

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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

Jami Bailey, Division Director
Oil Conservation Division



November 14, 2014

Encana Oil and Gas (USA) Inc.
Attn: Mr. Michael Feldewert

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-7191
Administrative Application Reference No. pMAM1430034681

Encana Oil and Gas (USA) Inc.
OGRID 282327
Escrito M32-2408 Well No. 1H
API No. 30-045-35521

Proposed Location:

| | <u>Footages</u> | <u>Unit/Lot</u> | <u>Sec.</u> | <u>Twsp</u> | <u>Range</u> | <u>County</u> |
|-------------------|-------------------|-----------------|-------------|-------------|--------------|---------------|
| Surface | 413 FSL & 60 FWL | M | 32 | 24N | 8W | San Juan |
| Penetration Point | 400 FSL & 330 FEL | P | 31 | 24N | 8W | San Juan |
| Terminus | 400 FSL & 330 FWL | 4 | 31 | 24N | 8W | San Juan |

Proposed Project Area:

| <u>Description</u> | <u>Acres</u> | <u>Pool</u> | <u>Pool Code</u> |
|--------------------|--------------|--------------|------------------|
| Entire Section 31 | 643 | Basin Mancos | 97232 |

Reference is made to your application received on October 24, 2014.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed by the Special Rules for the Basin Mancos Gas Pool, which provides for 320-acre units with wells to be located at least 660 feet from outer unit boundaries, and Rule 19.15.16.14.B (2) NMAC concerning directional wells in designated project areas. This surface location is outside the project area, and is permitted by Rule 19.15.16.15.B (4) NMAC which allows for surface locations outside project area. This location is unorthodox because portions of the proposed completed interval are closer to outside boundaries of the proposed project area than any location that would be a standard location under the applicable pool rules.

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

It is our understanding that you are seeking this location due to fully access the reservoir and avoid waste of the resource.

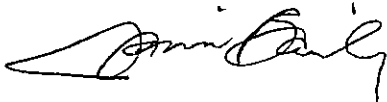
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 19.15.4.12 (A) 2 NMAC, in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 19.15.5.9 NMAC.

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

Done at Santa Fe, New Mexico, on November 14, 2014.

A handwritten signature in black ink, appearing to read 'Jami Bailey', is written over a horizontal line.

Jami Bailey
Director

JB/mam

cc: New Mexico Oil Conservation Division – Aztec
Bureau of Land Management - Farmington
New Mexico State Land Office – Oil, Gas, and Minerals