

DATE IN 7/31/2014	SUSPENSE	ENGINEER MAM	LOGGED IN 7/31/2014	TYPE NSL	APP NO PMAM14260641
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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 7138  
 ENCLAVE  
 28232  
 well  
 4600K0  
 012306  
 30-039-  
 31221  
 Pool  
 4 connections  
 Gallup  
 13379

- [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 \_\_\_\_\_
- [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.

GABRIELLE A. GERHOLT

Print or Type Name

*Gabrielle A. Gerholt*  
 Signature

ATTORNEY

Title

gagerholt@hollandhart.com

7/31/14

Date

e-mail Address



July 31, 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 an unorthodox well location in the Counselors Gallup-Dakota Oil Pool for its Lybrook O01-2306 02H well in the E/2 of Section 12, Township 23 North, Range 6 West, N.M.P.M., Rio Arriba County, New Mexico.**

Dear Ms. Bailey:

Encana Oil & Gas (USA) Inc. (OGRID No. 282327) seeks administrative approval of an unorthodox well location for its **Lybrook O01-2306 02H** (API 30-039-31221) well to be completed within the Counselors Gallup-Dakota Oil Pool (Pool Code 13379). This well will be drilled from a surface location 739 feet from the South line and 2512 feet from the East line (Unit O) of Section 1, Township 23 North, Range 6 West. The penetration point will be 330 feet from the North line and 1920 feet from the East line (Unit B) of Section 12, Township 23 North, Range 6 West. The bottom hole location will be 330 feet from the South line and 1920 feet from the East line (Unit O) of Section 12. Since this acreage is governed by the Special Rules and Regulations for the Counselors Gallup-Dakota Oil Pool, which provides for wells to be located no closer than 660 feet to the outer boundary of the spacing unit and no nearer than 330 feet to any governmental quarter-quarter section, this well will be unorthodox because the penetration point and bottom hole location will be closer than 660 feet to the outer boundary of the spacing unit.

Enclosed as **Exhibit A** is the Well Location and Acreage Dedication Plat (Form C-102), which shows that the penetration point and bottom hole locations of the **Lybrook O01-2306 02H** well encroaches on the spacing and proration units to the North, Northwest, South and Southwest.

Enclosed as **Exhibit B** is a land map depicting the proposed **Lybrook O01-2306 02H** well in relation to adjoining spacing units and further identifies the owners in the affected leases.



Enclosed as **Exhibit C** is a list of the parties affected by the well's encroachment. A copy of this application with all attachments has been sent by certified mail to these parties advising them that if they have an objection it must be filed in writing with the division within 20 days from the date the division receives this application.

Your attention to this matter is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Gabrielle A. Gerholt".

Gabrielle A. Gerholt

**ATTORNEY FOR ENCANA OIL & GAS (USA).**

Form C-102  
Revised August 1, 2011

**DISTRICT II**  
 811 N. First St., Arcadia, N.M. 86810  
 Phone: (505) 748-1888 Fax: (505) 748-8780

DISTRICT III  
1000 Elc Branch Rd., Astor, N.M. 87410  
Phone: (505) 334-6170 Fax: (505) 334-6170

**DISTRICT IV**  
1280 E. St. Francis Dr., Santa Fe, NM 87506  
Phone: (505) 478-8400 Fax: (505) 478-8400

**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <b>30-039-31221</b>		<sup>2</sup> Pool Code <b>13379</b>	<sup>3</sup> Pool Name <b>COUNSELORS GALLUP - DAKOTA</b>
<sup>4</sup> Property Code	<sup>5</sup> Property Name <b>LYBROOK 001-2306</b>		<sup>6</sup> Well Number <b>02H</b>
<sup>7</sup> OGRIID No. <b>282327</b>	<sup>8</sup> Operator Name <b>ENCANA OIL &amp; GAS (USA) INC.</b>		<sup>9</sup> Elevation <b>6882.6'</b>

### <sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	WEST/West line	County
0	1	23N	6W		739'	SOUTH	2512'	EAST	RIO ARriba

<sup>11</sup> 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	WEST/West line	County
O	12	23N	6W		330'	SOUTH	1920'	EAST	RIO ARriba
Dedicated Acres PROJECT AREA			Joint or Infill		Consolidation Code		Order No.		
320 ACRES - E/2 SEC. 12									

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

18	17	OPERATOR CERTIFICATION
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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 undivided 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 in a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature [Signature] Date 5/20/14

Katie Wegner

Printed Name \_\_\_\_\_

katie.wegner@encana.com

E-mail Address

## 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.

NOVEMBER 26, 2013

Date of Survey \_\_\_\_\_

**Signature and Seal of Professional Surveyor:**

DAVID R. RUSSELL  
NEW MEXICO  
REGISTERED PROFESSIONAL LAND SURVEYOR  
10220  
DAVID RUSSELL

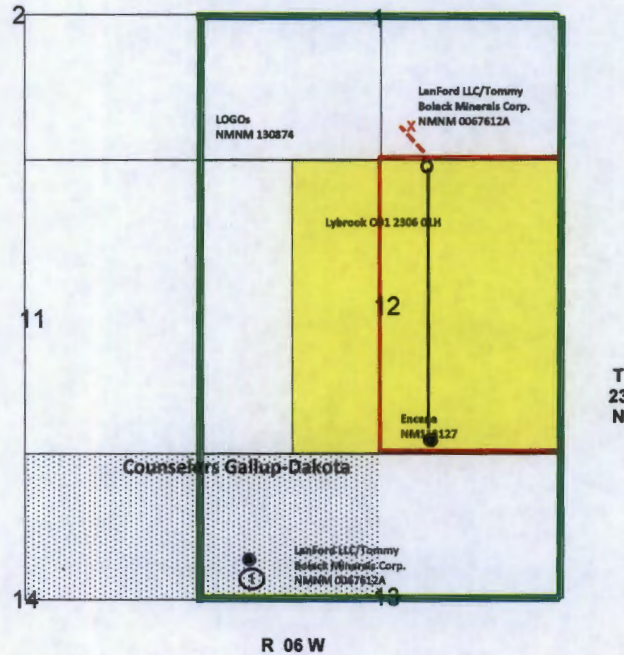
Certificate Number 10201

**EXHIBIT**

A

## Exhibit B

Encana Oil & Gas (USA) Inc.  
Application for Exception to Rule  
Non-Standard Location  
Counselors Gallup Dakota Pool  
San Juan County, New Mexico  
Lybrook O01 2306 02H



- Encana Leases
- Counselors Gallup-Dakota Oil Pool
- Counselors Gallup-Dakota Oil Pool 2 mile buffer around projec area
- Notice Area

### Existing Gallup Wells in Notice Area

- (1) Gallo Canyon 8001  
1860' FRL, 950' FWL, Sec 13-23N-06W  
Counselors Gallup-Dakota  
M & M Production & Operation

### Project Area - T23N-R06W, Section 12: E2

#### Lybrook O01 2306 02H

Surface Location 739 FSL, 2512' FEL Section 1, 23N-06W  
Gallup Penetration Point 330' FNL, 1920' FWL, Section 12, 23N-06W  
Bottomhole Location 330' FSL, 1920' FWL, Section 12, 23N-06W

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



**Exhibit C: Notice List**

Tommy Bolack Minerals Corporation  
3901 Bloomfield Highway  
Farmington, NM 87401

Landford, LLC  
P.O. Box 90428  
Albuquerque, NM 87199

Logos Resources LLC  
4001 N. Butler Blvd.  
Bldg 7101  
Farmington, NM 87401-6619

HOLLAND & HART



**Gabrielle A. Gerholt  
Of Counsel**

**Phone** (505) 988-4421

**Fax** (505) 983-6043

[gagerholt@hollandhart.com](mailto:gagerholt@hollandhart.com)

July 31, 2014

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

**TO AFFECTED PARTIES**

**Re: Application of Encana Oil & Gas (USA) Inc. for administrative approval of an unorthodox well location in the Counselors Gallup-Dakota Oil Pool for its Lybrook 001-2306 02H well in the E/2 of Section 12, Township 23 North, Range 6 West, N.M.P.M., Rio Arriba 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:

Paula M. Rauchfuss  
Encana Oil & Gas (USA) Inc.  
370 17th Street, Suite 1700  
Denver, Colorado 80202  
(720) 876-3801  
[Paula.Rauchfuss@Encana.com](mailto:Paula.Rauchfuss@Encana.com)

Sincerely,

**Gabrielle A. Gerholt**  
**ATTORNEY FOR ENCANA OIL & GAS (USA) INC.**

**Holland & Hart LLP**

Phone (505) 988-4421 Fax (505) 983-6043 [www.hollandhart.com](http://www.hollandhart.com)

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C.

## McMillan, Michael, EMNRD

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**From:** Gabrielle Gerholt <GAGerholt@hollandhart.com>  
**Sent:** Thursday, July 31, 2014 4:50 PM  
**To:** McMillan, Michael, EMNRD  
**Subject:** RE: Encana Lybrook A12-23061H and Lybrook A12-23062H wells

I'm so sorry. Yes, it is due to engineering issues. The approval of the NSL will allow Encana to fully develop the acreage and not waste the resource.

Do you need something more formal?

### Gabrielle A Gerholt

Holland & Hart LLP  
110 North Guadalupe Suite 1  
Santa Fe, NM 87501  
Phone (505) 988-4421  
Fax (505) 983-6043  
E-mail: [gagerholt@hollandhart.com](mailto:gagerholt@hollandhart.com)



**CONFIDENTIALITY NOTICE:** This message is confidential and may be privileged. If you believe that this email has been sent to you in error, please reply to the sender that you received the message in error; then please delete this e-mail. Thank you.

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**From:** McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]  
**Sent:** Thursday, July 31, 2014 4:47 PM  
**To:** Gabrielle Gerholt  
**Subject:** Encana Lybrook A12-23061H and Lybrook A12-23062H wells

Ms. Gerholt:

I received your application for the Encana Lybrook A12-23061H and Lybrook A12-23062H wells.

I need a reason why you are applying for an NSL. Is it for engineering? Surface issues.

Thank You

### Michael A. McMillan

Engineering and Geological Services Bureau, Oil Conservation Division  
1220 South St. Francis Dr., Santa Fe NM 87505  
O: 505.476.3448 F. 505.476.3462



RECEIVED

MAR 03 2014

Form 3160-3  
(August 2007)

FORM APPROVED  
OMB No. 1004-0137  
Expires July 31, 2010

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

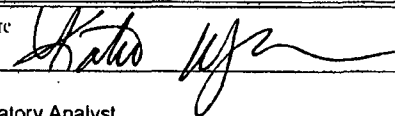
APPLICATION FOR PERMIT TO DRILL OR REENTER

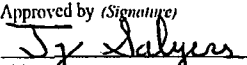
1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM 118127
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian Allottee or Tribe Name N/A
2. Name of Operator Encana Oil & Gas (USA) Inc.		7. If Unit or CA Agreement, Name and No. N/A
3a. Address 370 17th Street, Suite 1700 Denver, CO 80202		8. Lease Name and Well No. Lybrook 001-2306 02H
3b. Phone No. (include area code) 720-876-3533		9. API Well No. 30-039-31221
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 739' FSL and 2512' FEL Section 1 T23N, R6W At proposed prod. zone 330' FSL and 1920' FEL Section 12, T23N, R6W		10. Field and Pool, or Exploratory Counselors Gallup- Dakota
14. Distance in miles and direction from nearest town or post office* +/- 65 miles southeast of the intersection of US Hwy 550 & US Hwy 64 in Bloomfield, NM		11. Sec., T. R. M. or Blk. and Survey or Area Section 12, T23N, R6W NMPM
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) BHL is 330' from south lease line Section 12 T23N, R6W	16. No. of acres in lease- NM118127 - 1,160.0	17. Spacing Unit dedicated to this well 320 acres - E/2 Section 12, T23, R6W
18. Distance from proposed location* to nearest well, drilling, completed. +/- 30' west of wellhead applied for, on this lease, ft. Lybrook 001-2306 01 is +/- 30' west of wellhead	19. Proposed Depth 5684' TVD/11419' MD	20. BLM/BIA Bond No. on file COB-000235
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,883' GL, 6,899' KB	22. Approximate date work will start* 09/01/2014	23. Estimated duration 20 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- |  |   |
|--|---|
| 1. Well plat certified by a registered surveyor.   | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan.  | 5. Operator certification   |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM.             |

25. Signature 	Name (Printed/Typed) Katie Wegner	Date 2/25/14
Title Regulatory Analyst		

Approved by (Signature) 	Name (Printed/Typed) Troy Salyers	Date 6/16/2014
Title Petroleum Engineer (Acting AFM)		
Office FFO		

Application approval 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.  
Conditions of approval, if any, are attached.

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.

BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

\*(Instructions on page 2)

NMOCDA

CONFIDENTIAL

DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS".

This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4