

2-15-13 DATE IN	SUSPENSE	DB ENGINEER	02/18/13 LOGGED IN	NSL TYPE	PPRG1304947982 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



30-043-21118-00-00  
Lybrook H26-2307  
Well #1H  
30-043-21133-00-00  
Lybrook H26-2307  
Well #2H

## 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]

Encana Oil & Gas  
6769

### [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 \_\_\_\_\_

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2013 FEB 15 P 4:25

### [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

Print or Type Name

*[Signature]*

Signature

Attorney

Title

2/15/13

Date

mfeldewert@hollandhart.com  
e-mail Address



February 15, 2013

**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

RECEIVED OGD  
2013 FEB 15 P 4:25

**Re: Application of Encana Oil & Gas (USA) Inc. for administrative approval of unorthodox well locations in the Basin Mancos Gas Pool for its Lybrook H26-2307 1H well (API 30-043-21118) and its Lybrook H26-2307 2H well (API 30-043-21133) in the N/2 of Section 26, Township 23 North, Range 7 West, N.M.P.M., Sandoval County, New Mexico.**

Dear Ms. Bailey:

Encana Oil & Gas (USA) Inc. (OGRID No. 282327) seeks administrative approval pursuant to the provisions of Division Rule 19.15.15.13 NMAC of unorthodox well locations for its Lybrook H26-2307 1H and 2H wells located in the N/2 of Section 26, Township 23 North, Range 7 West, N.M.P.M., Sandoval County, New Mexico. These horizontal wells are both drilled and are currently being completed in the Basin Mancos Gas Pool (Pool Code 97232). Both wells have dedicated to them the same N/2 spacing/proration unit and project area.

Rule 2C of the Special Rules for the Basin Mancos Gas Pool require wells to be located no closer than 660 feet of the outer boundary of the spacing unit. As reflected on the Form C-102's attached hereto as **Exhibit A**, both the 1H and the 2H wells encroach towards the N/2 spacing unit to the west in adjacent Section 27, and the 1H well further encroaches on the S/2 of Section 26. Approval of these unorthodox wells locations are necessary to allow for the most efficient horizontal well development pattern in the N/2 of Section 26.

**Exhibit B** is a plat showing Section 26, adjacent Section 27 and the location of the Lybrook H26-2307 1H well in Section 26. The 2H well is located just to the north of the 1H well in Section 26. All of Section 26 is a single state lease (NM028748) and therefore there are no affected parties for the encroachment towards the S/2 of Section 26. A single state lease (NM 006682) covers all of adjacent Section 27 and the lessee of record is QEP Energy Company.

**Exhibit C** is an email from QEP Energy Company, the only affected party, waiving objection to the encroachment of these two wells towards the N/2 of Section 27.



Your attention to this application is appreciated.

Sincerely,

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

MHF

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

☐ As-Drilled

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-043-21118		*Pool Code 97232		*Pool Name BASIN MANCOS	
*Property Code 39120		*Property Name LYBROOK H26-2307			*Well Number 01H
*GRID No. 282327		*Operator Name ENCANA OIL & GAS (USA) INC.			*Elevation 7233'

<sup>10</sup> Surface Location

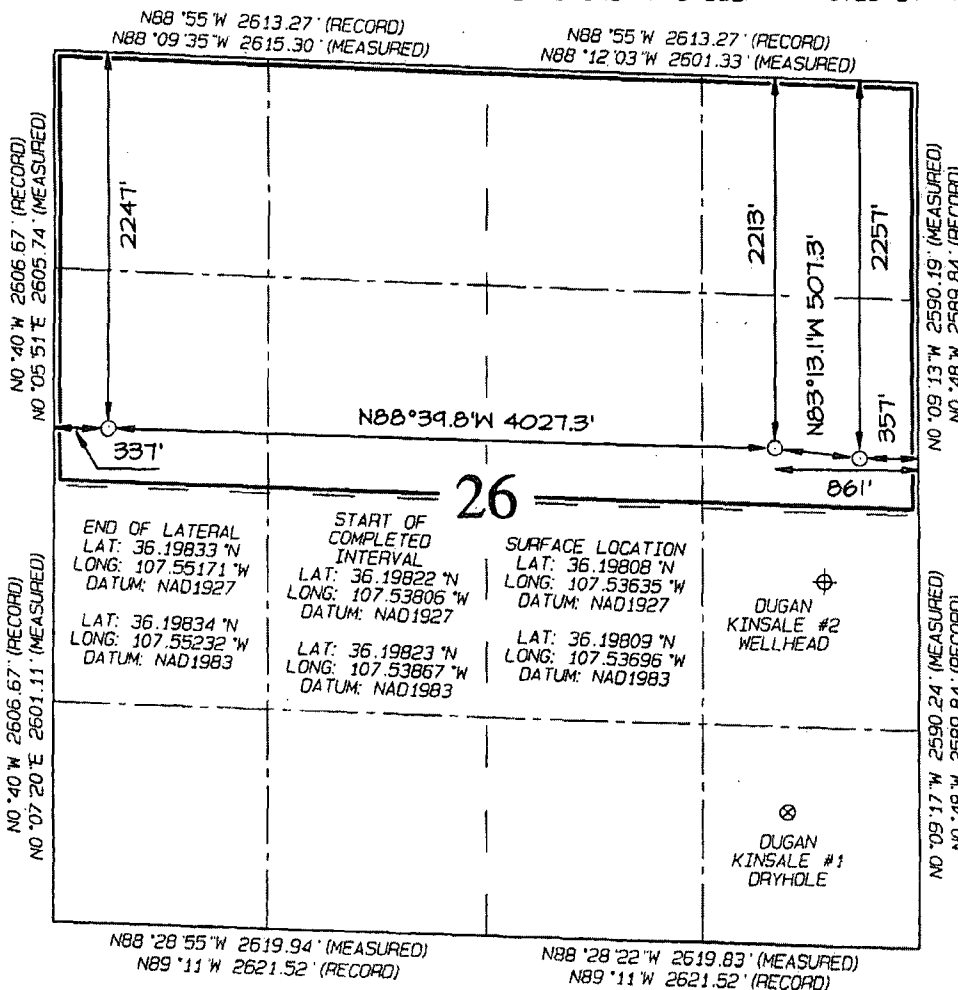
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	26	23N	7W		2257	NORTH	357	EAST	SANDOVAL

<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
E	26	23N	7W		2247	NORTH	337	WEST	SANDOVAL

<sup>12</sup> Dedicated Acres 320.0 Acres - (N/2)	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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



<sup>17</sup> 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* 2/12/13  
Signature Date

Holly Hill  
Printed Name

holly.hill@encana.com  
E-mail Address

<sup>18</sup> 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.

Survey Date: OCTOBER 3, 2012

Signature and Seal of Professional Surveyor



*JASON C. EDWARDS*  
Certificate Number 15269

EXHIBIT

A

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

☐ As- Drilled

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-043-21133		*Pool Code 97232	*Pool Name BASIN MANCOS
*Property Code 39120	*Property Name LYBROOK H26-2307		*Well Number 02H
*GRID No. 282327	*Operator Name ENCANA OIL & GAS (USA) INC.		*Elevation 7233'

<sup>10</sup> Surface Location

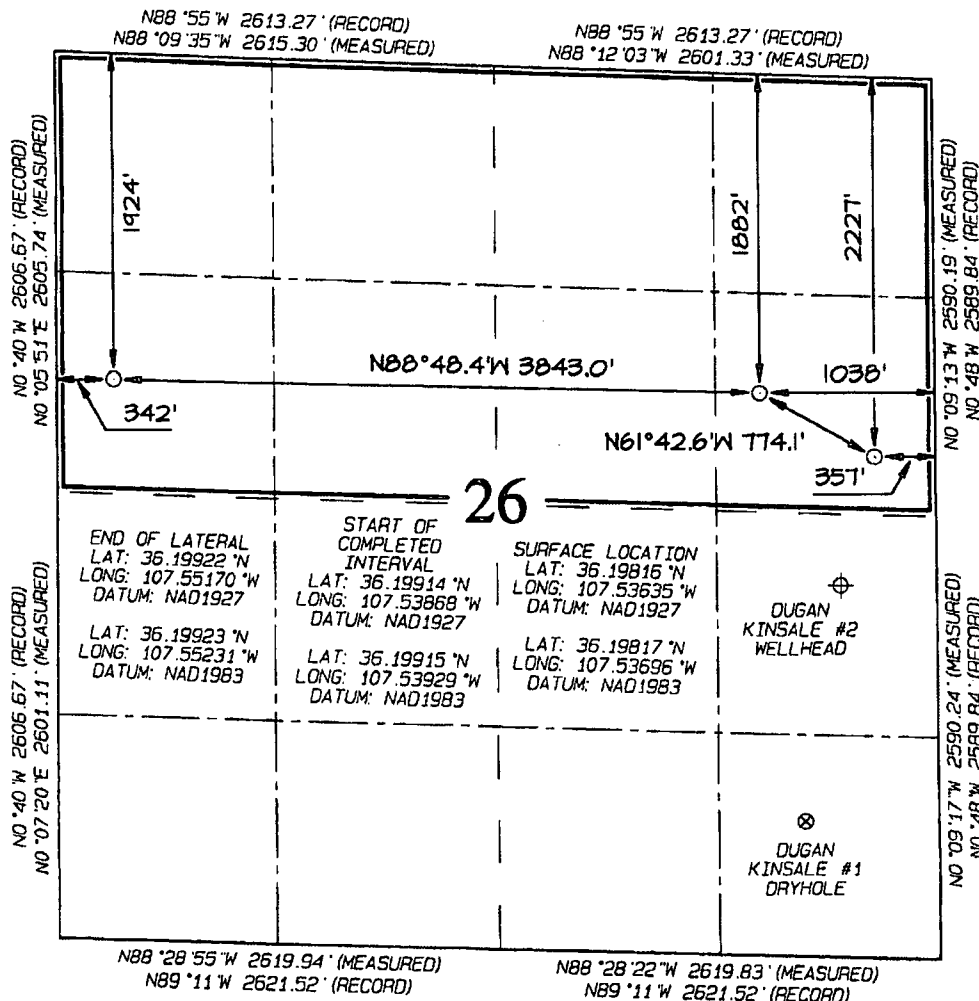
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	26	23N	7W		2227	NORTH	357	EAST	SANDOVAL

<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
E	26	23N	7W		1924	NORTH	342	WEST	SANDOVAL

<sup>12</sup> Dedicated Acres 320.0 Acres - (N/2)	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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



<sup>17</sup> 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 2/12/13  
Signature Date  
Holly Hill  
Printed Name  
holly.hill@encana.com  
E-mail Address

<sup>18</sup> 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.

Survey Date: OCTOBER 3, 2012  
Signature and Seal of Professional Surveyor

JASON C. EDWARDS  
Certificate Number 15269

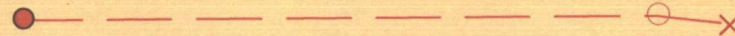
# Lybrook H26-2307-01H

RECORD TITLE  
LESSEE:  
QEP TO ECA;  
QEP ENERGY  
COMPANY

27

NM 006682

RECORD TITLE  
LESSEE:  
JAMES B  
FULLERTON;  
DUGAN PRODUCTION COMPANY AND ECA



26

**T23N R7W**

NM 028748

EXHIBIT

**B**

tabbles

## Michael Feldewert

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**From:** Michael Feldewert  
**Sent:** Friday, February 15, 2013 2:49 PM  
**To:** Michael Feldewert  
**Subject:** QEP Waiver

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**From:** Jennifer Bates [<mailto:Jennifer.Bates@qepres.com>]  
**Sent:** Wednesday, February 13, 2013 3:43 PM  
**To:** Kofoed, Georgia G.  
**Cc:** Robert La Rocque  
**Subject:** RE: NM OCD Non-Standard waiver approval

Georgia,

I have had the chance to review your request with Bob La Rocque, General Manager, and he has consented to the waiver for the non-standard locations as requested.

Please contact me with any questions or if you require additional information.

Regards,

### Jennifer Bates

*Senior Landman*

#### QEP Energy Company

1050 17th Street, Suite 500 Denver, CO 80265  
(303) 308-3093 (office) | (303) 514-4084 (cell) | (303) 295-0222 (fax)  
[Jennifer.Bates@qepres.com](mailto:Jennifer.Bates@qepres.com)

---

**From:** Kofoed, Georgia G. [<mailto:Georgia.Kofoed@encana.com>]  
**Sent:** Wednesday, February 13, 2013 1:24 PM  
**To:** Jennifer Bates  
**Subject:** NM OCD Non-Standard waiver approval  
**Importance:** High

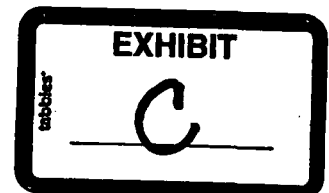
Jennifer-

Further to our conversation at lunch, attached please find land plats and C-102s for two Encana wells – the Lybrook H26-2307-01H and 02H. The bottom hole locations for each of these wells are located ~330' from the west boundary of Project Area and as such are non-standard since the Project Area is in the Basin Mancos Gas Pool.

The bottom holes are located on the west side of the N2 of Section 26 and QEP and Encana have interests in Section 27 to the west.

This email is requesting a waiver from QEP on both of these non-standard locations. QEP's soonest response would be most appreciated as time is of the essence.

Please reply via email with QEP's response. Feel free to call with any questions.



Thanks,

Georgia

**Georgia Kofoed**

Land Group Lead, San Juan Basin  
Encana Oil & Gas (USA) Inc.

370 17<sup>th</sup> Street, Suite 1700

Denver, Colorado 80202

720-876-5445 P

720-876-6445 F

720-570-6284 C

*Please note that Encana's offices are closed  
the first and third Friday of every month*

This email communication and any files transmitted with it may contain confidential and or proprietary information and is provided for the use of the intended recipient only. Any review, retransmission or dissemination of this information by anyone other than the intended recipient is prohibited. If you receive this email in error, please contact the sender and delete this communication and any copies immediately. Thank you.

<http://www.encana.com>



**Brooks, David K., EMNRD**

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**From:** Brooks, David K., EMNRD  
**Sent:** Monday, March 11, 2013 5:43 PM  
**To:** mfeldewert@hollandhart.com  
**Subject:** Encana Oil & Gas - Lybrook H26-2307 ##1H and 2H

Dear Mike

In order to process this application, I need some elaboration of the reasoning supporting your conclusion that no notice to offsets is necessary.

I have consistently interpreted the word "lessee" in the regulatory definition of "affected person" for notice purposes to refer to all working interest owners, and not merely the lessee of record, whether the land be private, federal or state. Of course, one could quibble with that interpretation, but I believe it to be the proper one because the working interest owners, and not the owner of record title, are the parties who have an economic interest that would motivate them to object if they believe that their property is being drained.

Pursuant to this interpretation, it is not sufficient to state that the S/2 and the N/2 of Section 26 are part of the same State lease, since operating rights could have been subdivided. Neither is it sufficient to state that you have given notice to the lessee of record of the adjacent portions of Section 27, since there could be multiple owners of operating rights.

Please advise if Encana is owner of 100% of the working interest (operating rights) in S/2 of Section 26, and if QEP is either the "division designated operator" or the owner of 100% of the working interest in the adjacent portions of Section 27, as to the Mancos formation only in each case. Of course, no notice to working interest owners is necessary for an adjoining tract for which working interest ownership is identical, both as to parties and proportions, as the ownership of the drill site unit.

Sincerely

David K. Brooks

## Brooks, David K., EMNRD

---

**From:** Michael Feldewert <MFeldewert@hollandhart.com>  
**Sent:** Tuesday, March 12, 2013 11:08 AM  
**To:** Brooks, David K., EMNRD  
**Cc:** Binion, Mona; Adam Rankin; Deb Guinn  
**Subject:** Encana Oil & Gas - Lybrook H26-2307 ##1H and 2H

David: I have confirmed that QEP is the owner of 100% of the working interest in the adjacent Section 27, and that all of Section 26 (including the Project Area covering N2 of Section 26) is owned by the same parties as follows: Dugan Production Corp. 49.25%, Encana Oil & Gas (USA) Inc. 49.25%, and James B. Fullerton 0.50%.

Let me know if you need any additional information, and I will keep your points below in mind when filing the next application. Thanks for your attention to this matter.

*Michael H. Feldewert*  
*Santa Fe Office*  
*505-988-4421*  
*505-983-6043 (fax)*  
*[mfeldewert@hollandhart.com](mailto:mfeldewert@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:** Brooks, David K., EMNRD [<mailto:david.brooks@state.nm.us>]  
**Sent:** Monday, March 11, 2013 5:43 PM  
**To:** Michael Feldewert  
**Subject:** Encana Oil & Gas - Lybrook H26-2307 ##1H and 2H

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