

11/21/2014 DATE IN	SUSPENSE	MAM ENGINEER	11/24/2014 LOGGED IN	NSP NSL DHC TYPE	PMA41432831789 PMA41432830864 PMA4143283483 APP NO
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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]

#### [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, - Alamoito -  
Gallup

[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.

Jordan L. Kessler  
Print or Type Name

Signature

Attorney

Title

jlkessler@hollandhart.com

e-mail Address

Date

11/21/14



November 21, 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 80-acre non-standard spacing unit in the Basin Mancos Gas Pool (97232), approval of an unorthodox well location in the Basin Mancos Gas Pool; and approval for downhole commingling of the Alamito-Gallup Pool (Pool Code 1039) and the Basin Mancos Gas Pool (Pool Code 97232) for the Lybrook J31-2307 01H well; Section 31, Township 23 North, Range 7 West, N.M.P.M., Sandoval County and Section 36, Township 23 North, Range 8 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 **Lybrook J31-2307 01H well** as a horizontal well in the N/2SW/4 of Section 31, Township 23 North, Range 7 West, Sandoval County and the N/2S/2 of Section 36, Township 23 North, Range 8 West, San Juan County, New Mexico. The **Lybrook J31-2307 01H well** will commence in the N/2SW/4 of Section 31 from a surface location 2215 feet from the South line and 2531 feet from the East line (Unit J) to a bottom hole location of 2117 feet from the South line and 330 feet from the West line (Unit I) of Section 36. The completed interval for the well will commence in Section 31 at a location 2121 feet from the South line and 2313 feet from the West line (Unit K) and will extend to at or near the bottomhole location of the well.

Encana seeks to form a project area consisting of the Alamito-Gallup Oil Pool (1039) in the N/2SW/4 of Section 31 and the N/2SE/4 of Section 36 and 80-acres in the Basin Mancos Gas Pool (97232) in the N/2SW/4 of Section 36. The Alamito-Gallup Oil Pool is subject to 40-acre spacing and 330 feet setbacks per Statewide Rule 19 15.15.9 NMAC. The portion of the completed wellbore in the Alamito-Gallup Oil Pool will comply with the standard 330-foot setbacks. Since the Alamito-Gallup Oil Pool is an unlisted pool under Order R-12984, the portion of the proposed wellbore in the N/2SE/4 of Section 36 must comply with the Special Rules for the Basin Mancos Gas Pool created under Order R-12984. These special rules require 660 foot setbacks from the outer boundary of the spacing units. *Id.* at Rule 2. The portion of the

completed interval within the Basin Mancos Gas pool is closer than 660 feet from the North and West lines of the proposed 80-acre non-standard spacing unit.

To efficiently develop this acreage under these circumstances, Encana requires approval of the following:

- (1) a non-standard 80-acre spacing and proration unit in the Basin Mancos Gas Pool comprised of the N/2SW/4 of Section 36;
- (2) a non-standard location in the Basin Mancos Gas Pool; and
- (3) downhole commingling of the Alamito-Gallup Pool and the Basin Mancos Gas Pool.

**Exhibit A** is the Well Location and Acreage Dedication Plat (Form C-102) for the proposed **Lybrook J31-2307 01H Well**. This shows that the proposed well within the 80-acre non-standard Basin Mancos spacing unit encroaches towards the acreage in the Basin Mancos Gas Pool to the Northeast, North, Northwest, and West.

**Exhibit B** is a land plat depicting the proposed **Lybrook J31-2307 01H Well** in relation to adjoining units and further identifies the owners in the affected leases. This exhibit reflects that the N/2SW/4 of Section 36 is located within the Basin Mancos Gas Pool while the N/2SE/4 of Section 36 is located within the Alamito Gallup Pool, a frozen oil pool under the provisions of Order R-12984. This exhibit reflects that Encana holds the lease in the NW/4 of Section 36 and that Oxy and Dugan also hold interests in the leases to the Northeast, Northwest and the West of the N/2 SW4 of Section 36. As a result Oxy and Dugan are the parties affected by the request for approval of the unorthodox well location and for the request to create a non-standard spacing unit in the Basin Mancos Gas Pool. A copy of this application with all attachments has been sent to Oxy Y-1 and Dugan 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 letter. In addition, courtesy copies have been provided to the New Mexico State Land Office and the Federal Indian Minerals Office.

With respect to the request for downhole commingling **Exhibit C** is a completed Form C-107A, Application for Downhole Commingling, for the proposed **Lybrook J31-2307 01H Well**. **Exhibit D** is a list of the interest owners affected by the request to commingle production from the two pools. A copy of this application with all attachments has been sent to each of these parties advising them that if they have an objection to the commingling application, they must file it in writing with the division within 20 days from the date the division receives this letter.



**Exhibit E** is proof of the publication of notice of this application in the Farmington Daily Times and the Rio Rancho Observer directed to affected interest owners. The public notice advises the party of an obligation to file any objection in writing with the Division within 20 days of publication.

Your attention to this matter is appreciated.

Sincerely,

Michael H. Feldewert

MHF

cc: New Mexico State Land Office  
P.O. Box 1148  
Santa Fe, NM 87504

Bureau of Land Management  
Farmington Field Office  
6251 College Blvd. Suite A  
Farmington, NM 87402

Federal Indian Minerals Office  
6251 College Blvd. Suite B  
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

Form C-102  
Revised August 1, 2011

Submit one copy to  
Appropriate District Office

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

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-043-21214	*Pool Code 97232/1039	*Pool Name Basin Mancos Gas/Alamito-Gallup
*Property Code	*Property Name LYBROOK J31-2307	*Well Number 01H
*OGRI No. 282327	*Operator Name ENCANA OIL & GAS (USA) INC.	*Elevation 6974'

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	31	23N	7W		2215	SOUTH	2531	EAST	SANDOVAL

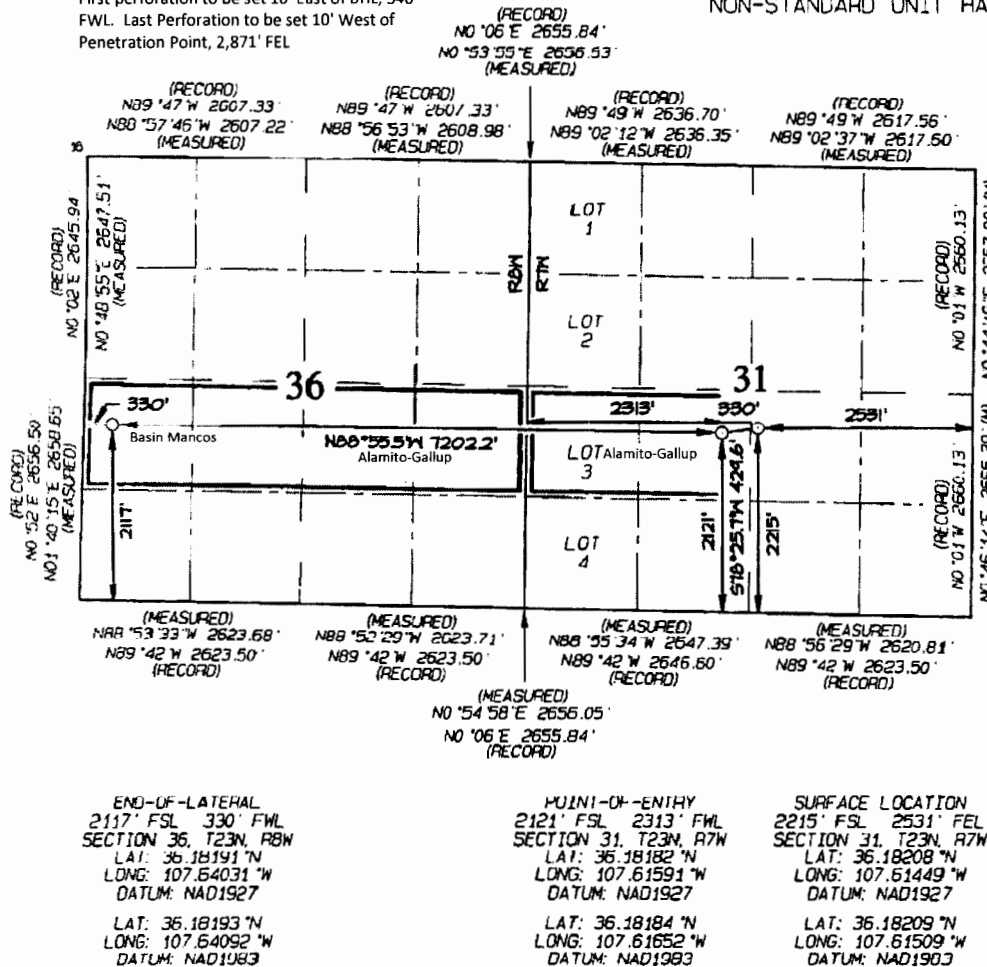
<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	36	23N	8W		2117	SOUTH	330	WEST	SAN JUAN

*Dedicated Acres N2SW Sec 31, N2SE Sec 36 - Alamito-Gallup 160.65; N2SW Sec 36 - Basin Mancos (80 ac)	*Joint or Infill	*Consolidation Code	*Order No.
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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

First perforation to be set 10' East of BHL, 340'  
FWL. Last Perforation to be set 10' West of  
Penetration Point, 2,871' FEL



**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.

Signature: Holly Hill Date: 5/22/14  
Printed Name: Holly Hill  
E-mail Address: holly.hill@encana.com

**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: APRIL 15, 2014  
Survey Date: NOVEMBER 12, 2013

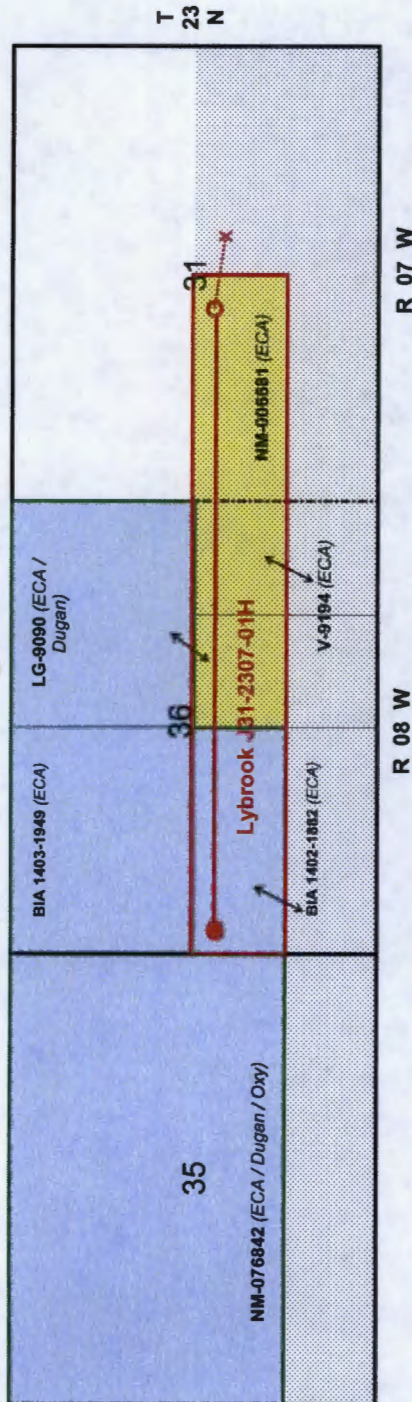
Signature and Seal of Professional Surveyor:



**JASON C. EDWARDS**  
Certificate Number 15269

EXHIBIT

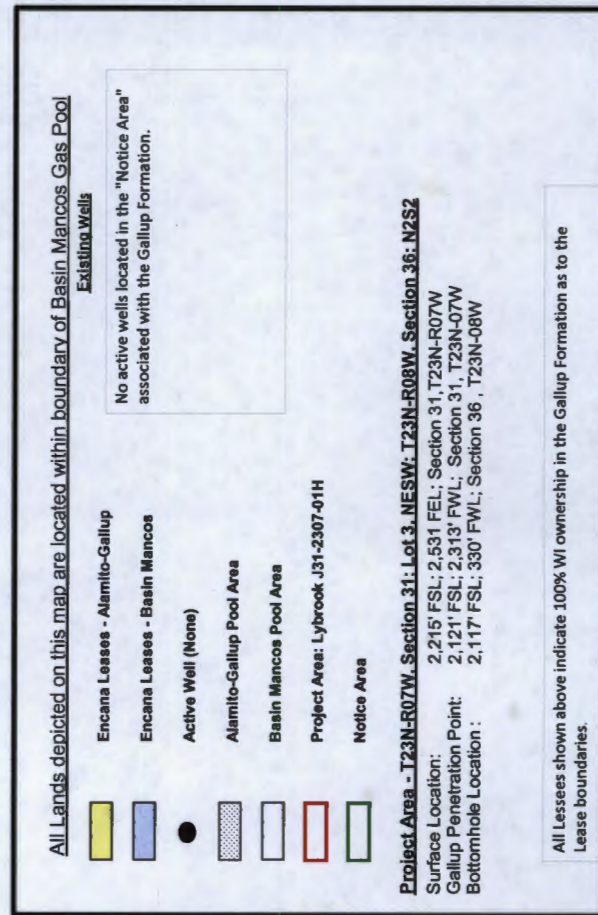
A



## Exhibit B

Encana Oil & Gas (USA) Inc.  
Application for Exception to Rule: Non-Standard Location & Non-Standard Proration Unit  
Basin Mancos Gas Pool  
San Juan County, New Mexico

encana



EXHIBIT

B

District I  
1625 N. French Drive, Hobbs, NM 88240

District II  
811 S. First St., Artesia, NM 88210

District III  
1900 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  
☒ Single Well  
☐ Establish Pre-Approved Pools  
EXISTING WELLBORE  
☐ Yes ☒ No

APPLICATION FOR DOWNHOLE COMMINGLING

Encana Oil & Gas (USA), Inc. 370 17<sup>th</sup> Street, Suite 1700, Denver, Colorado, 80202

Operator NM6681 / NMLG9090 Lybrook J31-2307 01H J-31-23N-7W San Juan and Sandoval Counties  
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 282327 Property Code PENDING API No. 30-043-21214 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	N2SW Sec 31 T23N R7W N2SE Sec 36 T23N R8W	N2SW Sec 36 T23N R8W	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 +/- 5040 TVD +/- 7200 Lateral Horizontal Length.
Pool Name	Alamito-Gallup	Basin Mancos Gas Pool	
Pool Code	1039	97232	
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	Top of Mancos Formation ~3850 TVD to Base ~ 5080 (perforated interval 5000-5030)	Top of Mancos Formation ~3920 TVD to Base ~ 5750 (perforated interval 5030-5070)	
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)	+/- 1512 psi	+/- 1512 psi	
Oil Gravity or Gas BTU (Degree API or Gas BTU)	40 degrees API	40 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.)	Limited Test Data at this time. See attached letter		
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 66.8 % 66.8 %	Oil Gas 33.2 % 33.2 %	

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ☐ No ☒  
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ☒ No ☐  
Are all produced fluids from all commingled zones compatible with each other? Yes ☒ No ☐  
Will commingling decrease the value of production? Yes ☐ No ☒  
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 ☒ 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 Jessica Gregg TITLE Regulatory Analyst DATE 6/26/2014

TYPE OR PRINT NAME Jessica Gregg TELEPHONE NO. ( 720 ) 876-3926

E-MAIL ADDRESS jessica.gregg@encana.com

EXHIBIT

C

**EXHIBIT D**

Affected Parties for the Request to Downhole Commingle

Dugan Production Corp.  
ATTN: Kurt Fagrelus  
709 East Murray Drive  
Farmington, NM 87401-6649

New Mexico State Land Office  
P.O. Box 1148  
Santa Fe, NM 87504  
The United States of America

Bureau of Land Management  
Farmington Field Office  
6251 College Blvd. Suite A  
Farmington, NM 87402

Federal Indian Minerals Office  
6251 College Blvd. Suite B  
Farmington, NM 87402

The United States In Trust for the Heirs of Ton Nes Pah, an Indian of the Navajo Reservation

AHKEAH, PATTY S  
PO BOX 1243  
SHIPROCK, NM 87420

ANTHONY, SIEPHRENO R -  
GUARDIAN  
PO BOX 54  
NAGEEZI, NM 87037

ARMENTA, PAULINE  
PO BOX 1216  
DURANGO, CO 81302

ARVISO, STEPHANNIE A  
13105 FRUIT AVE APT D  
ALBUQUERQUE, NM 87123

ATENCIO, EMERSON  
PO BOX 457  
NAGEEZI, NM 87037-0457

ATENCIO, NINA  
BOX 175  
NAGEEZI, NM 87037

ATENCIO, PAULINE  
PO BOX 54  
NAGEEZI, NM 87037

AUGUSTINE, DARLENE C  
PO BOX 366  
NAGEEZI, NM 87037-0366

AUGUSTINE, EDDIE  
PO BOX 2110  
KAIBETO, AZ 86053

AUGUSTINE, IRENE  
PO BOX 214  
NAGEEZI, NM 87037

AUGUSTINE, PAUL C  
9301 VOLCANO RD NW  
TRLR #98  
ALBUQUERQUE, NM 87121

AUGUSTINE, ROSITA  
301 BETTE CLAIR ST SE  
ALBUQUERQUE, NM 87123-  
3280

BARBER ESTATE, MAY A  
(MAY ROY)  
PO BOX 64  
WATERFLOW, NM 87421

BEGAY ESTATE, AMEYA J  
2456 MICHAEL RD  
BELLINGHAM, WA 98226

BEGAY, ANNIE C  
PO BOX 431  
SHIPROCK, NM 87420

BEGAY, BERTHA K  
PO BOX 443  
CHURCHROCK, NM 87311

BEGAY, GRANT J  
PO BOX 536  
SHIPROCK, NM 87420

BEGAY, JOE K  
PO BOX 981  
SHIPROCK, NM 87420

BEGAY, JOHNNY  
PO DRAWER 1228  
SHIPROCK, NM 87420

BEGAY, MONICA S  
PO BOX 5652  
FARMINGTON, NM 87499

BEGAY, NOMANITA J  
P.O. BOX 536  
SHIPROCK, NM 87420

BEGAY, RICHARD L  
PO BOX 3091  
SHIPROCK, NM 87420

BEGAY, TOMMY C  
PO BOX 1191  
SHIPROCK, NM 87420

BENALLY, LEO H  
45 COUNTY ROAD 252  
DURANGO, CO 81301

BENALLY, NORA A  
PO BOX 526  
BLOOMFIELD, NM 87413

BENALLY, NORRIS C  
PO BOX 226  
SANOSTEE, NM 87461-0226

BENALLY, TREVA  
5 RD 5457  
FARMINGTON, NM 87401-  
1441

BENIAH, REX  
PO BOX 1645  
SHIPROCK, NM 87420

BENIOH, SYLVIA A  
313 E 28TH ST APT 333  
FARMINGTON, NM 87401

BENJAMIN ESTATE, ROSE L  
BUREAU OF INDIAN  
AFFAIRS SHIPROCK  
AGENCY  
PROBATE AND ESTATE  
-----

BENJAMIN, DENNIS  
C/O ILENE WOODS  
POST OFFICE BOX 2572  
SHIPROCK, NM 87420

BENJAMIN, DONALD  
PO BOX 1366  
SHIPROCK, NM 87420

BENJAMIN, JIMMY  
208 WEST 14TH ST #216  
LOS ANGELES, CA 90015

BENJAMIN, JONES  
PO BOX 1366  
SHIPROCK, NM 87420

BENJAMIN, STANLEY  
PO BOX 4785  
SHIPROCK, NM 87420

BENJAMIN, TONY  
PO BOX 1243  
SHIPROCK, NM 87420

BEYALE, EMILY W  
324 W BLANCO BLVD #36  
BLOOMFIELD, NM 87413

BRYANT, BETTY L  
2208 LA PLATA  
CORTEZ, CO 81321

CANTSEE, VINA M  
PO BOX 1163  
WINDOW ROCK, AZ 86515

CAPITAN, LENA B  
BOX 102  
MONTEZUMA CREEK, UT  
84534

CASON, RITA M  
801 S PAULINE AVE APT B  
EL RENO, OK 73036

CASTILLO, RITA  
PO BOX 4445  
SHIPROCK, NM 87420

CAYADITO, CALVIN  
PO BOX 54  
NAGEEZI, NM 87037

CAYADITTO, ISIAIH M -  
GUARDIAN  
PO BOX 54  
NAGEEZI, NM 87037

CAYADITTO, LUCITA  
PO BOX 272  
NAGEEZI, NM 87037

CHARLEY ESTATE,  
ELEANOR  
P. O. BOX 401  
SANOSTEE, NM 87461

CHARLEY, SHIRLEY A  
38 ROAD 5255  
BLOOMFIELD, NM 87413-  
9747

CHAVEZ, ALICE  
PO BOX 23  
MEXICAN SPRINGS, NM  
87320

CHIQUITO SR, BILL  
GENERAL DELIVERY  
COUNSELOR, NM 87018

CHIQUITO, GLEN H  
PO BOX 184  
NAGEEZI, NM 87037-0184

CHIQUITO, JAKE  
PO BOX 216  
COUNSELOR, NM 87018

CHIQUITO, JOHNSON  
PO BOX 203  
COUNSELOR, NM 87018

CHIQUITO, LEO H  
BOX 9  
NAGEEZI, NM 87037

CHIQUITO, WILLIE  
GENERAL DELIVERY  
COUNSELOR, NM 87018

CHIQUITO, WILSON J  
GENERAL DELIVERY  
COUNSELOR, NM 87018

CLITSO, CLAUDIA A  
PO BOX 832  
TONALEA, AZ 86044

CURTIS, PHOEBE ANN  
PO BOX 1533  
KIRTLAND, NM 87417

DAVIS, SYLVIA  
PO BOX 1762  
FRUITLAND, NM 87416

DAWES ESTATE, LUCY J  
POST OFFICE BOX 488  
SHIPROCK, NM 87420-0488

DODGE, HELEN  
PO BOX 3462  
SHIPROCK, NM 87420

ELLISON, DAISY L  
PO BOX 886  
SHIPROCK, NM 87420

ETCITTY ESTATE, ROGER  
PO BOX 397  
SHIPROCK, NM 87420

ETCITTY, EDWARD  
405 W. Watts, Apt #201  
EL RENO, OK 73036

ETCITTY, KEE J  
PO BOX 2071  
SHIPROCK, NM 87420

ETCITTY, LAURA  
PO BOX 1213  
EL RENO, OK 73036

ETCITTY, LEROY  
PO BOX 3284  
SHIPROCK, NM 87420

ETCITY, PERRENA R  
PO BOX 1506  
SHIPROCK, NM 87420

ETCITY, PERRYENE R  
PO BOX 1506  
SHIPROCK, NM 87420

ETCITY, PIERRE  
PO BOX 1506  
SHIPROCK, NM 87420

ETCITY, SHAWNA  
440-C MONROE NE APT C  
ALBUQUERQUE, NM 87108

FOSTER, LORETTA H  
POST OFFICE BOX 603  
WATERFLOW, NM 87421

GEORGE, IRENE K  
GENERAL DELIVERY  
COUNSELOR, NM 87018

GEORGE, KENNETH K  
PO BOX 1216  
DURANGO, CO 81302

GLEASON, LENDORA S  
PO BOX 2586  
BLOOMFIELD, NM 87413

GRIFFITH, MAXINE C  
2550 E 16TH BLD 10 APT 101  
FARMINGTON, NM 87401

HACEESA, ELLA M  
PO BOX 137  
NAGEEZI, NM 87037

HARRISON SR, ALFRED  
PO BOX 73  
COUNSELOR, NM 87018

HARRISON, DONALD  
PO BOX 345  
NAGEEZI, NM 87037

HARRISON, FLORENCE  
PO BOX 3694  
FARMINGTON, NM 87499

HARRISON, HERBERT  
HCR 17 BOX 1000  
CUBA, NM 87013

HARRISON, LARRY  
PO BOX 301  
BLOOMFIELD, NM 87413

HARRISON, NELSON  
PO BOX 1592  
BLOOMFIELD, NM 87413

JAKE, LULA  
GENERAL DELIVERY  
COUNSELOR, NM 87018

JAMES SR, BOBBY  
PO BOX 161  
WATERFLOW, NM 87421

JAMES SR, HAROLD  
PO BOX 355  
TOHATCHI, NM 87325

JAMES, ALBERT  
PO BOX 1509  
SHIPROCK, NM 87420

JAMES, ANDREW  
PO BOX 107  
SANOSTEE, NM 87461

JAMES, ERNIE  
PO BOX 563  
FRUITLAND, NM 87416

JAMES, HENRY  
PO BOX 1144  
FRUITLAND, NM 87416

JAMES, JOE A  
PO BOX 3891  
SHIPROCK, NM 87420

JAMES, TIMOTHY  
PO BOX 500  
SANOSTEE, NM 87461

JOE ESTATE, CURTIS E  
BOX 1261  
WATERFLOW, NM 87421

JOE, JIMMIE E  
PO BOX 452  
FRUITLAND, NM 87416

KAYE, JANET  
PO BOX 522  
PINON, AZ 86510

KEETSO, WILLIE  
GENERAL DELIVERY  
COUNSELOR, NM 87018

KING, GERTRUDE H  
PO BOX 3445  
SHIPROCK, NM 87420

KING, KATHERINE R  
PO BOX 3445  
SHIPROCK, NM 87420

LAMEMAN, BETTY  
PO BOX 884  
SHIPROCK, NM 87420

LARGO, BERNA Y  
PO BOX 286  
NAGEEZI, NM 87037

LEE SR, REX  
PO BOX #4115  
SHIPROCK, NM 87420

LEE, FRANCES J  
445 LYELL ST  
MONTE VISTA, CO 81144

LEE, LEONARD J  
PO BOX 1025  
SHIPROCK, NM 87420

LEE, LINUS J  
PO BOX 3526  
SHIPROCK, NM 87420

LOPEZ, IRENE S  
PO BOX 107  
NAGEEZI, NM 87037

LOPEZ, LUCY G  
PO BOX 1871  
KIRTLAND, NM 87417

MANYGOAT, ANNA M  
PO BOX 1213  
EL RENO, OK 73036

MANYGOAT, BARBARA J  
PO BOX 115  
KIRTLAND, NM 87417

MANYGOATS, MARY A  
PO BOX 327  
SHIPROCK, NM 87420

MARK ESTATE, PAUL J  
PO BOX 193  
SANOSTEE, NM 87461

MARK, DAVID J  
BOX 334  
SANOSTEE, NM 87461

MARK, DELVIS  
5640 S THOMPSON STREET  
TACOMA, WA 98408

MARTIN, CHERYL JANE  
PO BOX 1569  
SHIPROCK, NM 87420

MARTINEZ, ALICE  
PO BOX 255  
NAGEEZI, NM 87037

MITCHELL, ROLAND B  
PO BOX 34  
SHIPROCK, NM 87420

MORNINGOWL, ERNESTINE  
3220 1/2 NE RIVERSIDE AVE  
PENDLETON, OR 97801

NARANJO, JOHN M  
PO BOX 1403  
ALBUQUERQUE, NM 87103

NARANJO, LILI M  
PO BOX 90344  
ALBUQUERQUE, NM 87109

NAVAJO NATION  
NAVAJO NATION  
WINDOW ROCK, AZ 86504

NELSON, THELMA J  
126 EAST MAIN  
FARMINGTON, NM 87401

O'JOHN, VERA  
PO BOX 842  
IGNACIO, CO 81137

PACHACO KENNETH, EVA  
M  
42 ROAD 5580  
FARMINGTON, NM 87407

PACHECO SR, LEO J  
PO BOX 281  
BLOOMFIELD, NM 87413

PACHECO, HAROLD  
PO BOX 2021  
BLOOMFIELD, NM 87413

PETER, LAWRENCE  
PO BOX 384  
SANOSTEE, NM 87461

PETER, MURPHY R  
HC 63 BOX 6013  
WINSLOW, AZ 86047

PETER, RAYMOND  
PO BOX 219  
SANOSTEE, NM 87461

PETER, REGINALD  
PO BOX 1055  
SHEEP SPRINGS, NM 87364-  
1055

PETERS, DONNY R  
HC 63 BOX 361  
WINSLOW, AZ 86047

PETERS, LAVERNA  
HC 63 BOX 6041  
WINSLOW, AZ 86047

PETERS, LENORA  
HC 63 BOX 6020  
WINSLOW, AZ 86047

PETERS, LORRAINE  
HC 63 BOX 6041  
WINSLOW, AZ 86047

PETERS, LORRAINE  
HC 63 BOX 401  
WINSLOW, AZ 86047

PETTIGREW, DOROTHEA  
PO BOX 6481  
NAVAJO DAM, NM 87419-  
0181

PETTIGREW, JOHN  
PO BOX 3154  
SHIPROCK, NM 87420

PHILLIPS ESTATE, NELLIE  
SHIPROCK AGENCY  
P O BOX 3538  
SHIPROCK, NM 87420

ROBERTSON, ELIZABETH C  
PO BOX 7726  
MYRTLE BEACH, SC 29572

ROGERS, CAROL M  
PO BOX 4402  
SHIPROCK, NM 87420

ROY SR, LEE B  
PO BOX 1972  
SHIPROCK, NM 87420

ROY, DANIELLE L -  
GUARDIAN  
PO BOX 249  
RED VALLEY, AZ 86544

ROY, DELVIN M -  
GUARDIAN  
PO BOX 249  
RED VALLEY, AZ 86544

ROY, NATALIE K  
557 TRAMWAY BLVD NE  
APT 10  
ALBUQUERQUE, NM 87123-  
2153

ROY, NATHANIEL S  
4201 ATRISCO NW APT Q  
ALBUQUERQUE, NM 87120

ROY, ROSELYN M  
PO BOX 249  
RED VALLEY, AZ 86544

SAM, FREDDIE  
PO BOX 1822  
BLOOMFIELD, NM 87413

SAM, HUXLEY LEO  
PO BOX 1087  
CUBA, NM 87013

SAM, IRVIN  
434 N 3RD  
BLOOMSFIELD, NM 87413

SAM, JESSIE M  
PO BOX 212  
COUNSELOR, NM 87018

SAM, JONES L  
HCR 79 BOX 1602  
CUBA, NM 87013

SAM, JULIAN  
PO BOX 221  
COUNSELOR, NM 87018

SAM, MARGARET R  
PO BOX 1087  
CUBA, NM 87013

SAM, MELVIN  
#10 COUNTY ROAD 4903  
BLOOMFIELD, NM 87413

SAM, NASBAN  
BOX 212  
COUNSELOR, NM 87018

SAM, OSMUND  
PO BOX 234  
NAGEEZI, NM 87037

SAM, TOM  
PO BOX 7589  
NEWCOMB, NM 87455

SANCHEZ, MARY S  
PO BOX 234  
NAGEEZI, NM 87037

SANDOVAL, LULA  
PO BOX 3445  
SHIPROCK, NM 87420

SHORTY, PAULINE  
PO BOX 298  
KIRTLAND, NM 87417

SLOAN, AMOS  
HC 61 BOX 38-612  
TEEC NOS POS, AZ 86514

SPECK, ROSALIE M  
6501 W MONTE VISTA RD  
PHOENIX, AZ 85035

STALLINGS, DEBORAH M  
971 E MONTEREY ST  
CHANDLER, AZ 85225

TOLEDO, ESTHER C  
321 TENNESSEE SE #C  
ALBUQUERQUE, NM 87108

TOLEDO, LUCY C  
BOX 187  
NAGEEZI, NM 87037

TOLEDO, ROSIE K  
PO BOX 75  
COUNSELOR, NM 87018

TRUJILLO, ARLENE A  
PO BOX 403  
NAGEEZI, NM 87037

TRUJILLO, ROSITA W  
PO BOX 352  
NAGEEZI, NM 87037

TSO, MARY  
PO BOX 48  
NAGEEZI, NM 87037

TSOSIE, BETTY D  
PO BOX 3826  
WINDOW ROCK, AZ 86515

VIGIL JR, KEE  
5109 CR #8  
BLOOMFIELD, NM 87413

VIGIL, HARRY  
PO BOX 10597  
SANTA FE, NM 87504

VIGIL, JERRY  
PO BOX 1836  
FARMINGTON, NM 87499

WASHBURN, HENRY L  
PO BOX 2748  
SHIPROCK, NM 87420

WASHBURN, VIRGINIA R  
PO BOX 681  
SHIPROCK, NM 87420

WERITO, ARTHUR  
PO BOX 2046  
BLOOMFIELD, NM 87413

WERITO, BLANCHE J  
PO BOX 5615  
FARMINGTON, NM 87499

WERITO, CECELIA  
PO BOX 1274  
FRUITLAND, NM 87416

WERITO, CLIFFORD  
113 EAST PINE  
BLOOMFIELD, NM 87413

WERITO, ERMA J  
c/o RENA WERITO  
PO BOX 215  
NAGEEZI, NM 87037

WERITO, GILBERT  
PO BOX 5615  
FARMINGTON, NM 87499

WERITO, LOUISE  
PO BOX 541  
BLOOMFIELD, NM 87413

WERITO, RAE  
PO BOX 71  
BLOOMFIELD, NM 87413

WERITO, RENA  
PO BOX 215  
NAGEEZI, NM 87037

WERITO, ROGER  
PO BOX 1032  
FRUITLAND, NM 87416

WERITO, SONYA F  
PO BOX 417  
NAGEEZI, NM 87037

WILLIE, IRA M  
758 STAGECOACH TRL  
DURANGO, CO 81301-8468

WILSON, ETTA W  
PO BOX 66  
NAGEEZI, NM 87037

WOODS, ILENE  
PO BOX 2572  
SHIPROCK, NM 87420

YAZZIE ESTATE, CHARLES  
H  
PO BOX 515  
SANOSTEE, NM 87461

YAZZIE ESTATE, LOLITA  
PO BOX 42  
WATERFLOW, NM 87421

YAZZIE, BESSIE M  
PO BOX 111  
WATERFLOW, NM 87421

YAZZIE, DELTA  
PO BOX 1474  
SHIPROCK, NM 87420

YAZZIE, DONALD H  
P. O. BOX 516  
SANOSTEE, NM 87461

YAZZIE, GILBERT H  
PO BOX 111  
WATERFLOW, NM 87421

## AFFIDAVIT OF PUBLICATION

Ad No. 70866

### STATE OF NEW MEXICO County of San Juan:

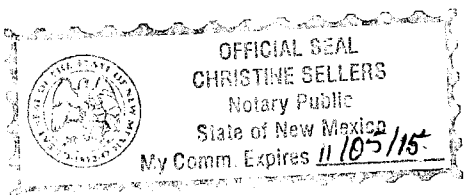
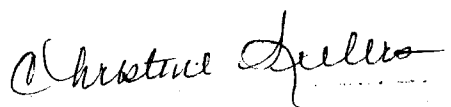
JOHN ELCHERT, being duly sworn says:  
That HE is the PUBLISHER of THE DAILY TIMES, a daily newspaper of general circulation published in English at Farmington, said county and state, and that the hereto attached Legal Notice was published in a regular and entire issue of the said DAILY TIMES, a daily newspaper duly qualified for the purpose within the meaning of Chapter 167 of the 1937 Session Laws of the State of New Mexico for publication and appeared in the Internet at The Daily Times web site on the following day(s):

Friday, November 7, 2014

And the cost of the publication is \$138.81



ON 11/7/14 JOHN ELCHERT  
appeared before me, whom I know personally  
to be the person who signed the above  
document.



## COPY OF PUBLICATION

### STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION SANTA FE, NEW MEXICO

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on November 20, 2014, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by November 17, 2014. Public documents including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

**STATE OF NEW MEXICO TO:**  
All named parties and persons  
having any right, title, interest  
or claim in the following cases  
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

#### TO: AFFECTED PARTIES

**CASE 15230:** Application Of WPX Energy Production, LLC For Approval Of The West Lybrook Unit; Creation Of A New Pool For Horizontal Development Within The Unit Area, And For Allowance Of 330 Foot Setbacks From The Exterior Of The Proposed Unit, San Juan County New Mexico. Applicant seeks approval of its West Lybrook Unit consisting of approximately 8,017 acres of Federal and Allotted Indian lands situated in all or parts of Sections 6 - 8 of Township 23 North, Range 8 West and, Sections 11 - 15, 21 - 23, 27 - 28 and 33 of Township 23 North, Range 9 West, N.M.P.M., San Juan County, New Mexico. The unitized interval is the stratigraphic equivalent of the interval defined by the top of the Mancos formation at a measured depth of 3,815' down to the base of the Greenhorn Limestone formation at a measured depth of 5,593' as encountered in the Davis Oil Company Chaco #6 well in Section 12, Township 23 North, Range 9 West, N.M.P.M. (API No. 30-045-05082). In addition, Applicant seeks an order creating a new pool within the unitized interval that will allow for wells to be located anywhere within the proposed Unit Area so long as the completed interval is no closer than 330 feet from the outer boundary of the proposed unit. The subject acreage is located approximately 1 mile South of Nageezi, New Mexico.

Legal No. 70866 published in The Daily Times on November 7, 2014.

EXHIBIT

E

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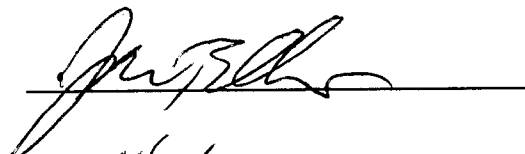
Ad No. 70866

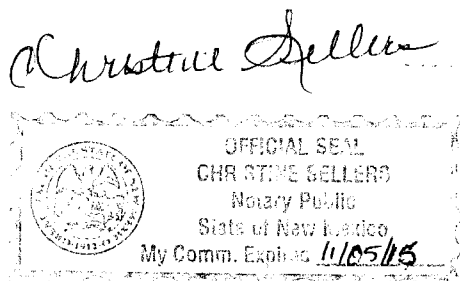
STATE OF NEW MEXICO  
County of San Juan:

JOHN ELCHERT, being duly sworn says:  
That HE is the PUBLISHER of THE DAILY  
TIMES, a daily newspaper of general  
circulation published in English at Farmington,  
said county and state, and that the hereto  
attached Legal Notice was published in a  
regular and entire issue of the said DAILY  
TIMES, a daily newspaper duly qualified for  
the purpose within the meaning of Chapter  
167 of the 1937 Session Laws of the State of  
New Mexico for publication and appeared in  
the Internet at The Daily Times web site on  
the following day(s):

Friday, November 7, 2014

And the cost of the publication is \$138.81

  
ON 11/7/14 JOHN ELCHERT  
appeared before me, whom I know personally  
to be the person who signed the above  
document.



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL  
RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION  
SANTA FE, NEW MEXICO

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All named parties and persons  
having any right, title, interest  
or claim in the following cases  
and notice to the public.

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TO: AFFECTED PARTIES

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Legal No. 70866 published in The Daily Times on November 7, 2014.

HOLLAND & HART<sup>LLP</sup>



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

November 21, 2014

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

**TO: ALL AFFECTED PARTIES**

**Re: Application of Encana Oil & Gas (USA) Inc. for administrative approval of a 80-acre non-standard spacing unit in the Basin Mancos Gas Pool (97232), approval of an unorthodox well location in the Basin Mancos Gas Pool; and approval for downhole commingling of the Alamito-Gallup Pool (Pool Code 1039) and the Basin Mancos Gas Pool (Pool Code 97232) in the Lybrook J31-2307 01H well; Section 31, Township 23 North, Range 7 West, N.M.P.M., Sandoval County and Section 36, Township 23 North, Range 8 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:

Skylar Fast  
Encana Oil & Gas (USA) Inc.  
370 17th Street, Suite 1700  
Denver, Colorado 80202  
(720) 876-3881  
[Skylar.Fast@encana.com](mailto:Skylar.Fast@encana.com)

Sincerely,

Michael H. Feldewert  
**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

---

**From:** Michael Feldewert <MFeldewert@hollandhart.com>  
**Sent:** Thursday, December 04, 2014 12:32 PM  
**To:** McMillan, Michael, EMNRD  
**Cc:** Jordan L. Kessler  
**Subject:** RE: Encana Lybrook J31-2307 NSL, NSP, and DHC application

Yes.

---

**From:** McMillan, Michael, EMNRD [mailto:Michael.McMillan@state.nm.us]  
**Sent:** Thursday, December 04, 2014 12:30 PM  
**To:** Michael Feldewert  
**Cc:** Jordan L. Kessler  
**Subject:** RE: Encana Lybrook J31-2307 NSL, NSP, and DHC application

Michael and Jordan:

Will it also provide a fair and equitable method to allocate production between the two pools for the NSP portion of application?

Mike

---

**From:** Michael Feldewert [mailto:MFeldewert@hollandhart.com]  
**Sent:** Wednesday, December 03, 2014 4:18 PM  
**To:** McMillan, Michael, EMNRD  
**Cc:** Jordan L. Kessler  
**Subject:** Encana Lybrook J31-2307 NSL, NSP, and DHC application


Michael: Jordan asked that I take a look at this matter since she is preparing for a hearing tomorrow.

First, as you note below, allocation in these types of cases is based on the acreage. We have confirmed that the percentages reflected on the C-107A are based on the acreage in each spacing unit contributing to the wellbore.

Second, as reflected on the Exhibit B to the application, the Alamito-Gallup Oil Pool is subject to 40-acre spacing. In order to create a project area for the proposed well that includes the N/2 S/2 of Section 36, an 80-acre non-standard spacing unit is necessary in the Basin Mancos Gas pool comprised of the N/2 SW/4 of Section 36.

Let me know if you need anything else.

*Michael H. Feldewert*  
*Santa Fe Office*  
*505-988-4421*  
*505-983-6043 (fax)*  
[mfeldewert@hollandhart.com](mailto:mfeldewert@hollandhart.com)

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**From:** Jordan L. Kessler  
**Sent:** Wednesday, December 03, 2014 12:05 PM

## DeVargas, Lorraine, EMNRD

---

**From:** McMillan, Michael, EMNRD  
**Sent:** Thursday, December 04, 2014 7:59 AM  
**To:** DeVargas, Lorraine, EMNRD  
**Subject:** FW: Encana Lybrook J31-2307 NSL, NSP, and DHC application

---

**From:** Michael Feldewert [mailto:MFeldewert@hollandhart.com]  
**Sent:** Wednesday, December 03, 2014 4:18 PM  
**To:** McMillan, Michael, EMNRD  
**Cc:** Jordan L. Kessler  
**Subject:** Encana Lybrook J31-2307 NSL, NSP, and DHC application


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First, as you note below, allocation in these types of cases is based on the acreage. We have confirmed that the percentages reflected on the C-107A are based on the acreage in each spacing unit contributing to the wellbore.

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Let me know if you need anything else.

*Michael H. Feldewert*  
*Santa Fe Office*  
*505-988-4421*  
*505-983-6043 (fax)*  
[mfeldewert@hollandhart.com](mailto:mfeldewert@hollandhart.com)

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---

**From:** Jordan L. Kessler  
**Sent:** Wednesday, December 03, 2014 12:05 PM  
**To:** 'McMillan, Michael, EMNRD'  
**Subject:** RE: Encana Lybrook J31-2307 NSL, NSP, and DHC application

Mr. McMillan,

Thank you for your email. As I understand your first concern, it is that production allocation between the Alamito Gallup and Basin Mancos Pool, as reflected on the Form C-107A, does not conform with the typical allocation. On the form, Encana has listed that the allocation will be 66.8 % Alamito-Gallup, and 33.2 % Basin Mancos Gas. Your concern is that the typical allocation would result in .667 (or 66.7%) and .33 (33 %) allocation. I have copied an email from Skylar Fast, a landman for Encana, below. The reason that the allocation looks different on this particular C-107A is because the acreage is irregular. His calculations, based on the irregular acreage, are included for your review.

The reason that the application seeks an unorthodox well location/completed interval is because it will all for efficient well spacing and prevent waste of a productive reservoir.

The reason that the application seeks a non-standard spacing and proration unit is to allow Encana an opportunity to efficiently and economically recover the reserves in the pools underlying the spacing unit.

Thanks again, and please feel free to contact me with any additional or follow-up questions.

Jordan

**Jordan Lee Kessler**

*Associate*

Holland & Hart LLP

110 North Guadalupe Suite 1

Santa Fe, NM 87501

Phone (505) 988-4421

Fax (505) 983-6043

E-mail: [JKessler@hollandhart.com](mailto:JKessler@hollandhart.com)



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---

Jordan,

As I show the Project area is comprised of 80 Acres in the Basin Mancos and 160.65 Acres in the Alamito Gallup as the NWSW in 23N-7W-31 is a lot with irregular acreage.

$160.65/240.65 = .667567$  rounded to 66.8

$80/240.65 = .33243299$  rounded to 33.2

The irregular acreage is why the allocation appears to differ from previous DHCs between the Alamito Gallup and the Basin Mancos.

**Skylar Fast, RL**

Land Negotiator – San Juan Basin

t 720.876.3881

c 720.467.7950

**Encana Services Company Ltd.**  
**encana.com**

Encana Services Company Ltd. provides operational, corporate, administrative and advisory services to Encana Corporation and its subsidiaries.

---

**From:** McMillan, Michael, EMNRD [mailto:Michael.McMillan@state.nm.us]  
**Sent:** Monday, December 01, 2014 11:41 AM  
**To:** Jordan L. Kessler  
**Subject:** Encana Lybrook J31-2307 NSL, NSP, and DHC application

Ms. Kessler:

I received your NLS,NSP, and DHC application for the Encana Lybrook J31-2307 application on Friday.

- The biggest concern with the application is how you allocated the production between the Alamito-Gallup and Basin Mancos Pools on the C-107 A form. The basis of allocation is based on the number of units/lots for each pool versus the total number of units/lots.

So if four of the units are in the Alamito-Gallup out of 6 Units/Lots, .667 will be allotted to the Alamito-Gallup, and .33 to the Basin Mancos Pool. This is how DHC applications in the Basin Mancos have been handled in the past, and it seems a reasonable approach, since the exact determination of how production occurs cannot be exactly measured due to natural fractures, and the natures of the frack job.

- You must state a reason for the NSL application.
- You must state a reason for the NSP application

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