

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary-Designate

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

Jami Bailey, Division Director
Oil Conservation Division



New Mexico Oil Conservation Division approval and conditions
listed below are made in accordance with OCD Rule 19.15.7.11
and are in addition to the actions approved by BLM on the
following 3160-4 or 3160-5 form.

Operator Signature Date: 8-6-13

Well information:

API Well #	Well Name	Well #	Operator Name	Type	Stat	County	Surf. Owner	UL	Sec	Twp	N/S	Rng	W/E	Feet	NS	Ft	EW
30-045-35365-00-00	LYBROOK 102 2308	001H	ENCANA OIL & GAS (USA) INC.	O	N	San Juan	F	1	2	23	N	8	W	2301	S	724	E

Conditions of Approval:

Amend sundry to correct footages

Footages should be the same as the final "As Drilled" C102

AUG 21 2013

NMOCD Approved by Signature

Date

Record Clean up

RECEIVED

Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

AUG 07 2013

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

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No. **W07843 & NM 29560**
6. Indian, Allottee or Tribe Name **N/A**
RCVD AUG 21 '13
OIL CONS. DIV.

SUBMIT IN TRIPLICATE – Other instructions on page 2.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		7. If Unit of CA/Agreement, Name and/or No. PENDING DIST. 3
2. Name of Operator Encana Oil & Gas (USA) Inc.		8. Well Name and No. Lybrook I02-2308 01H
3a. Address 370 17th Street, Suite 1700 Denver, CO 80202	3b. Phone No. (include area code) 720-876-3989	9. API Well No. 30-045-35365
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) SHL: 2298' FSL and 723' FSL Section 2, T23N, R8W BHL: 2298' FSL and 330' FWL Section 2, T23N, R8W		10. Field and Pool or Exploratory Area Nageezi-Gallup Pool/Basin Mancos Gallup Gas Pool
		11. Country or Parish, State San Juan, New Mexico

12. CHECK THE APPROPRIATE BOX(ES) 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"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Adjustment to
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Project Area dedicated
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	to well & updated C-102

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

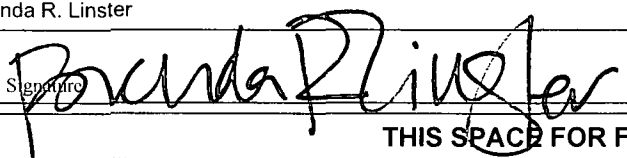
Encana Oil & Gas (USA) Inc. (Encana) wishes to re-adjust the project area dedicated to the Lybrook I02-2308 01H well from 320 acres (S2 Sec. 2, T23N R8W) to 160 acres (N2S2 of Sec. 2, T23N R8W). The project area is being adjusted to reflect the project area provided in the applications and approvals for a Non-Standard Location for the penetration point in the Basin Mancos Gas Pool (OCD Order NSL 6794); a Non-Standard Proration Unit for the Nageezi-Gallup Pool and Basin Mancos Gas Pool (OCD Order NSP 1965); and Downhole Commingling for the commingling of the two aforementioned pools (OCD Order DHC 4614).

An updated C-102 and order approvals are attached.

ACCEPTED FOR RECORD

AUG 12 2013

FARMINGTON FIELD OFFICE
BY William Tambakou

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) Brenda R. Linster		Title Regulatory Lead
Signature 		Date 08/06/13

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
	Office	

Conditions of approval, if any, are attached. Approval of this notice 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.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, 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.

(Instructions on page 2)

NMOCD

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., 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 Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Farmington Field Office ☐ AMENDED REPORT
Bureau of Land Management ☒ AS-DRILLED

Form C-102
Revised August 1, 2011
Submit one copy to
appropriate
District Office

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-35365	² Pool Code 47540/97232	³ Pool Name NAGEEZI-GALLUP/BASIN MANCOS GAS
⁴ Property Code 39532	⁵ Property Name LYBROOK 102-2308	⁶ Well Number 01H
⁷ GRID No. 282327	⁸ Operator Name ENCANA OIL & GAS (USA) INC.	⁹ Elevation 6971'

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
1	2	23-N	8-W		2301'	SOUTH	724'	EAST	SAN JUAN

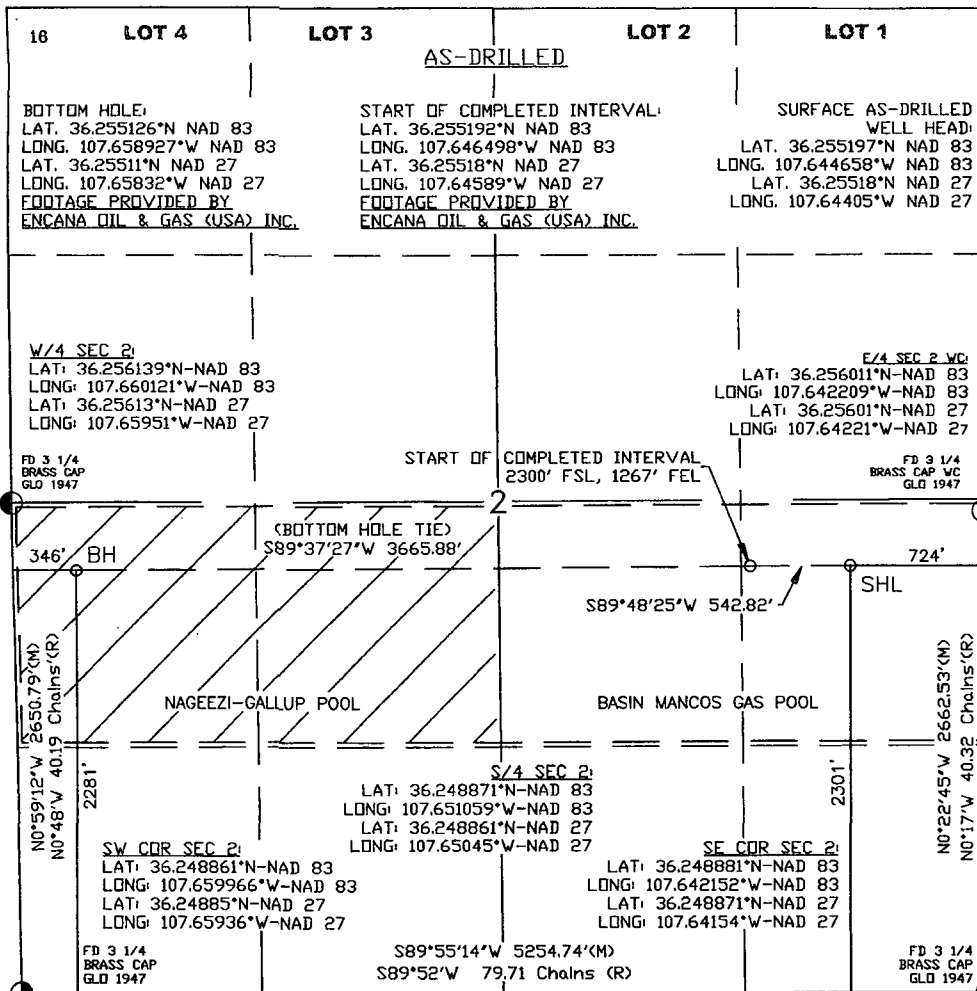
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	2	23-N	8-W		2281'	SOUTH	346'	WEST	SAN JUAN

¹² Dedicated Acres 160 ACRES - (N/2 S/2)	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. NSL - 6794	RCVD AUG 21 '13 OIL CONS. DIV.
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No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

DIST. 3



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, 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.

25 MAY 2013
Date of Survey
Signature and Seal of Professional Surveyor
THIS CERTIFICATION CERTIFIES
THE SURFACE AS-DRILLED
WELL HEAD
WILLIAM E. MAHNE II
Certificate Number 8466

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Oil Conservation Division



April 18, 2013

Encana Oil & Gas (USA) Inc.
c/o Holland & Hart LLP
Attn: Mr. Michael H. Feldewert

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-6794
Administrative Application Reference No. pPRG1308441565

Encana Oil & Gas (USA) Inc.
OGRID 282327
Lybrook I02-2308 Well No. 1H
API No. 30-045-35365

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	2298 FSL& 723 FEL	I	2	23N	8W	San Juan
Penetration Point	2298 FSL & 879 FEL	I	2	23N	8W	San Juan
Terminus	2298 FSL & 330 FWL	L	2	23N	8W	San Juan

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
N/2 S/2 of Section 2	160	Basin; Mancos Gas Pool	97232
		Nageezi; Gallup Pool	47540

Reference is made to your application received on March 21, 2013.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. The N/2 SW/4 of Section 2 is located in the Nageezi; Gallup Pool, and is governed by statewide Rule 15.9.A [19.15.15.9.A NMAC], which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. The portion of the wellbore in that part of the project area is at a standard location. The N/2 SE/4 of Section 2 is governed by the Special Rules for the Basin; Mancos Gas Pool, which provide for 320-acre units with wells located at least 660 feet from a unit outer boundary. Pursuant to Rule 15.16.14.B(2) [19.15.16.14.B(2) NMAC] concerning directional wells in designated project

April 18, 2013

Page 2

areas the portion of this well in the Basin Mancos Gas Pool is at an unorthodox location because portions of the proposed completed interval are less than 660 feet from an outer boundary of the project area.

Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that you are seeking this location for engineering reasons, in order to prevent waste.

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 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B, 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 5.9 [19.15.15.9 NMAC].

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

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey", with a stylized flourish at the end.

Jami Bailey
Director

JB/db

cc: New Mexico Oil Conservation Division – Aztec
United States Bureau of Land Management

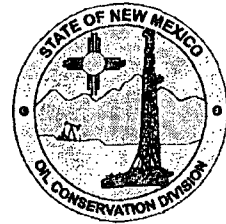
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Oil Conservation Division



April 18, 2013

Encana Oil & Gas (USA) Inc.
c/o Holland & Hart LLP
Attn: Mr. Michael H. Feldewert

ADMINISTRATIVE NON-STANDARD PRORATION UNIT ORDER

Administrative Order NSP-1965
Administrative Application Reference No. pPRG1308442240

Encana Oil & Gas (USA) Inc.
OGRID 282327

Subject Pool: Basin Mancos Gas (Pool Code 97232)

**Subject Unit: N/2 SE/4 of Section 2, Township 23 North, Range 8 West,
San Juan County, New Mexico**

Reference is made to your application received on March 21, 2013.

You have requested an exception to Rule 2.A of the Special Rules for the Basin; Mancos Gas Pool, as adopted by Order No. R-12984, issued on September 3, 2008, to approve a non-standard, 80-acre oil spacing and proration units described above as the Subject Unit. The said Rule provides that a standard spacing unit in the Subject Pool shall consist of 320 acres comprising the N/2, S/2, E/2 or W/2 of a section. The Subject Unit is entirely located within a single quarter section.

Your application has been duly filed under the provisions of Division Rules 19.15.15.11.B(2) and 19.15.14.12.A(3).

We understand that you are seeking this exception in order to establish a standard project area for a horizontal well that will cross the boundary between the Subject Pool and the Nageezi; Gallup Pool, which is spaced on 40 acres.

It is also understood that you have given due notice of this application to all persons to whom notice is required by Division Rule 19.15.14.12.A(3).

April 18, 2013

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Pursuant to the authority conferred by said Rule, the Subject Unit is hereby approved.

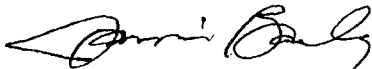
The Subject Unit shall be dedicated, as part of a project area comprising the N/2 S/2 of Section 2, to the following well:

Lybrook I02-2308 Well No. 1H (API No. 30-045-35365) having a surface location 2298 feet FSL and 723 feet FEL (Unit I) and a bottom hole location 2298 feet FSL and 330 feet FWL (Unit L) of Section 2.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9 [19.15.15.9 NMAC].

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

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey", with a stylized flourish at the end.

Jami Bailey
Director

JB/db

cc: New Mexico Oil Conservation Division – Aztec
United States Bureau of Land Management

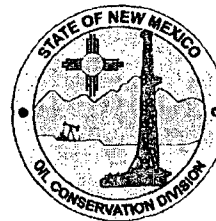
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Jami Bailey, Division Director
Oil Conservation Division



April 18, 2013

Encana Oil & Gas (USA) Inc.
c/o Holland & Hart LLP
Attn: Mr. Michael H. Feldewert

ADMINISTRATIVE DOWN-HOLE COMMINGING ORDER

Administrative Order DHC-4614
Administrative Application Reference No. pPRG1308440779

Encana Oil & Gas (USA) Inc.
OGRID 282327
Lybrook I02-2308 Well No. 1H
API No. 30-045-35365

Subject Pools:

Basin; Mancos Gas Pool (Pool Code 97232)
Nageezi; Gallup Pool (Pool Code 47540)

You have requested permission to down-hole commingle production from the above-referenced pools within this wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 19.15.12.11.A NMAC, and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described.

Assignment of allowable and allocation of production from the well shall be as follows:

Basin; Mancos Gas Pool	Pct Gas: 50%	Pct Oil: 50%
Nageezi; Gallup Pool	Pct Gas: 50%	Pct Oil: 50%

April 18, 2013
Page 2

It is our understanding that the above allocation percentages are based on the length of the completed interval of the wellbore in each pool

It is also understood that ownership of all interest in the pools from which production is being commingled is identical.

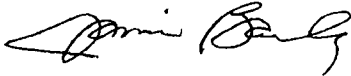
The operator shall notify the Division's Aztec district office upon implementation of commingling operations.

Pursuant to Rule 19.15.12.11B NMAC, the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

This Order is subject to like approval from the United States Bureau of Land Management.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey", written in a cursive style.

Jami Bailey
Director

JB/db

cc: New Mexico Oil Conservation Division – Aztec
United States Bureau of Land Management