

ABOVE THIS LINE FOR DIVISION USE ONLY

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



NSL-6967

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 SEP 12 PM 3:19
RECEIVED

Encana Oil & Gas

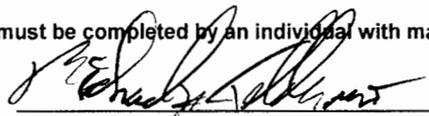
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
 [A] Working, Royalty or Overriding Royalty Interest Owners
 [B] Offset Operators, Leaseholders or Surface Owner
 [C] Application is One Which Requires Published Legal Notice
 [D] Notification and/or Concurrent Approval 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

Escrito I24-
2409 #1H
30-045-35322

[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  Attorney 9/12/13
 Print or Type Name Signature Title Date
 M.feldewert@hollandharr.com
 e-mail Address

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

September 12, 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

2013 SEP 12 PM 3:19
RECEIVED

Re: Application of Encana Oil & Gas (USA) Inc. for administrative approval of an unorthodox well location in the Basin Mancos Pool for its Escrito I24-2409 01H well in the S/2 of Section 24, Township 24 North, Range 9 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 **Escrito I24-2409 01H** well located in the S/2 of Section 24, Township 24 North, Range 9 West. This area is subject to the Special Rules And Regulations for the Basin Mancos Pool ("Basin Mancos Rules") adopted by the Commission under Order R-12984. Rule 2(C)1 of the Basin Mancos Rules requires any well to be located no closer than 660 feet to the outer boundary of the spacing unit. Encana seeks an exception to this setback requirement for its Escrito I24-2409 01H horizontal well.

Enclosed as **Exhibit A-1** is the original C-102 reflecting the proposed project area for the Escrito I24-2409 01H horizontal well as the S/2 of Section 24 for the Bisti Lower-Gallup Pool. **Exhibit A-2** is the as-drilled C-102 filed in September of 2012 reflecting the project area as the N/2S/2 of Section 24 for the Bisti Lower-Gallup Pool. Encana has recently discovered that this well should be located in the Basin Mancos Gas Pool and provides at **Exhibit A-3** an amended, as-drilled C-102 reflecting the proper pool and the proper project area as the S/2 of Section 24. The change in the pool designation for this well results in the completed interval for this well encroaching on the spacing units to the West, Northwest, Northeast, and East of the S/2 of Section 24 since the Basin Mancos Gas Pool requires 660 foot setbacks. Rules 19.15.15.13(B) and 19.15.4.12(A)2 NMAC allow the director to grant an exception to the well location requirements so long as no affected party, as defined in the Division Rules, objects to the application.

Enclosed as **Exhibit B** is a land map showing the operators of existing Basin Mancos and Cuervo Gallup wells, leases, and working interest in the spacing units to the West, Northwest, Northeast and East of the S/2 of Section 24.

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. ☪

HOLLAND & HART^{LLP}



Exhibit C is a complete list of the affected parties in the offsetting spacing units. A copy of this application with all attachments has been sent by certified mail to each of the parties with known addresses, 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. For those affected parties without known addresses, notice has been published in the local newspaper.

Your attention to this matter is appreciated.

Sincerely,

Michael H. Feldewert

ATTORNEY FOR ENCANA OIL & GAS (USA).

cc: David K. Brooks, Oil Conservation Division

District I
1625 N. French Drive, Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II
811 S. First Street, 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 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		*Pool Code	*Pool Name
		5890	BISTI LOWER - GALLUP
*Property Code	*Property Name		*Well Number
	ESCRITO I24-2409		01H
*GRID No.	*Operator Name		*Elevation
282327	ENCANA OIL & GAS (USA) INC.		6880'

¹⁰ Surface Location

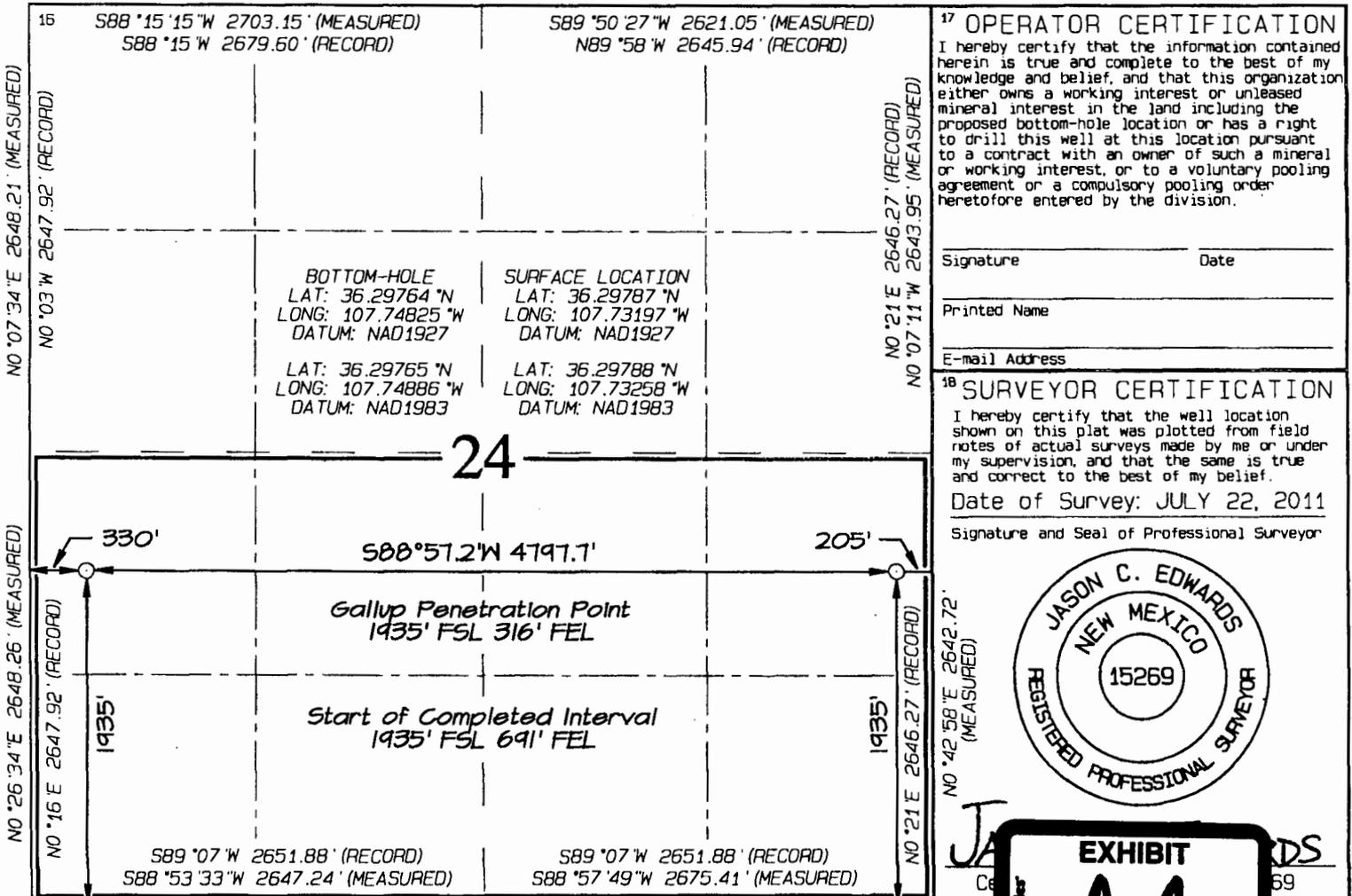
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	24	24N	9W		1935	SOUTH	205	EAST	SAN JUAN

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
L	24	24N	9W		1935	SOUTH	330	WEST	SAN JUAN

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
320.0 Acres - (S/2)			

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 _____ Date _____
Printed Name _____
E-mail Address _____

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 of Survey: JULY 22, 2011
Signature and Seal of Professional Surveyor



EXHIBIT A-1

District I
1625 N. French Drive, Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II
811 S. First Street, 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 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

As-Drilled

RCVD SEP 26 '12
OIL CONS. DIV.

CONFIDENTIAL

WELL LOCATION AND ACREAGE DEDICATION PLAT

DIST. 3

*API Number 30-045-35322	*Pool Code 5890	*Pool Name BISTI LOWER - GALLUP
*Property Code 39049	*Property Name ESCRITO I24-2409	*Well Number 01H
*OGRID No. 282327	*Operator Name ENCANA OIL & GAS (USA) INC.	*Elevation 6880'

¹⁰ Surface Location

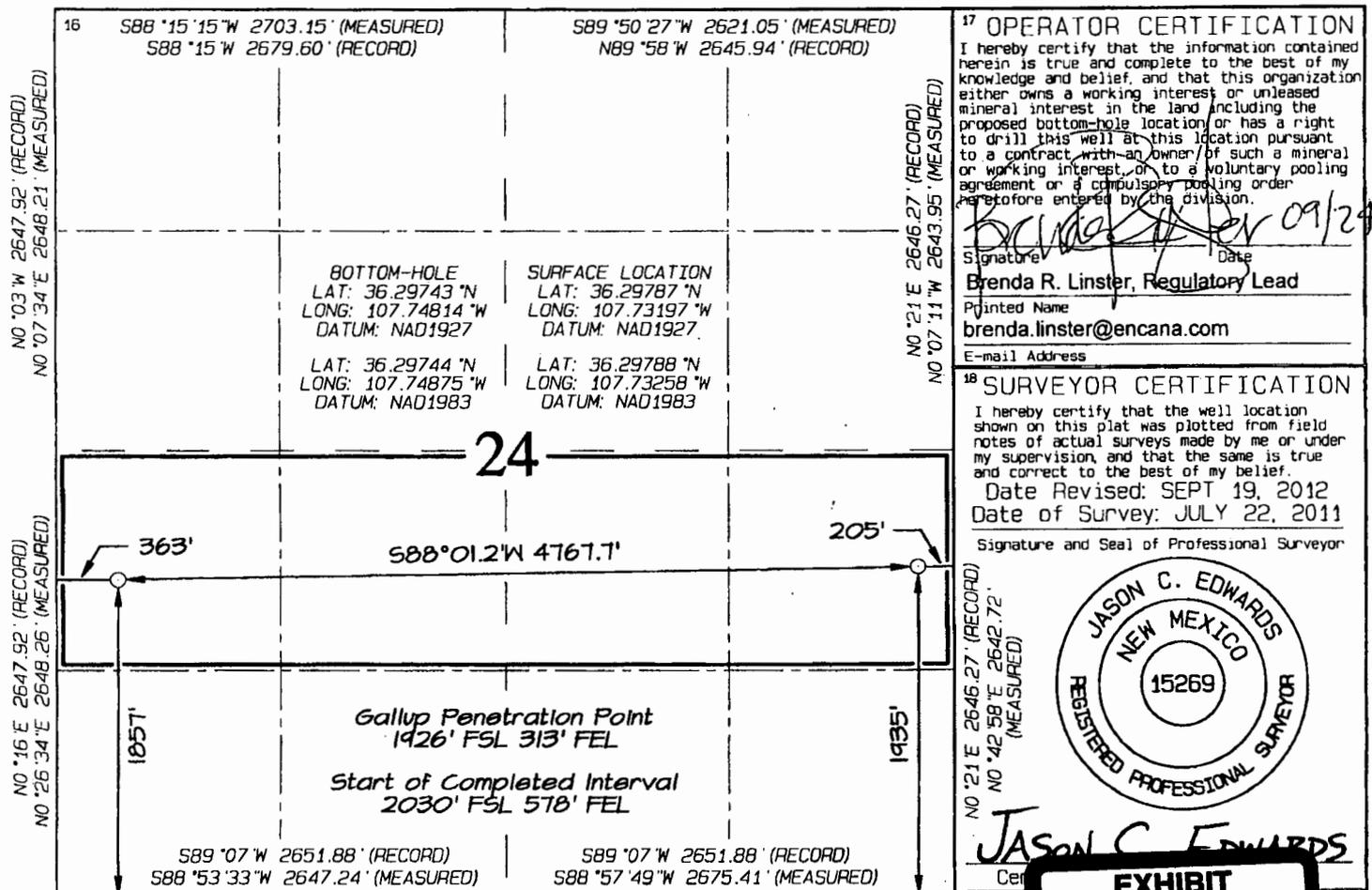
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	24	24N	9W		1935	SOUTH	205	EAST	SAN JUAN

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
L	24	24N	9W		1857	SOUTH	363	WEST	SAN JUAN

¹² Dedicated Acres 160.0 Acres - (N/2 S/2)	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--	-------------------------------	----------------------------------	-------------------------

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



District I
1625 N. French Drive, Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II
811 S. First Street, 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 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		*Pool Code 97232	*Pool Name BASIN MANCOS
*Property Code	*Property Name ESCRITO I24-2409		*Well Number 01H
*OGRID No. 282327	*Operator Name ENCANA OIL & GAS (USA) INC.		*Elevation 6880'

¹⁰ Surface Location

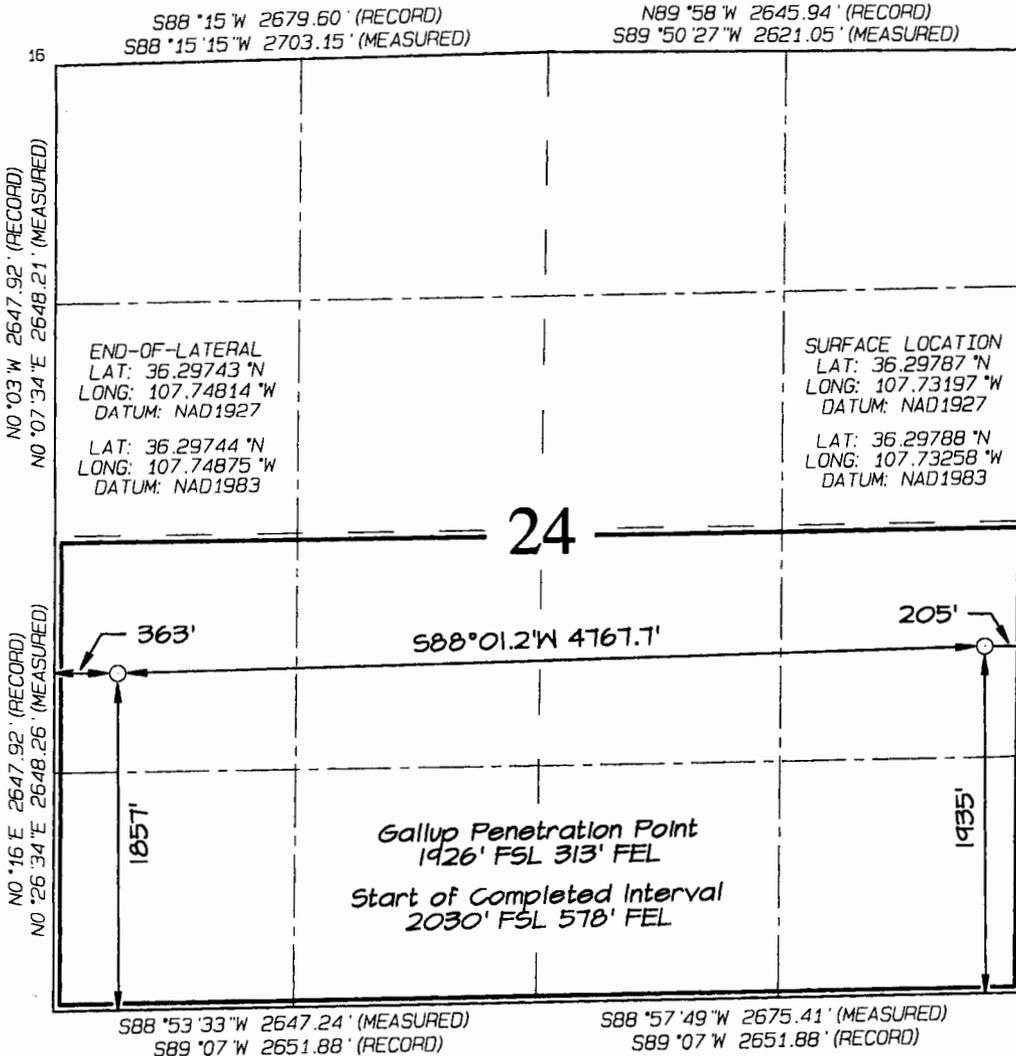
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	24	24N	9W		1935	SOUTH	205	EAST	SAN JUAN

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
L	24	24N	9W		1857	SOUTH	363	WEST	SAN JUAN

¹² Dedicated Acres 320.0 Acres S/2 Section 24	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--	-------------------------------	----------------------------------	-------------------------

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



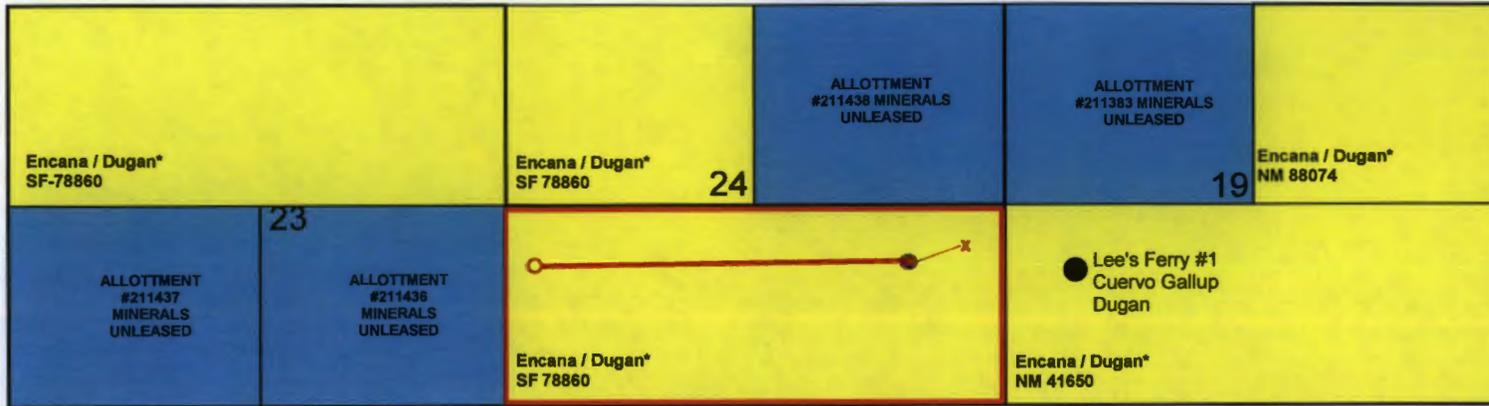
¹⁷ OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to 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 _____ Date _____
Printed Name _____
E-mail Address _____

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: FEBRUARY 7, 2013
Date of Survey: JULY 22, 2011
Signature and Seal of Professional Surveyor



EXHIBIT
A-3



R 09 W

R 08 W

T
24
N

Encana Leases

Unleased Navajo Allottee Minerals

Escrito I24 2409 01H

Project Area T24N-R09W Section 24 S2
 SHL 1935' FSL, 205' FEL S3c 24 - 24N-09W
 Gallup PP 2030' FSL, 578' FEL, Sec 24 - 24N-09W
 BHL 1857' FSL, 363' FWL Sec 24 - 24N-09W

* Ownership reflected represents 100% leasehold working interest in the Basin Mancos 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
 Basin Mancos Gas Pool
Escrito I24 2409 01H
 San Juan County, NM



EXHIBIT C

Notification List for Application for approval of an unorthodox well location in the Basin Mancos Pool: S/2 of Section 24, T-24-N, R-9-West

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

Federal Indian Minerals Office
6251 College Blvd., Suite B
Farmington, NM 87402-1783

Bureau of Land Management
6251 College Blvd., Suite A.
Farmington, NM 87402

Anderson, Phoebe
Post Office Box 1782
Bloomfield, NM 87413

Betonie, Ella M.
945 N AUBURN SP #33
Farmington, NM 87401

Chavez, Harry
Post Office Box 373
Nageezi, NM 87037

Commanche, Mary Helen
Post Office Box 37
Nageezi NM 87037

Garcia, Elvis
Post Office Box 181
Bloomfield, NM 87413

Garcia, Sebrana L.
Post Office Box 512
Bloomfield, NM 87413

Ayze, Betty L.
Post Office Box 142
Nageezi, NM 87037

Blacksmith, Rachel
Post Office Box 188
Nageezi, NM 87037

Chavez, Virgil J.
508 N. Lincoln Ave. 1
Farmington, NM 87401-6204

Garcia, Alvin
Post Office Box 512
Bloomfield, NM 87413

Garcia, Eddie
Post Office Box 1424
Bloomfield, NM 87413

Haceesa, Randell
Post Office Box 188
Nageezi, NM 87037

Haceesa, Rolinda L.
Post Office Box 188
Nageezi, NM 87037

Haceesa, Rhonda L. or the
Parent/Guardian of Rhonda L.
Haceesa
Post Office Box 188
Nageezi, NM 87037

Harrison, Sarah
Post Office Box 111
Nageezi, NM 87037

Hernandez, Sandy M.
Post Office Box 75
Bloomfield, NM 87413

Levato, Wendell L.
Post Office Box 1191
Ignacio, CO 81137

Haceesa, Ronnie A. or the
Parent/Guardian of Ronnie A.
Haceesa
Post Office Box 188
Nageezi, NM 87037

Harrison, Pauline
Post Office Box 307
Nageezi, NM 87037

Harrison, Judy
Post Office Box 453
Nageezi, NM 87037

Harrison Jr, Johnson
Post Office Box 111
Nageezi, NM 87037

EXHIBIT C

Notification List for Application for approval of an unorthodox well location in the Basin Mancos Pool: S/2 of Section 24, T-24-N, R-9-West

Holiday, Pauline M.
House 4, County RD 7776
Bloomfield, NM 87413

Levato, Calvin
Post Office Box 1191
Ignacio, CO 81137

Lewis, Jefferson
Post Office Box 241
Nageezi, NM 87037

Lewis, Susan
Post Office Box 785
Cuba, NM 87013

Martinez, Doreen F.
Post Office Box 65444
Albuquerque, NM 87193-5444

Martinez, Emmett
1300 New Hampshire 63
Rockspring, WY 82901

Martinez Estate, Rose M.
C/O Superintendent Eastern Navajo
Agency
Post Office Box 328
Crownpoint, NM 87313

NAVAJO NATION
Post Office Box 9000
Window Rock, AZ 86515

Lewis, Thomas
Post Office Box 314
Nageezi, NM 87037

Lewis, Robinson
Post Office Box 31
Nageezi, NM 87037

Martinez, Lloyd E.
5304 Bandelier Dr. NW
Albuquerque, NM 87114-3898

Martinez, Verna
Post Office Box 26
Nageezi, NM 87037

Montoya, Adeline Gail
Post Office Box 1248
Dulce, NM 87528

Nichlas, Eva M.
Post Office Box 853
Dulce, NM 87528

Otero, Isabelle T.
Post Office Box 8583
Albuquerque, NM 87198

Sylvester, Thomas
1124 N. Fairgrounds Road #24
BOX 10
Farmington, NM 87401

Sylvester, Vinston D.
1313 Griffin Ave, APT #2
Farmington, NM 87401

Sylvester Estate, Martha Y.
C/O Thomas Sylvester
Post Office Box 636
Dulce, NM 87528

Thompson, Tamera A.
435 JEFFERSON ST
American Falls, ID 83211

Valez, Jessie
Post Office Box 391
Nageezi, NM 87037

Sandoval, Lita M.
235 Meade Street
Denver, CO 80219

Sylvester, Vincent D.
1124 N. Fairgrounds Road #7
Farmington, NM 87401

Sylvester, Moana M.
Post Office Box 2932
Kirtland, NM 87417

Sylvester SR, Charles H.
Post Office Box 6
Nageezi, NM 87037

EXHIBIT C

Notification List for Application for approval of an unorthodox well location in the Basin Mancos Pool: S/2 of Section 24, T-24-N, R-9-West

Thompson JR, Larry M.
Post Office Box 3646
Farmington, NM 87499

Werito, Mabel
Post Office Box 83
Nageezi, NM 87037

Werito, Ruby
Post Office Box 42
Nageezi, NM 87037

Willie, Ira M.
758 Stagecoach Trail
Durango, CO 81301-8468

Willie M. 11127 Estate, Audrey
Post Office Box 131
Nageezi, NM 87037

Yazzie, Victoria A.
508 North Lincoln APT #1
Farmington, NM 87401

Wero, Jane M.
Post Office Box 716
Bloomfield, NM 87413

Willie, Robert J.
Post Office Box 2233
Bloomfield, NM 87413

Yazzie, Sharon A.
Post Office Box 1654
Bloomfield, NM 87413

Anderson, Catherine Ann
1585 S ASH ST
Denver, CO 80222-3740

Armstrong, Jerry
25 County Road 5433
Farmington, NM 87401

Armstrong, Roger
2 Road 7776
Bloomfield, NM 87413-3717

Chavez, Virgil J.
508 N. Lincoln Ave. 1
Farmington, NM 87401-6204

Armstrong, Barbara J.
Post Office Box 6171
Farmington, NM 87499

Curley, Elvira
Post Office Box 302
Bloomfield, NM 87413

Curley, Eric Casey
Post Office Box 302
Bloomfield, NM 87413

Haceesa, Edward
Post Office Box 402
Nageezi, NM 87037

Curley, Jean
910 S. Memorial Drive, Space 11
Cortez, CO 81321

Curley, Merril
4918 Bellflower Circle
Farmington, NM 87401

Haceesa, Harvey
Post Office Box 393
Nageezi, NM 87037

Haceesa, Howard
Post Office Box 393
Nageezi, NM 87037

Hossesa, Loura
Post Office Box 405
Nageezi, NM 87037

Martinez, Doreen F.
Post Office Box 65444
Albuquerque, NM 87193-5444

Lone Bear, Dana Aline
Post Office Box 1312
New Town, ND 58763

EXHIBIT C

**Notification List for Application for approval of an
unorthodox well location in the Basin Mancos Pool:
S/2 of Section 24, T-24-N, R-9-West**

Thompson Jr., Larry M.
Post Office Box 3646
Farmington, NM 87499

Lewis, Rosie A.
Post Office Box 565
Shiprock, NM 87420

Yazzie, Willie
Post Office Box 194
Nageezi, NM 87037

Yazzie, Andrew
Post Office Box 1782
Bloomfield, NM 87413

Yazzie, David
Post Office Box 816
Bloomfield, NM 87413

Yazzie Estate, Norbert
709 N. Buena Vista Avenue
Farmington, NM 87401

Werito, Rita A.
809 S. Mesa Verde Ave.
Farmington, NM 87401

Yazzie, Alfred
1505 Bluffview Avenue
Farmington, NM 87401

Yazzie, Theresa A.
Post Office Box 1371
Bloomfield, NM 87413

**ESTATE OF BILLY D.
HARRISON
Address Not Found**

**LEWIS JAY ARMSTRONG
Address Not Found**

**ANTHONY DEE ARMSTRONG
Address Not Found**

**ESTATE OF THOMAS YAZZIE
Address Not Found**

**ESTATE OF GILBERT B.
YAZZIE
Address Not Found**

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

September 12, 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 Basin Mancos Pool for its Escrito I24-2409 01H well in the S/2 of Section 24, Township 24 North, Range 9 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
ATTORNEY FOR ENCANA OIL & GAS (USA) INC.