

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



January 13, 2015

Encana Oil and Gas (USA) Inc.
Attn: Ms. Jordan Kessler

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-7223
Administrative Application Reference No. pMAM1436336338

Encana Oil and Gas (USA) Inc.
OGRID 282327
Lybrook J31-2307 Well No. 02H
API No. 30-043-21216

Non-Standard Location

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	2192 FSL & 2551 FEL	J	31	23N	7W	Sandoval
Penetration Point	1181 FSL & 2295 FWL	N	31	23N	7W	Sandoval
Terminus	1177 FSL & 330 FWL	M	36	23N	8W	San Juan

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
S/2 SW/4 of Section 31;	80.67	Alamito-Gallup (O)	1039
S/2 S/2 of Section 36	160	Alamito-Gallup (O)	1039

Reference is made to your application received on December 23, 2014.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed by statewide Rule 19.15.15.9.A NMAC, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary, and Rule 19.15.16.14.B (2) NMAC concerning directional wells in designated project areas. This surface location is outside the project area, and is permitted by Rule 19.15.16.15.B (4) NMAC which allows for surface locations outside project area. This location is unorthodox because portions of the proposed completed interval are closer to outside

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boundaries of the proposed project area than any location that would be a standard location under the applicable pool rules.

Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A(2) NMAC.

It is our understanding that you are seeking this location because it will allow for efficient well spacing and prevent waste of a productive reservoir.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 19.15.4.12 A (2) NMAC, in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 19.15.5.9 NMAC.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Done at Santa Fe, New Mexico, on January 13, 2015.

DAVID R. CATANACH
Director

DC/mam

cc: New Mexico Oil Conservation Division – Aztec
Bureau of Land Management - Farmington
New Mexico State Land Office – Oil, Gas, and Minerals