

3/10/2014 DATE IN	SUSPENSE	MAM ENGINEER	3/4/2014 LOGGED IN	NSL TYPE	PMA 1407048685 APP NO
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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]

-NSL
-EWCAWA
282327

[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

well
- Lybrook
M282306 #24
30-043-21175
Pool
- Lybrook
G-114P
42289

[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

ATTORNEY

Title

Date

03/10/14

mfeldewert@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

March 10, 2014

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 Lybrook Gallup Oil Pool (42289) for its Lybrook M28-2306 02H well in the W/2W/2 of Section 33, 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 M28-2306 02H Well** to be completed within the Lybrook Gallup Oil Pool (Pool Code 42289) underlying Section 33, Township 23 North, Range 6 West, N.M.P.M., Sandoval County, New Mexico. This well will be drilled from a surface location 320 feet from the South line and 1289 feet from the West line (Unit M) of Section 28, Township 23 North, Range 6 West. However, the upper most perforation for this well will be 330 feet from the North line and 1225 feet from the West line (Unit D) of Section 33 and the lower most perforation will be 330 feet from the South line and 1225 feet from the West line (Unit M) of Section 33. Since this acreage is governed by the Division's statewide rules which provides for wells to be located no closer than 330 feet to the outer boundary of the spacing unit, this well will be unorthodox because it will be closer than 330 feet to the eastern boundary of the spacing unit. Approval of the unorthodox location will allow for the most efficient well spacing within this section to develop the reserves.

Enclosed as **Exhibit A** is the Well Location and Acreage Dedication Plat (Form C-102), which shows that the completed interval of the proposed **Lybrook M28-2306 02H Well** encroaches on the spacing and proration units to the Northeast, East and Southeast.

Enclosed as **Exhibit B** is a land plat depicting the proposed **Lybrook M28-2306 02H** well in relation to adjoining units and further identifies the owners in the affected leases.

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

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

HOLLAND & HART^{LLP}



Enclosed as **Exhibit C** is a list of parties affected by the encroachment to the Northeast, East and Southeast. A copy of this application with all attachments has been sent by certified mail to 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. In addition, since different federal leases are involved, the BLM has also been notified of this application.

Your attention to this matter is appreciated.

Sincerely,

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

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

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

OIL CONSERVATION DIVISION

1220 South St. Francis Drive
Santa Fe, NM 87505

Submit one copy to
Appropriate District Office

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

'API Number 30-043-21175	'Pool Code 42289	'Pool Name LYBROOK GALLUP
'Property Code	'Property Name LYBROOK M28-2306	'Well Number 02H
'GRID No. 282327	'Operator Name ENCANA OIL & GAS (USA) INC.	'Elevation 7220'

¹⁰ Surface Location

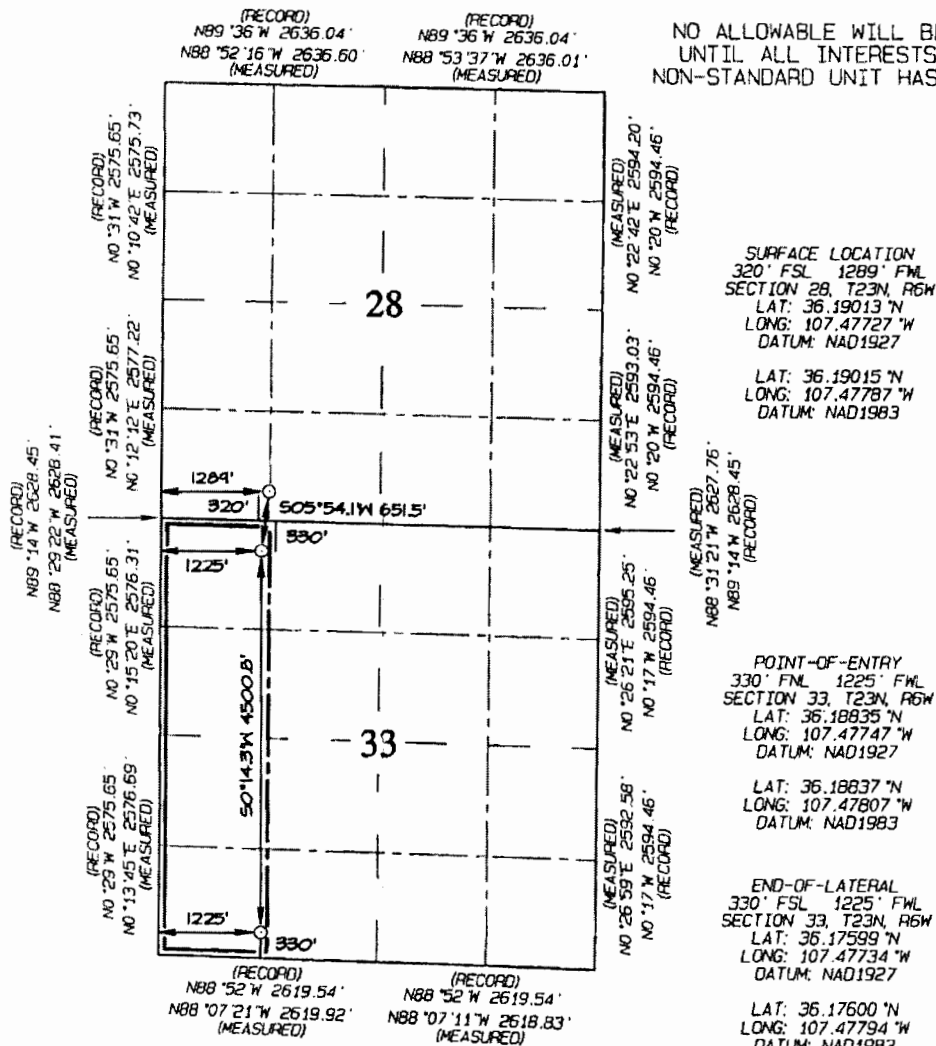
U. or lot no.	Section	Township	Range	Lot 10n	Feet from the	North/South line	Feet from the	East/West line	County
M	28	23N	6W		320	SOUTH	1289	WEST	SANDOVAL

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
M	33	23N	6W		330	SOUTH	1225	WEST	SANDOVAL

¹² Dedicated Acres 160.00 Acres W/2 W/2 - Section 33	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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



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 leaseback or a pooling of interest in 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 2/4/14
 Printed Name Holly Hill
 E-mail Address holly-hill@cncana.com

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 3, 2014
Survey Date: SEPTEMBER 5, 2012

Signature and Seal of Professional Surveyor



JASON C. EDWARDS

EXHIBIT

A

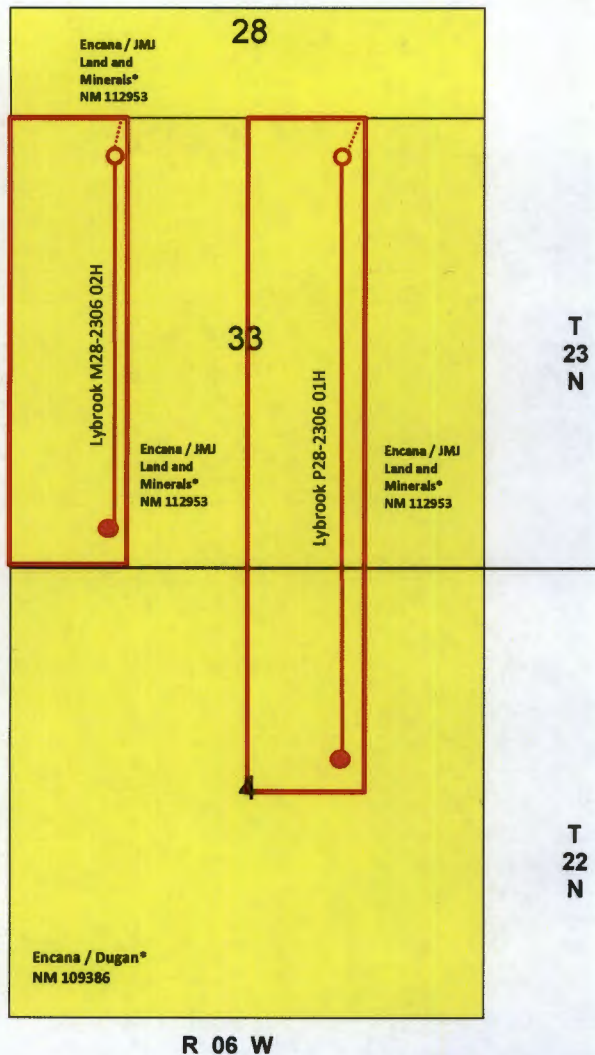


Exhibit B


Encana Oil & Gas
(USA) Inc.

Application for
Exception to Rule
Non-Standard
Location

Lybrook Gallup Oil Pool
Sandoval County, New
Mexico



All Lands depicted on this map are located within Lybrook Gallup Oil Pool & Lybrook Gallup Oil Pool Expansion

 Encana Leases

Lybrook M28-2306 02H

Project Area - T23N-R06W, Section 33: W2W2

Surface Location	Section 28, 23N-06W
Gallup Penetration Point	Section 33, 23N-06W
Bottomhole Location	Section 33, 23N-06W

Lybrook P28-2306 01H

Project Area - T23N-R06W, Section 33: W2E2; T22N-R06W, Section 4: W2NE

Surface Location	Section 28, 23N-06W
Gallup Penetration Point	Section 33, 23N-06W
Bottomhole Location	Section 4, 22N-06W

* Ownership reflected represents 100% leasehold working interest in the Lybrook Gallup 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 for
the Lybrook M28-2306 02H**

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

JMJ Land & Minerals
2204 N. Santiago Ave.
Farmington, NM 87401

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

March 10, 2014

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 Lybrook Gallup Oil Pool for its Lybrook P28-2306 01H well in the W/2E/2 of Section 33, Township 23 North, Range 6 West, and the W/2NE/4 of Section 4, Township 22 North, Range 6 West, N.M.P.M., Sandoval 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:

B. Wade McCool
Encana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700
Denver, Colorado 80202
(720) 876-5965
Billy.McCool@encana.com

Sincerely,

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

RECEIVED
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well under Form 3160-3 (APD) for such proposals.

Bureau of Land Management

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
Encana Oil & Gas (USA) Inc.

3a. Address
370 17th Street, Suite 1700
Denver, CO 80202

ATTN: HOLLY HILL

3b. Phone No. (include area code)
720-876-5331

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
SHL: 320' FSL and 1289' FWL Sec 28, T23N, R6W
BHL: 330' FSL and 1225' FWL Sec 33, T23N, R6W

5. Lease Serial No.
NMNM 112953

6. If Indian, Allottee or Tribe Name
N/A

7. If Unit of CA/Agreement, Name and/or No.
N/A

8. Well Name and No.
Lybrook M28-2306 02H

9. API Well No.
PENDING 30-043-21175

10. Field and Pool or Exploratory Area
Lybrook Gallup

11. Country or Parish, State
Sandoval, New Mexico

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Corrected Project
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Area and Dedicated
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	Acreage

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Encana Oil & Gas (USA) Inc. (Encana) would like to correct the move the project area and dedicated acreage for the Lybrook M28-2306 02H well from the Center 1/3 of W2 of Section 33, T23N R6W with 106.67 dedicated acres for the project area to the E2 of Section 33, T23N R6W with 160 dedicated acres for the project area

Please see attached C-102.

RCVD FEB 21 '14
OIL CONS. DIV.
DIST. 3

ACCEPTED FOR RECORD

FEB 13 2014

FARMINGTON FIELD OFFICE

BY: William Tambakan

14. I hereby certify that the foregoing is true and correct.

Name (Printed/Typed)

Holly Hill

Title Regulatory Analyst

Signature

Holly Hill

Date 02/04/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

NMOC
OPERATOR

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

CONFIDENTIAL

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on page 2.

5. Lease Serial No. NMNM 112953
6. If Indian, Allottee or Tribe Name N/A
7. If Unit of CA/Agreement, Name and/or No. N/A
8. Well Name and No. Lybrook M28-2306 02H
9. API Well No. PENDING 30-043-21176
10. Field and Pool or Exploratory Area Lybrook Gallup
11. Country or Parish, State Sandoval, New Mexico

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other
JAN 10 2014

2. Name of Operator
Encana Oil & Gas (USA) Inc.

3a. Address
370 17th Street, Suite 1700
Denver, CO 80202

3b. Phone No. (include area code)
720-876-3437

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
SHL: 320' FSL and 1289' FWL Sec 28, T23N, R6W
BHL: 330' FSL and 1225' FWL Sec 33, T23N, R6W

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleting horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Encana Oil & Gas (USA) Inc. (Encana) would like to move the SHL for the Lybrook M28-2306 01H to 320'FSL and 1289'FWL Sec 28, T23N, R6W and the BHL to 330'FSL and 1225'FWL Sec 33, T23N, R6W. (Original SHL was 349'FSL and 1295' FWL Sec 28, T23N, R6W. Original BHL was 330'FSL and 1875' FWL Sec 33, T23N, R6W.) This will change the TD of the well from 10805'MD to 10561'MD and the kick off point from 5002' to 5078'.

Encana would also like to change the intermediate casing setting depth from 6205'MD to 5970'MD. This will slightly change the cementing program for the well.

Please see attached C-102, directional plan, 10 point drilling plan and wellbore diagram for details.

RCVD FEB 3 '14
OIL CONS. DIV.
DIST. 3

CONDITIONS OF APPROVAL
Adhere to previously issued stipulations.

BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) Amanda Cavoto	Title Engineering Technologist
Signature <i>Amanda Cavoto</i>	Date 1/9/14

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by <i>Troy Salyers</i>	Title Petroleum Engineer	Date 1/27/2014
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office FFO	

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

NMCCD