

ABOVE THIS LINE FOR DIVISION USE ONLY

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



30-039 - 31134
Escrito A362407#H
Encana Oil & Gas

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 _____

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[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 H. Feldewert
Print or Type Name

Signature

Title

Date

Attorney
mfeldewert@hollandhart.com
e-mail Address



March 21, 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 OOD
2013 MAR 21 P 4:32

Re: Application of Encana Oil & Gas (USA) Inc. for administrative approval of an unorthodox well location in the Escrito-Gallup Associated Pool for its Escrito A36 2407 01H well in the N/2 N/2 of Section 36, Township 24 North, Range 7 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 Escrito A36 2407 01H well (API 30-039-31134) located in the N/2 N/2 of Section 36, Township 24 North, Range 7 West. This area is subject to the General Rules And Regulations For The Associated Oil And Gas Pools Of Northwest New Mexico And Southeast New Mexico ("General Associated Pool Rules") as well as Special Rules And Regulations For The Escrito-Gallup Associated Pool ("Special Rules") adopted by the Commission under Order R-5353. Since Rule 2 of the Special Rules provides for 80-acre oil spacing units, Rule 2(b) of the General Associated Pool Rules requires any oil well to be located no closer than 790 feet to any quarter section line. Encana seeks an exception to this setback requirement for its existing Escrito A36 horizontal well.

Enclosed as **Exhibit A** is an Amended C-102 reflecting the final location of the Escrito A-36 horizontal well. It reflects that the completed interval encroaches on the quarter section lines to the North and West of the N/2 N/2 of Section 36, but remains at least 330 feet from these quarter section lines. Encana believes that this location is necessary to efficiently develop the Gallup oil reserves underlying this Section.

Rule 2(c) of the General Associated Pool Rules allows the "Secretary-Director of the Commission" to grant an exception to the well location requirements so long as no "offset operators" object to the application. Enclosed as **Exhibit B** is a land plat showing the operators of existing Gallup wells, leases, and all working interest in these leases for the spacing units to the North, Northwest, and West of the N/2 N/2 of Section 36. **Exhibit C** is a complete list of these parties. A copy of this application with all attachments has been sent by certified mail to

HOLLAND & HART^{LLP}



each of 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 application is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael H. Feldewert".

Michael H. Feldewert

ATTORNEYS FOR ENCANA OIL & GAS (USA).

cc: David K. Brooks, Oil Conservation Division

Submit one copy to
Appropriate District Office

☒ AMENDED REPORT

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|----------------------|---|---|
| 'API Number | 'Pool Code 22619 | 'Pool Name ESCRITO GALLUP (ASSOCIATED) |
| 'Property Code | 'Property Name ESCRITO A35-2407 | 'Well Number 01H |
| 'OGRID No. 282327 | 'Operator Name ENCANA OIL & GAS (USA) INC. | 'Elevation 6697' |

¹⁰ Surface Location

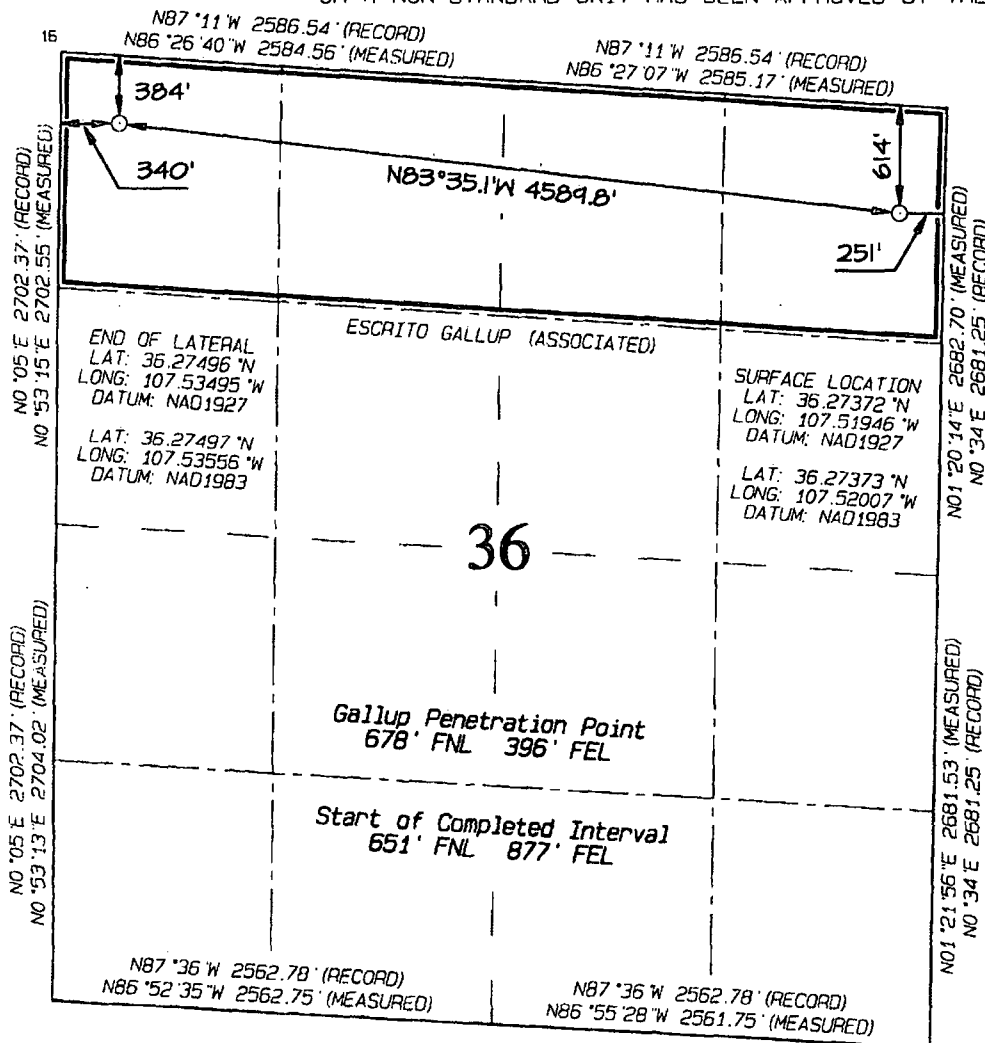
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|---------------|
| A | 36 | 24N | 7W | | 614 | NORTH | 251 | EAST | RIO ARRIBA |

¹¹ Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|---------------|
| U. or lot no. | Section | Township | Range | Lot Idh | Feet from the | North/South line | Feet from the | East/West line | County |
| D | 36 | 24N | 7W | | 384 | NORTH | 340 | WEST | RIO ARriba |

| | | | |
|---|--------------------|-----------------------|--------------|
| 12 Dedicated Acres 160.0 Acres - (N/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



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: [Signature] Date: 03-13-13

Brenda R. Linster, Regulatory Lead
Printed Name

brenda.linster@encana.com

E-mail Address

18 SURVEYOR CERTIFICATION

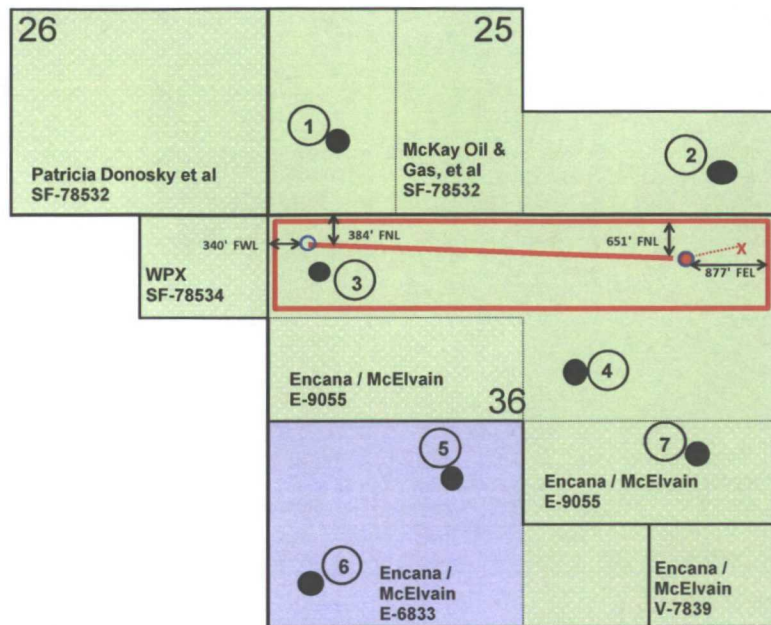
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey: APRIL 19, 2012

Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269



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24
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
Existing Producing Gallup Wells

- | | |
|---|---|
| 1 Mesa 25 #3R W2SW4 Sec 25 Elm Ridge, Operator Escrito Gallup Oil Pool | 5 Park #1 NE4S4 Sec 36 McElvain Energy, Operator Lybrook Gallup Oil Pool |
| 2 Mesa 25 #5 S2SE4 Sec 25 Elm Ridge, Operator Escrito Gallup Oil Pool | 6 LIM #1 SW4SW4 Sec 36 McElvain Energy, Operator Lybrook Gallup Oil Pool |
| 3 State #1 N2NW4 Sec 36 McElvain Energy, Operator Escrito Gallup Oil Pool | 7 Lybrook #3 SE4 Sec 36 Encana Oil & Gas, Operator Basin Mancos Gas Pool |
| 4 Thirlway #1 S2NE4 Sec 36 McElvain Energy, Operator Escrito Gallup Oil Pool | |

EXHIBIT

B

Application for Exception to Rule 4 (a) Non-Standard Location Escrito Gallup Oil Pool

-  Escrito Gallup Oil Pool
-  Escrito Gallup Oil Pool Buffer
Created under Basin Mancos Gas Pool
-  Lybrook Gallup Oil Pool

Escrito A36 2407 01H


-  Project Area
Surface Location 614' FNL, 251' FEL Sec 36
Penetration Point for Completion 651' FNL, 877' FEL Sec 36
Bottomhole Location 384' FNL, 340' FWL Sec 36



Exhibit C

**Notification List for Application for approval of an unorthodox well location in the
Escrito-Gallup Associated Pool: N/2 N/2 of Section 36, T-24-N, R-7-West**

McKay Oil & Gas, LLC
P.O. Box 14738
Albuquerque, New Mexico 87191

James R. Payne and Jean Payne
525 Sierra Drive, S.E.
Albuquerque, New Mexico 87108

Holcomb Oil & Gas, Inc.
P.O. Box 2058
Farmington, New Mexico 87499

WPX Energy Production, LLC
Attention: Joey Stauffer
1 Williams Center, Ste. 2600
Tulsa, Oklahoma 74172

Patricia Sue Donosky
4412 Lakeside Drive
Dallas, Texas 75205

Judy DeSanders
4203 Abbott
Dallas, Texas 75205-4303

Diane DeSanders
4516 Lovers Lane, #256
Dallas, Texas 75225

R.E. & P.D. Dwelle Living Trust dated
11/2/2006 Richard E. Dwelle and Peggy D.
Dwelle, Trustees
123 Penny Lane
Athens, Texas 75751

Heirs of Estate of Jules Constantin, Deceased
c/o Constantin Foundation
4809 Cole Avenue
Lock Box #127
Dallas, Texas 75205-3578

Oxy USA Inc.
5 Greenway Plaza, Suite 110
Houston, Texas 77046-0506

Elm Ridge Exploration Company, LLC
12225 Greenville Ave., Suite 950
Dallas, Texas 75243

T. H. McElvain Oil & Gas LLLP
McElvain Energy, Inc.
1050 17th Street, Suite 2500
Denver, Colorado 80265

Thomas E. Hickey
624 Gomez Road
Santa Fe, New Mexico 87501

HOLLAND & HART ^{LLP}



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

March 21, 2013

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 Escrito-Gallup Associated Pool for its Escrito A36 2407 01H well in the N/2 N/2 of Section 36, Township 24 North, Range 7 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:

Mona L. Binion
Encana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700
Denver, Colorado 80202
(720) 876-5325
mona.binion@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

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

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