

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Tuesday, August 06, 2013 2:50 PM
To: mfeldewert@hollandhart.com; 'padillalaw@qwuesoffice.net'
Cc: Davidson, Florene, EMNRD
Subject: Encana Oil & Gas (USA) Inc. - Lybrook E27-2306 ## 1H & 3H; NSL Application

Gentlemen

Case 15046

This application was received on July 8. Mr. Padilla's protest was received on August 5, and accordingly was not timely.

However, per a long standing division policy, an administrative application will be set to hearing pursuant to an untimely protest if the protest is received before the Division issues an order, as was the case here.

Accordingly, I am directing Ms. Davidson to set this NSL application for hearing.

Mr. Felderwert, as attorney for the applicant, is requested to furnish Ms. Davidson a form of advertisement.

Sincerely

David K. Brooks

| | | | | | |
|-----------------------|----------|--------------------|-------------------------|-----------------|--------------------------------|
| 07/08/2013 DATE IN | SUSPENSE | ENGINEER <i>DB</i> | 07/09/2013 LOGGED IN | TYPE <i>NSL</i> | APP NO. <i>PAYK 1319055418</i> |
|-----------------------|----------|--------------------|-------------------------|-----------------|--------------------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

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



Case 15046

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] *API not yet assigned*

[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 _____

Encana Oil & Gas
Lybrook E27-2306
2013 JUL - 8 P 3:15
RECEIVED OGD

[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]
Signature

Attorney
Title

7/8/13
Date

mfeldewert@hollandhart.com
e-mail Address



July 8, 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

*Case 15046*2013 JUL - 8 PM 3:15
RECEIVED 0001

Re: Application of Encana Oil & Gas (USA) Inc. for administrative approval of unorthodox well locations for its Lybrook E27-2306 01H Well and its Lybrook E27-2306 03H Well in the Counselors Gallup-Dakota Oil Pool in the N/2 of Section 28, Township 23 North, Range 6 West, N.M.P.M., Sandoval County, New Mexico

Dear Ms. Bailey:

Encana Oil & Gas (USA) Inc. (OGRID No. 282327) hereby seeks administrative approval pursuant to the provisions of Rule 5 of the Special Rules and Regulations for the Counselors Gallup-Dakota Oil Pool for unorthodox well locations for its proposed Lybrook E27-2306 01H and Lybrook E27-2306 03H wells to be located in the N/2 of Section 28, Township 23 North, Range 6 West, N.M.P.M., Sandoval County, New Mexico. *See Exhibit A (C-102s).* These wells are within two-miles of the Counselors Gallup-Dakota Oil Pool. Since this pool is a listed pool under Division Order R-12984, it is governed by the Special Rules and Regulation adopted under Division Order R-7034.

Rule 4 of these special rules require all wells to be located no closer than 660 feet to the outer boundary of the spacing and no nearer than 1320 feet to the nearest well drilling to or capable of producing from the same pool. Accordingly, the location of each of these wells is unorthodox for the following reasons:

- The penetration point and the bottom-hole locations for both of the proposed wells will be only 330 feet from the East and West boundaries of the N/2 of Section 28;
- The Lybrook E27-2306 01H well will only be 550 feet from the North line of Section 28;
- These wells will be closer in proximity than the 1320 feet required by Rule 4 of the Special Rules.

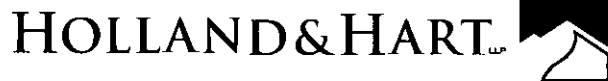


Exhibit B filed with this application is a plat showing the leases in Sections 20, 21, 22, 27, 28 and 29. It reflects that Encana and JMJ Land are the lessees for the offsetting Federal Leases NM 112953 and NM 117564, that Encana and Dugan are the lessees in the offsetting State Lease NM 17009, and that Parko Oil Operator and the offsetting operator in the S/2 NE/4 of Section 29 and the Lessee under the fee lease covering parts of Sections 20, 21 and 29.

Exhibit C is a list of the offset aforementioned Lessees and Operators. Each of these affected parties have been provided notice of this application by certified mail and informed that if they have an objection to this application, it must be filed with the Division within twenty days of the date of this application.

Approval of these unorthodox well locations is necessary to allow for the most efficient horizontal well development pattern in the N/2 of Section 28. Your attention to this application is greatly appreciated.

Sincerely,

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

for Michael H. Feldewert

ATTORNEY FOR ENCANA OIL & GAS (USA) INC.

Enclosures

District II
811 S. First Street, Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

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

OIL CONSERVATION DIVISION

1220 South St. Francis Drive
Santa Fe, NM 87505

Submit one copy to
Appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|----------------------|---|--|
| *API Number | *Pool Code 13379 | *Pool Name COUNSELORS GALLUP-DAKOTA |
| *Property Code | *Property Name LYBROOK E27-2306 | *Well Number 01H |
| *OGRID No. 282327 | *Operator Name ENCANA OIL & GAS (USA) INC. | *Elevation 7054' |

10 Surface Location

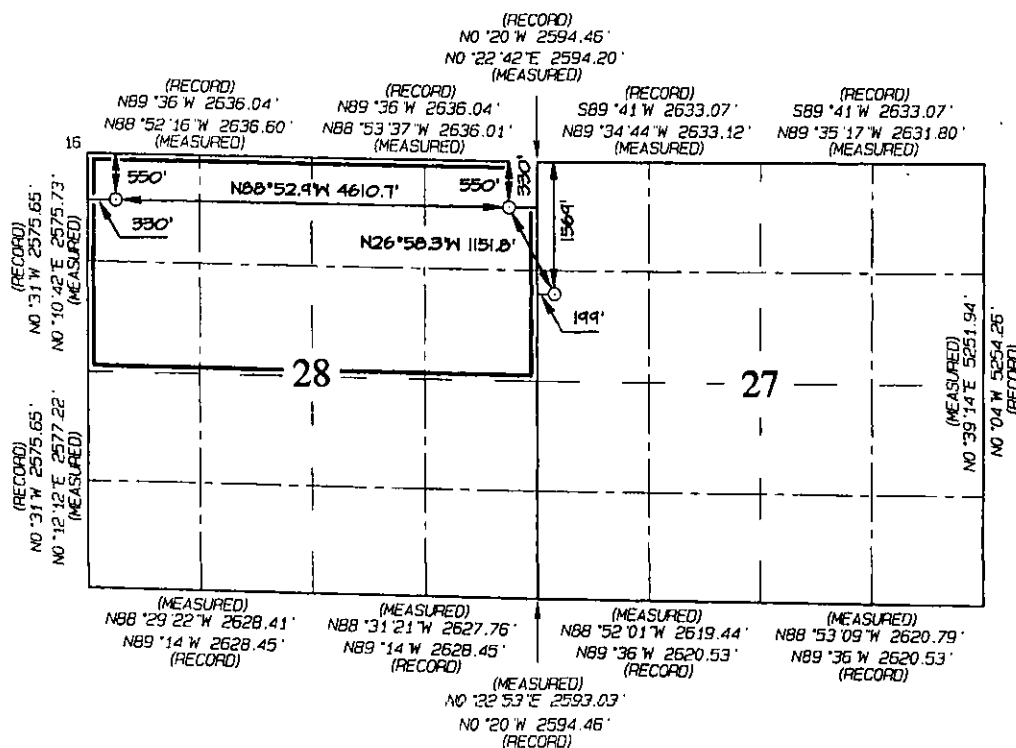
| | | | | | | | | | |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| E | 27 | 23N | 6W | | 1569 | NORTH | 199 | WEST | SANDOVAL |

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 | East/West line | County |
|----------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| D | 28 | 23N | 6W | | 550 | NORTH | 330 | WEST | SANDOVAL |

| | | | |
|---|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres 320.00 Acres N/2 - Section 28 | 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



END-OF-LATERAL
550' FML 330' FWL
SECTION 28, T23N, R6W
LAT: 36.20194°N
LONG: 107.48066°W
DATUM: NAD1927

LAT: 36.20195 'N
LONG: 107.48126 'W
DATUM: NAD1983

POINT-OF-ENTRY
550' FNL 330' FEL
SECTION 28, T23N, R6W
LAT: 36.20185°N
LONG: 107.46503°W
DATUM: NAD1927

LAT: 36.20187 °N
LONG: 107.46563 °W
DATUM: NAD1983

SURFACE LOCATION
1569' FML 199' FWL
SECTION 27, T23N, R6W
LAT: 36.19905°N
LONG: 107.46322°W
DATUM: NAD1927

LAT: 36.19906 °N
LONG: 107.46382 °W
DATUM: NAD1983

| | |
|---|------------|
| 7 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 _____ | Date _____ |
| Printed Name _____ | |
| E-mail Address _____ | |

| | |
|---|--|
| 3B 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. | |
| <u>Survey Date: OCTOBER 22, 2012</u> | |
| <u>Signature and Seal of Professional Surveyor</u> | |



ASON C. EDWARDS
Certificate Number 15269

EXHIBIT

Appendix

District I
1625 N. French Drive, Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II
811 S. First Street, Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

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) 476-3452

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 Drive
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---------------------|---|--|
| *API Number | *Pool Code 13379 | *Pool Name COUNSELORS GALLUP-DAKOTA |
| *Property Code | *Property Name LYBROOK E27-2306 | *Well Number 03H |
| *GRID No. 282327 | *Operator Name ENCANA OIL & GAS (USA) INC. | *Elevation 7054' |

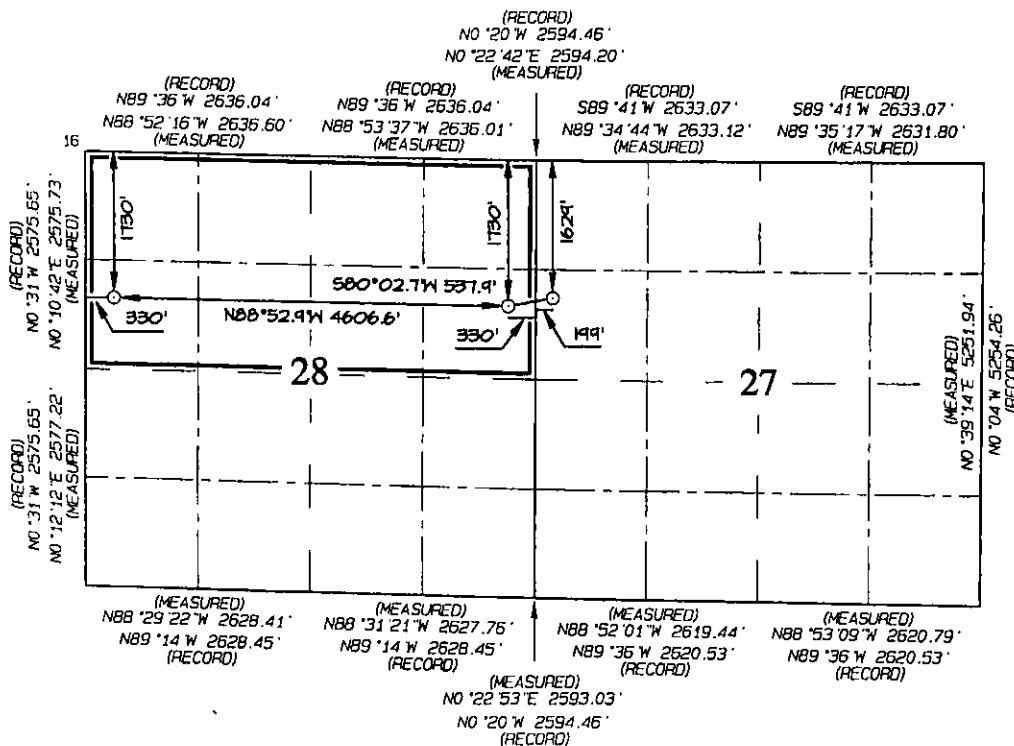
¹⁰ Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| E | 27 | 23N | 6W | | 1629 | NORTH | 199 | WEST | SANDOVAL |

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 | East/West line | County |
|---|---------|----------|-------|---------|-------------------------------|----------------------------------|-------------------------|----------------|----------|
| E | 28 | 23N | 6W | | 1730 | NORTH | 330 | WEST | SANDOVAL |
| ¹² Dedicated Acres 320.00 Acres N/2 - Section 28 | | | | | 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 _____ Date _____

Printed Name _____

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.

Survey Date: OCTOBER 22, 2012

Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

END-OF-LATERAL
1730' FNL 330' FNL
SECTION 28, T23N, R6W
LAT: 36.19870°N
LONG: 107.48062°W
DATUM: NAD1927

POINT-OF-ENTRY
1730' FNL 330' FNL
SECTION 28, T23N, R6W
LAT: 36.19861°N
LONG: 107.46501°W
DATUM: NAD1927

SURFACE LOCATION
1629' FNL 199' FNL
SECTION 27, T23N, R6W
LAT: 36.19889°N
LONG: 107.46322°W
DATUM: NAD1927

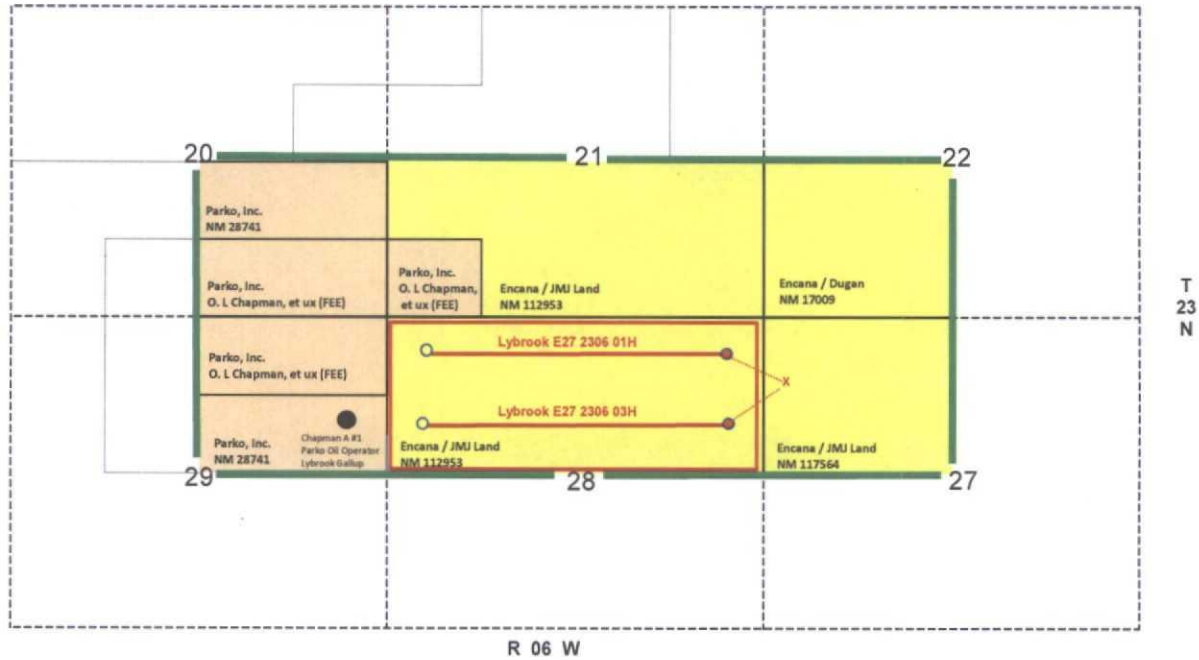
LAT: 36.19871°N
LONG: 107.48122°W
DATUM: NAD1983

LAT: 36.19863°N
LONG: 107.46561°W
DATUM: NAD1983




LAT: 36.19890°N
LONG: 107.46382°W
DATUM: NAD1983

Exhibit B

Encana Oil & Gas (USA) Inc.
Application for Exception to Rule 4
Non-Standard Location
Counselor's Gallup Oil Pool



All Lands depicted on this map are located within 2-Mile buffer surrounding the boundary of Counselor's Gallup Oil Pool

| | |
|---|--|
|  | Encana Oil & Gas Leases |
|  | Non-Encana Oil & Gas Leases |
|  | Project Area - T23N-R06W, Section 28 N2 |

| | <u>Lybrook E27 2306 01H</u> | <u>Lybrook E27 2306 03H</u> |
|--------------------------|---|--|
| Surface Location | 1569' FNL 199' FWL, Section 27, 23N-06W | 1629' FNL 199' FWL, Section 27, 23N-06W |
| Gallup Penetration Point | 550' FNL, 330" FEL, Section 28, 23N-06W | 1730' FNL, 330" FEL, Section 28, 23N-06W |
| Bottomhole Location | 550' FNL, 330' FWL, Section 28, 23N-06W | 1730' FNL, 330' FWL, Section 28, 23N-06W |

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

EXHIBIT C

**Encana Oil & Gas (USA) Inc. NSL Application
Lybrook E27-2306 01H Well; and
Lybrook E27-2306 03H Well**

Dugan Production Corp.
709 East Murray Drive
Farmington, NM 87401-6649

JMJ Land and Minerals Company
2204 North Santiago Avenue
Farmington, New Mexico 87401

Parko, Inc.
Post Office Box 1655
Los Lunas, New Mexico 87031

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

July 8, 2013

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO AFFECTED PARTIES

Re: Application of Encana Oil & Gas (USA) Inc. for administrative approval of unorthodox well locations for its Lybrook E27-2306 01H Well and its Lybrook E27-2306 03H Well in the Counselors Gallup-Dakota Pool in the N/2 of Section 28, Township 23 North, Range 6 West, N.M.P.M., Sandoval 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

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

Davidson, Florene, EMNRD

From: Lisamarie Ortiz <LOrtiz@hollandhart.com>
Sent: Friday, August 16, 2013 2:20 PM
To: Davidson, Florene, EMNRD; Duran-Saenz, Theresa, EMNRD
Cc: Michael Feldewert; Adam Rankin
Subject: Legal Description for EnCana Oil & Gas

CASE 15046 Application of EnCana Oil & Gas (USA) for approval of unorthodox well locations, Sandoval County, New Mexico. Applicant in the above-styled cause seeks an order approving unorthodox well locations for its proposed **Lybrook E27-2306 01H** well and **Lybrook E27-2306 03H** well. These wells are to be located in the N/2 of Section 28, Township 23 North, Range 6 West, N.M.P.M., Sandoval County, New Mexico. The subject wells will be completed within 2 miles of the Counselors Gallup-Dakota Pool. The penetration point and bottom-hole locations for both of the proposed wells will be 330 feet from the East and West boundaries of the N/2 of Section 28. The Lybrook E27-2306 01H well will be 550 feet from the North line of Section 28. This location is unorthodox to the spacing unit to the West because this acreage is governed by the Division's Special Rules and Regulations adopted under Division Order R-7034 which provide for wells to be located no closer than 660 feet to the outer boundary of the spacing unit and no nearer than 1320 feet to the nearest well drilling to or capable of producing from the same pool. These wells are located approximately 1 mile Southwest of Counselor, New Mexico.

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2013 AUG 16 P 4:11