

10/24/2014 DATE IN	SUSPENSE	MAH ENGINEER	10/27/2014 LOGGED IN	NSL TYPE	PMAMH 3003 4681 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,

- [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

10/24/14

Date

e-mail Address

- NSL 7191  
- ENCLANA oil and Gas  
282327

RECEIVED 003  
2014 OCT 24 P 11:29

- W 211  
- Escrito M322408  
Well # 14  
30-045-35521  
Pou  
- Basin Mancos  
97232

HOLLAND & HART<sup>LLP</sup>



**Gabrielle A. Gerholt**  
**Of Counsel**  
Phone (505) 988-4421  
Fax (505) 983-6043

gagerholt@hollandhart.com

October 24, 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

RECEIVED OGD  
2014 OCT 24 P 11:29

**Re: Application of Encana Oil & Gas (USA) Inc. for administrative approval of an unorthodox well location in the Basin Mancos Gas Pool for its Escrito M32-2408 01H well in Section 31, Township 24 North, Range 8 West, N.M.P.M., San Juan 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 M32-2408 01H** (API 30-045-35521) well to be completed within the Basin Mancos Gas Pool (Pool Code 97232). This well will be drilled from a surface location 413 feet from the South line and 60 feet from the West line (Unit M) of Section 32, Township 24 North, Range 8 West. The penetration point will be 330 feet from the East line and 400 feet from the South line (Unit P) of Section 31, Township 24 North, Range 8 West. The last perforation will be located 330 feet from the West line and 1880 feet from the North line (Lot 2) of Section 31.

Since this acreage is governed by the Special Rules and Regulations for the Basin Mancos Gas Pool, which provides for wells to be located no closer than 660 feet to the outer boundary of the spacing unit, this well will be unorthodox because the completed interval will be closer than 660 feet to the East and West boundaries. This unorthodox well location is necessary in order to allow Encana to fully access the reservoir and avoid waste of the resource.

Enclosed as **Exhibit A** is the Well Location and Acreage Dedication Plat (Form C-102), which shows that the completed interval for the **Escrito M32-2408 01H** well encroaches on the spacing and proration units to the East, West, South, Southeast and Southwest.

**Holland & Hart<sup>LLP</sup>**

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. ♻

HOLLAND & HART<sup>LLP</sup>



Enclosed as **Exhibit B** is a land map depicting the proposed **Escrito M32-2408 01H** well in relation to adjoining spacing units and further identifies the owners in the affected leases.

Enclosed as **Exhibit C** is a notice list of the parties affected by the encroachment to the East, West, South, Southeast and Southwest. A copy of this application with all attachments has been sent by certified mail to all 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. A courtesy copy of this application has been sent to the New Mexico State Land Office and the Bureau of Land Management – Farmington Field Office due to the well's encroachment.

Your attention to this matter is appreciated.

Sincerely,

Gabrielle A. Gerholt

ATTORNEY FOR ENCANA OIL & GAS (USA).

cc: New Mexico State Land Office  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87501

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

**DISTRICT I**  
1828 E. French Dr., Hobbs, N.M. 88240  
Phone: (575) 893-9161 Fax: (575) 893-9720

**DISTRICT II**  
811 E. First St., Artesia, N.M. 88210  
Phone: (575) 746-1263 Fax: (575) 746-9780

**DISTRICT III**  
1000 Rio Bravos Rd., Artesia, N.M. 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170

**DISTRICT IV**  
1820 E. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 478-8460 Fax: (505) 478-8468

State of New Mexico  
Energy, Minerals & Natural Resources Department

**RECEIVED**

Form C-102  
Revised August 1, 2011

Submit one copy to appropriate  
District Office

OIL CONSERVATION DIVISION FEB 26 2014

1220 South St. Francis Dr.  
Santa Fe, NM 87505

Farmington Field Office ☐ AMENDED REPORT  
Bureau of Land Management

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number <b>30-045-35521</b>	*Pool Code <b>97232</b>	*Pool Name <b>BASIN MANCOS GAS</b>
*Property Code <b>313135</b>	*Property Name <b>ESCRITO M32-2408</b>	*Well Number <b>01H</b>
*OGRID No. <b>282327</b>	*Operator Name <b>ENCANA OIL &amp; GAS (USA) INC.</b>	*Elevation <b>6913.5'</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
M	32	24N	8W		413'	SOUTH	60'	WEST	SAN JUAN

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

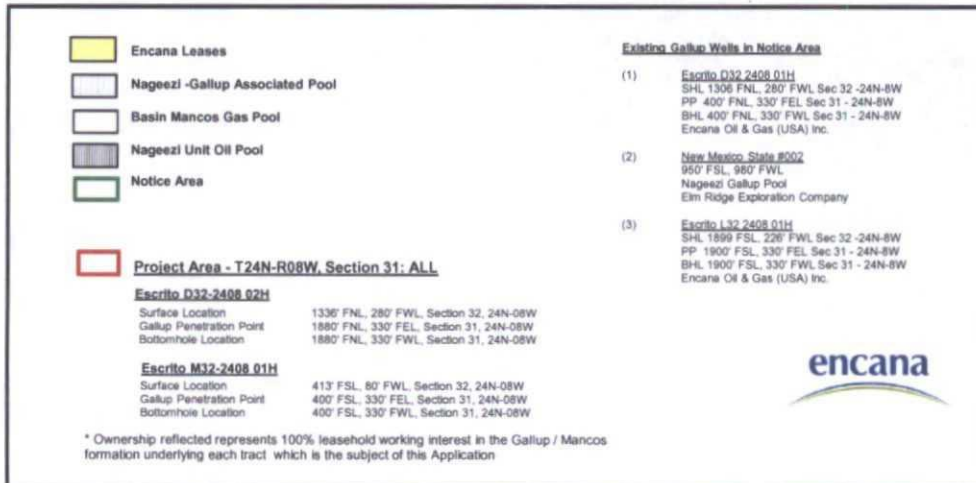
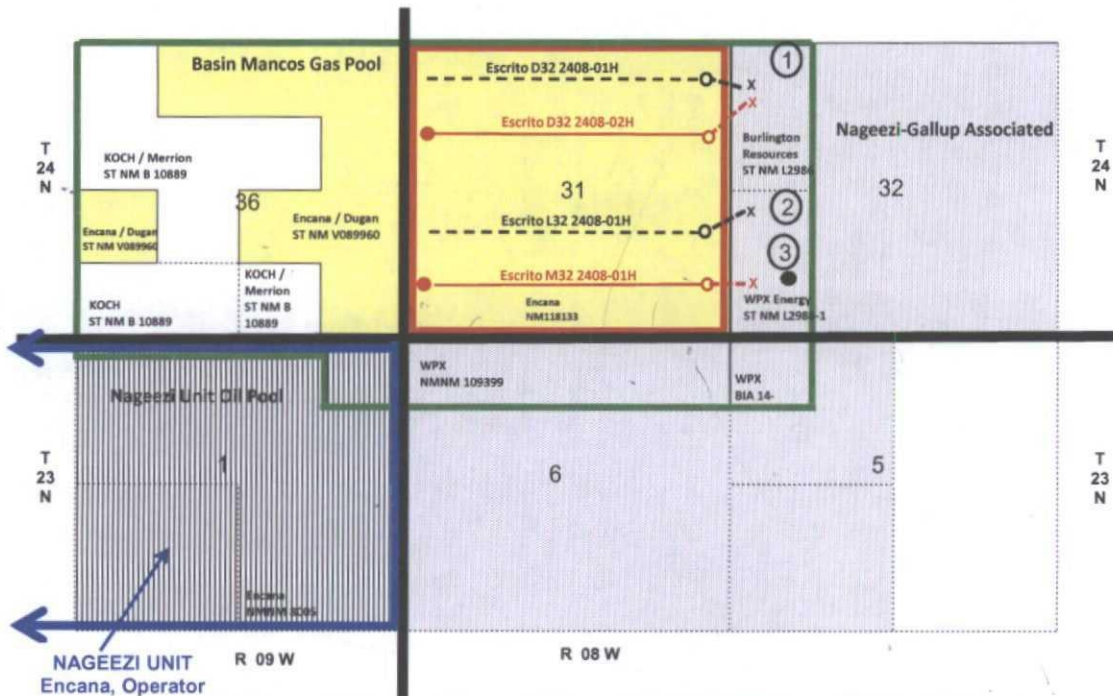
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	WEST/West line	County
M	31	24N	8W	4	400'	SOUTH	330'	WEST	SAN JUAN

*Dedicated Acres <b>643</b> <del>640.00</del> ACRES ALL OF SEC. 31	*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

<p><b>BOTTOM HOLE</b> LAT. 36.264652° N (NAD83) LONG. 107.731065° W (NAD83) LAT. 36.264640° N (NAD27) LONG. 107.730452° W (NAD27)</p>	<p><b>ENTRY POINT</b> LAT. 36.264700° N (NAD83) LONG. 107.715313° W (NAD83) LAT. 36.264687° N (NAD27) LONG. 107.714701° W (NAD27)</p>	<p><b>WELL FLAG</b> LAT. 36.264735° N (NAD83) LONG. 107.713990° W (NAD83) LAT. 36.264722° N (NAD27) LONG. 107.713378° W (NAD27)</p>	<p><b>17 OPERATOR CERTIFICATION</b> 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.</p> <p><i>Katie Wegner</i> 2/10/14 Signature Date Katie Wegner Printed Name Katie.Wegner@encana.com E-mail Address</p>
<p><b>18 SURVEYOR CERTIFICATION</b> 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.</p> <p>JULY 31, 2013 Date of Survey Signature and Seal of Professional Surveyor: <i>David Russell</i> REGISTERED PROFESSIONAL LAND SURVEYOR 10201 DAVID RUSSELL Certificate Number 10201</p>			

**Exhibit B**  
Encana Oil & Gas (USA) Inc.  
Application for Exception to Rule 2. C. 1.  
Non-Standard Location  
Basin Mancos Gas Pool  
San Juan County, New Mexico  
Escrito D32 2408-02H  
Escrito M32 2408-01H



**HOLLAND & HART**<sup>LLP</sup>



**Gabrielle A. Gerholt  
Of Counsel**

**Phone** (505) 988-4421

**Fax** (505) 983-6043

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

October 24, 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 Basin Mancos Gas Pool for its Escrito M32-2408 01H well in Section 31, Township 24 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:

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

Sincerely,

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

**Holland & Hart**<sup>LLP</sup>

**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. ☐

**EXHIBIT C**

Dugan Production Corp.  
709 East Murray Drive  
Farmington, NM 87401

KOCH Exploration  
610 s. Main Avenue  
Aztec, NM 87410

Burlington Resources  
3401 E. 30th Street  
Farmington, NM 87402

Merrion Oil & Gas Corp.  
610 Reilly Ave  
Farmington, NM 87401

JMJ Land & Minerals Co.  
2204 N. Santiago Ave.  
Farmington, NM 87401

MYCO Industries, Inc.  
105 South 4th Street  
Artesia, NM 88210

WPX Energy Production, LLC  
P. O. Box 3102  
Tulsa, OK 74101

Avertine Investment, LLC  
2204 N. Santiago Ave.  
Farmington, NM 87401

Juniper Investments, LLC  
4669 East 145th St. S.  
Bixby, OK 74008

LP Canyon, LLC  
3800 Holland Ave, Apt 5  
Dallas, TX 75219

RECEIVED

FEB 26 2014

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

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT Farmington Field Office

APPLICATION FOR PERMIT TO DRILL OR REENTER and Management

5. Lease Serial No.  
NMNM 118133  
6. If Indian, Allottee or Tribe Name  
N/A

1a. Type of work: ☒ DRILL ☐ REENTER

7. If Unit or CA Agreement, Name and No.  
N/A

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

8. Lease Name and Well No.  
Escrito M32-2408 01H

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

9. API Well No.  
30-045-35521

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

3b. Phone No. (include area code)  
720-876-3533

10. Field and Pool, or Exploratory  
Basin Mancos Gas

4. Location of Well (Report location clearly and in accordance with any State requirements.)  
At surface 413' FSL and 60' FWL Section 31, T24N, R8W  
At proposed prod. zone 400' FSL and 330' FWL Section 31, T24N, R8W

11. Sec., T. R. M. or Blk. and Survey or Area  
Section 31, T24N, R8W NMPM

14. Distance in miles and direction from nearest town or post office\*  
+/- 37.9 miles southeast of the intersection of US Hwy 550 & US Hwy 64 in Bloomfield, NM

12. County or Parish  
San Juan

13. State  
NM

15. Distance from proposed\* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)  
BHL is 330' from west lease line Section 31, T24N, R8W

16. No. of acres in lease  
NMNM 118133 - 1,240.0

17. Spacing Unit dedicated to this well  
640 acres - All of Section 31, T24N, R8W

18. Distance from proposed location\* to nearest well, drilling, completed, applied for, on this lease, ft.  
New Mexico State 2 is +/- 1000' NE of wellhead

19. Proposed Depth  
5,321' TVD/10,108' MD

20. BLM/BIA Bond No. on file  
COB-000235

RCVD MAR 31 '14  
OIL CONS. DIV.

21. Elevations (Show whether DF, KDB, RT, GL, etc.)  
6,914' GL, 6,930' KB

22. Approximate date work will start\*  
09/04/2014

23. Estimated duration  
25 days DIST. 3

24. Attachments

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

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

25. Signature *Katie Wegner*  
Title  
Regulatory Analyst

Name (Printed/Typed)  
Katie Wegner

Date  
2/25/14

Approved by (Signature)  
*Troy Salyers*

Name (Printed/Typed)  
Troy Salyers

Date  
3/27/2014

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 or to furnish any false information.

(Continued)  
DRILLING OPERATIONS  
AUTHORIZED ARE SUBJECT TO  
COMPLIANCE WITH ATTACHED  
"GENERAL REQUIREMENTS"

ACTION DOES NOT RELIEVE THE LESSEE AND  
OPERATOR FROM OBTAINING ANY OTHER  
AUTHORIZATION REQUIRED FOR OPERATIONS  
ON FEDERAL AND INDIAN LANDS

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

NMOCDA



## McMillan, Michael, EMNRD

---

**From:** Michael Feldewert <MFeldewert@hollandhart.com>  
**Sent:** Friday, November 14, 2014 9:11 AM  
**To:** McMillan, Michael, EMNRD  
**Cc:** Jordan L. Kessler  
**Subject:** Encana Escrito M32-2408 Well No. 1H

You are correct Michael and that is correctly shown on the C-102 plat submitted with the application. It appears Gabrielle incorrectly identified the last perforation as 330 FWL and 1880 FNL in her cover letter. Sorry for the confusion.

---

**From:** McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]  
**Sent:** Thursday, November 13, 2014 4:41 PM  
**To:** Michael Feldewert  
**Subject:** Encana Escrito M32-2408 Well No. 1H

Michael:

I just want to be clear that the final perforation in the Encana Escrito M32-2408 Well No. 1H is 400 FSL and 330 FWL, we had discussed this in the meeting, and I want this when I give it to the director.

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