

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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

Jami Bailey, Division Director
Oil Conservation Division



August 19, 2014

Encana Oil and Gas (USA) Inc.
Attn: Ms. Gabrielle Gerholt

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-7140
Administrative Application Reference No. pMAM1421260463

Encana Oil and Gas (USA) Inc.
OGRID 282327
Lybrook A12-2306 Well No. 1H
API No. 30-039-31219

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	81 FNL & 264 FEL	A	12	23N	6W	Rio Arriba
Penetration Point	330 FNL & 400 FEL	A	12	23N	6W	Rio Arriba
Terminus	330 FSL & 400 FEL	P	12	23N	6W	Rio Arriba

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
E/2 of Section 12	320	Counselors Gallup-Dakota	13379

Reference is made to your application received on July 31, 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 the Special Rules for the Counselors Gallup-Dakota Pool, which provides for 160-acre units, with wells located at least 660 feet from the unit outer boundary, and Rule 19.15.16.14.B(2) NMAC concerning directional wells in designated project areas. This location is unorthodox because portions of the proposed completed interval are closer to outside boundaries of the proposed project area than any location 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.

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It is our understanding that you are seeking this location due to fully develop the acreage and not waste the resource.

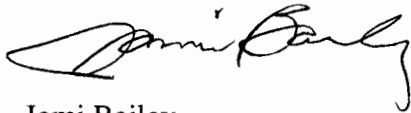
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 19.15.4.12 (A) 2 NMAC, in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (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 August 19, 2014.

A handwritten signature in black ink, appearing to read "Jami Bailey", with a stylized, cursive script.

Jami Bailey
Director

JB/mam

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