

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
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David Martin
Cabinet Secretary

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Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



January 14, 2015

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

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-7226
Administrative Application Reference No. pMAM1436341068

Encana Oil and Gas (USA) Inc.
OGRID 282327
Lybrook G31-2307 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	1379 FNL & 2401 FEL	G	31	23N	7W	Sandoval
Penetration Point	1340 FNL & 2289 FWL	F	31	23N	7W	Sandoval
Terminus	1340 FNL & 330 FWL	E	36	23N	8W	San Juan

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
NW/4 of Section 31,	161.24	Basin Mancos	97232
N/2 of Section 36	320		

Reference is made to your application received on December 24, 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 the Special Rules for the Basin Mancos Gas Pool, which provides for 320-acre units with wells to be located at least 660 feet from outer unit boundaries, 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 less than 660 feet to the outside boundaries of the project area.

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.

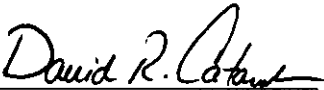
This application is in conjunction with Administrative Order NSP-2016 issued on January 14, 2015 for the proposed project area.

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 14, 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