

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Susana Martinez**  
Governor

**David Martin**  
Cabinet Secretary-Designate

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

**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 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

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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, cursive script.

Jami Bailey  
Director

JB/db

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