

12/24/2014 DATE IN	SUSPENSE	MAM ENGINEER	12/24/2014 LOGGED IN	NSL TYPE	PMA 414363.41323 APP NO
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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]

[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

Signature

Attorney

Title

jlkessler@hollandhart.com

e-mail Address

Date

- NSL 725
- Encana Oil and Gas (USA)
82
2-8327
well
- Lybnook G31 2307 3H
30-043-21218

2014 DEC 24 A 10:06

RECEIVED OGD

Pool
- Basin Mancos
47232

12/24/14

December 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 OCD
2014 DEC 24 A 10:06

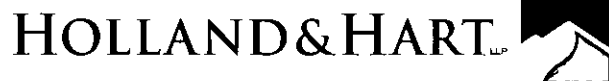
Re: Application of Encana Oil & Gas (USA) Inc. for administrative approval of a 160-acre, more or less, non-standard spacing unit in the Basin Mancos Gas Pool and approval of an unorthodox well location in the Basin Mancos Gas Pool for its Lybrook G31-2307-03H well in the N/2 of Section 36, Township 23 North, Range 8 West, San Juan County and the NW/4 of Section 31, Township 23 North, Range 7 West, N.M.P.M., Sandoval County, New Mexico.

Dear Ms. Bailey:

As reflected on **Exhibit A** (Form C-102), Encana Oil & Gas (USA) Inc. (OGRID No. 282327) seeks to drill its **Lybrook G31-2307-03H** well and dedicate it to a 481.24 acre spacing and proration unit within the Basin Mancos Gas Pool (Pool Code 97232). This well will be drilled from a surface location 1401 feet from the North line and 2380 feet from the East line (Unit G) of Section 31, Township 23 North, Range 7 West, Sandoval County, to a bottom hole location 2248 feet from the North line and 330 feet from the West line (Unit E) of Section 36 Township 23 North, Range 8 West, San Juan County, New Mexico.

As shown on Exhibit A, the first perforation for this well is expected to be 340 feet from the West line and 2,248 feet from the North line of Section 36, while the last perforation is expected to be 2,990 feet from the East line and 2,257 feet from the North line of Section 31. Since the Basin Mancos Gas Pool requires wells to be located no closer than 660 feet from the outer-boundary of the proposed spacing unit, this well will encroach on the spacing and proration units to the East, Southeast, South, Southwest, and West. Encana seeks an unorthodox location for this proposed well to allow for efficient well spacing and prevent waste of a productive reservoir.

Enclosed as **Exhibit B** is a land map depicting the proposed spacing unit in relation to the adjoining spacing units and the owners in the affected leases. This exhibit reflects that the proposed spacing unit adjoins the Alamito-Gallup Pool to the South, which is subject to 40-acre spacing, and is comprised of a single Indian allottee lease (BIA 1403-1949). In order to allow



this single Indian allottee lease to be developed independently of the adjacent leases, Encana seeks the creation of a 160-acre non-standard spacing and proration unit comprised of the NW/4 of Section 31 to form a 481.24 acre spacing unit and project area for the proposed well. Encana intends to develop the E/2 of Section 31 with two standup horizontal wells, which have been permitted under API Nos. 3004321210 and 3004321211.

Enclosed as **Exhibit C** is a list of the parties affected by the non-standard location and the creation of a non-standard spacing unit. It includes not only the affected lessees (Dugan, WPX and Oxy) but also the affected Indian allottee owners. 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 also been sent to the New Mexico State Land Office, the Bureau of Land Management, and the Federal Indian Mineral's Office.

Your attention to this matter is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael H. Feldewert", written over a horizontal line.

Michael H. Feldewert

ATTORNEY FOR ENCANA OIL & GAS (USA).

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

New Mexico State Land Office
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Federal Indian Minerals Office
6251 College Blvd. Suite B
Farmington, NM 87402

District I
1525 N. French Drive, Hobbs, NM 88240
Phone: (575) 393-0161 Fax: (575) 393-0720

District II
811 S. First Street, Artesia, NM 88210
Phone: (575) 748-1263 Fax: (575) 748-9120

District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV
1220 S. St. Francis Drive, Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to
Appropriate District Office

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-043-21218		Pool Code 97232	Pool Name BASIN MANCOS
Property Code	Property Name LYBROOK G31-2307		Well Number 03H
GRID No. 282327	Operator Name ENCANA OIL & GAS (USA) INC.		Elevation 6995'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot	Feet from the	North/South line	Feet from the	East/West line	County
G	31	23N	7W		1401	NORTH	2380	EAST	SANDOVAL

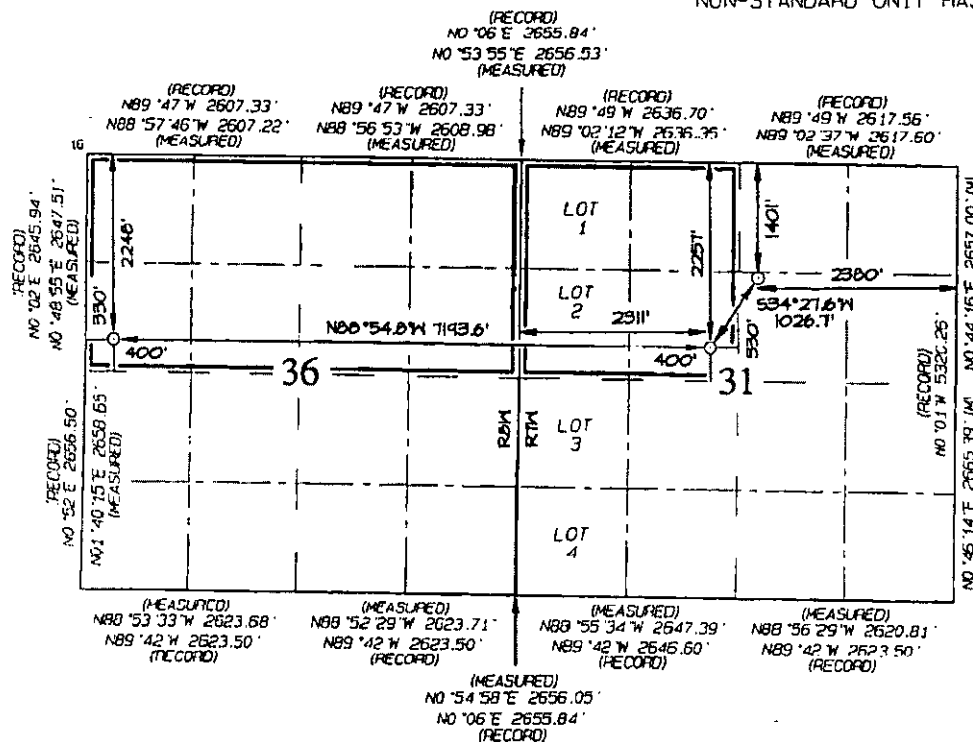
11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot	Feet from the	North/South line	Feet from the	East/West line	County
E	36	23N	8W		2248	NORTH	330	WEST	SAN JUAN

Dedicated Acres 481.24 Acres	NW/4 of Section 31 N/2 of Section 36	Joint or Infill	Consolidation Code	Order No.
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Estimated first perforation to occur 340' FWL Sec. 36
Estimated last perforation to occur 2,990' FEL 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



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.

Signature: Holly Hill Date: 5/22/14

Printed Name: Holly Hill

E-mail Address: hilly.hill@encana.com

18 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.

Date Revised: APRIL 16, 2014
Survey Date: NOVEMBER 12, 2013

Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

END-OF-LATERAL
2248' FWL 330' FWL
SECTION 36, T23N, R7W
LAT: 36.18450°N
LONG: 107.64028°W
DATUM: NAD1927

POINT-OF-ENTRY
2257' FWL 2311' FWL
SECTION 31, T23N, R7W
LAT: 36.18441°N
LONG: 107.61591°W
DATUM: NAD1927

SURFACE LOCATION
1401' FWL 2380' FWL
SECTION 31, T23N, R7W
LAT: 36.18675°N
LONG: 107.61398°W
DATUM: NAD1927

EXHIBIT

A

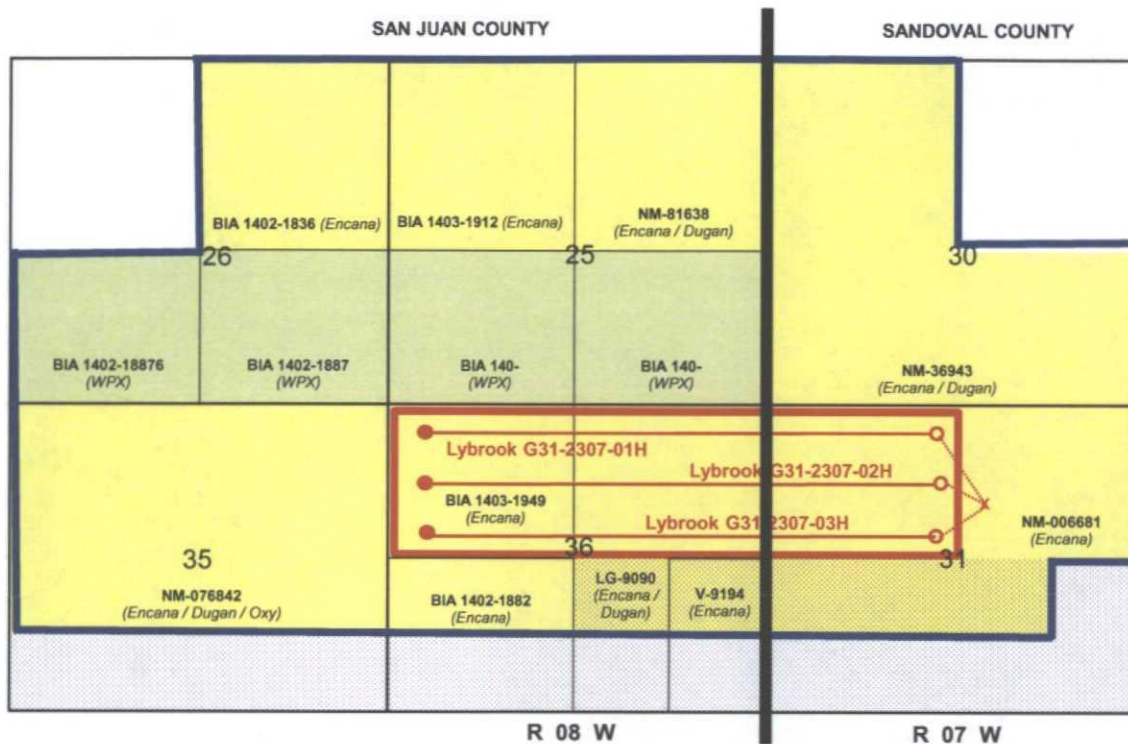


Exhibit B

Encana Oil & Gas (USA) Inc.
Application for Exception to Rule
Non-Standard Location
Basin Mancos Gas Pool
Sandoval & San Juan Counties, New Mexico



T
23
N

Encana Leases Non-Encana Leases Active Well (None) Alamito-Gallup Pool Area Basin Mancos Pool Area Project Area: Lybrook G31-2307-01H, 02H, 03H Notice Area																							
Project Area - T23N-R07W, Section 31: Lots 1, 2, S2NW; T23N-R08W, Section 36: N2 <table> <tr> <th>Well Name</th><th>Surface Hole Location</th><th>Gallup Penetration Point</th><th>Bottom Hole Location</th></tr> <tr> <td></td><td>T23N-R7W Section 31</td><td>T23N-R7W Section 31</td><td>T23N-R8W Section 36</td></tr> <tr> <td>Lybrook G31 2307 01H</td><td>1,358' FNL, 2,379" FEL</td><td>400' FNL, 2,307' FWL</td><td>400' FNL, 330' FWL</td></tr> <tr> <td>Lybrook G31 2307 02H</td><td>1,379' FNL, 2,401" FEL</td><td>1,340' FNL, 2,309' FWL</td><td>1,340' FNL, 330' FWL</td></tr> <tr> <td>Lybrook G31 2307 03H</td><td>1,401' FNL, 2,380" FEL</td><td>2,257' FNL, 2,311' FWL</td><td>2,248' FNL, 330' FWL</td></tr> </table>				Well Name	Surface Hole Location	Gallup Penetration Point	Bottom Hole Location		T23N-R7W Section 31	T23N-R7W Section 31	T23N-R8W Section 36	Lybrook G31 2307 01H	1,358' FNL, 2,379" FEL	400' FNL, 2,307' FWL	400' FNL, 330' FWL	Lybrook G31 2307 02H	1,379' FNL, 2,401" FEL	1,340' FNL, 2,309' FWL	1,340' FNL, 330' FWL	Lybrook G31 2307 03H	1,401' FNL, 2,380" FEL	2,257' FNL, 2,311' FWL	2,248' FNL, 330' FWL
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Lybrook G31 2307 03H	1,401' FNL, 2,380" FEL	2,257' FNL, 2,311' FWL	2,248' FNL, 330' FWL																				
Existing Wells There are no active Gallup wells in Project Area or Notice Area associated with this Application.																							
All Lessees shown above indicate 100% WI ownership in the Gallup Formation as to the Lease boundaries.																							



Encana Oil & Gas (USA) Inc.
EXHIBIT C

Lessees:

WPX Energy Production LLC
P. O. Box 3102
Tulsa, OK 74101-3103

OXY Y-1 Company
5 Greenway Plaza, Suite 110
Houston, TX 77046-0506

Dugan Production Corp.
709 East Murray Drive
Farmington, NM 87401-6649

Allottees:

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Encana Oil & Gas (USA) Inc.
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Encana Oil & Gas (USA) Inc.
EXHIBIT C

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EXHIBIT C

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Recognized Specialist in the Area of
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Mexico Board of Legal Specialization
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December 23, 2014

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO AFFECTED PARTIES

Re: Application of Encana Oil & Gas (USA) Inc. for administrative approval of a 160-acre, more or less, non-standard spacing unit in the Basin Mancos Gas Pool and approval of an unorthodox well location in the Basin Mancos Gas Pool for its Lybrook G31-2307-03H well in the N/2 of Section 36, Township 23 North, Range 8 West, San Juan County and the NW/4 of Section 31, Township 23 North, Range 7 West, N.M.P.M., Sandoval 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 L. Binion
Encana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700
Denver, Colorado 80202
(720) 876-5325
Mona.Binion@Encana.com

Sincerely,

Michael H. Feldewert
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. ☐

County, NM
First perforation: 340' from the West line; 1,340' from the North line of Section 36, Township
23 North, Range 8 West, San

Juan County, NM
Last perforation: 2,289' from the West line; 1,340' from the North line of Section 31, Township
23 North, Range 7 West,
Sandoval County, NM

Lybrook G31-2307 03H:

SHL: 1401' from the North line, 2380' from the East line (Unit G), Section 31, Township 23 North,
Range 7 West, Sandoval

County, NM

BHL: 2248' from the North line, 330' from the West line (Unit E), Section 36, Township 23
North, Range 8 West, San Juan

County, NM

First perforation: 340' from the West line; 2,248 from the North line; of Section 36, Township 23
North, Range 8 West, San

Juan County, NM

Last perforation: 2,291 from the West line; 2,257' from the North line of Section 31, Township
23 North, Range 7 West,

Sandoval County, NM

From: McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]

Sent: Friday, January 02, 2015 4:05 PM

To: Jordan L. Kessler

Subject: Lybrook J31-2307-2H perforations

Ms. Kessler:

Can you clarify the last perforation for the Lybrook J31-2307-2H well. You state that the final perforation is 2990
FEL. However, the E/2 of the section is 2621 feet. If I look at the C-102, the well is 1978 FWL, so the well is encroaching
to the North.

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

Thank You