

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

David R. Catanach, 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 3160-5 form.
Operator Signature Date: **Original APD 2/25/2015** Sundry Extension Date 1/19/2017

| API WELL # | Well Name | Well # | Operator Name | Type | Stat | County | Surf_Owner | UL | Sec | Twp | N/S | Rng | W/E |
|--------------------|------------------|--------|-----------------------------|------|------|----------|------------|----|-----|-----|-----|-----|-----|
| 30-043-21267-00-00 | LYBROOK O30 2307 | 003H | ENCANA OIL & GAS (USA) INC. | O | N | Sandoval | F | O | 30 | 23 | N | 7 | W |

Conditions of Approval:

(See the below checked and handwritten conditions)

- Notify Aztec OCD 24hrs prior to casing & cement.
- Hold C-104 for directional survey & "As Drilled" Plat
- Hold C-104 for NSL, NSP, DHC,
- Spacing rule violation. Operator must follow up with change of status notification on other well to be shut in or abandoned
- Regarding the use of a pit, closed loop system or below grade tank, the operator must comply with the following as applicable:
 - A pit requires a complete C-144 be submitted and approved prior to the construction or use of the pit, pursuant to 19.15.17.8.A
 - A closed loop system requires notification prior to use, pursuant to 19.15.17.9.A
 - A below grade tank requires a registration be filed prior to the construction or use of the below grade tank, pursuant to 19.15.17.8.C
- Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string
- Submit Gas Capture Plan form prior to spudding or initiating recompletions operations.
- Regarding Hydraulic Fracturing, review EPA Underground Injection Control Guidance 84

January 31, 2017

Page 2

- ✓ Oil base muds are not to be used until fresh water zones are cased and cemented providing isolation from the oil or diesel. This includes synthetic oils. Oil based mud, drilling fluids and solids must be contained in a steel closed loop system.
- ✓ Well-bore communication is regulated under 19.15.29 NMAC. This requires well-bore Communication to be reported in accordance with 19.15.29.8.
- ✓ Comply with current regulations at time of spud
Prior to production operator needs to be in compliance with RULE 19.15.5.9



NMOCD Approved by Signature

1/26/17

Date

RECEIVED

JAN 20 2017

Form 3160-5
(June 2015)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: January 31, 2018

Farmington Field Office
Bureau of Land Management

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. | NM 6681 |
| 6. If Indian, Allottee or Tribe Name | N/A |

SUBMIT IN TRIPLICATE - Other instructions on page 2

| | |
|---|---|
| 1. Type of Well | |
| <input type="checkbox"/> Oil Well | <input checked="" type="checkbox"/> Gas Well |
| 2. Name of Operator Encana Oil & Gas (USA) Inc. | |
| 3a. Address 370 17th Street, Suite 1700 Denver, CO 80202 | 3b. Phone No. (include area code) (720) 876-3533 |
| 4. Location of Well (Footage, Sec., T.,R.,M., or Survey Description) SHL: 393' FSL and 1342' FEL Section 30, T23N, R7W BHL: 330' FSL and 970' FEL Section 31, T23N, R7W | |

| | |
|---|---------------------------------|
| 7. If Unit of CA/Agreement, Name and/or No. | N/A |
| 8. Well Name and No. | Lybrook O30-2307 03H |
| 9. API Well No. | 30-043-21267 |
| 10. Field and Pool or Exploratory Area | Basin Mancos Gas/Alamito Gallup |
| 11. Country or Parish, State | Sandoval, NM |

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|---|---|---|--|---|
| <input 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 checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Hydraulic Fracturing | <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 APD Extension |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

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 recomple 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 recomple 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) was issued an approved APD for this well on 04/17/2015. Encana requests a 2-year APD extension for the Lybrook Lybrook O30-2307 03H well (API 30-043-21267).

CONDITIONS OF APPROVAL
Adhere to previously issued stipulations

BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

OIL CONS. DIV DIST. 3

APD extension approved until 4/17/19

JAN 25 2017

| | | |
|---|------|---------------------------------|
| 14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) Katie Wegner | | Title Senior Regulatory Analyst |
| Signature | Date | 01/19/2017 |

THE SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|----------------------|------------------------|
| Approved by AG Elmadani | Title PE | Date 1/23/17 |
| 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. | Office FFO | |

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