| DATE IN | SUSPENSE | ENGINEER | LOGGED IN | TYPE | APP NO. |
|---|---|---|---|---|---|
| 4/14/2014 | | MAM | 4/15/2014 | NSL NSP DHC | pMAM1410548392 pMAM1410546461 pMAM1410547275 |

ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505

# ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

**[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]**
**[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]**
**[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]**
**[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]**
**[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]**
**[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]**

NSL
DHC
NSP
-EnCANA
282327

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☒ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

Well
-Good Times P36
2410
30-045-35476
Pool
-Basin Mancos
97232
-Bisti; South-Gallup
5860

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

[A] ☒ Working, Royalty or Overriding Royalty Interest Owners

[B] ☒ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☒ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

**Note: Statement must be completed by an individual with managerial and/or supervisory capacity.**

| MICHAEL H. FELDEWERT | | ATTORNEY | 04/14/14 |
|---|---|---|---|
| Print or Type Name | Signature | Title | Date |

mfeldewert@hollandhart.com
e-mail Address

HOLLAND&HART LLP

**Michael H. Feldewert**
**Recognized Specialist in the Area of Natural Resources - oil and gas law - New Mexico Board of Legal Specialization**
**mfeldewert@hollandhart.com**

April 14, 2014

**VIA HAND DELIVERY**

Jami Bailey
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

**Re: Application of Encana Oil & Gas (USA) Inc. for administrative approval of a 120-acre non-standard spacing unit in the Basin Mancos Gas Pool (97232), a 40-acre non-standard spacing unit in the South Bisti Oil Pool (5860); approval of an unorthodox well location in the Basin Mancos Gas Pool; and approval of downhole commingling of production from the South Bisti-Gallup Oil Pool and the Basin Mancos Gas Pool, Section 36, Township 24 North, Range 10 West, N.M.P.M., San Juan County, New Mexico.**

Dear Ms. Bailey:

Encana Oil & Gas (USA) Inc. (OGRID No. 282327) plans to drill the **Good Times P36 2410 01H Well** as a horizontal well in the N/2S/2 of Section 36, Township 24 North, Range 10 West, San Juan County, New Mexico, from a surface location 1341 feet from the South line and 255 feet from the East line (Unit I). The completed interval for the well will commence 660 feet from the East line and 2180 feet from the South line (Unit I) to a bottom hole location 2180 feet from the South line and 330 feet from the West line (Unit L). The NE/4SE/4 (Unit I) of Section 36 is located in the South Bisti Oil Pool (5860) and subject to Special Rules created under Order R-8090, as amended by R-8090-A. The NW/4SE/4 (Unit J) and the N/2SW/4 (Units K and L) of said Section 36 is located in the Basin Mancos Gas Pool (97232) and subject to the Special Rules created under Order R-12984.

Since the South Bisti-Gallup Oil Pool is an unlisted pool under Order R-12984, the portion of the proposed wellbore in the NW/4SE/4 (Unit J) and the N/2SW/4 (Units K and L) must comply with the Special Rules for the Basin Mancos Gas Pool. See Exhibit A to Order R-12984 (special rules) at Rule 1. These special rules require 320-acre spacing units and 660 foot setbacks from the outer boundary of the spacing units. *Id.* at Rule 2. The completed interval for Encana's proposed well is closer than 660 feet from the North and West lines of Section 36. Accordingly, the proposed well is non-standard under the Basin Mancos Special Pool Rules. In contrast, the Special Rules for the South Bisti-Gallup Pool require 80-acre spacing units and 330

foot setbacks from the outer boundary of the spacing units. *See* Appendix A to Order R-8090 (special rules) at Rules 2 and 4 (as amended). To efficiently develop this acreage under these circumstances, Encana requires approval of the following:

(1) a non-standard 40-acre spacing and proration unit in the South Bisti Oil Pool comprised of the NE/4SE/4 (Unit I) of Section 36;

(2) a non-standard 120-acre spacing and proration unit in the Basin Mancos Gas Pool comprised of the NW/4SE/4 (Unit J) and the N/2SW/4 (Units K and L) of Section 36;

(3) commingling of the production from these two adjacent pools in the horizontal wellbore; and

(4) a non-standard location in the Basin Mancos Gas Pool.

**Exhibit A** is the Well Location and Acreage Dedication Plat (Form C-102) for the proposed **Good Times P36 2410 01H Well** in the N/2S/2 of Section 36.

**Exhibit B** is a land plat depicting the proposed **Good Times P36 2410 01H Well** in relation to adjoining units and further identifies the owners in the affected leases.

**Exhibit C** is a completed Form C-107-A (Application for Downhole Commingling).

**Exhibit D** is a list of the affected parties for the request for approval of the non-standard well location, for the request to create a non-standard spacing unit in the Basin Mancos Gas Pool, for the request to create a non-standard spacing unit in the South Bisti Oil Pool, and for the request to downhole commingle the South Bisti Oil Pool and the Basin Mancos Gas Pool. A copy of this application with all attachments has been sent by certified mail to each of these affected parties advising them that if they have an objection they must file it in writing with the division within 20 days from the date the division receives this application. In addition, a courtesy copy has been provided to the Bureau of Land Management's Farmington Office due to the well's encroachment to the West.

Your attention to this matter is appreciated.

Sincerely,

Michael H. Feldewert
**ATTORNEY FOR ENCANA OIL & GAS (USA).**

cc: Bureau of Land Management
6251 College Blvd. Suite A
Farmington, NM 87402

District I
1625 N. French Drive, Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II
811 S. First Street, 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 Drive, 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 Drive**
**Santa Fe, NM 87505**

Form C-102
Revised August 1, 2011

Submit one copy to Appropriate District Office

[X] AMENDED REPORT

# WELL LOCATION AND ACREAGE DEDICATION PLAT

| 1 API Number | 2 Pool Code | 3 Pool Name |
|---|---|---|
| 30-045-35476 | 97232/5860 | Basin Mancos/South Bisti-Gallup |

| 4 Property Code | 5 Property Name | 6 Well Number |
|---|---|---|
| 39985 | GOOD TIMES P36-2410 | 01H |
| **7 OGRID No.** | **8 Operator Name** | **9 Elevation** |
| 282327 | ENCANA OIL & GAS (USA) INC. | 6874' |

## 10 Surface Location

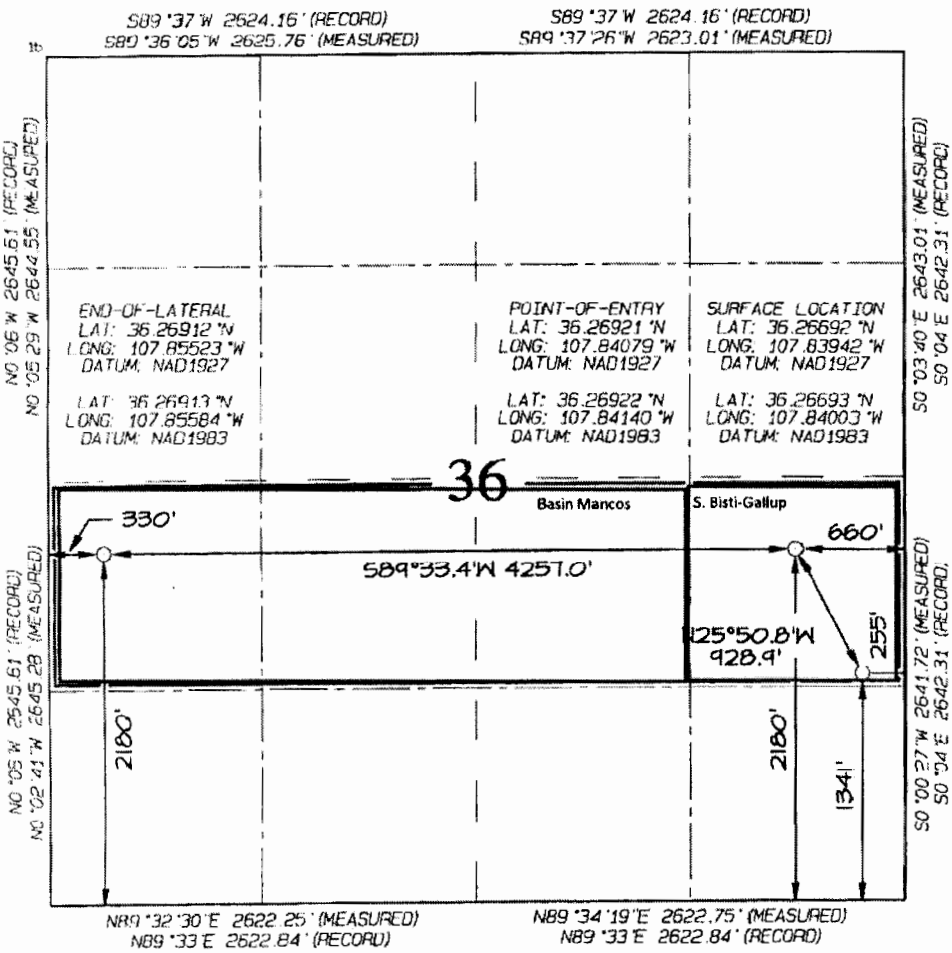
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---|---|---|---|---|---|---|---|---|---|
| I | 36 | 24N | 10W | | 1341 | SOUTH | 255 | EAST | SAN JUAN |

## 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 | 36 | 24N | 10W | | 2180 | SOUTH | 330 | WEST | SAN JUAN |

| 12 Dedicated Acres | 13 Joint or Infill | 14 Consolidation Code | 15 Order No. |
|---|---|---|---|
| 160 acres - N2S2 Sec 36<br>Basin Mancos (N2SW, NWSE ,120 ac.), S. Bisti-Gallup (NESE, 40 ac.) | | | |

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION




## 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.

Holly Hill 4/8/14
Signature Date

Holly Hill
Printed Name

holly.hill@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.

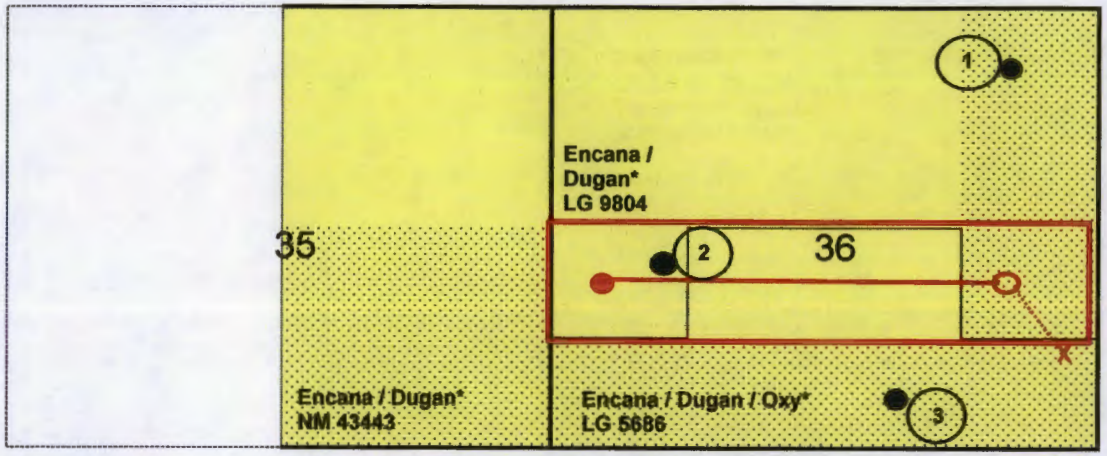
Date Revised: MARCH 19, 2014
Date of Survey: AUGUST 20, 2012

Signature and Seal of Professional Surveyor

JASON C. EDWARDS
NEW MEXICO
15269
REGISTERED PROFESSIONAL SURVEYOR

JASON C. EDWARDS
Certificate Number 15269

EXHIBIT
tabbies
A




1. Octoberfest #1
   E2NE4 Se 36, 24N-10W
   Dugan Prod, Operator
   South Bisti Gallup
2. Octoberfest #2
   N2SW4 Se 36, 24N-10W
   Dugan Prod, Operator
   South Bisti Gallup
3. Squash Blossom AFU State #1
   S2SE4 Sec 36, 24N-10W
   Dugan Prod, Operator
   South Bisti Gallup

Encana Leases

Basin Mancos Gas Pool

South Bisti Gallup Oil Pool

**Good Times P36 2410 01H**
**Project Area - T24N-R10W, Section 36 N2S2**

Township 24 North, Range 10 West, NMPM

| | |
|---|---|
| Surface Location | 255' FEL, 1341' FSL of Section 36 |
| Gallup Penetration Point | 660' FEL, 2180' FSL of Section 36 |
| Bottomhole Location | 330' FWL, 2180' FSL of Section 36 |

* Ownership reflected represents 100% leasehold working interest in the Mancos / Gallup Formation underlying each tract which is the subject of this Application

# Exhibit B

Encana Oil & Gas (USA) Inc.

Application for Exception to Rule 2. (NSP)

South Bisti Gallup Oil Pool Order R-8090

Application for Exception to Rule 2.A. (NSP)

Application for Exception to Rule 2.C. (NSL)

Basin Mancos Gas Pool

San Juan County, New Mexico

encana

EXHIBIT

B

**AMENDED**

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-107A
Revised August 1, 2011

APPLICATION TYPE
X Single Well
___ Establish Pre-Approved Pools
EXISTING WELLBORE
___ Yes X No

# APPLICATION FOR DOWNHOLE COMMINGLING

Encana Oil & Gas (USA), Inc. — Operator
370 17th Street, Suite 1700, Denver CO 80202 — Address

LG 5686 & LG 9804 — Lease
Good Times P36-2410 01H — Well No.
P-36-24N-10W — Unit Letter-Section-Township-Range
San Juan — County

OGRID No. 282327 Property Code 39985 API No. 30-045-35476 Lease Type: ___Federal X State ___Fee

| DATA ELEMENT | Units J, K, L | Unit I | |
|---|---|---|---|
| Pool Name | Basin-Mancos | South Bisti-Gallup | |
| Pool Code | 97232 | 5860 | |
| Top and Bottom of Pay Section (Perforated or Open-Hole Interval) | Top of Mancos Silt formation ~4466 TVD to Base ~ 4643 | Top of Mancos Silt formation ~4466 TVD to Base ~ 4643 | |
| Method of Production (Flowing or Artificial Lift) | | | |
| Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone) | +/- 1645 psi | +/- 1645 psi | |
| Oil Gravity or Gas BTU (Degree API or Gas BTU) | 41 degrees API | 41 degrees API | |
| Producing, Shut-In or New Zone | New Zone | New Zone | |
| Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.) | Date: Limited test data available at this time. See attached Letter. Rates: | | |
| Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.) | Oil 75 % Gas 75 % | Oil 25 % Gas 25 % | Oil % Gas % |

Note: This Commingling Application is to commingle two pools in the same formation. This will be a horizontal well bore and the entire producing lateral will be +/- 5049' TVD/+/- 4090' Lateral Horizontal Length

## ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes___ No X
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes X No___

Are all produced fluids from all commingled zones compatible with each other? Yes X No___

Will commingling decrease the value of production? Yes___ No X

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes X No___

NMOCD Reference Case No. applicable to this well: _____

Attachments:
C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
Production curve for each zone for at least one year. (If not available, attach explanation.)
For zones with no production history, estimated production rates and supporting data.
Data to support allocation method or formula.
Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
Any additional statements, data or documents required to support commingling.

## PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

List of other orders approving downhole commingling within the proposed Pre-Approved Pools
List of all operators within the proposed Pre-Approved Pools
Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Holly Hill TITLE Regulatory Analyst DATE 04/15/14

TYPE OR PRINT NAME Holly Hill TELEPHONE NO. ( 720 ) 876-5331

E-MAIL ADDRESS holly.hill@encana.com

Exhibit C

encana

April 15, 2014

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

**Re: Good Times P36-2410 01H**
Amended C-107-A Dated April 15, 2014
San Juan County, New Mexico

Ladies and Gentlemen:

In reference to the Amended Downhole Commingling New Mexico Oil Conservation Division Form C-107-A, for Encana Oil & Gas (USA) Inc.'s (Encana) Good Times P36-2410 01H well (API No. 30-045-35476) please note that the Date and Oil/Gas/Water Rates of Last Production row on the C-107-A form has not been specifically populated as Downhole Commingling is based on acreage allocation for the two applicable pools, the Basin Mancos Gas Pool (N2SW, NWSE of Section 36 T24N R10W) and the South Bisti-Gallup Pool (NESE of Sec 36 T24N R10W).

Please feel free to contact me directly at 720-876-5331 with any questions or concerns.

Encana Oil & Gas (USA) Inc.

Holly Hill
Senior Regulatory Analyst

Enc.

Encana Oil & Gas (USA) Inc.

370 17th Street, Suite 1700, Denver Colorado 80202 720.876.5331 (O) 303.521.2835 (C) holly.hill@encana.com

**Exhibit D**

**Notification List for Application for Approval of an Unorthodox Well Location and Non-Standard Spacing Units and down hole commingling for the Good Times P36 2410 01H Well**

Offset Operators / Working Interest Owners

Dugan Production Corp.
709 Murrary Drive
Farmington, NM 87401

OXY Y-1 Company
5 Greenway Plaza, Suite 110
Houston, TX 77046-0506

Downhole Commingling Owners under the Project Area

Dugan Production Corp.
709 Murrary Drive
Farmington, NM 87401

OXY Y-1 Company
5 Greenway Plaza, Suite 110
Houston, TX 77046-0506

Dugan Production Corp.
709 Murrary Drive
Farmington, NM 87401

Yates Petroleum Corporation
105 South 4th Street
Artesia, NM 88210

ABO Petroleum Corporation
105 South 4th Street
Artesia, NM 88210

Myco Industries, Inc.
105 South 4th Street
Artesia, NM 88210

New Mexico State Land Office
P.O. Box 1148
Santa Fe, NM 87501

HOLLAND&HART

**Michael H. Feldewert**
**Recognized Specialist in the Area of Natural Resources - oil and gas law - New Mexico Board of Legal Specialization**
**mfeldewert@hollandhart.com**

April 14, 2014

**VIA CERTIFIED MAIL**
**RETURN RECEIPT REQUESTED**

**TO AFFECTED PARTIES**

**Re: Application of Encana Oil & Gas (USA) Inc. for administrative approval of a 120-acre non-standard spacing unit in the Basin Mancos Gas Pool (97232), a 40-acre non-standard spacing unit in the South Bisti Oil Pool (5860); approval of an unorthodox well location in the Basin Mancos Gas Pool; and approval of downhole commingling of production from the South Bisti-Gallup Oil Pool and the Basin Mancos Gas Pool, Section 36, Township 24 North, Range 10 West, N.M.P.M., San Juan County, New Mexico.**

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from this date with the applicant and the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this application, please contact the following:

Mona Binion
Encana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700
Denver, Colorado 80202
(720) 876-5325
Mona.Binion@encana.com

Sincerely,

Michael H. Feldewert
**ATTORNEY FOR ENCANA OIL & GAS (USA) INC.**