

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



6952

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 _____

Encara
 30-045-3534
 Bisti H09-2510#1H

RECEIVED
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[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.

Michael H. Feldewert
 Print or Type Name

Signature

[Handwritten Signature]

Attorney
 Title

8/16/13
 Date

m.feldewert@hollandhart.com
 e-mail Address



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 Gallegos-Gallup Associated Pool for its Bisti H09-2510 01H well in the N/2 of Section 9, Township 25 North, Range 10 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 Bisti H09-2510 01H well located in the N/2 of Section 9, Township 25 North, Range 10 West. This area is subject to the Special Rules and Regulations for the Gallegos-Gallup Oil Pool ("Gallegos-Gallup Rules") adopted by the Commission under R-3707 and the General Rules And Regulations For The Associated Oil And Gas Pools Of Northwest New Mexico And Southeast New Mexico ("General Associated Pool Rules") adopted by the Commission under Order R-5353. Since Rule 3(a) of the Gallegos-Gallup Rules and Rule 2 of the Special Rules provides for 80-acre oil spacing units, Rule 4(a) of the Gallegos-Gallup Rules and Rule 2(b) of the General Associated Pool Rules require 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 Bisti H09-2510 01H horizontal well.

Enclosed as **Exhibit A** is an Amended C-102 reflecting the location of the Bisti H09-2510 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 9, but remains at least 330 feet from these quarter section lines. Encana believes that this location is necessary to efficiently develop the Gallegos-Gallup oil reserves underlying this Section.

Rule 4(b) of the Gallegos-Gallup Rules and 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.

HOLLAND & HART^{LLP}



Enclosed as **Exhibit B** is a land plat showing the operators of existing Gallegos-Gallup 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 9.

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
1625 N French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax (575) 393-0720
District II
811 S First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-35341	² Pool Code 26980	³ Pool Name GALLEGOS-GALLUP (ASSOCIATED) POOL
⁴ Property Code 39159	⁵ Property Name BISTI H09-2510	
⁷ GRID No. 282327	⁶ Operator Name ENCANA OIL & GAS (USA) INC.	⁸ Well Number 01H ⁹ Elevation 6635.7

¹⁰ Surface Location

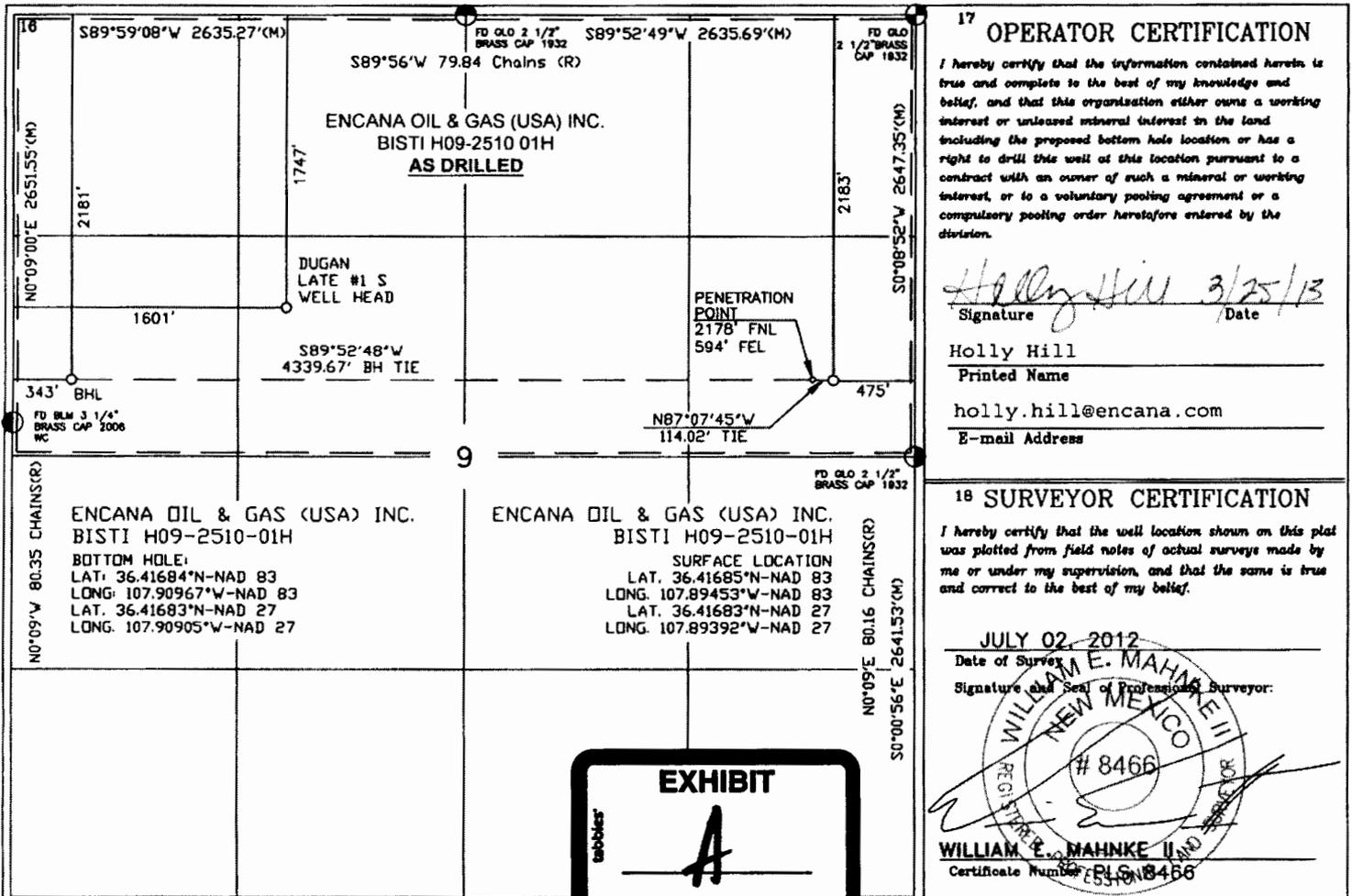
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	9	25-N	10-W		2183'	NORTH	475'	EAST	SAN JUAN

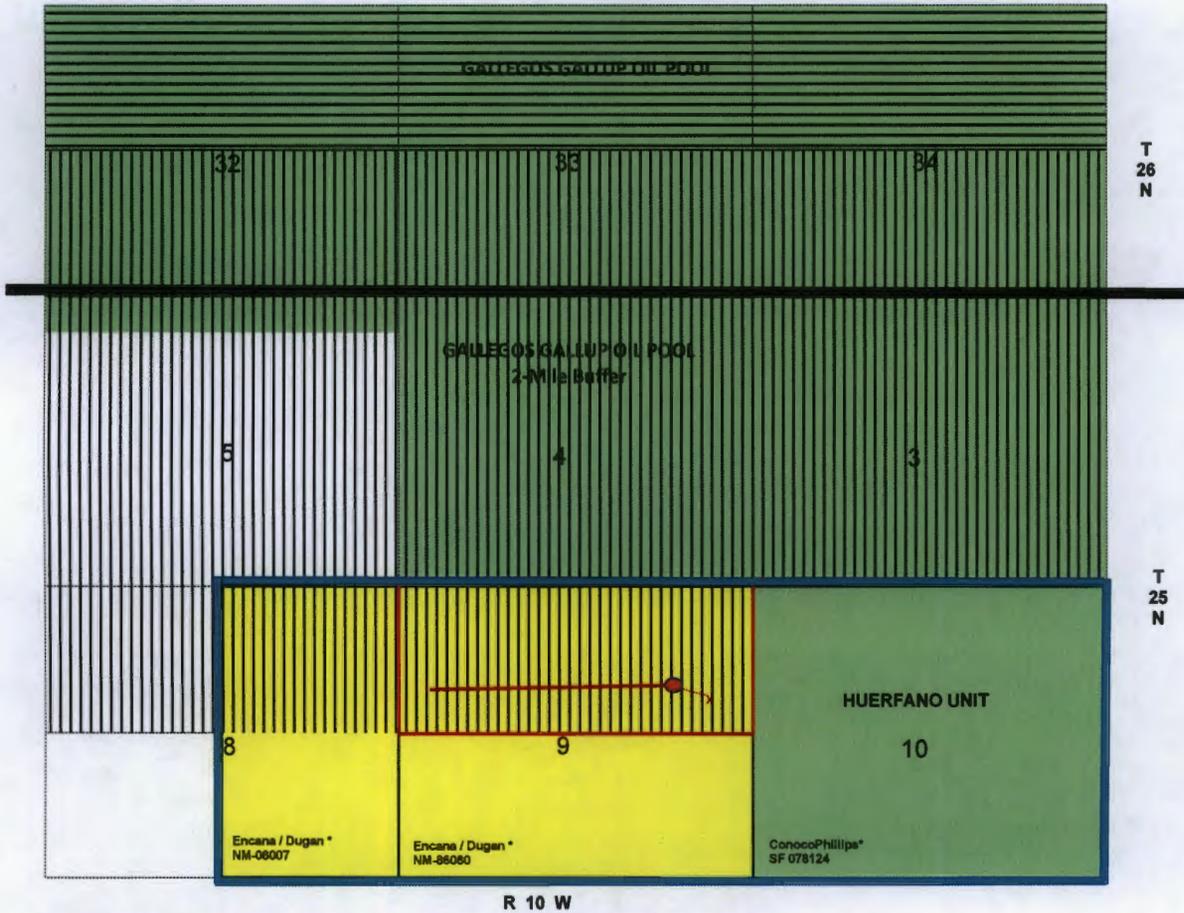
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	9	25-N	10-W		2181'	NORTH	343'	WEST	SAN JUAN

¹² Dedicated Acres 320 (N/2)	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.





- ENCANA LEASES
- HUERFANO UNIT
- GALLEGOS GALLUP OIL POOL
- GALLEGOS GALLUP OIL POOL 2-MILE BUFFER
- APPLICATION NOTICE AREA

BISTI H09 2510 01H

- Project Area - T25N-R10W, Section 9 N2**
- Surface Location 2183' FNL, 475' FEL Section 9, 25N-10W
- Gallup Penetration Point 2178' FNL, 594' FEL Section 9, 25N-10W
- Bottomhole Location 2181' FNL, 343' FWL, Section 9, 25N-10W

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



Exhibit B

Encana Oil & Gas (USA) Inc.
 Application for Exception to Rule 4(a)
 Non-Standard Location
Bisti H09 2510 01H
 Gallegos Gallup Oil Pool
 San Juan County, New Mexico



Exhibit C

Notification List for Application for approval of an unorthodox well location in the Gallegos-Gallup Associated Pool: N/2 of Section 9, T-25-N, R-10-West

ConocoPhillips
3401 East 30th Street
Farmington, NM 87402
Attention: Patrick H. Noah

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

HOLLAND & HART^{LLP}



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 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 Gallegos-Gallup Associated Pool for its Bisti H09-2510 01H well in the N/2 of Section 9, Township 25 North, Range 10 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 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
ATTORNEYS FOR ENCANA OIL & GAS (USA) INC.