

DATE: 11/05/2014	SUSPENSE	ENGINEER: <i>MAM</i>	LOGGED IN: 10/27/2014	TYPE: NSL	APP NO: PMAM1430033935
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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.

GABRIELLE A. GERHOLT

Print or Type Name

*Gabriel A. Gerholt*

Signature

ATTORNEY

Title

[gagerholt@hollandhart.com](mailto:gagerholt@hollandhart.com)

10/24/14

Date

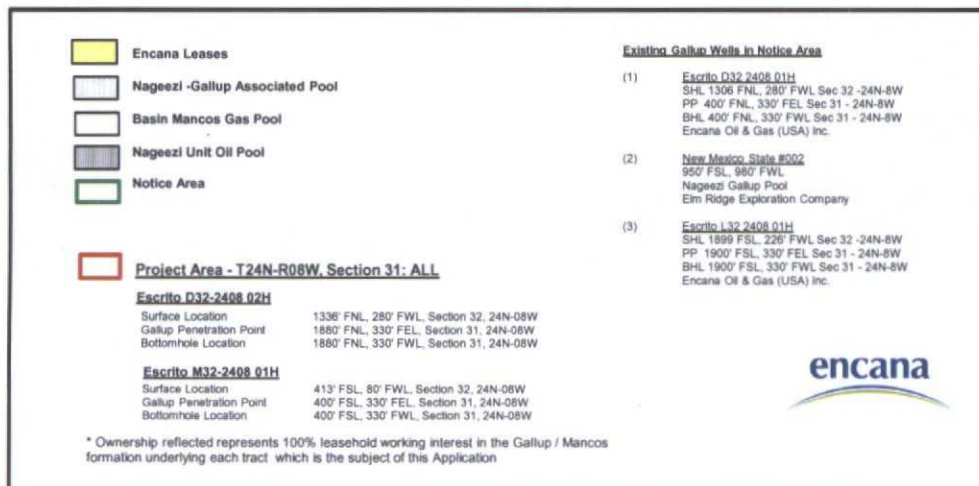
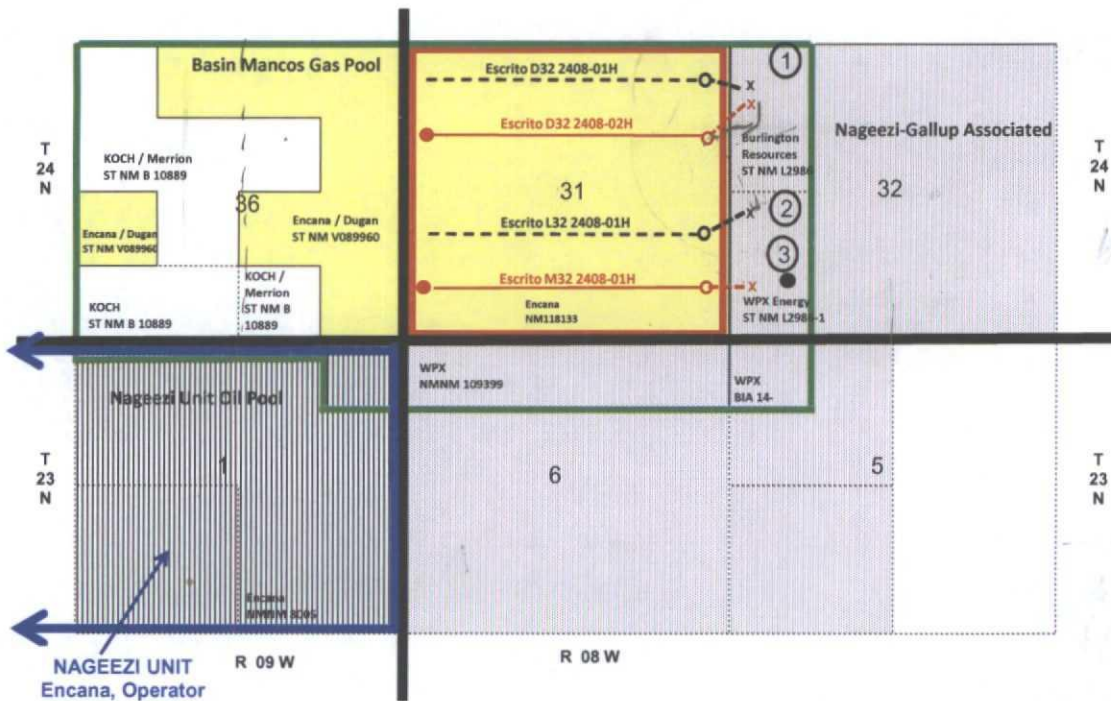
e-mail Address

- NSL 7201  
 - ENCLAND OIL AND GAS (USA)  
 28232

RECEIVED OOD  
 2014 OCT 24 P 11:29

WELL  
 - ESCRITO D32-2408  
 2H  
 30-045-35520  
 POOL  
 - BASIN MANCOS  
 97232

**Exhibit B**  
Encana Oil & Gas (USA) Inc.  
Application for Exception to Rule 2. C. 1.  
Non-Standard Location  
Basin Mancos Gas Pool  
San Juan County, New Mexico  
Escrito D32 2408-02H  
Escrito M32 2408-01H



October 24, 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 OCT 24 P 4:29

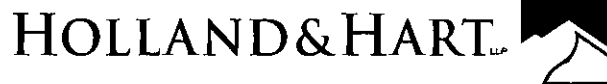
**Re: Application of Encana Oil & Gas (USA) Inc. for administrative approval of an unorthodox well location in the Basin Mancos Gas Pool for its Escrito D32-2408 02H well in Section 31, Township 24 North, Range 8 West, N.M.P.M., San Juan County, New Mexico.**

Dear Ms. Bailey:

Encana Oil & Gas (USA) Inc. (OGRID No. 282327) seeks administrative approval of an unorthodox well location for its **Escrito D32-2408 02H** (API 30-045-35521) well to be completed within the Basin Mancos Gas Pool (Pool Code 97232). This well will be drilled from a surface location 1336 feet from the North line and 280 feet from the West line (Unit E) of Section 32, Township 24 North, Range 8 West. The penetration point will be 330 feet from the East line and 1880 feet from the North line (Unit H) of Section 31, Township 24 North, Range 8 West. The last perforation will be located 330 feet from the West line and 1880 feet from the North line (Lot 2) of Section 31.

Since this acreage is governed by the Special Rules and Regulations for the Basin Mancos Gas Pool, which provides for wells to be located no closer than 660 feet to the outer boundary of the spacing unit, this well will be unorthodox because the completed interval will be closer than 660 feet to the East, Northeast, North, Northwest and West boundaries. This unorthodox well location is necessary in order to allow Encana to fully access the reservoir and avoid waste of the resource.

Enclosed as **Exhibit A** is the Well Location and Acreage Dedication Plat (Form C-102), which shows that the completed interval for the **Escrito D32-2408 01H** well encroaches on the spacing and proration units to the East, Northeast, North, Northwest and West.



Enclosed as **Exhibit B** is a land map depicting the proposed **Escrito D32-2408 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 encroachment to the East, Northeast, North, Northwest and West. 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 New Mexico State Land Office and the Bureau of Land Management due to the well's encroachment.

Your attention to this matter is appreciated.

Sincerely,

Gabrielle A. Gerholt

ATTORNEY FOR ENCANA OIL & GAS (USA).

cc: New Mexico State Land Office  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87501

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

DISTRICT I  
1025 N. French Dr., Hobbs, N.M. 88240  
Phone: (505) 593-0161 Fax: (505) 393-0720

DISTRICT II  
611 S. First St., Artesia, N.M. 88210  
Phone: (505) 745-1099 Fax: (505) 745-0720

DISTRICT III  
1000 Rio Grande Rd., Artesia, N.M. 87410  
Phone: (505) 834-6178 Fax: (505) 334-6170

DISTRICT IV  
1820 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-8460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department

RECEIVED

Form C-102  
Revised August 1, 2011

Submit one copy to appropriate  
District Office

OIL CONSERVATION DIVISION

FEB 26 2014

1220 South St. Francis Dr.  
Santa Fe, NM 87605

Farmington Field Office  
Bureau of Land Management  
AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number <b>30-045-35520</b>	*Pool Code <b>97232</b>	*Pool Name <b>Basin Mancos Gas</b>
*Property Code <b>313129</b>	*Property Name <b>ESCRITO D32-2408</b>	*Well Number <b>02H</b>
*OGRID No. <b>282327</b>	*Operator Name <b>ENCANA OIL &amp; GAS (USA) INC.</b>	*Elevation <b>6944.9'</b>

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	WEST/West line	County
E	32	24N	8W		1336'	NORTH	280'	WEST	SAN JUAN

<sup>11</sup> 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
E	31	24N	8W	2	1880'	NORTH	330'	WEST	SAN JUAN

*Dedicated Acres <b>643</b> <b>-640.00 ACRES ALL OF SEC. 31</b>	*Joint or Infill	*Consolidation Code	*Order No.
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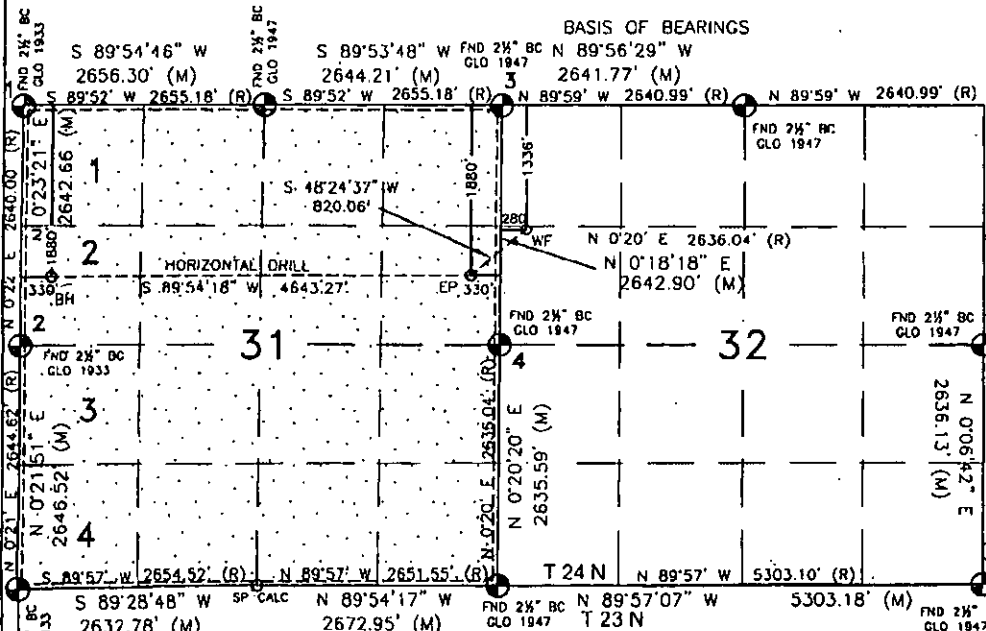
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16

BOTTOM HOLE  
LAT. 36.272909' N (NAD83)  
LONG. 107.731001' W (NAD83)  
LAT. 36.272897' N (NAD27)  
LONG. 107.731001' W (NAD27)

ENTRY POINT  
LAT. 36.272931' N (NAD83)  
LONG. 107.715255' W (NAD83)  
LAT. 36.272919' N (NAD27)  
LONG. 107.714643' W (NAD27)

WELL FLAG  
LAT. 36.274426' N (NAD83)  
LONG. 107.713175' W (NAD83)  
LAT. 36.274414' N (NAD27)  
LONG. 107.712563' 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 undivided 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* 2/10/14  
Signature Date

Katie Wegner

Printed Name

Katie.Wegner@encana.com

E-mail Address

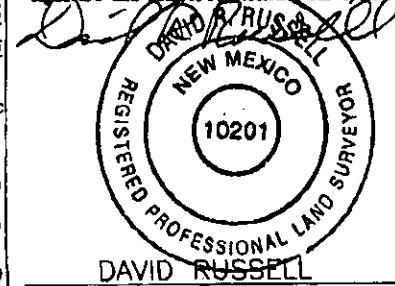
SURVEYOR CERTIFICATION

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.

JULY 31, 2013

Date of Survey

Signature and Seal of Professional Surveyor



Certificate Number

10201

# RECEIVED

Form 3160-3  
(August 2007)

FEB 26 2014

FORM APPROVED  
OMB No. 1004-0137  
Expires July 31, 2010

UNITED STATES  
DEPARTMENT OF THE INTERIOR **Farmington Field Office**  
BUREAU OF LAND MANAGEMENT **Bureau of Land Management**

**APPLICATION FOR PERMIT TO DRILL OR REENTER**

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM 118133
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator Encana Oil & Gas (USA) Inc.		7. If Unit or CA Agreement, Name and No. N/A
3a. Address 370 17th Street, Suite 1700 Denver, CO 80202	3b. Phone No. (include area code) 720-876-3533	8. Lease Name and Well No. Escrito D32-2408 02H
4. Location of Well (Report location clearly and in accordance with any State requirements *) At surface 1336' FNL and 280' FWL Section 32, T24N, R8W At proposed prod. zone 1880' FNL and 330' FWL Section 31, T24N, R8W		9. API Well No. 30-045-35520
14. Distance in miles and direction from nearest town or post office* +/- 36.9 miles southeast of the intersection of US Hwy 550 & US Hwy 64 in Bloomfield, NM		10. Field and Pool, or Exploratory Basin Mancos Gas
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) BHL is 330' from west lease line Section 31, T24N, R8W	16. No. of acres in lease NMNM 118133 - 1240.0 1664.80	11. Sec., T. R. M. or Blk. and Survey or Area Section 31, T24N, R8W NMPM
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. Escrito D32-2408 01H is +/- 30' north of wellhead	17. Spacing Unit dedicated to this well 640 acres - All of Section 31, T24N, R8W 643.00	12. County or Parish San Juan
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,945' GL, 6,961' KB	19. Proposed Depth 5,401' TVD/10,613' MD	13. State NM
22. Approximate date work will start* 08/07/2014		20. BLM/DIA Bond No. on file COB-000235
23. Estimated duration 25 days		RCVD MAR 31 '14 OIL CONS. DIV.

**24. Attachments**

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the BLM.

25. Signature <i>Katie Wegner</i>	Name (Printed/Typed) Katie Wegner	Date 2/25/14
Title Regulatory Analyst		

Approved by (Signature) <i>Troy Salyers</i>	Name (Printed/Typed) Troy Salyers	Date 3/27/2014
Title Petroleum Engineer (Acting AFM)		
Office FFO		

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

**BLM'S APPROVAL OR ACCEPTANCE OF THIS**

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 221 make 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 statements or representations as to any matter within its jurisdiction.

**OPERATOR FROM OBTAINING ANY OTHER  
AUTHORIZATION REQUIRED FOR OPERATIONS  
ON FEDERAL AND INDIAN LANDS**

(Continued on page 2)  
**DRILLING OPERATIONS  
AUTHORIZED ARE SUBJECT TO  
COMPLIANCE WITH ATTACHED  
"GENERAL REQUIREMENTS"**

**NMOCD IV**

\*(Instructions on page 2)

This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4

**EXHIBIT C**

WPX Energy Production, LLC  
One Williams Center, Suite 4400  
Tulsa, Oklahoma 74172

KOCH Exploration  
610 s. Main Avenue  
Aztec, NM 87410

Burlington Resources  
3401 E. 30th Street  
Farmington, NM 87402

Elm Ridge Exploration Company, LLC.  
San Juan Basin Land Manager  
12225 Greenville Ave., Suite 950  
Dallas, TX 75243

HOLLAND & HART<sup>LLP</sup>



**Gabrielle A. Gerholt  
Of Counsel**

**Phone** (505) 988-4421

**Fax** (505) 983-6043

[gagerholt@hollandhart.com](mailto:gagerholt@hollandhart.com)

October 24, 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 the Basin Mancos Gas Pool for its Escrito D32-2408 02H well in Section 31, Township 24 North, Range 8 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 Binion  
Encana Oil & Gas (USA) Inc.  
370 17th Street, Suite 1700  
Denver, Colorado 80202  
(720) 876-5325  
[mona.binion@Encana.com](mailto:mona.binion@Encana.com)

Sincerely,

Gabrielle A. Gerholt  
**ATTORNEY FOR ENCANA OIL & GAS (USA) INC.**

**Holland & Hart LLP**

**Phone** [505] 988-4421 **Fax** [505] 983-6043 [www.hollandhart.com](http://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**

---

**From:** McMillan, Michael, EMNRD  
**Sent:** Monday, October 27, 2014 9:23 AM  
**To:** Gabrielle Gerholt  
**Subject:** Escrito D32-2408

Ms. Gerholt:

I received your application last Friday for the Encana Escrito D32-2408 last Friday.

I need clarification for notices

First, were all of the affected parties in Sec. 32 24N 8W notified? The penetration point is non-standard for the W/2 and N/2 of the section. If you apply the diagonal offset, then the S/2 of the section is an affected party. Unless there is a dedicated acreage to an existing well.

Next, were all of the affected parties in the Section 36 24N 9W notified? The final perforation point is Non-standard for the E/2 and N/2 of the section. If you apply the diagonal offset, then the S/2 of the section is an affected party. Unless there is a dedicated acreage to an existing well.

Your Exhibit A was not clear for the affected parties.

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



RECEIVED OGD

2014 NOV -7 P 3: 51  
**Michael H. Feldewert**  
Recognized Specialist in the Area of Natural  
Resources - oil and gas law - New Mexico  
Board of Legal Specialization  
mfeldewert@hollandhart.com

November 5, 2014

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO:** Dugan Production Corp.  
709 East Murray Drive  
Farmington, NM 87401

Merrion Oil & Gas Corp.  
610 Reilly Ave.  
Farmington, NM 87401

**Re:** Application of Encana Oil & Gas (USA) Inc. for administrative approval of an unorthodox well location in the Basin Mancos Gas Pool for its Escrito D32-2408 02H well in Section 31, Township 24 North, Range 8 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 October 24, 2014. Any objection to this application must be filed in writing within twenty days from the date of this letter 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 Binion  
Encana Oil & Gas (USA) Inc.  
370 17th Street, Suite 1700  
Denver, Colorado 80202  
(720) 876-5325  
[mona.binion@Encana.com](mailto:mona.binion@Encana.com)

**Holland & Hart LLP**

Phone (505) 988-4421 Fax (505) 983-6043 [www.hollandhart.com](http://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. ☎

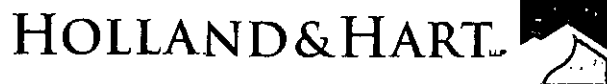


Sincerely,

A handwritten signature in black ink, appearing to read "Michael H. Feldewert".

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

cc: Michael McMillan  
Oil Conservation Division  
New Mexico Energy, Minerals and Natural Resources Department  
1220 South St. Francis Drive  
Santa Fe, NM 87505



**Gabrielle A. Gerholt**  
**Of Counsel**  
**Phone** (505) 988-4421  
**Fax** (505) 983-6043

[gagerholt@hollandhart.com](mailto:gagerholt@hollandhart.com)

October 24, 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

**Re: Application of Encana Oil & Gas (USA) Inc. for administrative approval of an unorthodox well location in the Basin Mancos Gas Pool for its Escrito D32-2408 02H well in Section 31, Township 24 North, Range 8 West, N.M.P.M., San Juan County, New Mexico.**

Dear Ms. Bailey:

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Since this acreage is governed by the Special Rules and Regulations for the Basin Mancos Gas Pool, which provides for wells to be located no closer than 660 feet to the outer boundary of the spacing unit, this well will be unorthodox because the completed interval will be closer than 660 feet to the East, Northeast, North, Northwest and West boundaries. This unorthodox well location is necessary in order to allow Encana to fully access the reservoir and avoid waste of the resource.

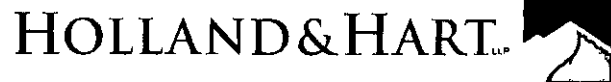
Enclosed as **Exhibit A** is the Well Location and Acreage Dedication Plat (Form C-102), which shows that the completed interval for the **Escrito D32-2408 01H** well encroaches on the spacing and proration units to the East, Northeast, North, Northwest and West.

**Holland & Hart LLP**

**Phone** [505] 988-4421 **Fax** [505] 983-6043 [www.hollandhart.com](http://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. ☺



Enclosed as **Exhibit B** is a land map depicting the proposed **Escrito D32-2408 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 encroachment to the East, Northeast, North, Northwest and West. 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 New Mexico State Land Office and the Bureau of Land Management due to the well's encroachment.

Your attention to this matter is appreciated.

Sincerely,

A handwritten signature in cursive script, reading "Gabrielle A. Gerholt".

Gabrielle A. Gerholt

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

cc: New Mexico State Land Office  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87501

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

**DISTRICT I**  
1825 N. French Dr., Hobbs, N.M. 88240  
Phone: (505) 393-8181 Fax: (505) 393-0720

**DISTRICT II**  
611 E. First St., Artesia, N.M. 88210  
Phone: (505) 748-1283 Fax: (505) 748-9720

**DISTRICT III**  
1000 Rio Brazos Rd., Aztec, N.M. 87410  
Phone: (505) 834-8178 Fax: (505) 334-0170

**DISTRICT IV**  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-5480 Fax: (505) 476-5422

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 97232	*Pool Name BASIN MANCOS GAS
*Property Code	*Property Name ESCRITO D32-2408		*Well Number 02H
*OGRD No. 282327	*Operator Name ENCANA OIL & GAS (USA) INC.		*Elevation 6944.9'

**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
E	32	24N	8W		1336'	NORTH	280'	WEST	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	WEST/West line	County
E	31	24N	8W	2	1880'	NORTH	330'	WEST	SAN JUAN

*Dedicated Acres 640.00 ACRES ALL OF SEC. 31	PROJECT AREA	*Joint or Infill	*Consolidation Code	*Order No.
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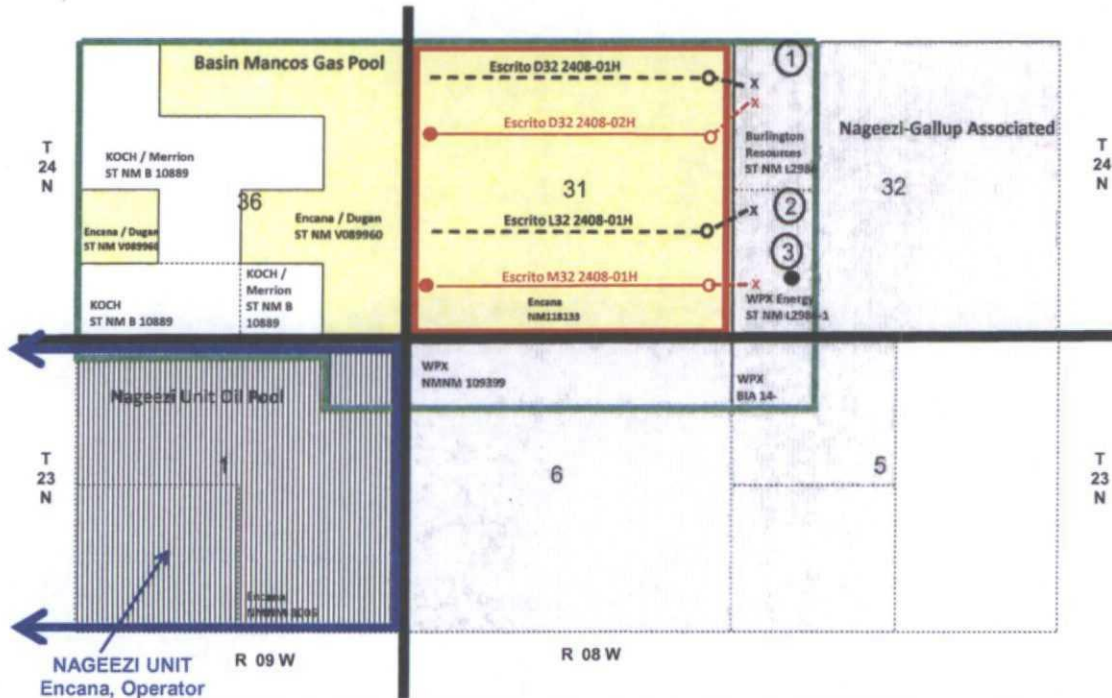
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION








<b>BOTTOM HOLE</b> LAT. 36.272909° N (NAD83) LONG. 107.731001° W (NAD83) LAT. 36.272897° N (NAD27) LONG. 107.731001° W (NAD27)		<b>ENTRY POINT</b> LAT. 36.272931° N (NAD83) LONG. 107.715255° W (NAD83) LAT. 36.272919° N (NAD27) LONG. 107.714643° W (NAD27)		<b>WELL FLAG</b> LAT. 36.274426° N (NAD83) LONG. 107.713175° W (NAD83) LAT. 36.274414° N (NAD27) LONG. 107.712563° W (NAD27)	
<b>17 OPERATOR CERTIFICATION</b> 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 undivided 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: <i>Katie Wegner</i> Date: 10/20/14 Printed Name: Katie Wegner E-mail Address: Katie.wegner@encana.com					
<b>SURVEYOR CERTIFICATION</b> 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 of Survey: JULY 31, 2013 Signature and Seal of Professional Surveyor: <i>David R. Russell</i>					
Certificate Number: 10201					

**EXHIBIT**

**A**

**Exhibit B**  
Encana Oil & Gas (USA) Inc.  
Application for Exception to Rule 2. C. 1.  
Non-Standard Location  
Basin Mancos Gas Pool  
San Juan County, New Mexico  
Escrito D32 2408-02H  
Escrito M32 2408-01H



	Encana Leases		
	Nageezi-Gallup Associated Pool		
	Basin Mancos Gas Pool		
	Nageezi Unit Oil Pool		
	Notice Area		
	<b>Project Area - T24N-R08W, Section 31: ALL</b>		
	<b>Escrito D32-2408-02H</b>		
	Surface Location	1336' FNL, 280' FWL, Section 32, 24N-08W	
	Gallup Penetration Point	1880' FNL, 330' FEL, Section 31, 24N-08W	
	Bottomhole Location	1880' FNL, 330' FWL, Section 31, 24N-08W	
	<b>Escrito M32-2408-01H</b>		
	Surface Location	413' FSL, 80' FWL, Section 32, 24N-08W	
	Gallup Penetration Point	400' FSL, 330' FEL, Section 31, 24N-08W	
	Bottomhole Location	400' FSL, 330' FWL, Section 31, 24N-08W	
	* Ownership reflected represents 100% leasehold working interest in the Gallup / Mancos formation underlying each tract which is the subject of this Application		
	<b>Existing Gallup Wells in Notice Area</b>		
	(1)	<b>Escrito D32 2408-01H</b> SHL 1306 FNL, 280' FWL Sec 32 - 24N-8W PP 400' FNL, 330' FEL Sec 31 - 24N-8W BHL 400' FNL, 330' FWL Sec 31 - 24N-8W Encana Oil & Gas (USA) Inc.	
	(2)	<b>New Mexico State #002</b> 950' FSL, 980' FWL Nageezi Gallup Pool Elm Ridge Exploration Company	
	(3)	<b>Escrito L32 2408-01H</b> SHL 1899 FSL, 220' FWL Sec 32 - 24N-8W PP 1900' FSL, 330' FEL Sec 31 - 24N-8W BHL 1900' FSL, 330' FWL Sec 31 - 24N-8W Encana Oil & Gas (USA) Inc.	
			

**EXHIBIT C**

WPX Energy Production, LLC  
One Williams Center, Suite 4400  
Tulsa, Oklahoma 74172

KOCH Exploration  
610 s. Main Avenue  
Aztec, NM 87410

Burlington Resources  
3401 E. 30th Street  
Farmington, NM 87402

Elm Ridge Exploration Company, LLC.  
San Juan Basin Land Manager  
12225 Greenville Ave., Suite 950  
Dallas, TX 75243



## McMillan, Michael, EMNRD

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**From:** Gabrielle Gerholt <GAGerholt@hollandhart.com>  
**Sent:** Monday, August 11, 2014 8:47 AM  
**To:** McMillan, Michael, EMNRD  
**Cc:** Ezeanyim, Richard, EMNRD; Rauchfuss, Paula (Paula.Rauchfuss@encana.com); kit.akers@encana.com  
**Subject:** RE: Encana Escrito D32-2408

Dear Mr. McMillan,

As you stated, Basin Mancos spacing consists of 320 acres comprising any two contiguous quarter sections. Currently, there are no Basin Mancos wells in Section 31, 24N, 8W, thus allowing the section to be comprised of two stand-up Basin Mancos spacing units.

Pursuant to Rule 16, a project area may consist of multiple contiguous spacing units that are developed by the horizontal well. The Escrito D32-2408 01H develops both stand-up Basin Mancos spacing units in Section 31. This is analogous to when operators string together multiple 40-acre oil spacing units to drill 1.5 to 2 mile laterals.

By allowing Encana to create a 640-acre project area, their well spacing and development plan will allow for Section 31 to be fully developed, thus avoiding waste of the resource.

Please feel free to contact me if you have further questions.

Sincerely,

### Gabrielle A Gerholt

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



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**From:** McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]  
**Sent:** Friday, August 08, 2014 4:46 PM  
**To:** Gabrielle Gerholt  
**Cc:** Ezeanyim, Richard, EMNRD  
**Subject:** Encana Escrito D32-2408

Ms. Gerholt:

Encana applied for a 640-acre project area. However, the Special Pool rules for the Basin Mancos only allow for 320-acre standard gas spacing, comprising any two contiguous quarter sections of a single section.

Can you describe the method in which the project area is 640-acres; instead of 320-acres?

Thank You

**Michael A. McMillan**