

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



March 12, 2013

Encana Oil & Gas (USA) Inc.
c/o Holland & Hart LLP
Attn: Mr. Michael Feldewert

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-6769
Administrative Application Reference No. pPRG1304947982

Encana Oil & Gas (USA) Inc.
OGRID 282327

Lybrook H26-2307 Well No. 1H
API No. 30-043-21118

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	2257 FNL & 357 FEL	H	26	23N	7W	Sandoval
Penetration Point	2213 FNL & 861 FEL	H	26	23N	7W	Sandoval
Terminus	2247 FNL & 337 FWL	E	26	23N	7W	Sandoval

Lybrook H26-2307 Well No. 2H
API No. 30-043-21133

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	2227 FNL & 357 FEL	H	26	23N	7W	Sandoval
Penetration Point	1882 FNL & 1038 FEL	H	26	23N	7W	Sandoval
Terminus	1924 FNL & 342 FWL	E	26	23N	7W	Sandoval

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
N/2 of Section 26	320	Basin; Mancos Gas	97232

Reference is made to your application received on February 15, 2013.

You have requested to drill these horizontal wells at unorthodox well locations described above in the referenced pool or formation. This location is governed by the Special Rules for the Basin Mancos Gas Pool, as set forth in Order R-12984, and by Rule 15.16.14.B(2) [19.15.16.14.B(2) NMAC] concerning directional wells in designated project areas. This location is unorthodox because portions of the proposed completed interval are less than 660 feet from an outer boundary of the project area.

Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that you are seeking these locations for engineering reasons, in order to efficiently drain hydrocarbon reserves within this project area.

It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox locations are hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9 [19.15.15.9 NMAC].

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jami Bailey".

Jami Bailey
Director

JB/db

cc: New Mexico Oil Conservation Division – Aztec
United States Bureau of Land Management