

11/04/2014 DATE IN	SUSPENSE	MAW ENGINEER	11/04/2014 LOGGED IN	NSL TYPE	PMAW1430946263 APP NO
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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



**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]

[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.**

[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.

Jordan L. Kessler  
Print or Type Name

*[Signature]*  
Signature

Attorney  
Title  
jlkessler@hollandhart.com  
e-mail Address

Date

NSL 7149  
- ENCANADA OIL & GAS  
(USA) Inc  
28327  
well  
Lybmore oil - 2306 #1H  
30-045 31220  
2011 NOV - 4 P 5:39  
RECEIVED OOD  
Pool  
- COUNSELORS - Gallup  
DAKOTA  
13379



November 4, 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

RECEIVED OGD  
2014 NOV -4 P 5:39

**Re: Application of Encana Oil & Gas (USA) Inc. for administrative approval of an unorthodox well location in Counselors Gallup—Dakota Oil Pool for its Lybrook 001-2306 01H well in the W/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 001-2306 01H** (API 30-039-31220) well to be completed within the Counselors Gallup—Dakota Oil Pool (Pool Code 13379). This well will be drilled from a surface location 729 feet from the South line and 2540 from the East line (Unit O) of Section 1, Township 23 North, Range 6 West. The completed interval will begin 340 feet from the South line and 1870 feet from the West line (Unit N) and continue to a point 350 feet from the North line and 1870 feet from the West line (Unit C) of Section 12, Township 23 North, Range 6 West. The W/2 of Section 12 has been dedicated as the project area for the **Lybrook 001-2306 01H** well. This acreage is governed by the Special Rules and Regulations for the Counselors Gallup-Dakota Oil Pool, which requires 160-acre spacing units and provides that wells be located no closer than 660 feet to the outer boundary of the spacing unit. Accordingly, this well will be unorthodox towards the 160-acre spacing units to the North, Northeast, South and Southeast.

Enclosed as **Exhibit A** is the Well Location and Acreage Dedication Plat (Form C-102), which shows that the completed interval for the **Lybrook 001-2306 01H** well encroaches on the 160-acre spacing and proration units to the North, Northeast, South and Southeast.



Enclosed as **Exhibit B** is a land map depicting the proposed **Lybrook 001-2306 01H** well in relation to adjoining spacing units and further identifies the owners in the affected leases.

Enclosed as **Exhibit C** is a notice list of the parties affected by the well's encroachment. A copy of this application with all attachments has been sent by certified mail to all 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 Bureau of Land Management.

Your attention to this matter is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Jordan L. Kessler".

Jordan L. Kessler

**ATTORNEY FOR ENCANA OIL & GAS (USA).**

cc: Bureau of Land Management  
Farmington Field Office  
6251 College Blvd. Suite A  
Farmington, NM 87402

**DISTRICT I**  
1625 N. French Dr., Hobbs, N.M. 88240  
Phone: (575) 393-8181 Fax: (575) 393-0720

**DISTRICT II**  
811 S. First St., Artesia, N.M. 88210  
Phone: (505) 748-1283 Fax: (505) 748-8720

**DISTRICT III**  
1000 Rio Brazos Rd., Artesia, N.M. 87410  
Phone: (505) 334-8178 Fax: (505) 334-8170

**DISTRICT IV**  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3480 Fax: (505) 476-3482

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised August 1, 2011

# OIL CONSERVATION DIVISION

1220 South St. Francis Dr.  
Santa Fe, NM 87505

MAR 03 2014

Submit one copy to appropriate  
District Office

Farmington Field Office  
Bureau of Land Management

AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number <b>30-039-31220</b>		*Pool Code <b>13379</b>	*Pool Name <b>COUNSELORS GALLUP - DAKOTA</b>
*Property Code <b>313380</b>	*Property Name <b>LYBROOK 001-2306</b>		*Well Number <b>01H</b>
*OGRD No. <b>282327</b>	*Operator Name <b>ENCANA OIL &amp; GAS (USA) INC.</b>		*Elevation <b>6882.6'</b>

### 10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	WEST/West line	County
0	1	23N	6W		729'	SOUTH	2540'	EAST	RIO ARRIBA

### 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	WEST/West line	County
N	12	23N	6W		330'	SOUTH	1870'	WEST	RIO ARRIBA

*Dedicated Acres <b>320 AC. W/2 12</b>	PROJECT AREA	*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**

**WELL FLAG**  
LAT. 36.249220° N (NAD83)  
LONG. 107.419604° W (NAD83)  
LAT. 36.249207° N (NAD27)  
LONG. 107.419001° W (NAD27)

**BASIS OF BEARINGS**  
LAT. 36.249220° N (NAD83)  
LONG. 107.419604° W (NAD83)  
LAT. 36.249207° N (NAD27)  
LONG. 107.419001° W (NAD27)

**ENTRY POINT**  
LAT. 36.246250° N (NAD83)  
LONG. 107.422968° W (NAD83)  
LAT. 36.246237° N (NAD27)  
LONG. 107.422364° W (NAD27)

**BOTTOM HOLE**  
LAT. 36.233471° N (NAD83)  
LONG. 107.422998° W (NAD83)  
LAT. 36.233457° N (NAD27)  
LONG. 107.422385° W (NAD27)

**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.

*Katie Wegner* 02/27/14  
Signature Date

Katie Wegner  
Printed Name

katie.wegner@sencana.com  
E-mail Address

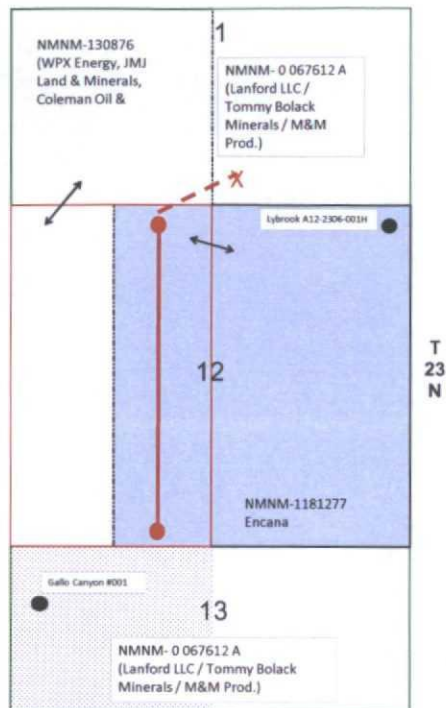
**SURVEYOR CERTIFICATION**

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.

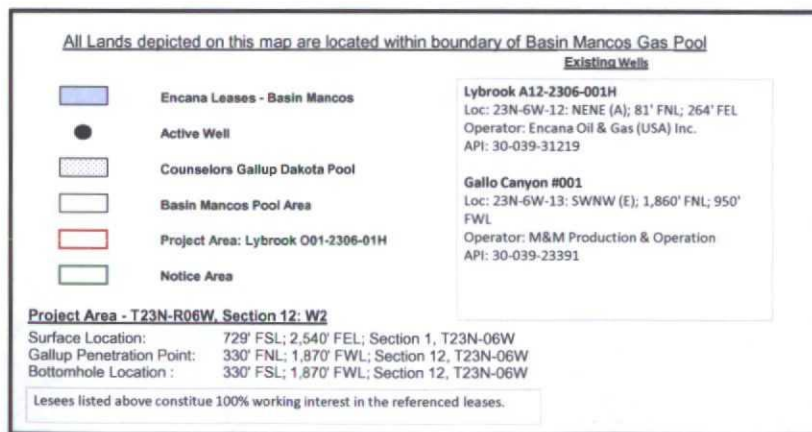
NOVEMBER 26, 2013

Signature and Seal of Professional Surveyor:  
*David E. Russell*

DAVID RUSSELL  
Certificate Number 10201



R 06 W



## Exhibit B

Encana Oil & Gas (USA) Inc.  
 Application for Exception to Rule: Non-  
 Standard Location  
 Counselors Gallup Dakota Pool  
 Rio Arriba, New Mexico



## **EXHIBIT C**

Coleman Oil & Gas, Inc.  
Attn: Mike Palmer  
6540 East Main Street  
Farmington, NM 87402

JMJ Land and Minerals Company  
Attn: James Strickler  
2204 North Santiago Ave.  
Farmington, NM 87401

M&M Production & Operation, Inc.  
Attn: Teresa McCown  
5006 Sandalwood Dr.  
Farmington, NM 87402

WPX Energy Production, LLC  
Attn: Chuck Bassett  
P.O. Box 3102  
Tulsa, OK 74101-3103

Tommy Bolack Minerals, LLC  
Attn: Tommy Bolack  
3901 Bloomfield HWY  
Farmington, NM 87401-2831

Lanford LLC  
David J. Hajny  
P.O. Box 90428  
Albuquerque, NM 871990428

**HOLLAND & HART** LLP



**Jordan L. Kessler**  
**Associate**  
**Phone** (505) 988-4421  
**Fax** (505) 983-6043  
JKessler@hollandhart.com

November 4, 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 Counselors Gallup—Dakota Oil Pool for its Lybrook 001-2306 01H well in the W/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:

Skylar Fast  
Encana Oil & Gas (USA) Inc.  
370 17th Street, Suite 1700  
Denver, Colorado 80202  
(720) 876-3881  
[Skylar.Fast@Encana.com](mailto:Skylar.Fast@Encana.com)

Sincerely,

Jordan L. Kessler  
**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

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**From:** Jordan L. Kessler <JLKessler@hollandhart.com>  
**Sent:** Wednesday, November 05, 2014 1:30 PM  
**To:** McMillan, Michael, EMNRD  
**Subject:** RE: Encana Lybrook 001-2306 #1H NSL application

Mr. McMillan,

Thank you for your email. Approval of the unorthodox completed interval will allow for efficient well spacing and prevent waste of a productive reservoir. Please let me know if there is anything further I may provide you in reference to this application.

Best regards,  
Jordan

**Jordan Lee Kessler**  
*Associate*  
Holland & Hart LLP  
110 North Guadalupe Suite 1  
Santa Fe, NM 87501  
Phone (505) 988-4421  
Fax (505) 983-6043  
E-mail: [JLKessler@hollandhart.com](mailto:JLKessler@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.

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**From:** McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]  
**Sent:** Wednesday, November 05, 2014 1:00 PM  
**To:** Jordan L. Kessler  
**Subject:** Encana Lybrook 001-2306 #1H NSL application

Ms. Kessler:  
I received your NSL application for the Encana Lybrook 001-2306 #1H yesterday.  
I need a reason you are applying for the NSL application.  
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