

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 _____

[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

[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.

Jordan L. Kessler
 Print or Type Name

Jordan L. Kessler
 Signature

Attorney
 Title
 Date

jlkessler@hollandhart.com
 e-mail Address

NSL 7149
 - ENCANADA OIL & GAS
 (USA) Inc
 28327
 Well
 Lybrook oil - 2306 #1H
 30-045-31220
 039
 2011 NOV - 4 P 5:39
 RECEIVED OOD
 POOL
 - COUNSELORS - GALLUP
 DAKOTA
 13379



November 4, 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

2014 NOV - 4 P 5:39
RECEIVED OOD

Re: Application of Encana Oil & Gas (USA) Inc. for administrative approval of an unorthodox well location in Counselors Gallup—Dakota Oil Pool for its Lybrook 001-2306 01H well in the W/2 of Section 12, Township 23 North, Range 6 West, N.M.P.M., Rio Arriba County, New Mexico.

Dear Ms. Bailey:

Encana Oil & Gas (USA) Inc. (OGRID No. 282327) seeks administrative approval of an unorthodox well location for its **Lybrook 001-2306 01H** (API 30-039-31220) well to be completed within the Counselors Gallup—Dakota Oil Pool (Pool Code 13379). This well will be drilled from a surface location 729 feet from the South line and 2540 from the East line (Unit O) of Section 1, Township 23 North, Range 6 West. The completed interval will begin 340 feet from the South line and 1870 feet from the West line (Unit N) and continue to a point 350 feet from the North line and 1870 feet from the West line (Unit C) of Section 12, Township 23 North, Range 6 West. The W/2 of Section 12 has been dedicated as the project area for the **Lybrook 001-2306 01H** well. This acreage is governed by the Special Rules and Regulations for the Counselors Gallup-Dakota Oil Pool, which requires 160-acre spacing units and provides that wells be located no closer than 660 feet to the outer boundary of the spacing unit. Accordingly, this well will be unorthodox towards the 160-acre spacing units to the North, Northeast, South and Southeast.

Enclosed as **Exhibit A** is the Well Location and Acreage Dedication Plat (Form C-102), which shows that the completed interval for the **Lybrook 001-2306 01H** well encroaches on the 160-acre spacing and proration units to the North, Northeast, South and Southeast.



Enclosed as **Exhibit B** is a land map depicting the proposed **Lybrook 001-2306 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 well's encroachment. 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 Bureau of Land Management.

Your attention to this matter is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Jordan L. Kessler".

Jordan L. Kessler

ATTORNEY FOR ENCANA OIL & GAS (USA).

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

DISTRICT I
 1626 N. French Dr., Hobbs, N.M. 88240
 Phone: (575) 393-8181 Fax: (575) 393-0720

DISTRICT II
 811 S. First St., Artesia, N.M. 88210
 Phone: (575) 746-1283 Fax: (575) 746-9720

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

DISTRICT IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505
 Phone: (505) 476-3480 Fax: (505) 476-3482

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-31220	² Pool Code 13379	³ Pool Name COUNSELORS GALLUP - DAKOTA
⁴ Property Code 313380	⁵ Property Name LYBROOK 001-2306	
⁶ Well Number 01H	⁷ Operator Name ENCANA OIL & GAS (USA) INC.	
⁸ GRID No. 282327	⁹ Elevation 6882.6'	

¹⁰ Surface Location

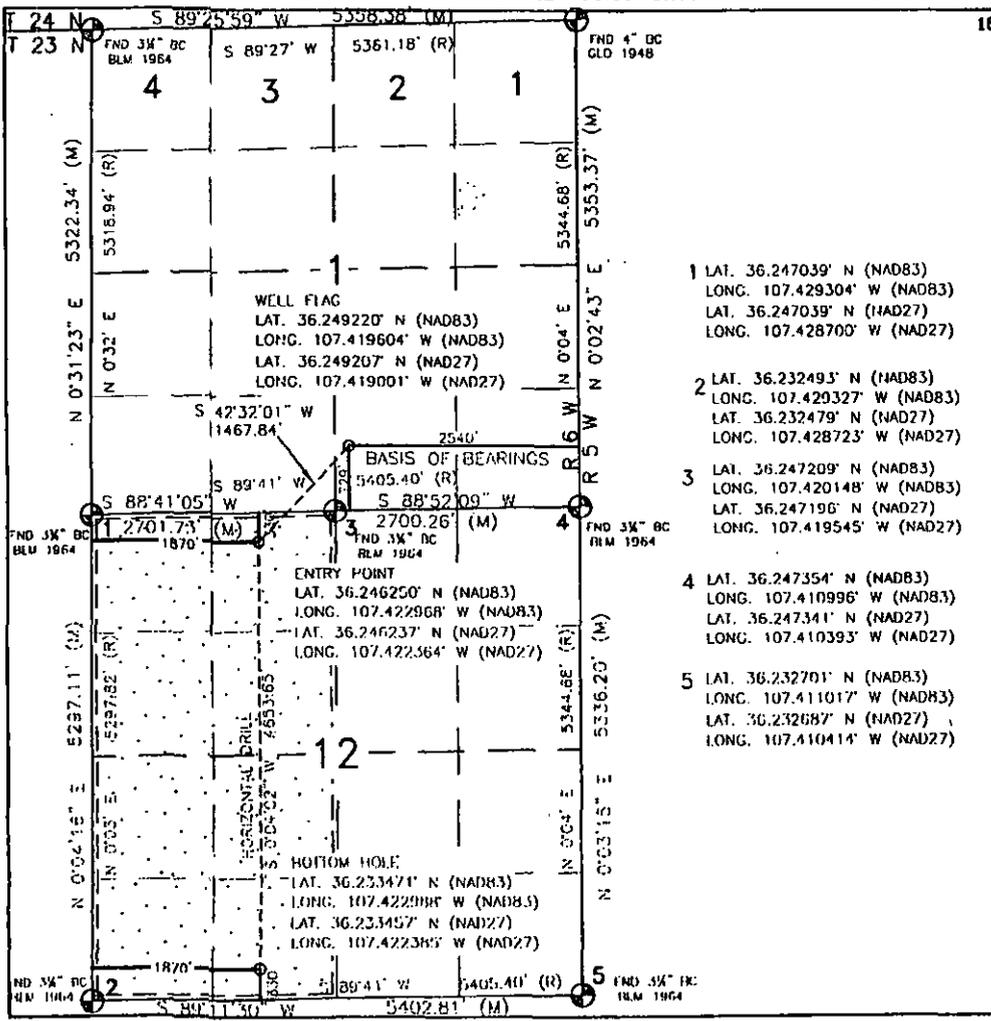
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	WEST/West line	County
0	1	23N	6W		729'	SOUTH	2540'	EAST	RIO ARRIBA

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
N	12	23N	6W		330'	SOUTH	1870'	WEST	RIO ARRIBA

¹² Dedicated Acres 320 AC. W/2 12.	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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



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 unleased 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 voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Katie Wegner 02/27/14
 Signature Date

Katie Wegner
 Printed Name

katie.wegner@encana.com
 E-mail Address

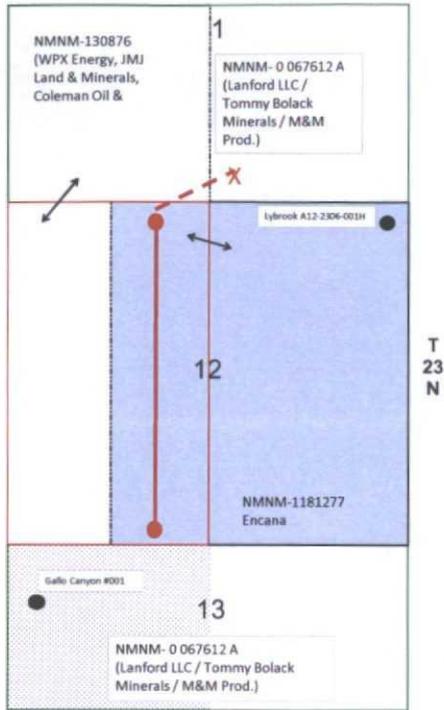
SURVEYOR CERTIFICATION

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.

NOVEMBER 26, 2013

Signature and Seal of Professional Surveyor:

DAVID RUSSELL
 Certificate Number 10201



R 06 W

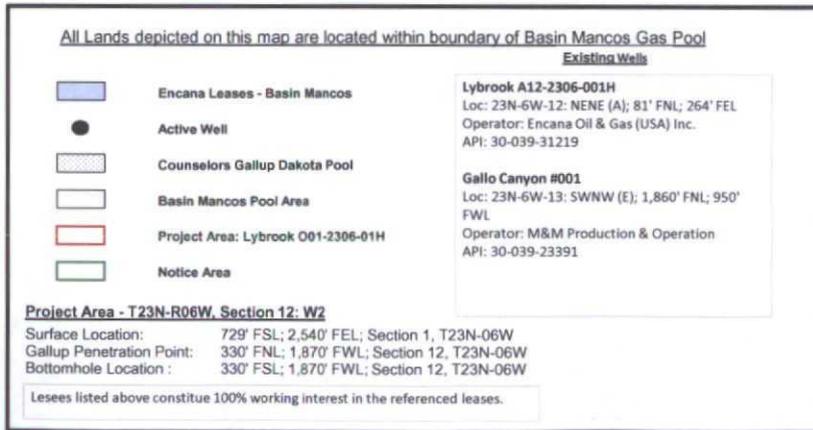


Exhibit B

Encana Oil & Gas (USA) Inc.
 Application for Exception to Rule: Non-Standard Location
 Counselors Gallup Dakota Pool
 Rio Arriba, New Mexico



EXHIBIT C

Coleman Oil & Gas, Inc.
Attn: Mike Palmer
6540 East Main Street
Farmington, NM 87402

JMJ Land and Minerals Company
Attn: James Strickler
2204 North Santiago Ave.
Farmington, NM 87401

M&M Production & Operation, Inc.
Attn: Teresa McCown
5006 Sandalwood Dr.
Farmington, NM 87402

WPX Energy Production, LLC
Attn: Chuck Bassett
P.O. Box 3102
Tulsa, OK 74101-3103

Tommy Bolack Minerals, LLC
Attn: Tommy Bolack
3901 Bloomfield HWY
Farmington, NM 87401-2831

Lanford LLC
David J. Hajny
P.O. Box 90428
Albuquerque, NM 871990428



November 4, 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 Counselors Gallup—Dakota Oil Pool for its Lybrook 001-2306 01H well in the W/2 of Section 12, Township 23 North, Range 6 West, N.M.P.M., Rio Arriba 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:

Skylar Fast
Encana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700
Denver, Colorado 80202
(720) 876-3881
Skylar.Fast@Encana.com

Sincerely,

Jordan L. Kessler
ATTORNEY FOR ENCANA OIL & GAS (USA) INC.

McMillan, Michael, EMNRD

From: Jordan L. Kessler <JLKessler@hollandhart.com>
Sent: Wednesday, November 05, 2014 1:30 PM
To: McMillan, Michael, EMNRD
Subject: RE: Encana Lybrook 001-2306 #1H NSL application

Mr. McMillan,

Thank you for your email. Approval of the unorthodox completed interval will allow for efficient well spacing and prevent waste of a productive reservoir. Please let me know if there is anything further I may provide you in reference to this application.

Best regards,
Jordan

Jordan Lee Kessler

Associate

Holland & Hart LLP

110 North Guadalupe Suite 1

Santa Fe, NM 87501

Phone (505) 988-4421

Fax (505) 983-6043

E-mail: JLKessler@hollandhart.com



CONFIDENTIALITY NOTICE: This message is confidential and may be privileged. If you believe that this email has been sent to you in error, please reply to the sender that you received the message in error; then please delete this e-mail. Thank you.

From: McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]
Sent: Wednesday, November 05, 2014 1:00 PM
To: Jordan L. Kessler
Subject: Encana Lybrook 001-2306 #1H NSL application

Ms. Kessler:

I received your NSL application for the Encana Lybrook 001-2306 #1H yesterday.

I need a reason you are applying for the NSL application.

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