

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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

Jami Bailey, Division Director
Oil Conservation Division



June 13, 2014

ENCANA OIL AND GAS (USA) INC.
Attn: Mr. Adam Rankin

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-6769-A
Administrative Application Reference No. pEH1416431655

ENCANA OIL AND GAS (USA) INC.
OGRID 282327
Lybrook H26-2307 Well No. 02H
API No. 30-043-21133

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	2227 FNL & 357 FEL	H	26	23N	7W	Sandoval
Penetration Point	1550 FNL & 940 FEL	H	26	23N	7W	Sandoval
Terminus	1550 FNL & 330 FWL	E	26	23N	7W	Sandoval

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
N/2 of Section 26	320	Basin Mancos	97232

Reference is made to your application received on June 12, 2014.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed by the Special Rules for the Basin Mancos Gas Pool, which provides for 320-acre units with wells to be located at least 660 feet from outer unit boundaries, and Rule 19.15.16.14.B (2) NMAC concerning directional wells in designated project areas. This location is unorthodox because portions of the proposed completed interval are closer to outside boundaries of the proposed project area than any location that would be a standard location under the applicable pool rules.

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

It is our understanding you are seeking this location to most efficiently develop reserves in the section.

It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved.

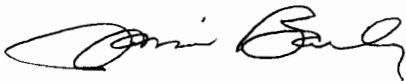
This Order supersedes Division Order No. NSL-6769, issued on March 12, 2013, for the Lybrook H26 2307 Well No. 2H (API 30-043-21133) only.

Division Order 6769, issued on March 12, 2013, remains in full force and effect for Lybrook H26 2307 Well No. 1H (API 30-043-21118).

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 19.15.5.9 NMAC.

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

DONE at Santa Fe, New Mexico, on June 13, 2014

A handwritten signature in black ink, appearing to read "Jami Bailey", is written over a horizontal line.

Jami Bailey
Director

JB/mam

cc: New Mexico Oil Conservation Division – Aztec
Bureau of Land Management – Farmington