

ABOVE THIS LINE FOR DIVISION USE ONLY

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



Encore Oil & Gas
 Lybrook H36-2307/H
 30-043-2117

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]

6632

- [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 _____

H-36-23N-7W
 2012 MAY 22 P 4:05
 RECEIVED OGD

- [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 Feldewert *Michael Feldewert* Attorney 5/22/12
 Print or Type Name Signature Title Date
 mfeldewert@hollandhart.com
 e-mail Address



May 22, 2012

VIA HAND DELIVERY

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

RECEIVED OGR
2012 MAY 22 PM 1:05

Re: Application of Encana Oil & Gas, Inc. for administrative approval of an unorthodox well location for its existing Lybrook H36-2307 1H Well in Section 36, Township 23 North, Range 7 West, N.M.P.M., Sandoval County, New Mexico.

Dear Ms. Bailey:

Encana Oil & Gas, Inc. (OGRID No. 282327) hereby seeks administrative approval pursuant to the provisions of Division Rule 19.15.15.13 NMAC for an unorthodox well location for its Lybrook H35-2307 1H Well located in Section 36, Township 23 North, Range 7 West, N.M.P.M., Sandoval County, New Mexico. Attached as Exhibit A is the approved Form C-103 and a revised attached C-102 filed in April of 2012 identifying the location and completed interval for this horizontal well.

Division records will reflect that the N/2 of Section 36 was originally dedicated and approved as the project area for this horizontal oil well in September of 2011. The well commenced drilling in December of 2011 and was completed in February of 2012. On February 15, 2012, the Division's revised horizontal well rules became effective. Encana was informed that the enactment of this rule required that the acreage dedicated as the project area for this well be reduced from the N/2 of Section 36 to the S/2 N/2 of Section 36. The attached Exhibit A reflects approval of the C-102 revising the dedicated acreage from 320 acres to 160 acres to conform with the Divisions rules.

As a result of this revised acreage dedication assignment, the well is now unorthodox since it is only 1550 feet from the North line, rather than 1650 feet. The Lybrook Gallup Pool in which this well is completed is governed by the Division's statewide rules which provide for wells on 40-acre spacing units to be located no closer than 330 feet to the outer boundary of the spacing unit. The current location of this well encroaches on the spacing units to the north within this section by 100 feet.

Attached as Exhibit B is a land plat showing the revised project area and the surrounding acreage. As shown on this plat, all of Section 36 is comprised of a single state lease (LG39252) and Encana is the only current operator under this single state lease. Accordingly, there are no affected parties as defined in Paragraph (2) of Subsection A of 19.15.4.12.

Approval of this unorthodox well location is necessary to avoid undue waste and to protect correlative rights.

Your attention to this application is appreciated.

Sincerely,

Michael H. Feldewert
ATTORNEY FOR ENCANA OIL & GAS, INC

MHF

Submit 1 Copy To Appropriate District Office
 District I - (575) 393-6161
 1625 W. French Dr., Hobbs, NM 88240
 District II - (575) 748-1283
 811 S. First St., Artesia, NM 88210
 District III - (505) 334-6178
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV - (505) 476-3460
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised August 1, 2011

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

WELL API NO.	30-043-21117
5. Indicate Type of Lease	STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.	LG-3925
7. Lease Name or Unit Agreement Name	Lybrook H36-2307
8. Well Number	01H
9. OGRID Number	282327
10. Pool name or Wildcat	Lybrook Gallup

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well Gas Well Other

2. Name of Operator
 Encana Oil & Gas (USA) Inc.

3. Address of Operator
 370 17th Street, Suite 1700 Denver, CO 80202

4. Well Location
 SHL: Unit Letter: H 1550 feet from the NORTH line and 280 feet from the EAST line
 BHL: Unit Letter: E 1550 feet from the NORTH line and 330 feet from the WEST line
 Section 36 Township 23N Range 7W NMPM Sandoval County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
 7265 GR

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
OTHER: <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Encana requests permission to reduce the dedicated areas assigned to this well from 320 acres to 160 acres. This change is due to revised New Mexico Oil and Gas Regulations that became effective on February 15, 2012 that limit project areas to contiguous spacing units penetrated by the well bore.

A revised C-102 is attached.

RCVD APR 18 '12
 OIL CONS. DIV.
 DIST. 3

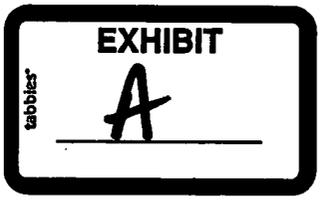
Spud Date: 12/08/11

Rig Release Date: 02/05/12

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

SIGNATURE Brenda R. Linster TITLE Regulatory Advisor DATE 04/16/12
 Type or print name: Brenda R. Linster E-mail address: brenda.linster@encana.com PHONE: 720-876-3989

For State Use Only
 APPROVED BY: Charles R. TITLE SUPERVISOR DISTRICT # 3 DATE APR 25 2012
 Conditions of Approval (if any):



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

RCVD APR 18 '12
OIL CONS. DIV.

WELL LOCATION AND ACREAGE DEDICATION PLAT DIST. 3

*API Number		*Pool Code 42289	*Pool Name LYBROOK GALLUP
*Property Code	*Property Name LYBROOK H36-2307		*Well Number 01H
*OGRID No. 282327	*Operator Name ENCANA OIL & GAS (USA) INC.		*Elevation 7265'

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
H	36	23N	7W		1550	NORTH	280	EAST	SANDOVAL

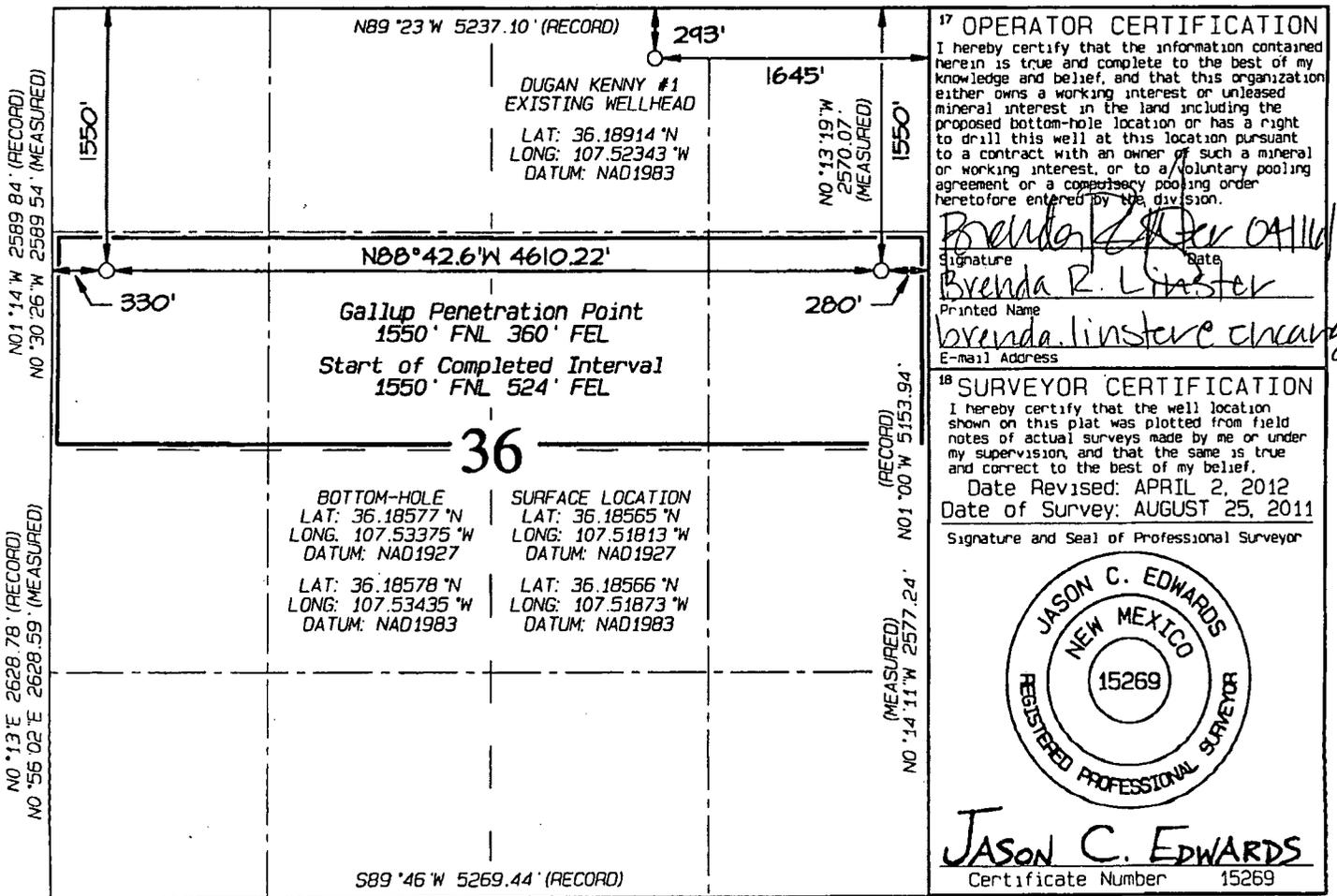
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	36	23N	7W		1550	NORTH	330	WEST	SANDOVAL

¹² Dedicated Acres 160.0 Acres - (S/2 N/2)	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No
--	-------------------------------	----------------------------------	------------------------

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

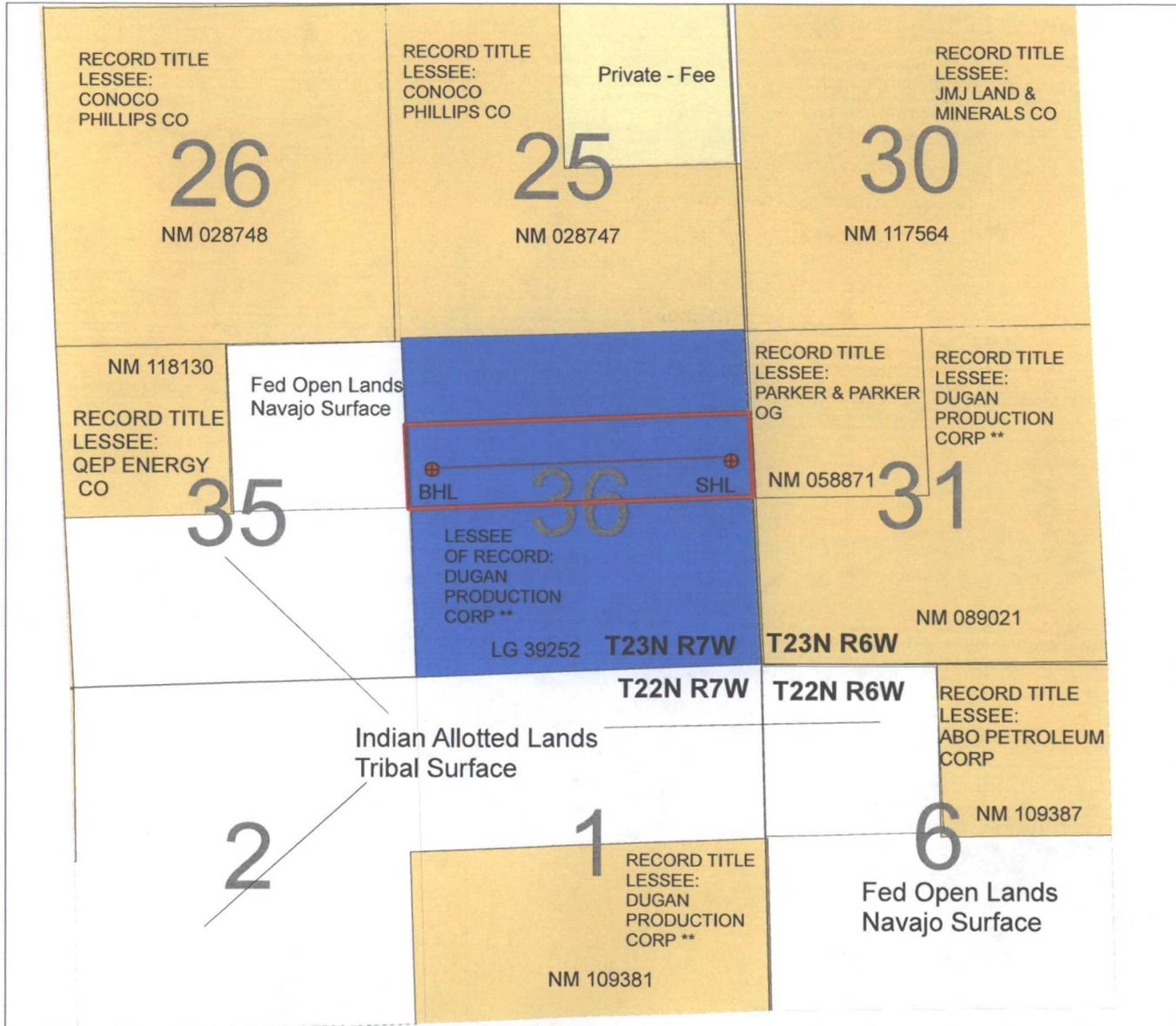
¹⁶ N89°42'00"W 2613.69' (MEASURED) N88°41'24"W 2614.60' (MEASURED)



N89°23'09"W 2638.15' (MEASURED)

N89°33'22"W 2629.52' (MEASURED)

Lybrook H36-2307 01H Proposed Spacing Unit



Legend

WELL NAME: LYBROOK H36-2307
 TOWNSHIP: 23N
 RANGE: 7W
 SECTION: 36
 SPACING UNIT: S2N2 (160 Acres)
 SHL: 1,550' FNL, 280' FEL
 BHL: 1,550' FNL, 330' FWL
 COMPLETED INTERVAL: 1,550' FNL, 524' FEL
 COUNTY: SANDOVAL
 STATE: NEW MEXICO

STATE OF NEW MEXICO LEASE (Blue)
 BUREAU OF LAND MANAGEMENT LEASE (Orange)
 FEE PRIVATE LANDS (Yellow)
 PROPOSED SPACING UNIT (Red outline)

** Pursuant to that Certain Carry and Earning Agreement by and between Dugan Production Corp and Encana Oil & Gas (USA) Inc. dated July 1, 2011

May 22, 2012

tabbles® EXHIBIT B

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Wednesday, May 30, 2012 2:50 PM
To: mfeldewert@hollandhart.com
Subject: Encana Oil & Gas (USA) Inc.; Lybrook H36-2307 #1H - NSL Application

Dear Mike

In order to write an order approving this application, I will need the approximate footage location of the beginning of the completed interval (first perforation) for this well.

Thanks

David K. Brooks