

DATE <b>10/29/13</b>	SUSPENSE	ENGINEER <b>DB</b>	LOGGED IN <b>10/30/13</b>	TYPE <b>NSL</b>	APP NO. <b>PPRG1330359511</b>
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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



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

**[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]  
 Signature

Attorney  
 Title

10/29/13  
 Date

mfeldewert@hillandhart.com  
 e-mail Address

RECEIVED  
 2013 OCT 30 PM 4:11

Encana Oil & Gas  
 Lybrook E27 2306 #1H  
 30-043-21152  
 [submitted with  
 Lybrook E27 2306 #3H]



October 29, 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 unorthodox well locations in the Counselor Gallup-Dakota Oil Pool (13379) for its Lybrook E27-2306 03H and Lybrook E27-2306 01H wells in Section 28, Township 23 North, Range 6 West, N.M.P.M., Sandoval 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 E27-2306 03H and Lybrook E27-2306 01H wells. Encana intends to drill the above mentioned horizontal laterals within two (2) miles of the Counselors Gallup-Dakota Oil Pool. The Counselors Gallup-Dakota Oil pool is a listed pool under Division Order R-12984, and is therefore governed by the Special Rules and Regulations adopted under Division Order R-7034. Rule 2 of these special rules require 160 acres spacing units and Rule 4 requires all wells to be located no closer than 660 feet to the outer boundary of the spacing unit and further requires that each well be no nearer than 1320 feet to the nearest well drilling to or capable of producing from the same pool. The NE/4 and the NW/4 of Section 28, T-23-North, R-6-West have been combined to form the project area for these proposed wells.

The penetration points for both the Lybrook E27-2306 03H well and the Lybrook E27-2306 01H well will be 330 feet from the East boundary of the N/2 of Section 28. These wells will also be closer in proximity than 1320 feet. The above mentioned wells are therefore unorthodox under these special rules.

Rule 5 of the Special Rules, as well as 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 **Exhibits A1 and A2** are the C-102s for the Lybrook E27-2306 03H and the Lybrook E27-2306 01H reflecting the location of the proposed wells.


HOLLAND & HART<sup>LLP</sup>



Enclosed as **Exhibit B** is a land plat showing the leases and all working interest owners in the spacing units to the Northeast, East and South of the N/2 of Section 28. Enclosed as **Exhibits C1 and C2** are JMJ Land's waiver of the 20 day notice period and acceptance of the proposed non-standard locations and Dugan Production Corporation's waiver. Since different federal leases are involved, the BLM has also been notified of this application.

Your attention to this matter is appreciated.

Sincerely,

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

cc: David K. Brooks, Oil Conservation Division

BLM  
Farmington Field Office  
6251 College Blvd. Suite A  
Farmington, NM 87402

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 30-043-21152	*Pool Code 13379	*Pool Name COUNSELORS GALLUP-DAKOTA
*Property Code	*Property Name LYBROOK E27-2306	*Well Number 01H
*OGRID No. 282327	*Operator Name ENCANA OIL & GAS (USA) INC.	*Elevation 7054'

<sup>10</sup> Surface Location

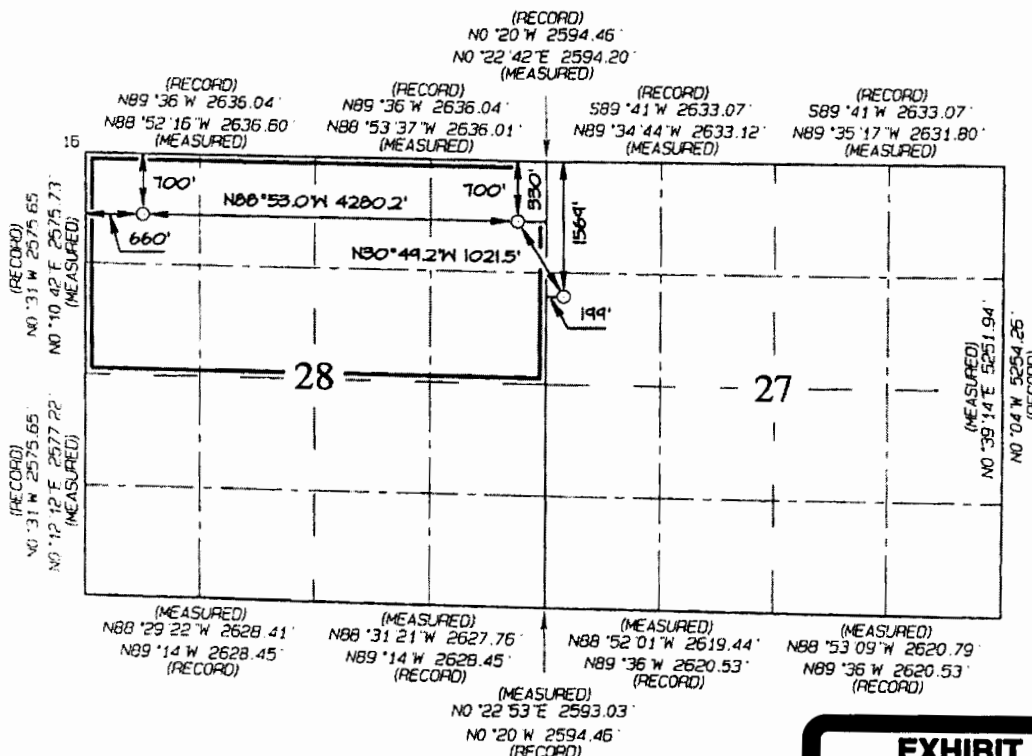
U. or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	27	23N	6W		1569	NORTH	199	WEST	SANDOVAL

<sup>11</sup> Bottom Hole Location If Different From Surface

U. or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	28	23N	6W		700	NORTH	660	WEST	SANDOVAL

*Dedicated Acres 320.00 Acres N/2 - Section 28	*Joint or Infill	*Consolidation Code	*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



<sup>17</sup> 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: Holly Hill Date: 10/17/13

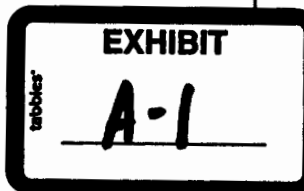
Printed Name: Holly Hill  
E-mail Address: holly.hill@encana.com

<sup>18</sup> 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: OCTOBER 17, 2013  
Survey Date: OCTOBER 22, 2012

Signature and Seal of Professional Surveyor



JASON C. EDWARDS  
Certificate Number 15269

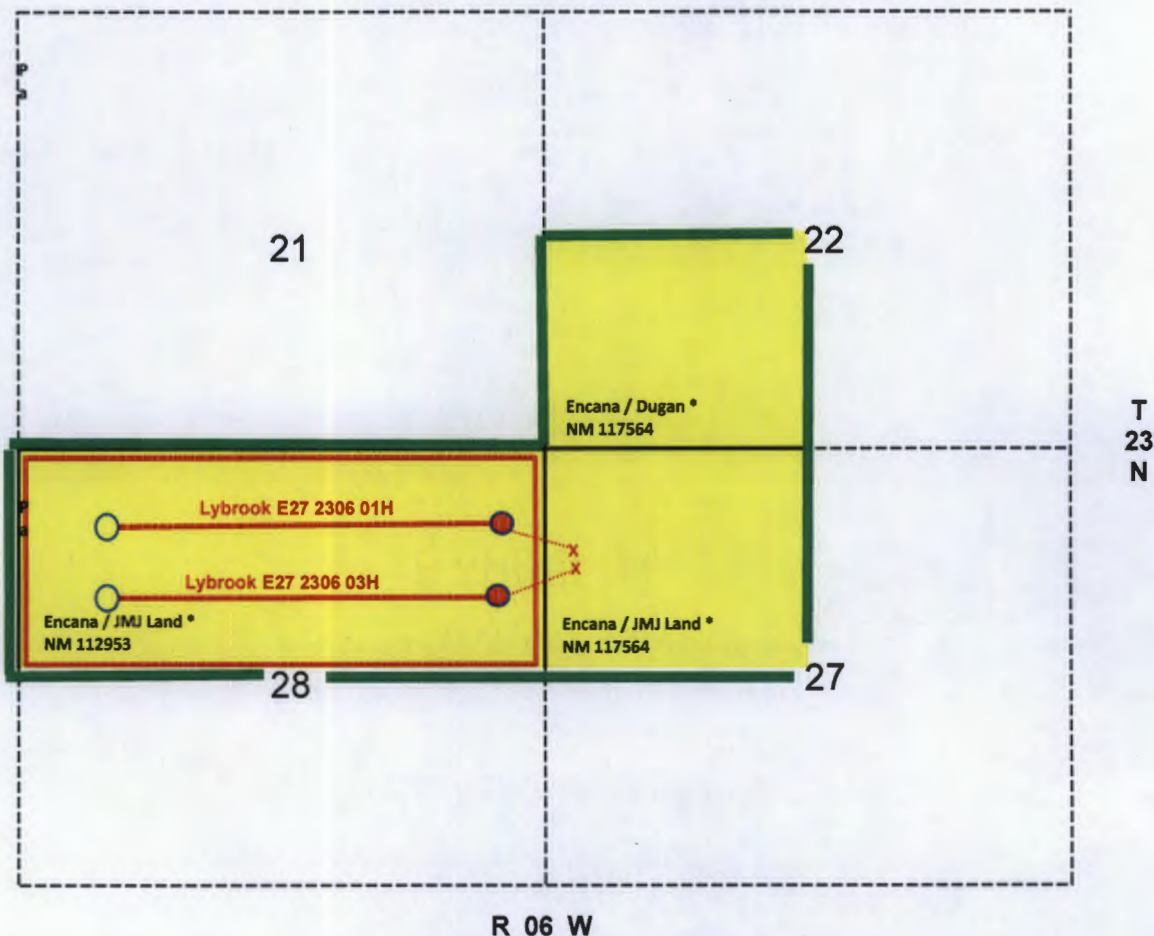
END-OF-LATERAL  
700' FNL 660' FWL  
SECTION 28, T23N, R6W  
LAT: 36.20152°N  
LONG: 107.47953°W  
DATUM: NAD1927  
  
LAT: 36.20154°N  
LONG: 107.48014°W  
DATUM: NAD1983

POINT-OF-ENTRY  
700' FNL 330' FEL  
SECTION 28, T23N, R6W  
LAT: 36.20144°N  
LONG: 107.46503°W  
DATUM: NAD1927  
  
LAT: 36.20146°N  
LONG: 107.46563°W  
DATUM: NAD1983

SURFACE LOCATION  
1569' FNL 199' FWL  
SECTION 27, T23N, R6W  
LAT: 36.19905°N  
LONG: 107.46322°W  
DATUM: NAD1927  
  
LAT: 36.19906°N  
LONG: 107.46382°W  
DATUM: NAD1983

# Exhibit B

Encana Oil & Gas (USA) Inc.  
Application for Exception to Rule 4  
Non-Standard Location  
Counselor's Gallup-Dakota Pool



All Lands depicted on this map are located within 2-Mile buffer surrounding the boundary of Counselor's Gallup-Dakota Pool



Encana Oil & Gas Leases



Project Area - T23N-R06W, Section 28 N2

## Lybrook E27 2306 01H

Surface Location	1569' FNL 199' FWL, Section 27, 23N-06W
Gallup Penetration Point	700' FNL, 330" FEL, Section 28, 23N-06W
Bottomhole Location	700' FNL, 660' FWL, Section 28, 23N-06W

## Lybrook E27 2306 03H

Surface Location	1599' FNL 199' FWL, Section 27, 23N-06W
Gallup Penetration Point	1730' FNL, 330" FEL, Section 28, 23N-06W
Bottomhole Location	1730' FNL, 660' FWL, Section 28, 23N-06W

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



EXHIBIT

**B**

**Lisamarie Ortiz**

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**To:** McCool, Wade; Kofoed, Georgia G.; Binion, Mona  
**Subject:** RE: Waiver of 20 Day Notice Period for Lybrook M27 02H & 04H and Lybrook E27 01H & 03H (URGENT; ACTION REQUESTED)

**From:** McCool, Wade [<mailto:Billy.McCool@encana.com>]

**Sent:** Monday, October 14, 2013 12:03 PM

**To:** Kofoed, Georgia G.; Binion, Mona

**Subject:** FW: Waiver of 20 Day Notice Period for Lybrook M27 02H & 04H and Lybrook E27 01H & 03H (URGENT; ACTION REQUESTED)

**Importance:** High

B. Wade McCool  
Land Negotiator, San Juan Basin  
Encana Oil & Gas (USA) Inc.  
370 17th Street, Suite 1700  
Denver, Colorado 80202  
Office: (720) 876-5965  
Cell: (918) 521-6654  
Fax: (720) 876-6965

**From:** James Strickler [<mailto:jamesstrickler@msn.com>]

**Sent:** Monday, October 14, 2013 11:37 AM

**To:** McCool, Wade; matthew strickler

**Subject:** RE: Waiver of 20 Day Notice Period for Lybrook M27 02H & 04H and Lybrook E27 01H & 03H (URGENT; ACTION REQUESTED)

**Importance:** High

Wade,

JMJ Land and Minerals accepts your non standard location applications for the subject wells as described below.

Thanks,

James R. J. Strickler, President  
JMJ Land and Minerals Company  
2204 N. Santiago Ave.  
Farmington, NM 87401  
505-402-3248, cell

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**From:** [Billy.McCool@encana.com](mailto:Billy.McCool@encana.com)

**To:** [jamesstrickler@msn.com](mailto:jamesstrickler@msn.com); [aventinelc@gmail.com](mailto:aventinelc@gmail.com)

**Subject:** Waiver of 20 Day Notice Period for Lybrook M27 02H & 04H and Lybrook E27 01H & 03H (URGENT; ACTION REQUESTED)

**Date:** Mon, 14 Oct 2013 16:43:50 +0000

James,



Holland & Hart, in behalf of Encana, will be submitting an Application for administrative approval of a Non Standard Location the following JM/J/Encana wells:

- brook E27 2306 01H: Encana will be requesting a 330' setback from the East line of Section 28; 23N, 6W as an exception to the 660' setback for the applicable pool.
- brook E27 2306 03H: Encana will be requesting a 330' setback from the East line of Section 28; 23N, 6W as an exception to the 660' setback for the applicable pool.
- brook M27 2306 02H: Encana will be requesting a 330' setback from the East line of Section 28; 23N, 6W as an exception to the 660' setback for the applicable pool.
- brook M27 2306 04H: Encana will be requesting a 330' setback from the East line and a 550' setback from the South line of Section 28; 23N, 6W as an exception to the 660' setback for the applicable pool.

In order to prevent conflicts in our scheduling, we respectfully request JM/J's support to expedite OCD approval of this location by confirmation of its acceptance of this application and waiver of the 20 day notice period for this application required under OCD rules.

To confirm, please reply to this email that JM/J agrees to waive the notice period for the non-standard location that will be applicable to the wells described herein.

B. Wade McCool  
Land Negotiator, San Juan Basin  
Encana Oil & Gas (USA) Inc.  
370 17th Street, Suite 1700  
Denver, Colorado 80202  
Office: (720) 876-5965  
Cell: (918) 521-6654  
Fax: (720) 876-6965

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**Lisamarie Ortiz**

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**From:** Kurt Fagrelus [Kurt.Fagrelus@duganproduction.com]  
**Sent:** Monday, October 28, 2013 1:46 PM  
**To:** Binion, Mona  
**Subject:** RE: OCD Application Lybrook E27 2306 01H-03H

Mona, Dugan Production does not object to the approval of this non standard location by the NMOCD. Thank you, Kurt Fagrelus

**From:** Binion, Mona [mailto:Mona.Binion@Encana.com]  
**Sent:** Monday, October 28, 2013 11:25 AM  
**To:** Kurt Fagrelus  
**Subject:** OCD Application Lybrook E27 2306 01H-03H

Kurt,

Attached is a copy of an Application for Administrative approval to Non-Standard Locations as referenced in the attached application. As an owner of leasehold position in a tract which offsets these locations to the northeast, Dugan Production Corp. was provided notice of the application.

Encana respectfully requests that Dugan support Encana's effort to expedite approval to this Application by indicating your acceptance to the Application and further acceptance and waiver of the 20 day notice period required by NMOCD for their approval.

Please advise at your earliest convenience of your acceptance and waiver as requested above.

We thank you in advance of your support of in this regard.

Regards,

*Mona L. Binion, CPL*  
Land Negotiator, NBU  
**Encana Oil & Gas (USA) Inc.**  
370 17th Street, Suite 1700  
Denver, CO 80202  
(720) 876-5325  
(720) 876-6325 fax  
(303) 204-3147 cell  
[mona.binion@encana.com](mailto:mona.binion@encana.com)



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