

3/24/2014 DATE IN	SUSPENSE	ENGINEER MAM	3/25/2014 LOGGED IN	NSL TYPE	PMAM1408450976 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]**

**[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 \_\_\_\_\_

- NSL  
- EN CANA  
282327  
well  
Lybrook K32-2306  
30-043-21192

**[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

Pool  
-Lybrook Gallup  
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

03/24/14

Date

mfeldewert@hollandhart.com

e-mail Address



March 24, 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 K32-2306 01 well in the NE/4SW/4 of Section 32, 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 K32-2306 01 Well** to be completed within the Lybrook Gallup Oil Pool (Pool Code 42289) underlying Section 32, Township 23 North, Range 6 West, N.M.P.M., Sandoval County, New Mexico. This vertical well will be drilled at a surface location 2365 feet from the South line and 2616 feet from the West line (Unit K) of Section 32, Township 23 North, Range 6 West. Section 32 is an irregular section because it is short east and west. Therefore, the middle of the section is 2620 feet versus the standard 2640 feet. Therefore, the requested unorthodox well location is only 3 feet from the quarter section line. 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 northern and eastern boundaries 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 location of the proposed **Lybrook K32-2306 01 Well** encroaches on the spacing and proration units to the North, Northeast, and East.

Enclosed as **Exhibit B** is a land plat depicting the proposed **Lybrook K32-2306 01 Well** in relation to adjoining units and further identifies the owners in the affected leases.



Enclosed as **Exhibit C** is a list of parties affected by the encroachment to the North, Northeast, and East. 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.

Your attention to this matter is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael H. Feldewert".

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

**DISTRICT II**  
811 S. First St., Artesia, N.M. 88210  
Phone: (505) 748-1283 Fax: (505) 748-9720

**DISTRICT III**  
1000 Rio Brazos Rd., Aztec, N.M. 87410  
Phone: (505) 334-6176 Fax: (505) 334-6170

**DISTRICT IV**  
1280 S. St. Francis Dr., Santa Fe, NM 87506  
Phone: (505) 476-3460 Fax: (505) 476-3462

## OIL CONSERVATION DIVISION

1220 South St. Francis Dr.  
Santa Fe, NM 87505

Submit one copy to appropriate  
District Office

☒ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-043-21192		2 Pool Code 42289	3 Pool Name LYBROOK GALLUP	
4 Property Code 40373	5 Property Name LYBROOK K32-2306			6 Well Number Q1
7 OGRID No. 282327	8 Operator Name ENCANA OIL & GAS (USA) INC.			9 Elevation 7158.0'

### <sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	WEST/West line	County
K	32	23N	6W		2365'	SOUTH	2616'	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	WEST/West line	County
<b>13</b> Dedicated Acres PROJECT AREA 40.00 ACRES NE/4 SW/4 SEC. 32			<b>14</b> Joint or Infill		<b>15</b> Consolidation Code		<b>16</b> 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

18	17	OPERATOR CERTIFICATION
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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 undivided 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 1/23/14 Date

Katie Wegner  
Printed Name

Katie.Wegner@encana.com

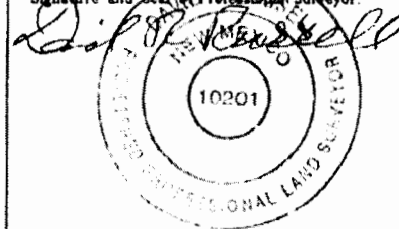
## SURVEYOR CERTIFICATION

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.

DECEMBER 3, 2013

**Date of Survey**

SIGNATURE AND SEAL OF PROSECUTOR



DAVID RUSSELL

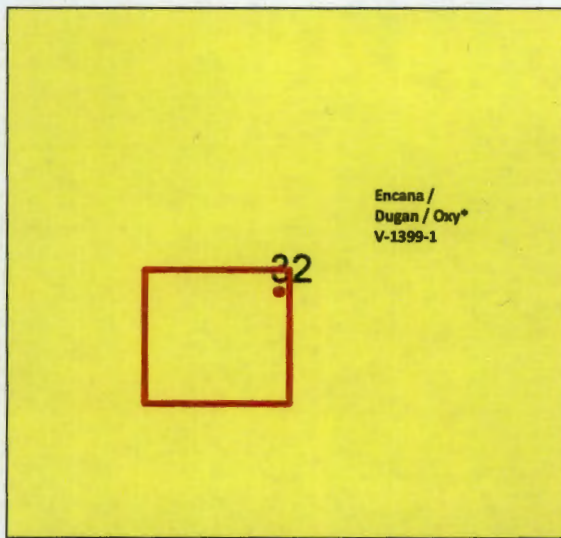
**Certificate Number**

10201

**EXHIBIT**

**scribble.**

A



R 06 W

T  
23  
N

## 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 K32-2306 01

#### Project Area - T23N-R06W, Section 32: NESW

Surface Location	Section 32, 23N-06W
Gallup Penetration Point	Section 32, 23N-06W
Bottomhole Location	Section 32, 23N-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 K32-2306 01**

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

Oxy Y-1 Company  
5 Greenway Plaza  
Suite 110  
Houston, TX 77046-0506

HOLLAND & HART<sup>LLP</sup>



**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 24, 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 (42289) for its Lybrook K32-2306 01 well in the NE/4SW/4 of Section 32, Township 23 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](mailto:Billy.McCool@encana.com)

Sincerely,

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

## McMillan, Michael, EMNRD

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**From:** Michael Feldewert <MFeldewert@hollandhart.com>  
**Sent:** Monday, March 31, 2014 11:48 AM  
**To:** McMillan, Michael, EMNRD  
**Cc:** McCool, Wade  
**Subject:** Division Question re NSL for the Lybrook K32-2306 well

Michael: Sorry it took so long to get back to you. Encana informs me that this well will be initially used as a pressure monitoring well, but the company may want to use this wellbore to access any corollary reserves.

Thanks for your attention to this matter.

*Michael H. Feldewert  
Santa Fe Office  
505-988-4421  
505-983-6043 (fax)  
[mfeldewert@hollandhart.com](mailto:mfeldewert@hollandhart.com)*

HOLLAND&HART 

**CONFIDENTIALITY NOTICE:** This message is confidential and may be privileged. If you believe that this email has been sent to you in error, please reply to the sender that you received the message in error; then please delete this e-mail. Thank you.

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**From:** McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]  
**Sent:** Tuesday, March 25, 2014 2:36 PM  
**To:** Michael Feldewert  
**Subject:** Lybrook K32-2306 well

Michael:

I am working on the Lybrook K32-2306 (30-043-21192) NSL application. There already is a horizontal well through this unit Lybrook 132 2306 well.

Why do you have a horizontal and vertical well dedicated to the same unit? The horizontal well is currently producing. I had heard that Encana wanted a pressure monitoring well-is this the one?

Thank You

## Michael A. McMillan

Engineering and Geological Services Bureau, Oil Conservation Division  
1220 South St. Francis Dr., Santa Fe NM 87505  
O: 505.476.3448 F. 505.476.3462