

03/28/2013	SUSPENSE	ENGINEER PG	LOGGED IN 04/01/2013	TYPE NSP	PPRG 1309133293
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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



30-045-29293
April Surprise #7
30-045-25920
Fabulous Feb #1

ADMINISTRATIVE APPLICATION CHECKLIST

Encana Oil
and
Dugan Prod. Co.

1966

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 _____

2013 MAR 28 P 4: 03
RECEIVED OGD

[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]
Signature

Attorney
Title

3/28/13
Date

m.feldewert@hollandhart.com
e-mail Address



March 27, 2013

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 OCD
2013 MAR 28 P 4:03

Re: Joint Application of Encana Oil & Gas (USA) Inc. and Dugan Production Corporation for administrative approval of an Exception to Rule 2 of the Special Rules for Bisti-Lower Gallup Oil Pool for the N/2 Section 31, Township 24 North, Range 9 West, San Juan County.

Dear Ms. Bailey:

Encana Oil & Gas (USA) Inc. and Dugan Production Corporation jointly own 100% of the working interests under two federal leases covering the N/2 of Section 31, Township 24 North, Range 9 West, NMPM, San Juan County, New Mexico. This acreage is governed by the Special Rules and Regulations for the Bisti-Lower Gallup Pool adopted by the Oil Conservation Commission in 1983 under Order R-1069-B. Rule 2 of these Special Rules limit the orientation of the approved 80-acre spacing units to either the N/2 or the S/2 of a single governmental quarter section. Applicants seek an exception to Rule 2 for the N/2 of Section 31 to allow 80-acre spacing units comprised of the E/2 or the W/2 of a single governmental quarter section. Approval of this application will allow the Applicants to:

- (a) Change the 80-acre acreage dedication for the existing Fabulous Feb Well No. 1 (API No. 30-045-25920) from the current N/2 NW/4 to the W/2 NW/4 of Section 31; and
- (b) Dedicate 80-acre spacing units comprised of the E/2 and the W/2 of both the NE/4 and the NW/4 to two proposed horizontal wells to be located in the N/2 of Section 31.

Division records will reflect that this area is already subject to an 80-acre non-standard spacing unit for the April Surprise Well No. 7 (API No. 30-045-29293) in the Bisti-Lower Gallup Pool comprised of the W/2 NE/4 of Section 31. This non-standard spacing unit was approved by the Division in 1996 under Administrative Order NSP-1760(L).



Rule 4 of the Special Rules authorizes the "Secretary-Director of the Commission" to grant administrative exceptions to Rule 2 so long as there are no objections by offsetting operators within one-half mile of the subject area. Approval of this application will allow a standup pattern of 80-acre spacing units for the entire N/2 of Section 31 and provide for more efficient development of this area with horizontal wells.

The following exhibits are provided with this application:

Exhibit A contains the C-102 plats currently on file with the Division for two existing vertical wells in the NW/4 and the NE/4 of Section 31;

Exhibit B is the proposed amended C-102 form changing the orientation of the 80-acre spacing unit for the existing Fabulous Feb Well No. 1 in the NW/4 of Section 31;

Exhibit C contains the proposed Form C-102s for the two horizontal wells applicants seek to drill in the N/2 of Section 31 (the Escrito A31-2409 01H in the N/2 N/2 and the Escrito H31-2409 01H in the S/2 N/2).

Exhibit D is a plat showing the leases in Section 31 and within one-half mile of the N/2 of Section 31.

Exhibit E is a list of the operators in and within one-half mile of the N/2 of Section 31 pursuant to Rule 4 of the Special Rules for 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.

Your attention to this application is greatly appreciated.

Sincerely,

Michael H. Feldewert

ATTORNEY FOR ENCANA OIL & GAS USA.

Form 3160-5
(June 1990)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other	5. Lease Designation and Serial No. NM 4958
2. Name of Operator Dugan Production Corp.	6. If Indian, Altonce or Tribe Name
3. Address and Telephone No. P.O. Box 420, Farmington, NM 87499 (505) 325-1821	7. If Unit or CA, Agreement Designation
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1050' FNL & 1520' FEL (NW/4 NE/4) Unit B, Sec. 31, T24N, R9W	8. Well Name and No. April Surprise #7
	9. API Well No. 30 045 29293
	10. Field and Pool, or Exploratory Area Basin Dakota
	11. County or Parish, State San Juan, NM

12. CHECK APPROPRIATE BOX(s) 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"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input checked="" type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input checked="" type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input type="checkbox"/> Other
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

4/3/96 TIH & clean out casing to 6007'. Perforated Dakota 5943-48' and 5964-70' with 1 JSPF. Acidized perforations with 750 gallons 15% HCL. Swab tested formation.

It is intended to permanently plug back to the Gallup formation by setting a cast iron bridge plug at the top of the Dakota at 5770' and capping with 50' cement. The Gallup will be selectively perforated and fractured to evaluate the potential.

Obtained verbal approval from Steve Mason to do this work.

A plat identifying acreage dedicated to the Bisti Lower Gallup Pool is attached and an application for non-standard proration unit is being filed with the NMOCD.

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

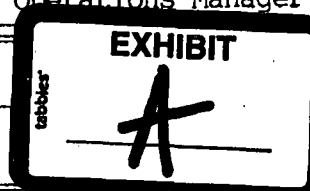
Signed [Signature]
(This space for Federal or State office use)

Title Operations Manager

Date 4/12/96

Approved by
Conditions of approval, if any:

Title



APPROVED

APR 19 1996

DISTRICT MANAGER

Title 18 U.S.C. Section 1001, makes 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 statement or representations as to any matter within its jurisdiction.

*See instruction on Reverse Side

District I
PO Box 1988, Hobbs, NM 88241-1988
District II
PO Drawer 111, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C
Revised February 21,
Instructions on
Submit to Appropriate District C
State Lease - 4 C
Fee Lease - 3 C

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30 045 29293		Pool Code 05890		Pool Name Bisti Lower Gallup	
Property Code 003579		Property Name April Surprise			Well Number 7
OGRID No. 006515		Operator Name Dugan Production Corporation			Elevation 6830' Estimated

10 Surface Location

UL or lot no. B	Section 31	Township 24N	Range 9W	Lot Idn	Feet from the 1050	North/South line North	Feet from the 1520	East/West line East	County San Juan
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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
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Dedicated Acres 80	Joint or Infill	Consolidation Code	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

16	Dugan Prod NM 4958	1050'	1520'	Section 31	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature Jim L. Jacobs Printed Name Vice-President Title 4/12/96 Date

RECEIVED
APR 22 1996
OIL CON. DIV.
DIST. 3

All distances must be from the outer boundaries of the Section.

Operator Dugan Production Corporation		Lease Fabulous Feb		Well No. 1	
Unit Letter D	Section 31	Township 24 North	Range 9 West	County San Juan	
Actual Footage Location of Well: 790 feet from the North line and 1120 feet from the West line					
Ground Level Elev. 6855	Producing Formation Gallup		Pool Bisti Lower, Gallup Ext	Dedicated Acreage: 80.0 80.36 Act	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.

790		1120	
1120		790	
Sec. 31		DIST. 3	

CERTIFICATION

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

Name
Jim L. Jacobs
Position
Geologist
Company
Dugan Production Corp.
Date
4-18-84

I have examined the location shown on this plat was located from field notes collected and made to me under my supervision and that the same is true and correct to the best of my knowledge.

Date Surveyed
February 6, 1984
Registered Professional Engineer
and/or Land Surveyor

Edgar L. Risenhoover
Certificate No. 5979

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENTP. O. BOX 2088
SANTA FE, NEW MEXICO 87501Form C-102
Revised 10-1-78

All distances must be from the outer boundaries of the Section.

Operator Dugan Production Corporation		Lease Fabulous Feb		Well No. 1
Unit Letter D	Section 31	Township 24 North	Range 9 West	County San Juan
Actual Footage Location of Well: 790 feet from the North line and 1120 feet from the West line				
Ground Level Elev. 6855	Producing Formation Gallup	Pool Bisti Lower Gallup	Dedicated Acreage: 80 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.

790

1120

Sec. 31

EXHIBIT B

CERTIFICATION

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

Kurt Tegrulis

Name

V.P. Land & Exploration

Position

Dugan Production Corp.

Company

March 21, 2013

Date

I hereby certify that the location shown on this plat was located from field notes obtained by me or under my supervision and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

February 6, 1984

Registered Professional Engineer
and/or Land Surveyor

Edgar L. Risenhoover

Certificate No. 5979

Edgar L. Risenhoover L.S.

District I
1625 N. French Drive, Hobbs, NM 88240
Phone: (575) 393-6151 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) 476-3462

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 30-045-39390		*Pool Code 5890	*Pool Name BISTI LOWER - GALLUP
*Property Code	*Property Name ESCRITO A31-2409		*Well Number 01H
*GRID No. 282327	*Operator Name ENCANA OIL & GAS (USA) INC.		*Elevation 6864'

¹⁰ Surface Location

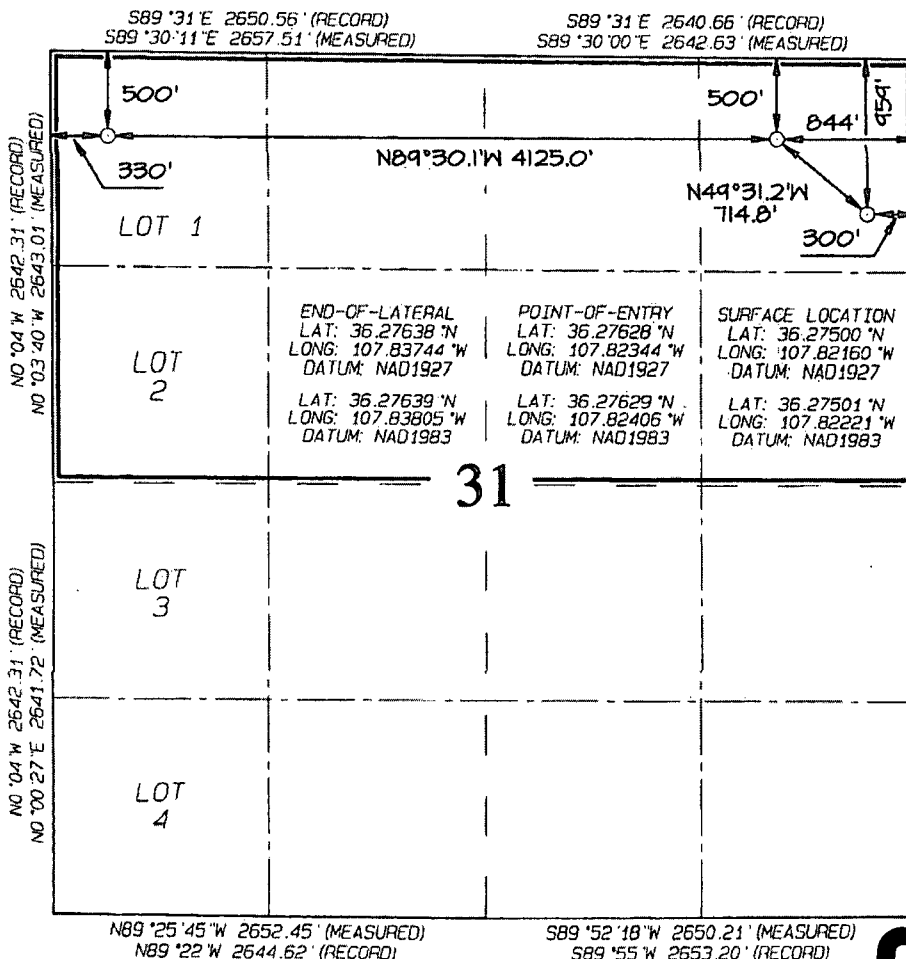
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	31	24N	9W		959	NORTH	300	EAST	SAN JUAN

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
D	31	24N	9W	1	500	NORTH	330	WEST	SAN JUAN

*Dedicated Acres 320.84 Acres - (N/2)	*Joint or Infill	*Consolidation Code	*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: *Brenda R. Linster* Date: **03-14-13**

Signature
Brenda R. Linster, Regulatory Lead
Printed Name
brenda.linster@encana.com
E-mail Address

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: **FEBRUARY 28, 2013**
Survey Date: **FEBRUARY 9, 2012**
Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number **15269**

EXHIBIT

C

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) 476-3450 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 30-045-35711	*Pool Code 5890	*Pool Name BISTI LOWER - GALLUP
*Property Code	*Property Name ESCRITO H31-2409	*Well Number 01H
*OGRIID No. 282327	*Operator Name ENCANA OIL & GAS (USA) INC.	*Elevation 6831'

10 Surface Location

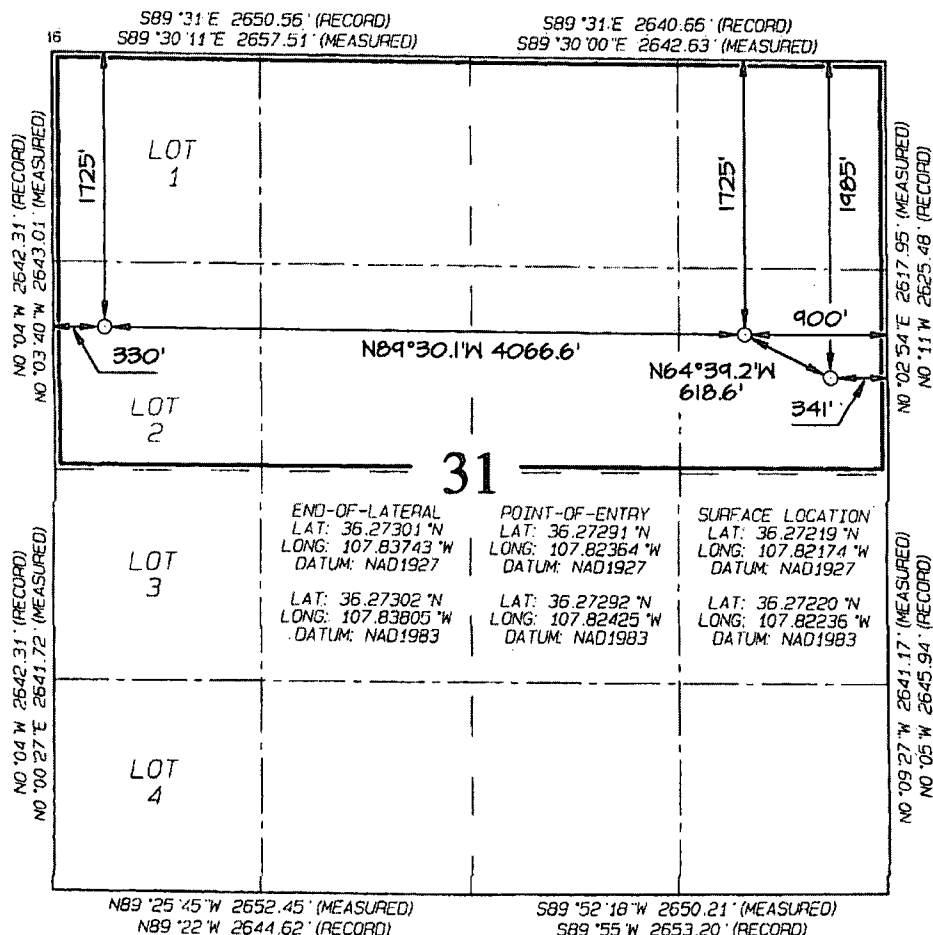
U. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	31	24N	9W		1985	NORTH	341	EAST	SAN JUAN

11 Bottom Hole Location If Different From Surface

U. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	31	24N	9W	2	1725	NORTH	330	WEST	SAN JUAN

*Dedicated Acres 320.84 Acres - (N/2)	*Joint or Infill	*Consolidation Code	*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



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
Date

Brenda R. Linster, Regulatory Lead

Printed Name
brenda.linster@encana.com

E-mail Address

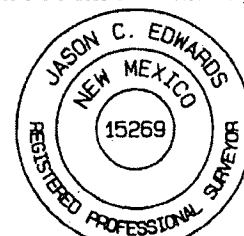
18 SURVEYOR CERTIFICATION

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: FEBRUARY 28, 2013

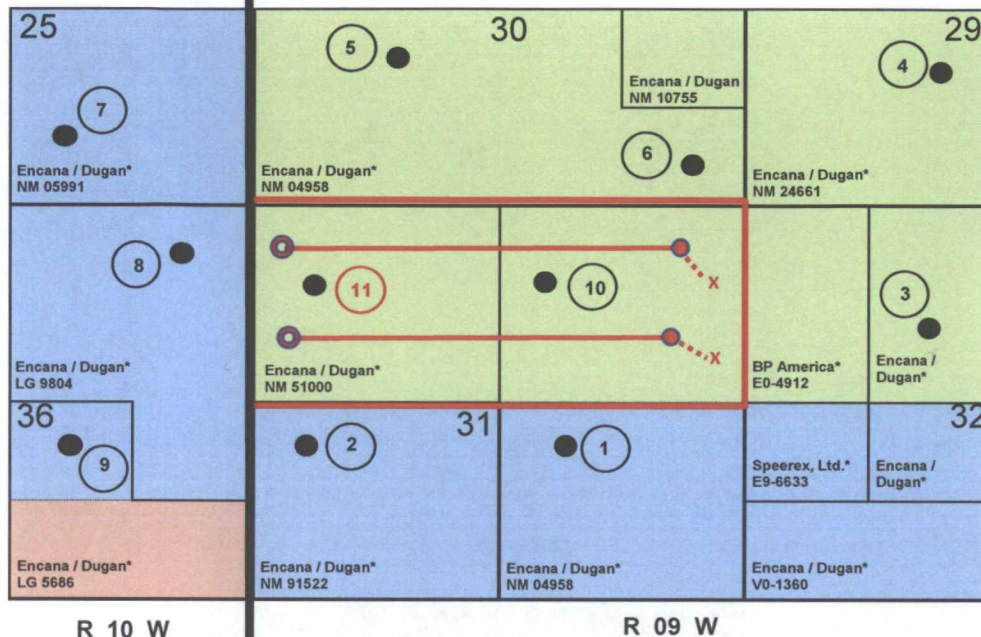
Survey Date: FEBRUARY 9, 2012

Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

T
24
N



Lower Bisti Gallup Oil Pool

South Bisti Gallup Oil Pool

Basin Mancos Gas Pool

*Ownership depicted on this plat represents 100% leasehold working interest in the Gallup formation which is the subject of this Application



PROJECT AREA

Escrito A31 2409 01H

SHL 959' FEL, 300' FEL
PP 500' FNL, 844' FEL
BHL 500' FNL, 330' FWL

Escrito H31 2409 01H

SHL 1985' FNL, 341' FEL
PP 1725' FNL, 900' FEL
BHL 1725' FNL, 330' FWL



Existing Producing Gallup Wells

- | | |
|---|--|
| 1 April Surprise #9
W2SE4 Sec 31-24N-09W
Dugan Prod, Operator
South Bisti Gallup | 7 June Joy #2
N2NE4 Sec 25-24N-10W
Dugan Prod, Operator
Bisti Lower Gallup |
| 2 Jauary Jamboree #1
W2SW4 Se 31-24N-09W
Dugan Prod, Operator
South Bisti Gallup | 8 Octoberfest #1
E2NE4 Se 36-24N-10W
Dugan Prod, Operator
South Bisti Gallup |
| 3 March On #1
E2NW4 Sec 32-24N-09W
Dugan Prod, Operator
Bisti Lower Gallup | 9 Squash Blossom AFU State #1
W2SE4 Se 36 24N-10W
Dugan Prod, Operator
South Bisti Gallup |
| 4 July Jubilee #3
N2SW4 Sec 29-24N-09W
Dugan Prod, Operator
Bisti Lower Gallup | 10 April Surprise #7
W2NE4 Sec 31-24N-09W
Dugan Prod, Operator
Bisti Lower Gallup
NSL - 1760 (L) |
| 5 April Surprise #2
N2SW4 Sec 30-24N-09W
Dugan Prod, Operator
Bisti Lower Gallup | 11 Fabulous Feb #1
N2NW4 Sec 31-24N-09W
Dugan Prod, Operator
Bisti Lower Gallup
Application for Non-Standard Spacing Unit |
| 6 April Surprise #8
S2SE4 Sec 30-24N-09W
Dugan Prod, Operator
Bisti Lower Gallup | |

Exhibit D

Encana Oil & Gas (USA) Inc.

Application for Exception to Rule 2 Non-Standard Spacing Units Lower Bisti Gallup Oil Pool

Escrito A31 2409 01H / Escrito H31 2409 01H

Fabulous Feb #1

San Juan County, NM

EXHIBIT

D

tabbles

EXHIBIT E

Joint Application of Encana Oil & Gas (USA) Inc. and Dugan Production Corporation for administrative approval of an Exception to Rule 2 of the Special Rules for Bisti-Lower Gallup Oil Pool: Escrito A31 and H31 Wells.

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

BP America Production Company
P. O. Box 3092
Houston, TX 77253-3092
Attention C. A. Carley

Speerex, Ltd
p. o. Box 1363
Mount Pleasant, SC 29465

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 27, 2013

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO ALL AFFECTED PARTIES

Re: Joint Application of Encana Oil & Gas (USA) Inc. and Dugan Production Corporation for administrative approval of an Exception to Rule 2 of the Special Rules for Bisti-Lower Gallup Oil Pool for the N/2 Section 31, Township 24 North, Range 9 West, San Juan County.

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced administrative application filed with the New Mexico Oil Conservation Division on February 28, 2013. As an owner of an interest that may be affected by this application, you may file a written objection to this application within twenty days with the Oil Conservation Division, located at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. If no objection is received within twenty-days of the filing of this application, it may be approved administratively by the Division.

If you have any questions about this application, please contact Ms. Mona Binion with Encana Oil & Gas (USA) Inc. at (720) 876-5325.

Sincerely,

Michael H. Feldewert
ATTORNEY FOR ENCANA OIL & GAS USA

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. ♻