

ABOVE THIS LINE FOR DIVISION USE ONLY

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



6872

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 _____

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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

Arcana Oil & Gas
 Lybrook 102 2308 #2H
 30-045-35492

[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.

Adam G. Rankin

Print or Type Name

Signature

Attorney 9/20/13

Title

Date

agrankin@hollandhart.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 20, 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

SEP 20 2013
10:00 AM
NEW MEXICO DEPARTMENT OF ENERGY
MINERALS AND NATURAL RESOURCES
1220 SOUTH SAINT FRANCIS DRIVE
SANTA FE, NM 87505

Re: Application of Encana Oil & Gas (USA) Inc. for administrative approval of an unorthodox well location in the Basin Mancos Gas Pool (97232) for its Lybrook I02-2308 02H well in the S/2 of Section 1, Township 23 North, Range 8 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 **Lybrook I02-2308 02H**, a horizontal well with a surface location in the S/2 of Section 2 and a completed interval in the S/2 of Section 1, Township 23 North, Range 8 West. This area is subject to the Special Rules and Regulations for the Basin Mancos Pool ("Basin Mancos Rules") adopted by the Commission under R-12984. The surface location of the proposed well will be in Unit I of Section 2 at a location 2266 feet from the south line and 701 feet from the east line. The penetration point for the well will commence in Unit L of Section 1 at a location 2262 feet from the south line and 330 feet from the west line and proceed to a bottom hole location in Unit I at 2250 feet from the south line and 330 feet from the east line. Since 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, the completed interval for the Lybrook I02-2308 02H will be at an unorthodox location.

Enclosed as **Exhibit A** is the Form C-102 for the Lybrook I02-2308 02H horizontal well. It reflects that the completed interval encroaches towards the spacing units to the West, Northwest, North, Northeast and East of S/2 of Section 1, but remains at least 330 feet from the spacing unit boundary. Encana believes that this location is necessary to efficiently develop the Basin Mancos reserves underlying the S/2 of Section 1. 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.

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. ♻



Enclosed as **Exhibit B** is a land plat showing the leases and all working interest owners in the spacing units to the West, Northwest, North, Northeast and East of the S/2 of Section 1.

Exhibit C is a complete list of the parties affected by this application. A copy of this application with all attachments has been sent by certified mail to the address of record for each of these parties advising them that objections must be filed in writing with the Division within 20 days from the date the Division receives this application.

Your attention to this matter is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Feldewert", with a long horizontal flourish extending to the right.

A small, stylized handwritten mark or initial, possibly "M", located to the left of the typed name.

Michael H. Feldewert
ATTORNEY 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

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

*API Number 30-043-35492		*Pool Code 97232	*Pool Name BASIN MANCOS
*Property Code	*Property Name LYBROOK 102-2308		*Well Number 02H
*GRID No. 282327	*Operator Name ENCANA OIL & GAS (USA) INC.		*Elevation 6971

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
1	2	23-N	8-W		2266'	SOUTH	701'	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
1	1	23-N	8-W		2250'	SOUTH	330'	EAST	SAN JUAN

¹² Dedicated Acres 320 (S/2) SEC 1	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.

¹⁶

SURFACE HOLE LOCATION:
LAT: 36.255101°N-NAD 83
LONG: 107.644578°W-NAD 83
LAT: 36.25509° N-NAD 27
LONG: 107.64397°W-NAD 27

PENETRATION POINT:
LAT: 36.255097°N-NAD 83
LONG: 107.641083°W-NAD 83
LAT: 36.25508°N-NAD 27
LONG: 107.64047°W-NAD 27

BOTTOM HOLE:
LAT: 36.255143°N-NAD 83
LONG: 107.625365°W-NAD 83
LAT: 36.25513°N-NAD 27
LONG: 107.62476°W-NAD 27

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.

Holly Hill 07/18/13
Signature Date

Holly Hill
Printed Name

holly.hill@encana.com
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.

JUN 22, 2013
Date of Survey

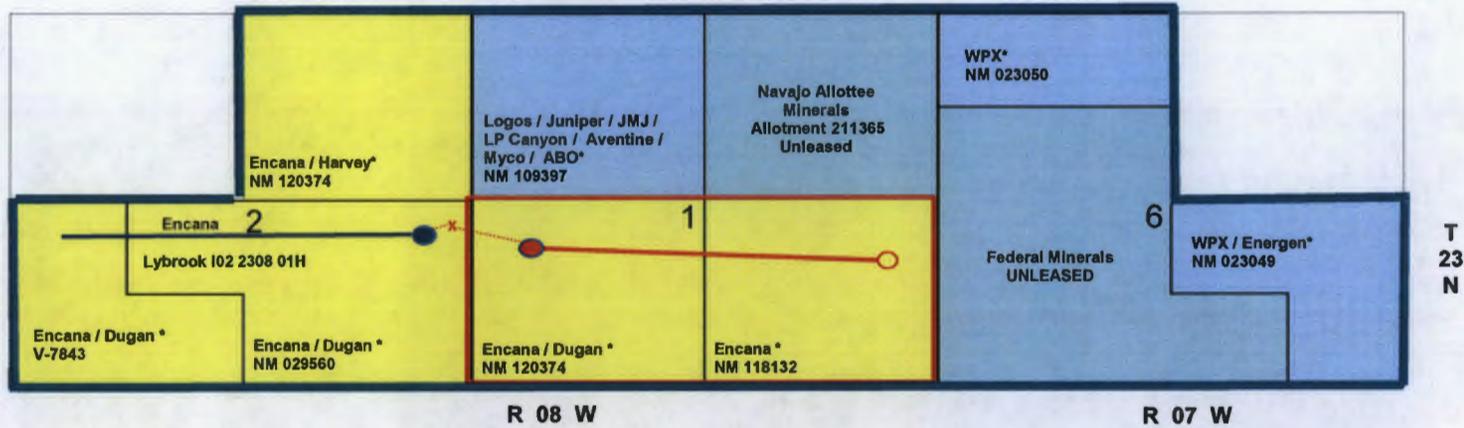
Signature and Seal of Professional Surveyor:
William E. Mahanke II

WILLIAM E. MAHANK II
Certificate Number: PLS 8466



Exhibit B

Encana Oil & Gas (USA) Inc.
 Application for Exception to Rule 2. C. (1)
 Non-Standard Location
 Lybrook I02 2308 02H
 Basin Mancos Gas Pool



	Encana Leases		Non-Encana Leases		Unleased Minerals		Notice Area
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Lybrook I02 2308 02H

 **Project Area - T23N-R08W, Section 1 S2**

Surface Location	2266' FSL, 701' FEL Section 2, 23N-08W
Gallup Penetration Point	2262' FSL, 330' FWL Section 1, 23N-08W
Bottomhole Location	2250' FSL, 330' FEL, Section 1, 23N-08W

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



EXHIBIT C
Encana Oil & Gas (USA) Inc.
Lybrook I02-2308 02H well

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

Myco Industries, Inc
105 South Fourth Street
Artesia, NM 88210

LP Canyon LLC
3800 Holland Avenue #5
Dallas, TX 75219

Harvey Minerals Partner, LP
3811 Turtle Creek Blvd,
Suite 2150
Dallas, TX 75219

Juniper Investments LLC
4669 East 14th Street South
Bixby, OK 74008

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

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

WPX Energy Production LLC
One Williams Center,
Suite #4400
Tulsa, OK 74172

ABO Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

Louise J. Begay
Post office Box 2451
Farmington, NM 87401

Jane Bisilly
Post Office Box 2164
Bloomfield, NM 87413

Ophelia Castiano
Post Office Box 445
Nageezi, NM 87037

Cora L. Charley
Post Office Box 1414
Bloomfield, NM 87413

John P. Comanche
20 RD 7588
Bloomfield, NM 87413

Tom Camanche
Post Office Box 91
Nageezi, NM 87037

Mary Ellen Commanche
Post Office Box 37
Nageezi, NM 87037

Lilly Commanche
HCR 17 Box 1999
Cuba, NM 87013

Dolly Commanche
Post Office Box 464
Nageezi, NM 87037

John J. Commanche
Post Office Box 37
Nageezi, NM 87037

Jonathan Commanche
Post Office Box 201
Nageezi, NM 87037

Louise Commanche Estate
Address Not Found

Clifford J. Commanche
Estate Address No Found

Corlina L. Escobedo
15 RD 4906
Bloomfield, NM 87413

Wilbert Garcia
Post Office Box 1658
Kirtland, NM 87417

Calvert Garcia
#5 CR 5245
Bloomfield, NM 87413

Isabelle L. Garcia
Post Office Box 3314
Farmington, NM 87499

Arabelle Garcia
Post Office Box 1054
Bloomfield, NM 87413

EXHIBIT C
Encana Oil & Gas (USA) Inc.
Lybrook I02-2308 02H well

Darlene Garcia
305 Lupine Lane
Farmington, NM 87401

Ambrose Garcia
Post Office Box 2276
Bloomfield, NM 87413

Claudia Garcia
Post Office Box 1725
Bloomfield, NM 87413

Zelda D. Garcia
#7 CR 5245
Bloomfield, NM 87413

Susan Harrison
Post Office Box 714
Fruitland, NM 87416

Yolanda Hernandez
1941 Highland Ave.
Salina, KS 67401

Werline A. Herrera
Post Office Box 233
Nageezi, NM 87037

Delora A. Hesuse
Post Office Box 191
Nageezi, NM 87037

Tommy Jaquez
126 East Main Street
Farmington, NM 87401

Raymond Jim
Post Office Box 1204
Bloomfield, NM 87413

Alice Jim
Post Office Box 1946
Bloomfield, NM 87413

Carl Jim
1700 Juniper Lane
Bloomfield, NM 87413

Carol A. Jim
Post Office Box 1203
Cuba, NM 87013

Mike Jim
Post Office Box 2166
Bloomfield, NM 87413

Marie Jim
1655 Tramview Lane NE
Rio Rancho, NM 87124

Bruce Jim
Post Office Box 1174
Farmington, NM 87499

Robert Jim
936 10th Ave. NE
Rio Rancho, NM 87124

Trinnie Jim
Post Office Box 181
Bloomfield, NM 87413

Shirley M. Jim
Post Office Box 1174
Farmington, NM 87499

Calvin Jim
Post Office Box 6487
Farmington, NM 87499

Cheryl A. Jim
3330 Burson Lane
Farmington, NM 87402

Loretta Jim
801 Locust Place NE
Apt. 1248 AA
Albuquerque, NM 87102

George Jim
4609 Spring Mist Dr.
Farmington, NM 87401

Damien R. Jim
11728 Wildhorse Trail SE
Albuquerque, NM 87123

Mary Jim-Pine
Post Office Box 2426
Bloomfield, NM 87413

Claribelle Jose
Post Office Box 1392
Bloomfield, NM 87413

Tommie Largo
Post Office Box 130
Nageezi, NM 87037

EXHIBIT C
Encana Oil & Gas (USA) Inc.
Lybrook I02-2308 02H well

Roger Largo
HCR 17 Box 405
Cuba, NM 87013

Lucy Largo
Post Office Box 428
Nageezi, NM 87037

Raymond Largo
Post Office Box 441
Jemez Pueblo, NM 87024

Steven Largo
Post Office Box 168
Nageezi, NM 87037

Elvira Largo
Post Office Box 698
Dulce, NM 87528

Danny Largo
Post Office Box 130
Nageezi, NM 87037

Tommy Largo, Jr.
Post Office Box 130
Nageezi, NM 87037

Teddy R. Largo, Sr.
Post Office Box 904
Bloomfield, NM 87413

Martin Largo, Sr.
Post Office Box 1565
Bloomfield, NM 87413

Carlita J. Pinto
Post Office Box 723
Cuba, NM 87013

Rose Marie Sanchez
Post Office Box 2062
Bloomfield, NM 87413

Mabel C. Senger
916 South 9th
Salina, KS 67401

Eleanor G. Soce
818 East Main #22
Farmington, NM 87401

Lula C. Todacheene
1676 Hollyberry Ct. NE
Rio Rancho, NM 87144

Evangeline Tsosie
Post Office Box 2482
Farmington, NM 87499

JMJ Land & Minerals Company
2204 North Santiago Avenue
Farmington, NM 87401

Logos Resources LLC
4001 North Butler BLVD
Building 7101
Farmington, NM 87401

Aventine Investments LLC
2204 North Santiago Avenue
Farmington, NM 87401

Energen Resources
2010 Afton Place
Farmington, NM 87401
Attention: David Poage

HOLLAND & HART



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 20, 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 Lybrook I02-2308 02H well in the S/2 of Section 1, Township 23 North, Range 8 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 ENCANNA OIL & GAS (USA) INC.