

03/19/2013	SUSPENSE	ENGINEER DB	03/22/2013	LOGGED IN	NSP & DHC	APP NO. PPRG 1308138347
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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



DHC
PPRG 1308140260

30-045-Pending

ADMINISTRATIVE APPLICATION CHECKLIST

Good Times

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]

D06-2309
Well #1H

Encana Oil & Gas

[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 _____

2013 MAR 19 P 2:36

RECEIVED OOD

[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

Title

Date

A Horney
mfeldewert@hollandhart.com
e-mail Address

03/19/13



March 19, 2013

VIA HAND DELIVERY

Jami Bailey, Director
Oil Conservation Division
New Mexico Department of
Energy, Minerals and Natural Resources
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RECEIVED OOD
2013 MAR 19 P 2:36

Re: Application of Encana Oil & Gas (USA) Inc. for administrative approval of a 160-acre non-standard spacing unit in the Basin-Mancos Gas Pool (97232) and approval of downhole commingling of production from the South Bisti Gallup Pool (5860) and the Basin-Mancos Gas Pool (97232), Section 6, Township 23 North, Range 9 West, N.M.P.M., San Juan County, New Mexico.

Dear Ms. Bailey:

Enanca plans to drill its Good Times D06-2309 01H as a horizontal well in the W/2 of Section 6, T-23-N, R-9-W in San Juan County, New Mexico, from a surface location in Unit D to a bottom hole location in Unit M. *See Exhibit A (C-102).* The W/2 of Section 6 is a single federal lease (NM 08005). The NW/4 of said Section 6 is located in the Basin-Mancos Gas Pool (Pool Code 97232) and subject to Special Rules created under Order R-12984. The SW/4 of Section 6 is located in the South Bisti Gallup Pool (Pool Code 5860) and subject to Special Rules created under Order R-8090. The existing Big Yazee No. 1 vertical well in the NE/4 of Section 6 was permitted in 2005 in the South Bisti Gallup Pool by Dugan Production Company prior to the adoption of the Basin-Mancos Gas Pool, and currently has dedicated to it an 80.45 acre spacing unit comprised of the W/2 NE/4 of Section 6.

80 ac w/ 330 setbacks
Since the South Bisti Gallup Pool is an unlisted oil pool under Order R-12984, the portion of the proposed wellbore in the NW/4 must comply with the Special Rules for the Basin-Mancos Gas Pool. *See* Appendix A to Order R-12984 (special rules) at Rule 1. These special rules require 320-acre spacing units and 660 foot setbacks from the outer boundary of the spacing units. *Id.* at Rule 2. In contrast, the Special Rules for the South Bisti Gallup Pool require 80-acre spacing units and 330 foot setbacks from the outer boundary of the spacing units. *See* Appendix A to Order R-8090 (special rules) at Rules 2 and 4 (as amended). The completed interval for Encana's proposed well will remain 660 feet from the North and West lines of Section 6 and the bottom-hole of the well will remain 330 feet from the South line. *See* Exhibit

HOLLAND & HART^{LLP}



A. Accordingly, the proposed well will remain at a standard location under the applicable Special Pool Rules for each quarter section.

To efficiently develop this acreage and to form a 320-acre project area for this proposed horizontal well, Encana requires approval of the following:

- (1) a non-standard 160-acre spacing and proration unit in the Basin-Mancos Gas Pool comprised of the N/W of Section 6; and
- (2) commingling of the production from these two adjacent pools in the horizontal wellbore.

As further support for this application, Encana has provided the following exhibits with this letter:

Exhibit A is a proposed form C-102 for the proposed horizontal well in the W/2 of Section 6.

Exhibit B is land plat showing the leases and all of the working interest owners for these leases in Section 6.

Exhibit C is a completed form C-107-A (application for downhole commingling).

Exhibit D is a list of the parties in the N/2 and the E/2 of Section 6 affected by this request for a non-standard spacing unit in the Basin Mancos Gas Pool. A copy of this application with all attachments has been sent by certified mail to each of these affected parties advising them that if they have an objection they must file it in writing with the division within 20 days from the date the division receives this application.

Finally, since the ownership and percentages between the two pools in the W/2 spacing unit are identical, there are no affected parties with respect to the request for downhole commingling. However, pursuant to NMAC 19.15.12.11.C(1)(c), a copy of this application has been provided to the Bureau of Land Management by certified mail.

Your attention to this application is appreciated.

Sincerely,

Michael H. Feldewert

ATTORNEY FOR ENCANA OIL & GAS (USA) INC.

cc: David K. Brooks, Oil Conservation Division

DISTRICT I
1650 E. Francis Dr., Hobbs, N.M. 88240
Phone: (505) 533-0101 Fax: (505) 533-0720

DISTRICT II
611 E. First St., Artesia, N.M. 88210
Phone: (505) 743-1523 Fax: (505) 743-0750

DISTRICT III
1800 E. Elva Street, Santa Fe, N.M. 87505
Phone: (505) 834-0170 Fax: (505) 834-0170

DISTRICT IV
1800 E. Elva Street, Santa Fe, N.M. 87505
Phone: (505) 479-8460 Fax: (505) 479-8460

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 Dr.
Santa Fe, NM 87505

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name
		5860/97232	SOUTH BISTI-GALLUP/BASIN MANCOS
Property Code	Property Name		Well Number
	GOOD TIMES D06-2309		01H
OCRD No.	Operator Name		Elevation
282327	ENCANA OIL & GAS (USA) INC.		6802'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Foot from the	North/South line	Foot from the	East/West line	County
D	6	23N	9W	4	210'	NORTH	667'	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Foot from the	North/South line	Foot from the	East/West line	County
M	6	23N	9W	7	330'	SOUTH	660'	WEST	SAN JUAN

¹² Dedicated Acres	PROJECT AREA	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
322.60 ACRES W/2 - SEC. 6				

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

REVISED - 02/18/2013

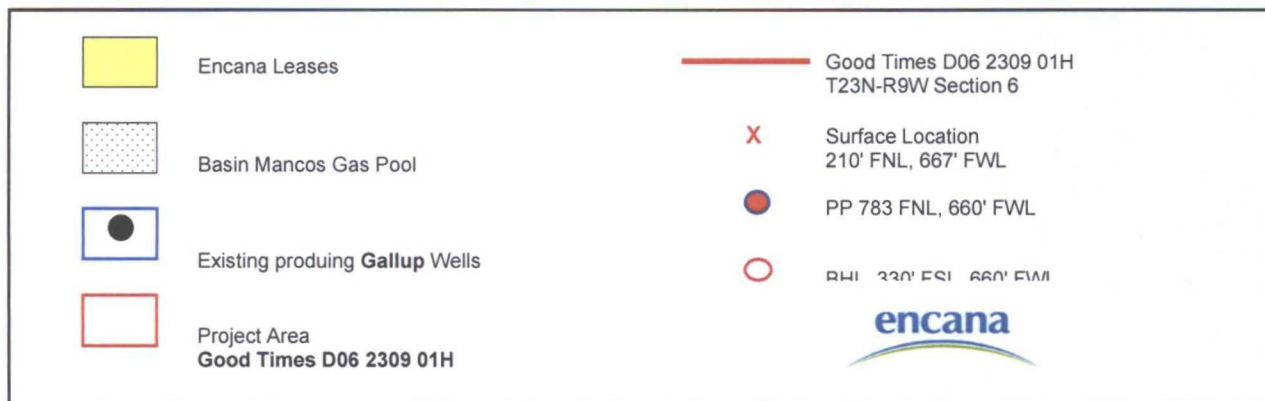
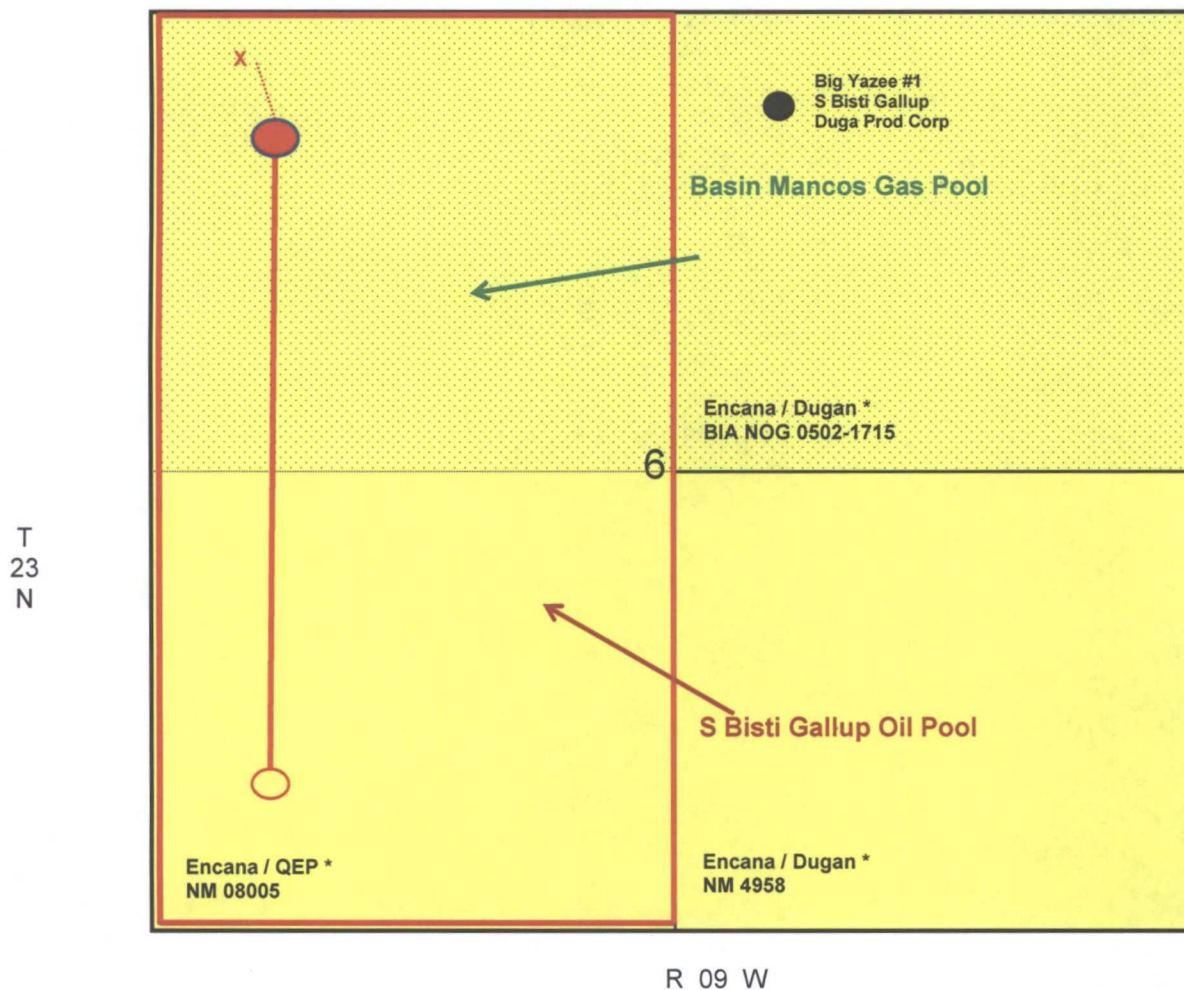
<p>Diagram showing well location, bearings, distances, and pool names. Includes coordinates and section numbers (T24N, T23N, R10W, R9W).</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that 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 the owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature: <i>Brenda R. Linster</i> Date: 03-12-13</p> <p>Brenda R. Linster, Regulatory Lead Printed Name brenda.linster@encana.com E-mail Address</p> <p>18 SURVEYOR CERTIFICATION</p> <p>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.</p> <p>AUGUST 27, 2012</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor: <i>David A. Russell</i></p> <p>DAVID A. RUSSELL Professional Surveyor Certificate Number 10201</p>
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EXHIBIT

A

Exhibit B

Encana Oil & Gas (USA) Inc.
Application for Non Standard Spacing Unit
Basin Mancos Gas Pool
Downhole Commingling South Bisti Oil Pool / Basin Mancos Gas Pool
Good Times D06 2309 01H



*Ownership shown represents 100% oil and gas leasehold working interest in the Gallup formation (which is the subject of this Application) underlying each respective tract depicted.

EXHIBIT

B

District I
1633 N. French Drive, Hobbs, NM 88240

District II
911 S. First St., Artesia, NM 88210

District III
1160 Rio Huerfano Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-107A
Revised August 1, 2011

APPLICATION TYPE
☒ Single Well
☐ Establish Pre-Approved Pools
EXISTING WELLBORE
☐ Yes ☒ No

APPLICATION FOR DOWNHOLE COMMINGLING

Encana Oil & Gas (USA) Inc.

370 17th Street, Suite 1700, Denver, CO 80202

Operator

Address

NMNM 008005

Good Times D06-2309 01H

D-06-23-09

San Juan

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 282327 Property Code _____ API No. _____ Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UNITS C, D, E & F	UNITS K, L, M & N	
Pool Name	Basin-Mancos Gas Pool	South Bisti-Gallup Oil Pool	
Pool Code	97232	5860	
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	+/- 4824' TVD/ +/- 1851' Lateral Horizontal Length	+/- 4824' TVD/ +/- 2314' Lateral Horizontal Length	Note: This Commingling Application is to commingle two pools in the same formation. This will be a horizontal well bore and the entire producing lateral will be +/- 4824' TVD/+/- 4165' Lateral Horizontal Length
Method of Production (Flowing or Artificial Lift)			
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	+/- 1500 psi	+/- 1500 psi	
Oil Gravity or Gas BTU (Degree API or Gas BTU)	41 degrees API		
Producing, Shut-In or New Zone	New Zone	New Zone	
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: Limited test data available at this time. Estimates for well: Rates: - IP 30s - 400 MCFD - 250 BOPD - 200 BWPD		
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 44 % 44 %	Oil Gas 56 % 56 %	Oil Gas % %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?

Yes ☒ No ☐

If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes ☐ No ☒

Are all produced fluids from all commingled zones compatible with each other?

Yes ☒ No ☐

Will commingling decrease the value of production?

Yes ☐ No ☒

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application?

Yes ☒ No ☐

NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication. - Attached
- Production curve for each zone for at least one year. (If not available, attach explanation.) - No production data because well hasn't been drilled.
- For zones with no production history, estimated production rates and supporting data. - Production rates based on initial Good Times exploratory wells.
- Data to support allocation method or formula. - Allocation based on length of producing interval in applicable pool.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases. - N/A
- Any additional statements, data or documents required to support commingling. - N/A

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

List of other orders approving downhole commingling within the proposed Pre-Approved Pools

List of all operators within the proposed Pre-Approved Pools

Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.

Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Brenda R. Linster TITLE Regulatory Lead

DATE 03/12/13

TYPE OR PRINT NAME Brenda R. Linster

TELEPHONE NO. (720) 876-3989

E-MAIL ADDRESS brenda.linster@encana.com

EXHIBIT

C

Exhibit D

Request for Non-Standard Spacing Unit in Basin Mancos Gas Pool

Dugan Production Corp.
Attn.: Kurt Fagrelus
709 East Murray Drive
Farmington, New Mexico 87401

QEP Energy Company
Attn.: Jenniver Bates
1050 17th Street, Suite 500
Denver, Colorado 80265

Request for Down Hole Commingling

Farmington Field Office
Bureau of Land Management
6251 College Blvd., Suite A
Farmington, New Mexico 87402



March 19, 2013

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO AFFECTED PARTIES

Re: Application of Encana Oil & Gas (USA) Inc. for administrative approval of a 160-acre non-standard spacing unit in the Basin-Mancos Gas Pool (97232) and approval of downhole commingling of production from the South Bisti Gallup Pool (5860) and the Basin-Mancos Gas Pool (97232), Section 6, Township 23 North, Range 9 West, N.M.P.M., San Juan 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:

Mona L. Binion
Encana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700
Denver, Colorado 80202
(720) 876-5325
mona.binion@encana.com

Sincerely,

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