

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

- NSL 7201
- ENCANADA Oil and GAS (USA)
28232

2014 OCT 24 P 11:29
 RECEIVED OOD

Well
- Escrito D32-2408
2H
30-045-35520
Pool
- Basin MANCOS
97232

[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

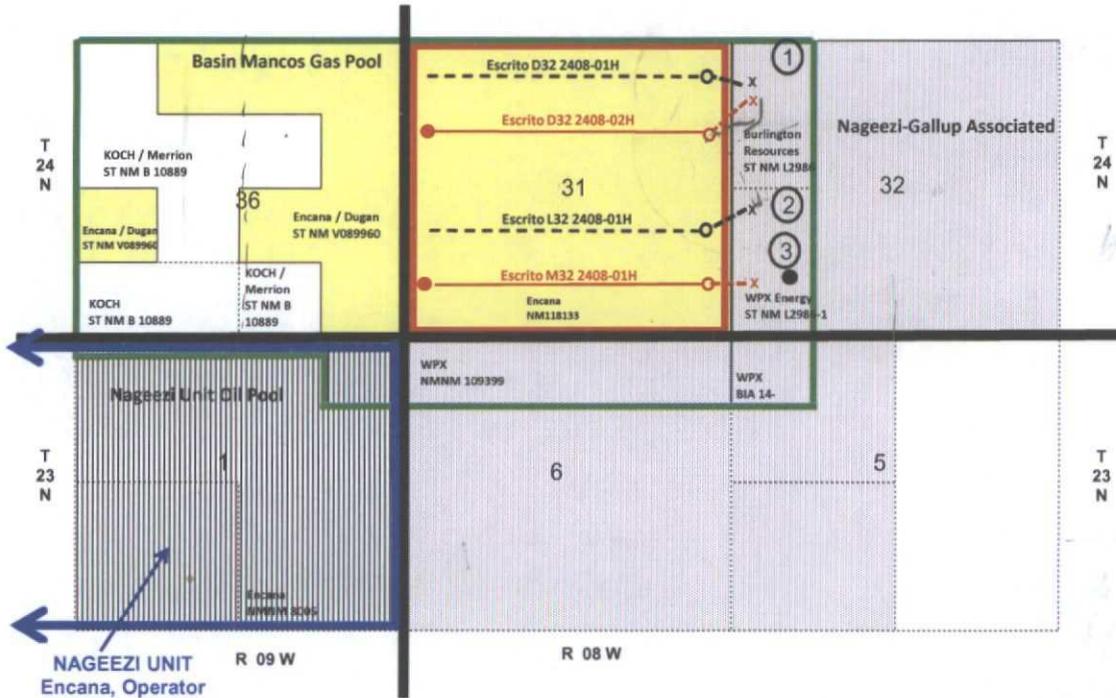
Gabriele Gerholt
 Signature

ATTORNEY
 Title
 gagerholt@hollandhart.com

10/24/14
 Date

 e-mail Address

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



| | | | |
|---|--|--|--|
|  | Encana Leases | | |
|  | Nageezi -Gallup Associated Pool | | |
|  | Basin Mancos Gas Pool | | |
|  | Nageezi Unit Oil Pool | | |
|  | Notice Area | | |
|  | Project Area - T24N-R08W, Section 31: ALL | | |
| | Escrito D32-2408 02H | | |
| | Surface Location | 1336' FNL, 280' FWL, Section 32, 24N-08W | |
| | Gallup Penetration Point | 1880' FNL, 330' FEL, Section 31, 24N-08W | |
| | Bottomhole Location | 1880' FNL, 330' FWL, Section 31, 24N-08W | |
| | Escrito M32-2408 01H | | |
| | Surface Location | 413' FSL, 80' FWL, Section 32, 24N-08W | |
| | Gallup Penetration Point | 400' FSL, 330' FEL, Section 31, 24N-08W | |
| | Bottomhole Location | 400' FSL, 330' FWL, Section 31, 24N-08W | |

Existing Gallup Wells in Notice Area

- Escrito D32 2408 01H**
 SHL 1306 FNL, 280' FWL Sec 32 - 24N-8W
 PP 400' FNL, 330' FEL Sec 31 - 24N-8W
 BHL 400' FNL, 330' FWL Sec 31 - 24N-8W
 Encana Oil & Gas (USA) Inc.
- New Mexico State #502**
 950' FSL, 960' FWL
 Nageezi Gallup Pool
 Elm Ridge Exploration Company
- Escrito L32 2408 01H**
 SHL 1899 FSL, 226' FWL Sec 32 - 24N-8W
 PP 1900' FSL, 330' FEL Sec 31 - 24N-8W
 BHL 1900' FSL, 330' FWL Sec 31 - 24N-8W
 Encana Oil & Gas (USA) Inc.



* Ownership reflected represents 100% leasehold working interest in the Gallup / Mancos formation underlying each tract which is the subject of this Application

EXHIBIT
B

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 OOD
2014 OCT 24 P 4: 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 D32-2408 02H 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 D32-2408 02H** (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 1336 feet from the North line and 280 feet from the West line (Unit E) of Section 32, Township 24 North, Range 8 West. The penetration point will be 330 feet from the East line and 1880 feet from the North line (Unit H) 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, Northeast, North, Northwest 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 D32-2408 01H** well encroaches on the spacing and proration units to the East, Northeast, North, Northwest and West.



Enclosed as **Exhibit B** is a land map depicting the proposed **Escrito D32-2408 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, Northeast, North, Northwest and West. 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 due to the well's encroachment.

Your attention to this matter is appreciated.

Sincerely,

A handwritten signature in black ink that reads "Gabrielle A. Gerholt".

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

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

DISTRICT I
1025 N. French Dr., Hobbs, N.M. 88240
Phone: (505) 593-0161 Fax: (505) 393-0720

DISTRICT II
611 S. First St., Artesia, N.M. 88210
Phone: (505) 745-1069 Fax: (505) 745-0720

DISTRICT III
1000 Rio Grande Ed., Artesia, N.M. 87410
Phone: (505) 834-0178 Fax: (505) 334-0170

DISTRICT IV
1820 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-8460 Fax: (505) 476-3468

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 87605

Farmington Field Office
Bureau of Land Management
AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | |
|-----------------------------|---|---------------------|--------------------------------|
| *API Number 30-045-35520 | | *Pool Code 97232 | *Pool Name BASIN MANCOS GAS |
| *Property Code 313129 | *Property Name ESCRITO D32-2408 | | *Well Number 02H |
| *OGRID No. 282327 | *Operator Name ENCANA OIL & GAS (USA) INC. | | *Elevation 6944.9' |

¹⁰ Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | WEST/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| E | 32 | 24N | 8W | | 1336' | NORTH | 280' | WEST | SAN JUAN |

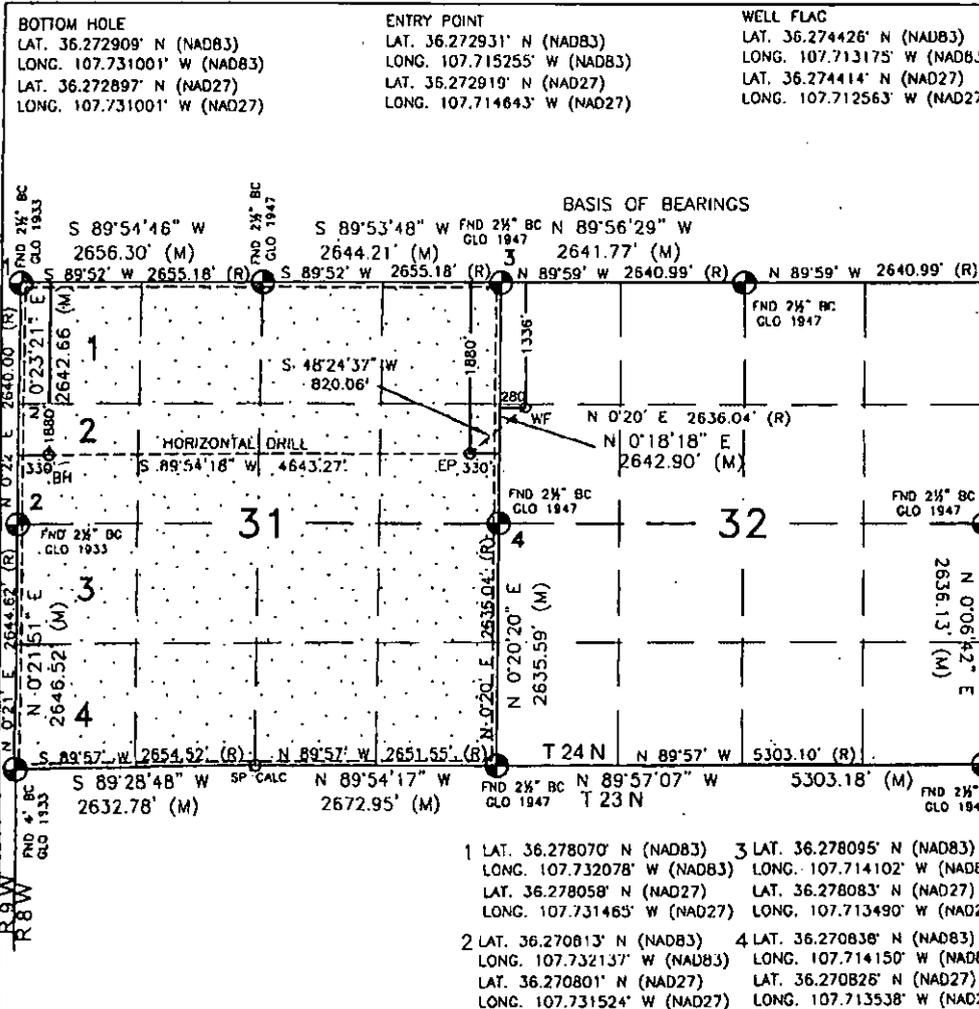
¹¹ Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | WEST/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| E | 31 | 24N | 8W | 2 | 1880' | NORTH | 330' | WEST | SAN JUAN |

| | | | | |
|--|--------------|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres 643 -640.00 ACRES ALL OF SEC. 31 | PROJECT AREA | 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



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 undivided 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.

Katie Wegner 2/11/14
Signature Date

Katie Wegner
Printed Name

Katie.Wegner@encana.com
E-mail Address

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.

JULY 31, 2013
Date of Survey

David Russell
Signature and Seal of Professional Surveyor

DAVID RUSSELL
REGISTERED PROFESSIONAL LAND SURVEYOR
10201

DAVID RUSSELL
Certificate Number 10201

RECEIVED

Form 3160-3
(August 2007)

FEB 26 2014

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

UNITED STATES
DEPARTMENT OF THE INTERIOR **Farmington Field Office**
BUREAU OF LAND MANAGEMENT **Bureau of Land Management**

APPLICATION FOR PERMIT TO DRILL OR REENTER

| | | | |
|--|--|---|--|
| 1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER | | 5. Lease Serial No. NMNM 118133 | |
| 1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone | | 6. If Indian, Allottee or Tribe Name N/A | |
| 2. Name of Operator: Encana Oil & Gas (USA) Inc. | | 7. If Unit or CA Agreement, Name and No. N/A | |
| 3a. Address: 370 17th Street, Suite 1700 Denver, CO 80202 | | 8. Lease Name and Well No. Escrito D32-2408 02H | |
| 3b. Phone No. (include area code) 720-876-3533 | | 9. API Well No. 30-045-35520 | |
| 4. Location of Well (Report location clearly and in accordance with any State requirements*) At surface: 1336' FNL and 280' FWL Section 31, T24N, R8W At proposed prod. zone: 1880' FNL and 330' FWL Section 31, T24N, R8W | | 10. Field and Pool, or Exploratory Basin Mancos Gas | |
| 11. Sec., T. R. M. or Blk. and Survey or Area Section 31, T24N, R8W NMPM | | 12. County or Parish San Juan | |
| 13. State NM | | 17. Spacing Unit dedicated to this well 640 acres - All of Section 31, T24N, R8W | |
| 14. Distance in miles and direction from nearest town or post office* +/- 36.9 miles southeast of the intersection of US Hwy 550 & US Hwy 64 in Bloomfield, NM | | 16. No. of acres in lease NMNM 118133 - 1240.0 1664.80 | |
| 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 | | 17. Spacing Unit dedicated to this well 643.00 | |
| 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. Escrito D32-2408 01H is +/- 30' north of wellhead | | 19. Proposed Depth 5,401' TVD/10,613' MD | |
| 20. BLM/BIA Bond No. on file COB-000235 | | 21. Elevations (Show whether DF, KDB, RT, Gl., etc.) 6,945' GL, 6,961' KB | |
| 22. Approximate date work will start* 08/07/2014 | | 23. Estimated duration 25 days | |

24. Attachments

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

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

| | | |
|------------------------------------|------------------------------------|---------------|
| 25. Signature: <i>Katie Wegner</i> | Name (Printed/Typed): Katie Wegner | Date: 2/25/14 |
| Title: Regulatory Analyst | | |

| | | |
|--|------------------------------------|-----------------|
| Approved by (Signature): <i>Troy Salyers</i> | Name (Printed/Typed): Troy Salyers | Date: 3/27/2014 |
| Title: Petroleum Engineer (Acting AFM) 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.

BLM'S APPROVAL OR ACCEPTANCE OF THIS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 221 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 as to any matter within its jurisdiction.

AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

(Continued on page 2)
DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS"

*(Instructions on page 2)

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

NMOCD AV

EXHIBIT C

WPX Energy Production, LLC
One Williams Center, Suite 4400
Tulsa, Oklahoma 74172

KOCH Exploration
610 s. Main Avenue
Aztec, NM 87410

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

Elm Ridge Exploration Company, LLC.
San Juan Basin Land Manager
12225 Greenville Ave., Suite 950
Dallas, TX 75243

HOLLAND & HART^{LLP}



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

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 Eserito D32-2408 02H 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

Sincerely,

Gabrielle A. Gerholt
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

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: McMillan, Michael, EMNRD
Sent: Monday, October 27, 2014 9:23 AM
To: Gabrielle Gerholt
Subject: Escrito D32-2408

Ms. Gerholt:

I received your application last Friday for the Encana Escrito D32-2408 last Friday.

I need clarification for notices

First, were all of the affected parties in Sec. 32 24N 8W notified? The penetration point is non-standard for the W/2 and N/2 of the section. If you apply the diagonal offset, then the S/2 of the section is an affected party. Unless there is a dedicated acreage to an existing well.

Next, were all of the affected parties in the Section 36 24N 9W notified? The final perforation point is Non-standard for the E/2 and N/2 of the section. If you apply the diagonal offset, then the S/2 of the section is an affected party. Unless there is a dedicated acreage to an existing well.

Your Exhibit A was not clear for the affected parties.

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



RECEIVED OGD

NOV 7 P 3:51
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 5, 2014

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

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

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

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 D32-2408 02H 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 October 24, 2014. Any objection to this application must be filed in writing within twenty days from the date of this letter 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

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

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. ☉

HOLLAND & HART 

Sincerely,



Michael H. Feldewert
ATTORNEY FOR ENCANA OIL & GAS (USA) INC.

cc: Michael McMillan
Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, NM 87505

HOLLAND & HART LLP



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

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 D32-2408 02H well in Section 31, Township 24 North, Range 8 West, N.M.P.M., San Juan County, New Mexico.

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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, Northeast, North, Northwest 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 D32-2408 01H** well encroaches on the spacing and proration units to the East, Northeast, North, Northwest and West.

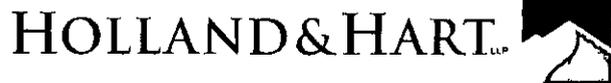
Holland & Hart LLP

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

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. ☻

RECEIVED
OCT 24 2014



Enclosed as **Exhibit B** is a land map depicting the proposed **Escrito D32-2408 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, Northeast, North, Northwest and West. 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 due to the well's encroachment.

Your attention to this matter is appreciated.

Sincerely,

A handwritten signature in black ink that reads "Gabrielle A. Gerholt".

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

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

DISTRICT I
1825 N. French Dr., Hobbs, N.M. 88240
Phone: (575) 393-8181 Fax: (575) 393-0720

DISTRICT II
611 E. First St., Artesia, N.M. 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410
Phone: (505) 834-8178 Fax: (505) 334-8170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-5480 Fax: (505) 476-5422

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 Dr.
Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | |
|---------------------|---|---------------------|--------------------------------|-----------------------|
| *API Number | | *Pool Code 97232 | *Pool Name BASIN MANCOS GAS | |
| *Property Code | *Property Name ESCRITO D32-2408 | | | *Well Number 02H |
| *GRID No. 282327 | *Operator Name ENCANA OIL & GAS (USA) INC. | | | *Elevation 6944.9' |

¹⁰ Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | WEST/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| E | 32 | 24N | 8W | | 1336' | NORTH | 280' | WEST | SAN JUAN |

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 | WEST/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| E | 31 | 24N | 8W | 2 | 1880' | NORTH | 330' | WEST | SAN JUAN |

| | | | | |
|--|----------------------------|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres 640.00 ACRES ALL OF SEC. 31 | ¹³ PROJECT AREA | ¹⁴ Joint or Infill | ¹⁵ Consolidation Code | ¹⁶ 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 BOTTOM HOLE
LAT. 36.272909° N (NAD83)
LONG. 107.731001° W (NAD83)
LAT. 36.272897° N (NAD27)
LONG. 107.731001° W (NAD27)

ENTRY POINT
LAT. 36.272931° N (NAD83)
LONG. 107.715255° W (NAD83)
LAT. 36.272919° N (NAD27)
LONG. 107.714643° W (NAD27)

WELL FLAG
LAT. 36.274426° N (NAD83)
LONG. 107.713175° W (NAD83)
LAT. 36.274414° N (NAD27)
LONG. 107.712563° W (NAD27)

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.

Katie Wegner 10/20/14
Signature Date
Katie Wegner
Printed Name
Katie.wegner@encana.com
E-mail Address

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.

JULY 31, 2013
Date of Survey
Signature and Seal of Professional Surveyor:
David R. Russell
DAVID R. RUSSELL
REGISTERED PROFESSIONAL SURVEYOR
NEW MEXICO
1020
Certificate Number 10201

18

BASIS OF BEARINGS
S 89°54'46" W 2656.30' (M)
S 89°52' W 2655.18' (R)
S 89°53'48" W 2644.21' (M)
S 89°52' W 2655.18' (R)
S 89°50' W 2640.99' (R)
S 48°24'37" W 202.06' (M)
N 0°20' E 2636.04' (R)
N 0°18'18" E 2642.90' (M)
N 0°20' E 2635.59' (M)
N 0°20' E 2636.13' (M)
N 89°57'07" W 5303.18' (M)
S 89°28'48" W 2632.78' (M)
N 89°54'17" W 2672.95' (M)
N 89°57'07" W 5303.18' (M)

HORIZONTAL DRILL
S 89°54'18" W 4643.27'

ENCANA POINT
LAT. 36.272909° N (NAD83)
LONG. 107.730831° W (NAD83)
LAT. 36.272897° N (NAD27)
LONG. 107.730218° W (NAD27)

1 LAT. 36.278070° N (NAD83)
LONG. 107.732078° W (NAD83)
LAT. 36.278058° N (NAD27)
LONG. 107.731465° W (NAD27)

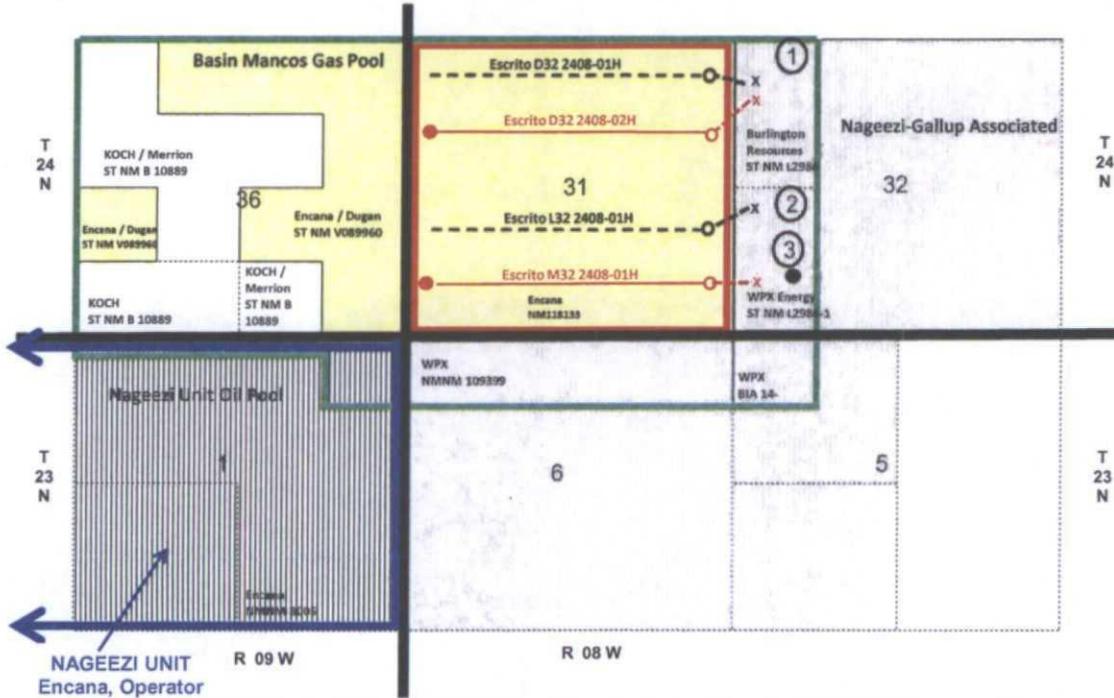
2 LAT. 36.270813° N (NAD83)
LONG. 107.732137° W (NAD83)
LAT. 36.270801° N (NAD27)
LONG. 107.731524° W (NAD27)

3 LAT. 36.278095° N (NAD83)
LONG. 107.714102° W (NAD83)
LAT. 36.278083° N (NAD27)
LONG. 107.713490° W (NAD27)

4 LAT. 36.270838° N (NAD83)
LONG. 107.714150° W (NAD83)
LAT. 36.270826° N (NAD27)
LONG. 107.713538° W (NAD27)

EXHIBIT
A

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



| | | | | | | | | | | | | | | |
|---|---|------------------|--|--------------------------|--|---------------------|--|------------------|--|--------------------------|---|---------------------|---|--|
| <ul style="list-style-type: none"> Encana Leases Nageezi -Gallup Associated Pool Basin Mancos Gas Pool Nageezi Unit Oil Pool Notice Area | <p>Project Area - T24N-R08W, Section 31: ALL</p> <p><u>Escrito D32-2408 02H</u></p> <table border="0"> <tr> <td>Surface Location</td> <td>1336' FNL, 280' FWL, Section 32, 24N-08W</td> </tr> <tr> <td>Gallup Penetration Point</td> <td>1880' FNL, 330' FEL, Section 31, 24N-08W</td> </tr> <tr> <td>Bottomhole Location</td> <td>1880' FNL, 330' FWL, Section 31, 24N-08W</td> </tr> </table> <p><u>Escrito M32-2408 01H</u></p> <table border="0"> <tr> <td>Surface Location</td> <td>413' FSL, 80' FWL, Section 32, 24N-08W</td> </tr> <tr> <td>Gallup Penetration Point</td> <td>400' FSL, 330' FEL, Section 31, 24N-08W</td> </tr> <tr> <td>Bottomhole Location</td> <td>400' FSL, 330' FWL, Section 31, 24N-08W</td> </tr> </table> | Surface Location | 1336' FNL, 280' FWL, Section 32, 24N-08W | Gallup Penetration Point | 1880' FNL, 330' FEL, Section 31, 24N-08W | Bottomhole Location | 1880' FNL, 330' FWL, Section 31, 24N-08W | Surface Location | 413' FSL, 80' FWL, Section 32, 24N-08W | Gallup Penetration Point | 400' FSL, 330' FEL, Section 31, 24N-08W | Bottomhole Location | 400' FSL, 330' FWL, Section 31, 24N-08W | <p><u>Existing Gallup Wells in Notice Area</u></p> <ol style="list-style-type: none"> (1) <u>Escrito D32 2408 01H</u> SHL 1306 FNL, 280' FWL Sec 32 -24N-8W PP 400' FNL, 330' FEL Sec 31 - 24N-8W BHL 400' FNL, 330' FWL Sec 31 - 24N-8W Encana Oil & Gas (USA) Inc. (2) <u>New Mexico State #002</u> 950' FSL, 980' FWL Nageezi Gallup Pool Elm Ridge Exploration Company (3) <u>Escrito L32 2408 01H</u> SHL 1599 FSL, 226' FWL Sec 32 -24N-8W PP 1900' FSL, 330' FEL Sec 31 - 24N-8W BHL 1900' FSL, 330' FWL Sec 31 - 24N-8W Encana Oil & Gas (USA) Inc. |
| Surface Location | 1336' FNL, 280' FWL, Section 32, 24N-08W | | | | | | | | | | | | | |
| Gallup Penetration Point | 1880' FNL, 330' FEL, Section 31, 24N-08W | | | | | | | | | | | | | |
| Bottomhole Location | 1880' FNL, 330' FWL, Section 31, 24N-08W | | | | | | | | | | | | | |
| Surface Location | 413' FSL, 80' FWL, Section 32, 24N-08W | | | | | | | | | | | | | |
| Gallup Penetration Point | 400' FSL, 330' FEL, Section 31, 24N-08W | | | | | | | | | | | | | |
| Bottomhole Location | 400' FSL, 330' FWL, Section 31, 24N-08W | | | | | | | | | | | | | |

* Ownership reflected represents 100% leasehold working interest in the Gallup / Mancos formation underlying each tract which is the subject of this Application

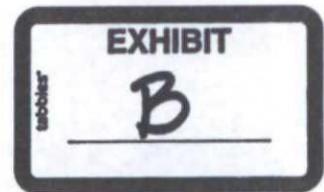


EXHIBIT C

WPX Energy Production, LLC
One Williams Center, Suite 4400
Tulsa, Oklahoma 74172

KOCH Exploration
610 s. Main Avenue
Aztec, NM 87410

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

Elm Ridge Exploration Company, LLC.
San Juan Basin Land Manager
12225 Greenville Ave., Suite 950
Dallas, TX 75243

McMillan, Michael, EMNRD

From: Gabrielle Gerholt <GAGerholt@hollandhart.com>
Sent: Monday, August 11, 2014 8:47 AM
To: McMillan, Michael, EMNRD
Cc: Ezeanyim, Richard, EMNRD; Rauchfuss, Paula (Paula.Rauchfuss@encana.com); kit.akers@encana.com
Subject: RE: Encana Escrito D32-2408

Dear Mr. McMillan,

As you stated, Basin Mancos spacing consists of 320 acres comprising any two contiguous quarter sections. Currently, there are no Basin Mancos wells in Section 31, 24N, 8W, thus allowing the section to be comprised of two stand-up Basin Mancos spacing units.

Pursuant to Rule 16, a project area may consist of multiple contiguous spacing units that are developed by the horizontal well. The Escrito D32-2408 01H develops both stand-up Basin Mancos spacing units in Section 31. This is analogous to when operators string together multiple 40-acre oil spacing units to drill 1.5 to 2 mile laterals.

By allowing Encana to create a 640-acre project area, their well spacing and development plan will allow for Section 31 to be fully developed, thus avoiding waste of the resource.

Please feel free to contact me if you have further questions.

Sincerely,

Gabrielle A Gerholt

Holland & Hart LLP
110 North Guadalupe Suite 1
Santa Fe, NM 87501
Phone (505) 988-4421
Fax (505) 983-6043
E-mail: gagerholt@hollandhart.com



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From: McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]
Sent: Friday, August 08, 2014 4:46 PM
To: Gabrielle Gerholt
Cc: Ezeanyim, Richard, EMNRD
Subject: Encana Escrito D32-2408

Ms. Gerholt:

Encana applied for a 640-acre project area. However, the Special Pool rules for the Basin Mancos only allow for 320-acre standard gas spacing, comprising any two contiguous quarter sections of a single section.

Can you describe the method in which the project area is 640-acres; instead of 320-acres?

Thank You

Michael A. McMillan