

DATE IN 08/06/13	SUSPENSE	ENGINEER <i>DD</i>	LOGGED IN 08/09/13	TYPE NSL	APP NO. PRG 1322055211
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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



*6849*

**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 \_\_\_\_\_

2013 AUG -6 PM 4:31  
 RECEIVED OIL

- [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

*API - pending*  
*Escrito E13-2407 #14*  
*Encana*

[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.

*Michael H. Feldewert*  
 Print or Type Name

*[Signature]*  
 Signature

*Attorney*  
 Title

*8/6/13*  
 Date

*mfeldewert@hollandhart.com*  
 e-mail Address

HOLLAND & HART<sup>LLP</sup>



**Michael H. Feldewert**  
Recognized Specialist in the Area of  
Natural Resources - oil and gas law - New  
Mexico Board of Legal Specialization  
mfeldewert@hollandhart.com

August 6, 2013

**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

**Re: Application of Encana Oil & Gas (USA) Inc. for administrative approval of an unorthodox well location in the Devils Fork Gallup Associated Pool for its Escrito E13-2407 01H well in the N/2 of Section 14, Township 24 North, Range 7 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 Escrito E13-2407 01H well located in the N/2 of Section 14, Township 24 North, Range 7 West. This area is subject to the General Rules And Regulations For The Associated Oil And Gas Pools Of Northwest New Mexico And Southeast New Mexico ("General Associated Pool Rules") as well as Special Rules And Regulations For The Devils Fork Gallup Associated Pool ("Special Rules") adopted by the Commission under Order R-5353. Since Rule 2 of the Special Rules provides for 80-acre oil spacing units, Rule 2(b) of the General Associated Pool Rules requires any oil well to be located no closer than 790 feet to any quarter section line. Encana seeks an exception to this setback requirement for its Escrito E13-2407 01H horizontal well.

Enclosed as **Exhibit A** is an Amended C-102 reflecting the location of the Escrito E13-2407 01H horizontal well. It reflects that the completed interval encroaches on the quarter section lines to the South, Southeast, Southwest, East and West of the N/2 of Section 14, but remains at least 330 feet from these quarter section lines. Encana believes that this location is necessary to efficiently develop the Devils Fork Gallup oil reserves underlying this Section.

Rule 2(c) of the General Associated Pool Rules allows the "Secretary-Director of the Commission" to grant an exception to the well location requirements so long as no "offset operators" object to the application.

Enclosed as **Exhibit B** is a land plat showing the operators of existing Basin Mancos / Basin Dakota wells, leases, and all working interest in these leases for the spacing units to the South, Southeast, Southwest, East and West of the N/2 of Section 14.

**Holland & Hart** LLP

Phone [505] 988-4421 Fax [505] 983-6043 [www.hollandhart.com](http://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<sup>LLP</sup>



**Exhibit C** is a complete list of these parties. A copy of this application with all attachments has been sent by certified mail to each of these 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.

Your attention to this application is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael H. Feldewert', written in a cursive style.

Michael H. Feldewert

**ATTORNEYS FOR ENCANA OIL & GAS (USA).**

cc: David K. Brooks, Oil Conservation Division

DISTRICT I  
1620 N. French Dr., Hobbs, N.M. 88240  
Phone: (505) 526-6101 Fax: (505) 526-0720

DISTRICT II  
211 S. First St., Artesia, N.M. 88210  
Phone: (505) 748-1898 Fax: (505) 748-0720

DISTRICT III  
1000 Rio Grande Rd., Aztec, N.M. 87410  
Phone: (505) 824-6170 Fax: (505) 824-6170

DISTRICT IV  
1280 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 478-8480 Fax: (505) 478-8480

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 Dr.  
Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-039-31189		<sup>2</sup> Pool Code 17610	<sup>3</sup> Pool Name DEVILS FORK GALLUP (ASSOCIATED)
<sup>4</sup> Property Code	<sup>5</sup> Property Name ESCRITO E13-2407		<sup>6</sup> Well Number 01H
<sup>7</sup> GRID No. 282327	<sup>8</sup> Operator Name ENCANA OIL & GAS (USA) INC.		<sup>9</sup> Elevation 6689.9'

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	13	24N	7W		1991'	NORTH	225'	WEST	RIO ARRIBA

<sup>11</sup> 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	East/West line	County
E	14	24N	7W		2210'	NORTH	330'	WEST	RIO ARRIBA

<sup>12</sup> Dedicated Acres 320.00 Ac. N/2 - SEC. 14	PROJECT AREA	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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

**18**

1 LAT. 36.320171' N (NAD83)  
LONG. 107.554141' W (NAD83)  
LAT. 38.320159' N (NAD27)  
LONG. 107.553534' W (NAD27)

2 LAT. 36.305589' N (NAD83)  
LONG. 107.554149' W (NAD83)  
LAT. 36.305577' N (NAD27)  
LONG. 107.553542' W (NAD27)

3 LAT. 36.320226' N (NAD83)  
LONG. 107.536414' W (NAD83)  
LAT. 38.320214' N (NAD27)  
LONG. 107.535808' W (NAD27)

4 LAT. 36.305659' N (NAD83)  
LONG. 107.536528' W (NAD83)  
LAT. 36.305647' N (NAD27)  
LONG. 107.535922' W (NAD27)

5 LAT. 36.319578' N (NAD83)  
LONG. 107.518615' W (NAD83)  
LAT. 36.319566' N (NAD27)  
LONG. 107.518009' W (NAD27)

**BASIS OF BEARING**

FND 3/4" BC BLM 1984 S 89°40'53" W 5224.23' (M)  
S 89°48' W 5224.56' (R)

FND 3/4" BC BLM 1984 N 87°32'04" W 5251.08' (M)  
N 87°25' W 5248.98' (R)

FND 3/4" BC BLM 1984

WELL FLAG  
LAT. 36.314731' N (NAD83)  
LONG. 107.535893' W (NAD83)  
LAT. 36.314719' N (NAD27)  
LONG. 107.535087' W (NAD27)

HORIZONTAL DRILL  
S 89°40'48" W 4551.76'

BOTTOM HOLE  
LAT. 36.314106' N (NAD83)  
LONG. 107.553025' W (NAD83)  
LAT. 36.314094' N (NAD27)  
LONG. 107.552418' W (NAD27)

ENTRY POINT  
LAT. 36.314154' N (NAD83)  
LONG. 107.537581' W (NAD83)  
LAT. 36.314142' N (NAD27)  
LONG. 107.536975' W (NAD27)

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

*Holly Hill* 4/2/13  
Signature Date

Holly Hill  
Printed Name

holly.hill@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.

FEBRUARY 12, 2013  
Date of Survey

Signature and Seal of Professional Surveyor:  
*David Russell*

DAVID RUSSELL  
REGISTERED PROFESSIONAL LAND SURVEYOR  
NEW MEXICO

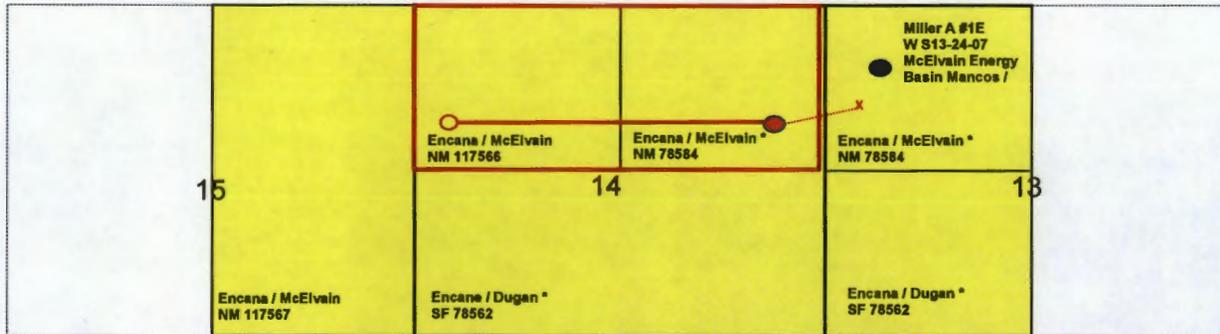
DAVID RUSSELL  
Certificate Number 10201

**EXHIBIT**

**A**

# Exhibit B

Encana Oil & Gas (USA) Inc.  
 Application for Exception to Rule 3(a)  
 Non-Standard Location  
 Devil's Fork Gallup Oil Pool  
 Rio Arriba County, New Mexico



R 07 W

 **Encana Leases**

**Escrito E13 2407 01H**

 **Project Area - T24N-R07W, Section 14 N2**

Surface Location 1991' FNL, 225' FWL, Section 13, 24N-07W  
 Gallup Penetration Point 2210' FNL, 330' FEL, Section 14, 24N-07W  
 Bottomhole Location 2210' FNL, 330' FWL, Section 14, 24N-07W



\* Ownership reflected represents 100% leasehold working interest in the Basin Mancos underlying each tract which is the subject of this Application

EXHIBIT  
 B

**Exhibit C**

**Notification List for Application for approval of an unorthodox well location in the  
Devil's Fork Gallup Associated Pool: N/2 of Section 14, T-24-N, R-7-West**

T. H. McElvain Oil & Gas LLLP  
McElvain Energy, Inc.  
1050 17th Street, Suite 2500  
Denver, Colorado 80265

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

HOLLAND & HART<sup>LLP</sup>



**Michael H. Feldewert**  
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Natural Resources - oil and gas law -  
New Mexico Board of Legal  
Specialization  
mfeldewert@hollandhart.com

August 6, 2013

**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 Devils Fork Gallup Associated Pool for its Escrito E13-2407 01H well in the N/2 of Section 14, Township 24 North, Range 7 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:

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

Sincerely,

Michael H. Feldewert  
ATTORNEYS FOR ENCANA OIL & GAS (USA) INC.

**Holland & Hart** LLP

Phone [505] 988-4421 Fax [505] 983-6043 [www.hollandhart.com](http://www.hollandhart.com)

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Albuquerque Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C.