIN MANCOS GAS
*Property Code 313135	*Property Name ESCRITO M32-2408		*Well Number 01H
*GRID No. 282327	*Operator Name ENCANA OIL & GAS (USA) INC.		*Elevation 6913.5'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	WEST/West line	County
M	32	24N	8W		413'	SOUTH	60'	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	WEST/West line	County
M	31	24N	8W	4	400'	SOUTH	330'	WEST	SAN JUAN

*Dedicated Acres 643 640.00 ACRES ALL OF SEC. 31	PROJECT AREA	*Joint or Infill	*Consolidation Code	*Order No.
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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

10

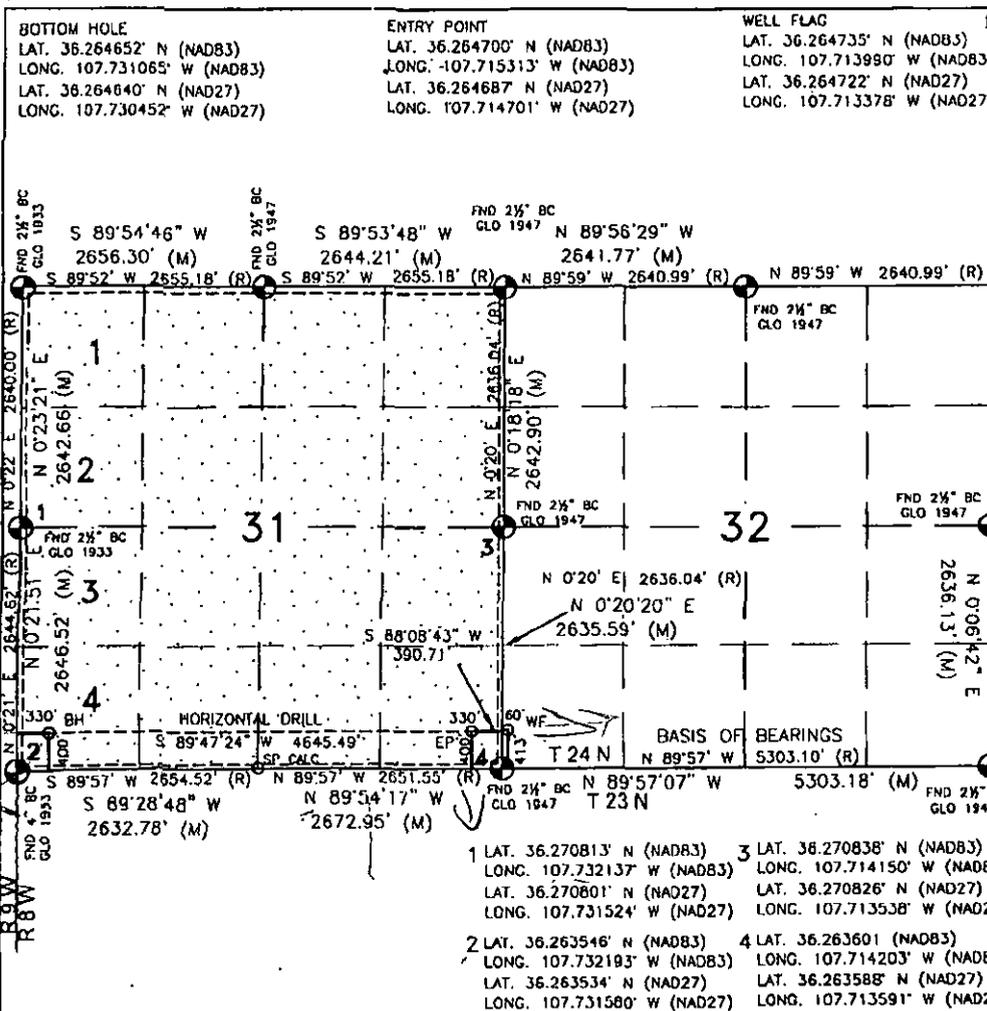
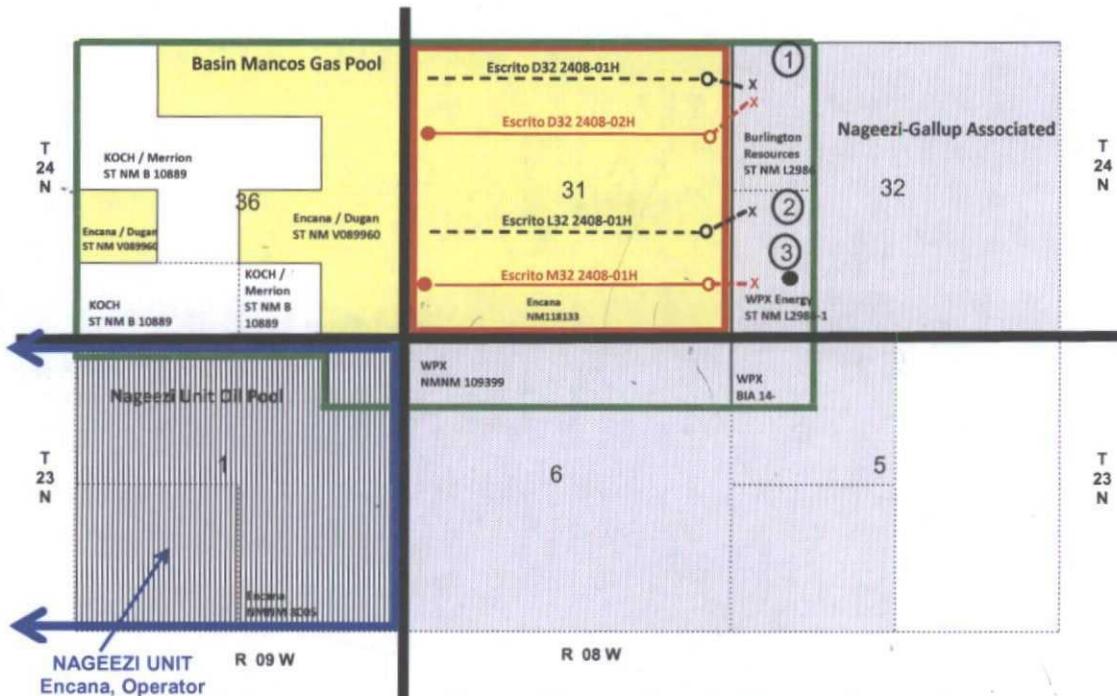


Exhibit B
 Encana Oil & Gas (USA) Inc.
 Application for Exception to Rule 2. C. 1.
 Non-Standard Location
 Basin Mancos Gas Pool
 San Juan County, New Mexico
 Escrito D32 2408-02H
 Escrito M32 2408-01H



<ul style="list-style-type: none"> Encana Leases Nageezi -Gallup Associated Pool Basin Mancos Gas Pool Nageezi Unit Oil Pool Notice Area 	<p>Project Area - T24N-R08W, Section 31: ALL</p> <p>Escrito D32-2408 02H Surface Location 1336' FNL, 280' FWL, Section 32, 24N-08W Gallup Penetration Point 1880' FNL, 330' FEL, Section 31, 24N-08W Bottomhole Location 1880' FNL, 330' FWL, Section 31, 24N-08W</p> <p>Escrito M32-2408 01H Surface Location 413' FSL, 80' FWL, Section 32, 24N-08W Gallup Penetration Point 400' FSL, 330' FEL, Section 31, 24N-08W Bottomhole Location 400' FSL, 330' FWL, Section 31, 24N-08W</p>	<p>Existing Gallup Wells in Notice Area</p> <p>(1) Escrito D32 2408 01H SHL 1306 FNL, 280' FWL, Sec 32 -24N-8W PP 400' FNL, 330' FEL, Sec 31 - 24N-8W BHL 400' FNL, 330' FWL, Sec 31 - 24N-8W Encana Oil & Gas (USA) Inc.</p> <p>(2) New Mexico State #502 950' FSL, 950' FWL Nageezi Gallup Pool Elm Ridge Exploration Company</p> <p>(3) Escrito L32 2408 01H SHL 1899 FSL, 226' FWL, Sec 32 -24N-8W PP 1900' FSL, 330' FEL, Sec 31 - 24N-8W BHL 1900' FSL, 330' FWL, Sec 31 - 24N-8W Encana Oil & Gas (USA) Inc.</p>
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* Ownership reflected represents 100% leasehold working interest in the Gallup / Mancos formation underlying each tract which is the subject of this Application

EXHIBIT
B

HOLLAND & HART^{LLP}



Gabrielle A. Gerholt
Of Counsel
Phone (505) 988-4421
Fax (505) 983-6043

gagerholt@hollandhart.com

October 24, 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 M32-2408 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:

Mona Binion
Encana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700
Denver, Colorado 80202
(720) 876-5325
mona.binion@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

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. ♻️

EXHIBIT C

Dugan Production Corp.
709 East Murray Drive
Farmington, NM 87401

KOCH Exploration
610 s. Main Avenue
Aztec, NM 87410

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

Merrion Oil & Gas Corp.
610 Reilly Ave
Farmington, NM 87401

JMJ Land & Minerals Co.
2204 N. Santiago Ave.
Farmington, NM 87401

MYCO Industries, Inc.
105 South 4th Street
Artesia, NM 88210

WPX Energy Production, LLC
P. O. Box 3102
Tulsa, OK 74101

Avertine Investment, LLC
2204 N. Santiago Ave.
Farmington, NM 87401

Juniper Investments, LLC
4669 East 145th St. S.
Bixby, OK 74008

LP Canyon, LLC
3800 Holland Ave, Apt 5
Dallas, TX 75219

RECEIVED

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT Farmington Field Office
APPLICATION FOR PERMIT TO DRILL OR REENTER and Management

FEB 26 2014

5. Lease Serial No.
NMNM 118133
6. If Indian, Allottee or Tribe Name
N/A

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No. N/A	
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		8. Lease Name and Well No. Escrito M32-2408 01H	
2. Name of Operator Encana Oil & Gas (USA) Inc.		9. API Well No. 30-045-35521	
3a. Address 370 17th Street, Suite 1700 Denver, CO 80202	3b. Phone No. (include area code) 720-876-3533	10. Field and Pool, or Exploratory Basin Mancos Gas	
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface ^M 413' FSL and 60' FWL Section 31, T24N, R8W At proposed prod. zone ^M 400' FSL and 330' FWL Section 31, T24N, R8W		11. Sec., T, R, M. or Blk. and Survey or Area Section 31, T24N, R8W NMPM	
14. Distance in miles and direction from nearest town or post office* +/- 37.9 miles southeast of the intersection of US Hwy 550 & US Hwy 64 in Bloomfield, NM		12. County or Parish San Juan	13. State 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 - 1,240.0 1664.80	17. Spacing Unit dedicated to this well 640 acres - All of Section 31, T24N, R8W 1643.00	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. New Mexico State 2 is +/- 1000' NE of wellhead	19. Proposed Depth 5,321' TVD/10, 108' MD	20. BLM/BIA Bond No. on file COB-000235 RCVD MAR 31 '14 OIL CONS. DIV.	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,914' GL, 6,930' KB	22. Approximate date work will start* 09/04/2014	23. Estimated duration 25 days DIST. 3	

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 *Katie Wegner* Name (Printed/Typed) Katie Wegner Date 2/25/14

Title Regulatory Analyst

Approved by (Signature) *Troy Salyers* Name (Printed/Typed) Troy Salyers Date 3/27/2014

Title Petroleum Engineer (Acting AFM) Office FFO

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, or to furnish any information with intent to defraud.

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

(Continued OPERATIONS DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS")

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

NMOCDA

McMillan, Michael, EMNRD

From: Michael Feldewert <MFeldewert@hollandhart.com>
Sent: Friday, November 14, 2014 9:11 AM
To: McMillan, Michael, EMNRD
Cc: Jordan L. Kessler
Subject: Encana Escrito M32-2408 Well No. 1H

You are correct Michael and that is correctly shown on the C-102 plat submitted with the application. It appears Gabrielle incorrectly identified the last perforation as 330 FWL and 1880 FNL in her cover letter. Sorry for the confusion.

From: McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]
Sent: Thursday, November 13, 2014 4:41 PM
To: Michael Feldewert
Subject: Encana Escrito M32-2408 Well No. 1H

Michael:

I just want to be clear that the final perforation in the Encana Escrito M32-2408 Well No. 1H is 400 FSL and 330 FWL, we had discussed this in the meeting, and I want this when I give it to the director.

Thank You

Michael A. McMillan

Engineering and Geological Services Bureau, Oil Conservation Division
1220 South St. Francis Dr., Santa Fe NM 87505
O: 505.476.3448 F. 505.476.3462