

DATE <u>3/10/2014</u>	SUSPENSE	ENGINEER <u>MAM</u>	LOGGED IN <u>3/11/2014</u>	TYPE <u>NSL</u>	APP NO. <u>PMAM1407049520</u>
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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] - NSL
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] - EN CANA
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] 282327
 [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

ATTORNEY

Title

Date

mfeldewert@hollandhart.com
 e-mail Address

03/10/14

well
 -Lybrook P282306
 #1H
 30-043-21176
 Pool
 -Lybrook G-114P

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

RECEIVED
MAR 11 2014
NEW MEXICO
DEPARTMENT OF ENERGY,
MINERALS & NATURAL RESOURCES

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.

Dear Ms. Bailey:

Encana Oil & Gas (USA) Inc. (OGRID No. 282327) seeks administrative approval of an unorthodox well location for its **Lybrook P28-2306 01H** well to be completed within the Lybrook Gallup Oil Pool (Pool Code 42289). This well will be drilled from a surface location 336 feet from the South line and 1280 feet from the East line (Unit P) of Section 28, Township 23 North, Range 6 West. The upper most perforation will be 330 feet from the North line and 1610 feet from the East line (Unit B) of Section 33, Township 23 North, Range 6 West. The bottom hole location will be 2372 feet from the North line and 1610 feet from the East line (Unit G) of Section 4, Township 22 North, Range 6 West. 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 area 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 P28-2306 01H** well encroaches on the spacing and proration units to the Northeast, East, and Southeast.

Enclosed as **Exhibit B** is a land map depicting the proposed **Lybrook P28-2306 01H** well in relation to adjoining spacing units and further identifies the owners in the affected leases.

HOLLAND & HART^{LLP}



Enclosed as **Exhibit C** is a list of the 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,

Michael H. Feldewert

ATTORNEY FOR ENCANA OIL & GAS (USA).

cc: Bureau of Land Management
6521 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) 476-3452

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 42289	*Pool Name LYBROOK GALLUP
*Property Code	*Property Name LYBROOK P28-2306	*Well Number 01H
*GRID No 282327	*Operator Name ENCANA OIL & GAS (USA) INC.	*Elevation 7211'

¹⁰ Surface Location

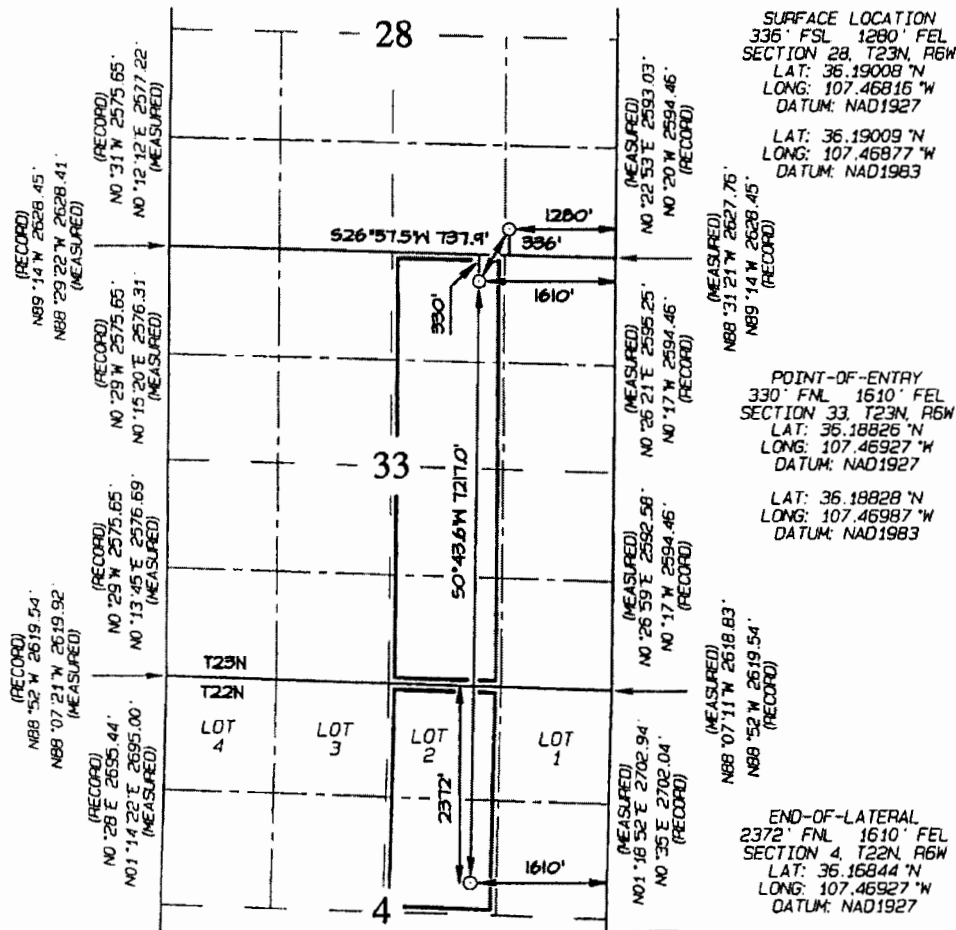
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	28	23N	6W		336	SOUTH	1280	EAST	SANDOVAL

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
G	4	22N	6W		2372	NORTH	1610	EAST	SANDOVAL

¹² Dedicated Acres 240.81 Acres	W/2 E/2 - Section 33 W/2 NE/4 - Section 4	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 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: Jason C. Edwards Date: 12/12/13
Printed Name: Jason C. Edwards
E-mail Address: jedwards@encana.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: DECEMBER 11, 2013
Survey Date: OCTOBER 2, 2012

Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

EXHIBIT

tabbies

A

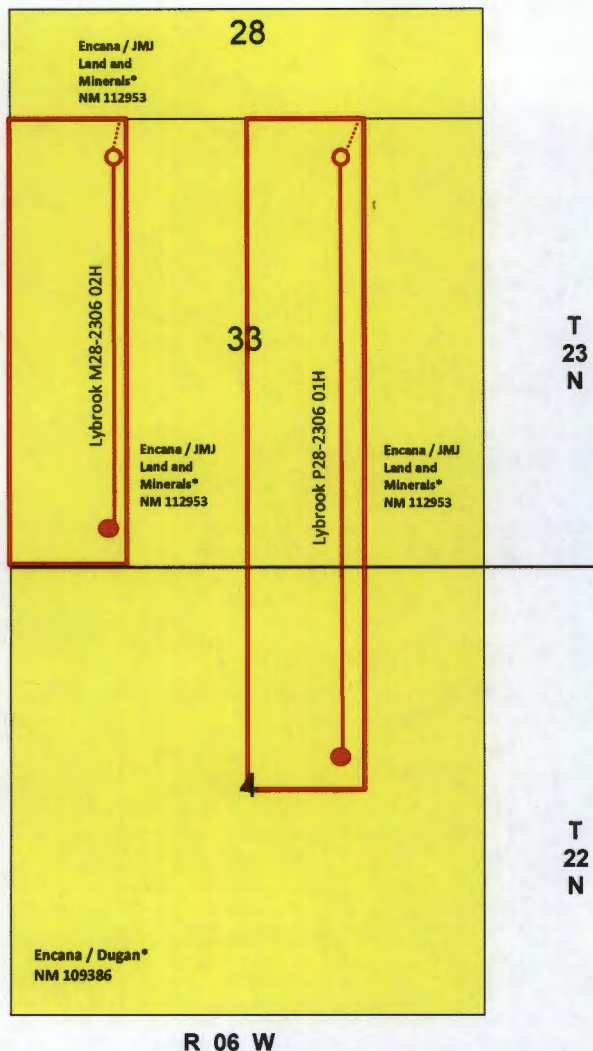


Exhibit B


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 P28-2306 01H**

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

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 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.

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.

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.

5. Lease Serial No.
NMNM 112953 NMNM 109386

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

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

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
SHL: 336' FSL and 1280' FEL Sec 28, T23N, R6W
BHL: 2372' FNL and 1610' FEL Sec 4, T22N, R6W

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

8. Well Name and No.
Lybrook P28-2306 01H

9. API Well No.
PENDING 30-043-2176

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 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 recomplete 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 change the BHL on the Lybrook P28-2306 01H well from 2330' FNL and 2060' FEL Sec 4, T22N, R6W to 2372' FNL and 1610' FEL Sec 4, T22N, R6W. This would change the TD of the well from 13601'MD to 13335'MD.

Encana would also like to change the intermediate casing setting depth from 6340'MD to 6021'MD.

These changes will also slightly change the kick off point and cementing program for the well. Please see attached C-102, directional plan, 10 point drilling plan and wellbore diagram for details.

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

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

CONDITIONS OF APPROVAL
Adhere to previously issued stipulations.

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

Name (Printed/Typed)
Amanda Cavoto

Title Engineering Technologist

Signature

Date 1/9/14

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

William Tambekou

Title

Petroleum Engineer

Date

02/13/2014

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)

NMOCD

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

CONFIDENTIAL

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

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OIL CONS. DIV.
DIST. 3

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CONDITIONS OF APPROVAL
Adhere to previously issued stipulations.

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Name (Printed/Typed)

Amanda Cavoto

Title Engineering Technologist

Signature

Date

1/9/14

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

William Tambekou

Title

Petroleum Engineer

Date

02/13/2014

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.

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NMOCDV