

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Susana Martinez**  
Governor

**David Martin**  
Cabinet Secretary

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

**Jami Bailey, Division Director**  
Oil Conservation Division



April 29, 2014

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

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

**Administrative Order NSL-7067**  
**Administrative Application Reference No. pMAM1408450976**

**Encana Oil & Gas (USA) Inc.**  
OGRID 282327  
**Lybrook K32-2306 Well No. 1**  
**API No. 30-043-21192**

**Proposed Location:**

<u>Footages</u>	<u>Unit</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>County</u>
2365 FSL & 2616 FWL	K	32	23N	6W	Sandoval

**Proposed Unit:**

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
NE/4 SW/4 of Section 32	40	Lybrook Gallup	42289

Reference is made to your application received on March 24, 2014.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed by statewide Rule 19.15.15.9.A NMAC, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is unorthodox because the proposed location is closer to outside boundaries that would be a standard location under the applicable pool rules.

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

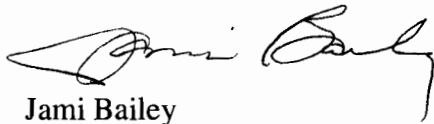
It is our understanding that you are seeking this location to maximize production of hydrocarbons in the proration unit.

Pursuant to the authority conferred by Division Rule 9.15.15.13 (B) NMAC, 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 19.15.5.9 NMAC.

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

Done at Santa Fe, New Mexico, on April 29, 2014.

A handwritten signature in black ink, appearing to read "Jami Bailey", written over a horizontal line.

Jami Bailey  
Director

JB/mam

cc: New Mexico Oil Conservation Division – Artesia  
Bureau of Land Management - Carlsbad