

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 2/5/2015** Sundry Extension Date 3/27/2017

API WELL #	Well Name	Well #	Operator Name	Type	Stat	County	Surf_Owner	UL	Sec	Twp	N/S	Rng	W/E
30-043-21264-00-00	GALLO CANYON UNIT	104H	ENCANA OIL & GAS (USA) INC.	O	N	Sandoval	F	N	23	23	N	6	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

May 10, 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



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NMOCD Approved by Signature

4/12/17

Date

RECEIVED

MAR 28 2017

Form 3160-5  
(June 2015)

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

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

**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.  
NMNM 17009  
6. If Indian, Allottee or Tribe Name  
N/A

**SUBMIT IN TRIPLICATE** - Other instructions on page 2

1. Type of Well  
 Oil Well     Gas Well     Other

7. If Unit of C/A Agreement, Name and/or No.  
NMNM 131017X

2. Name of Operator  
Encana Oil & Gas (USA) Inc.

8. Well Name and No.  
Gallo Canyon Unit 104H

3a. Address  
370 17th Street, Suite 1700  
Denver, CO 80202

3b. Phone No. (include area code)  
(720) 876-3533

9. API Well No.  
30-043-21264

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
SHL: 927' FSL and 1887' FWL Section 23, T23N, R6W  
BHL: 1875' FSL and 1500' FWL Section 25, T23N, R6W

10. Field and Pool or Exploratory Area  
Counselors Gallup Dakota

11. Country or Parish, State  
Sandoval County, 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 recomplate 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 recomplate 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 06/10/2015. Encana requests a 2-year APD extension for the Gallo Canyon Unit 104H well (API 30-043-21264).

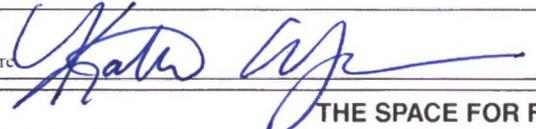
OIL CONS. DIV DIST. 3

APR 03 2017

**CONDITIONS OF APPROVAL**  
Adhere to previously issued stipulations

final APD extension - extended to 06/9/19

14. I hereby certify that the foregoing is true and correct. Name (Printed Typed)  
Katie Wegner Title Senior Regulatory Analyst

Signature  Date 03/27/2017

THE SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by Abdelgadir Elmadani Title PE Date 3/30/17

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)

NMOCDA