

DATE IN 7/31/2014	SUSPENSE	ENGINEER MAM	LOGGED IN 7/31/2014	TYPE NSL	APP NO PMAm14212 60463
----------------------	----------	-----------------	------------------------	-------------	---------------------------

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]

-WSL 7140
 -ENCLAWA
 Oil & Gas
 282327
 well
 -Lybnoke D
 A12 2306 #14
 30-039-31219

- [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.**

DOU
 -COGNATIONS
 Gallinas
 13379

[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.

GABRIELLE A. GERHOLT
 Print or Type Name

Gabrielle A. Gerholt
 Signature

ATTORNEY
 Title
 gagerholt@hollandhart.com

7/31/14
 Date

e-mail Address



July 31, 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 Counselors Gallup-Dakota Oil Pool for its Lybrook A12-2306 01H well in the E/2 of Section 12, Township 23 North, Range 6 West, N.M.P.M., Rio Arriba 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 A12-2306 01H** (API 30-039-31219) well to be completed within the Counselors Gallup-Dakota Oil Pool (Pool Code 13379). This well will be drilled from a surface location 81 feet from the North line and 264 feet from the East line (Unit A) of Section 12, Township 23 North, Range 6 West. The penetration point will be 330 feet from the North line and 400 feet from the East line (Unit A) of Section 12, Township 23 North, Range 6 West. The bottom hole location will be 330 feet from the South line and 400 feet from the East line (Unit P) of Section 12. Since this acreage is governed by the Special Rules and Regulations for the Counselors Gallup-Dakota Oil Pool, which provides for wells to be located no closer than 660 feet to the outer boundary of the spacing unit and no nearer than 330 feet to any governmental quarter-quarter section, this well will be unorthodox because the completed interval will be closer than 660 feet to the outer boundary of the spacing unit.

Enclosed as **Exhibit A** is the Well Location and Acreage Dedication Plat (Form C-102), which shows that the completed interval for the **Lybrook A12-2306 01H** well encroaches on the spacing and proration units to the North, Northeast, East, Southeast and South.

Enclosed as **Exhibit B** is a land map depicting the proposed **Lybrook A12-2306 01H** well in relation to adjoining spacing units and further identifies the owners in the affected leases.



Pursuant to 19.15.4.12.A(2)(b) NMAC, Tommy Bolack Minerals Corporation and Landford, LLC are the only parties affected by the encroachment to the North and South. A copy of this application with all attachments has been sent by certified mail to both 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. A courtesy copy of this application has been sent to the Jicarilla Apache Nation due to the well's encroachment towards the Northeast, East and Southeast.

Your attention to this matter is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Gabrielle A. Gerholt".

Gabrielle A. Gerholt

ATTORNEY FOR ENCANA OIL & GAS (USA).

cc: Jicarilla Apache Reservation
Jicarilla Agency
Bureau of Indian Affairs
120 Seneca Street
Dulce, NM 87528

Tommy Bolack Minerals Corporation
3901 Bloomfield Highway
Farmington, NM 87401

Landford, LLC
P.O. Box 90428
Albuquerque, NM 87199

DISTRICT I

1605 N. French Dr., Hobbs, N.M. 88240
Phone: (505) 833-6161 Fax: (505) 833-0720

DISTRICT II

611 S. First St., Artesia, N.M. 88210
Phone: (505) 748-1888 Fax: (505) 748-9720

DISTRICT III

1000 Rio Grande Rd., Aztec, N.M. 87410
Phone: (505) 834-6176 Fax: (505) 834-6170

DISTRICT IV

1880 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-5460 Fax: (505) 476-3425

State of New Mexico
Energy, Minerals & Natural Resources Department

RECEIVED

Form C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION

MAR 03 2014

1220 South St. Francis Dr.
Santa Fe, NM 87605

Farmington Field Office ☐ AMENDED REPORT

Bureau of Land Management

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-31219	² Pool Code 13379	³ Pool Name COUNSELORS GALLUP / DAKOTA
⁴ Property Code 313381	⁵ Property Name LYBROOK A12-2306	⁶ Well Number 01H
⁷ OGRD No. 282327	⁸ Operator Name ENCANA OIL & GAS (USA) INC.	⁹ Elevation 8693.0'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Foot from the	North/South line	Foot from the	WEST/East line	County
A	12	23N	6W		81'	NORTH	264'	EAST	RIO ARriba

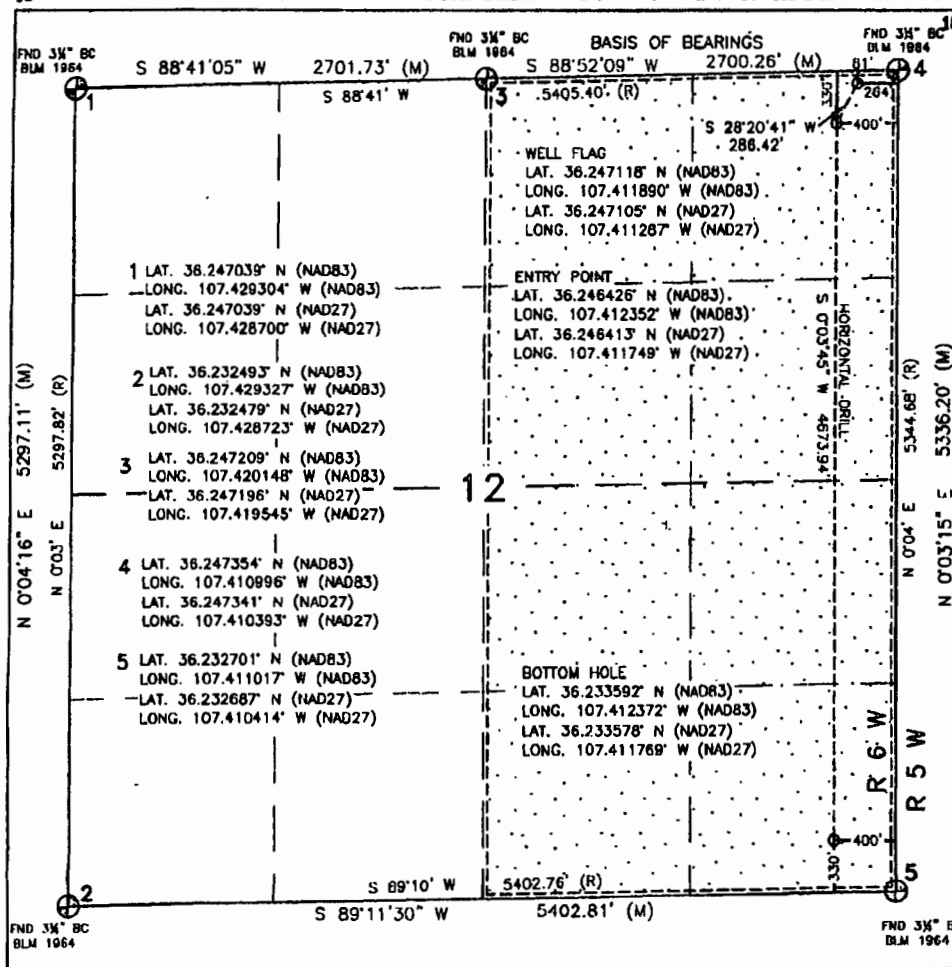
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Foot from the	North/South line	Foot from the	WEST/East line	County
P	12	23N	6W		330'	SOUTH	400'	EAST	RIO ARriba

¹² Dedicated Acres 320.00 ACRES E/2 SEC. 12	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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

16



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 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.

Katie Wegner 2/26/14
Signature Date
Katie Wegner

Printed Name

Katie.Wegner@encana.com

E-mail Address

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.

OCTOBER 29, 2013

Date of Survey

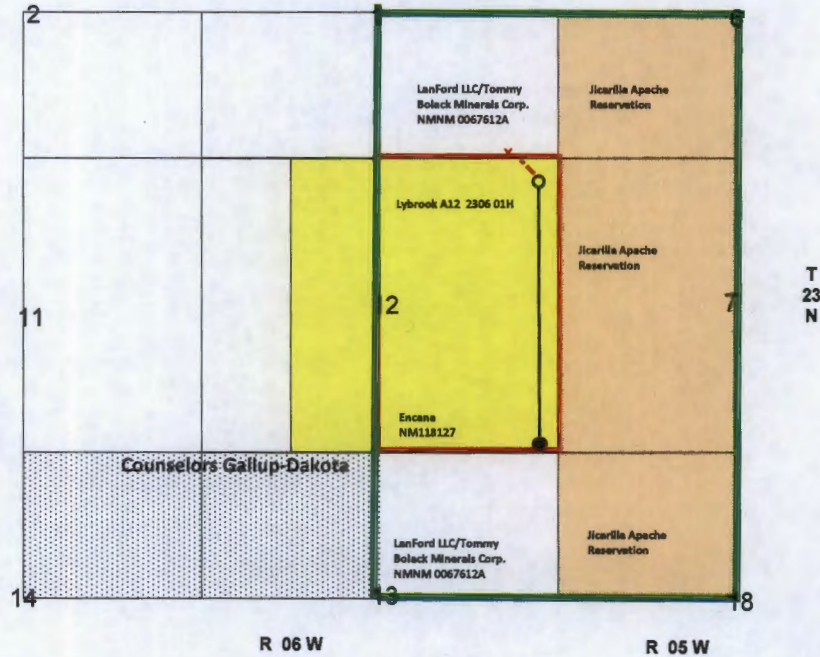
Signature and Seal of Professional Surveyor

David Russell
REGISTERED PROFESSIONAL LAND SURVEYOR
NEW MEXICO
10201
DAVID RUSSELL
Certificate Number 10201

SHEET A

Exhibit B

Encana Oil & Gas (USA) Inc.
Application for Exception to Rule
Non-Standard Location
Counselors Gallup Dakota Pool
San Juan County, New Mexico
Lybrook A12 2306 01H



- Encana Leases
- Counselors Gallup-Dakota Oil Pool
- Counselors Gallup-Dakota 2 mile buffer around projec area)
- Notice Area

Existing Gallup Wells in Notice Area
None

Project Area - T23N-R06W, Section 12: E2

Lybrook A12 2306 01H

Surface Location 81' FNL, 264' FEL, Section 12, 23N-06W
Gallup Penetration Point 330' FNL, 400' FEL, Section 12, 23N-06W
Bottomhole Location 330' FSL, 400' FEL, Section 12, 23N-06W

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

encana

EXHIBIT

B

HOLLAND & HART



**Gabrielle A. Gerholt
Of Counsel**

Phone (505) 988-4421

Fax (505) 983-6043

gagerholt@hollandhart.com

July 31, 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 Counselors Gallup-Dakota Oil Pool for its Lybrook A12-2306 01H well in the E/2 of Section 12, Township 23 North, Range 6 West, N.M.P.M., Rio Arriba 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:

Paula M. Rauchfuss
Encana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700
Denver, Colorado 80202
(720) 876-3801
Paula.Rauchfuss@Encana.com

Sincerely,

Gabrielle A. Gerholt
ATTORNEY FOR ENCANA OIL & GAS (USA) INC.

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.

McMillan, Michael, EMNRD

From: Gabrielle Gerholt <GAGerholt@hollandhart.com>
Sent: Thursday, July 31, 2014 4:50 PM
To: McMillan, Michael, EMNRD
Subject: RE: Encana Lybrook A12-23061H and Lybrook A12-23062H wells

I'm so sorry. Yes, it is due to engineering issues. The approval of the NSL will allow Encana to fully develop the acreage and not waste the resource.

Do you need something more formal?

Gabrielle A Gerholt

Holland & Hart LLP
110 North Guadalupe Suite 1
Santa Fe, NM 87501
Phone (505) 988-4421
Fax (505) 983-6043
E-mail: gagerholt@hollandhart.com



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.

From: McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]
Sent: Thursday, July 31, 2014 4:47 PM
To: Gabrielle Gerholt
Subject: Encana Lybrook A12-23061H and Lybrook A12-23062H wells

Ms. Gerholt:

I received your application for the Encana Lybrook A12-23061H and Lybrook A12-23062H wells.

I need a reason why you are applying for an NSL. Is it for engineering? Surface issues.

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