

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SEP 16 2013

FORM APPROVED
OMB No. 1004-0137
Expires: October 31, 2014

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NMNM 89021 & V1399

6. If Indian, Allottee or Tribe Name
N/A

SUBMIT IN TRIPLICATE – Other instructions on page 2.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

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

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

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

7. If Unit of CA/Agreement, Name and/or No.
PENDING

8. Well Name and No.
Lybrook H32-2306 01H

9. API Well No.
30-043-21126

10. Field and Pool or Exploratory Area
Lybrook Gallup

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
SHL: 1785 FNL, 250 FEL, SENE of Section 32, T23N R6W
BHL: 1879' FNL, 2276' FEL (SWNW Section 32, T23N R6W)

11. County or Parish, State
Sandoval County, New Mexico

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Revise COA on</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>Gas Lift sundry</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Encana Oil & Gas (USA) Inc. is requesting that the first Condition of Approval for the gas lift installation sundry for the Lybrook H32-2206 well pad, approved by the BLM on June 4, 2013, be modified to allow for one check valve upstream of the buy-back (or gas return) meter and one check valve downstream of the buy-back (or gas return) meter. Updated schematics of the pad with gas lift and the gas allocation method are attached.

RCVD DEC 16 '13
OIL CONS. DIV.
DIST. 3

BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

CONDITIONS OF APPROVAL
Adhere to previously issued stipulations.

OCN Accepted For Record ^{SP}

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)
Katie Wegner

Title Regulatory Analyst

Signature

Date 09/13/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Troy Salvors

Title Petroleum Engineer

Date 12/9/2013

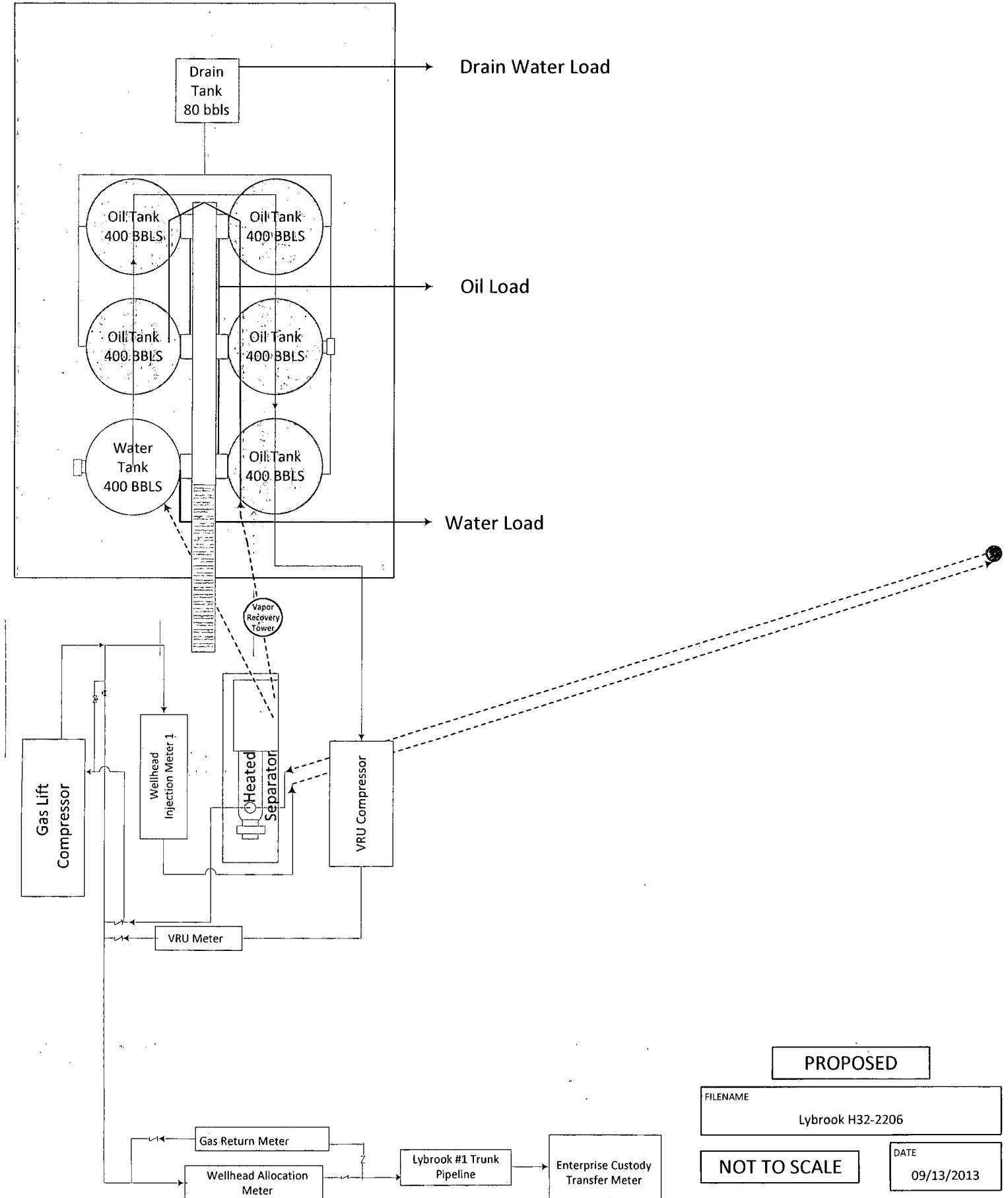
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office FFO

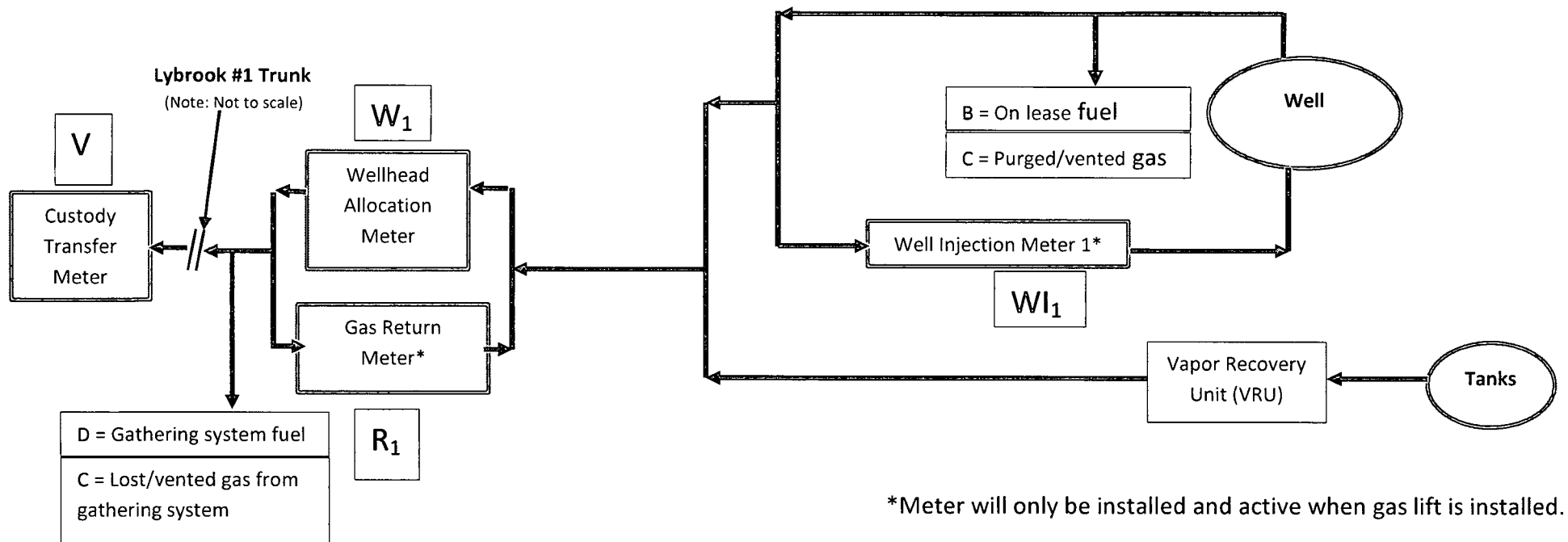
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

NMOCD ^{AV}



Gas Measurement Allocation Procedure for Lybrook H32-2206



Base Data:

V = Gas Volume (MCF) from Custody Transfer Meter during allocation period (Enterprise)

R = Gas Volume (MCF) from Gas Return Meter (Encana)*

W_1 = Gas Volume (MCF) from Wellhead Allocation Meter at individual wells during allocation period. (Encana)

WI_1 = Gas Volume (MCF) from Well Injection Meter at individual wells during allocation period. (Encana)*

Y = Heating Value (BTU/scf) from Custody Transfer Meter during allocation period. (Enterprise)

Z = Heating Value (BTU/scf) from individual Wellhead Allocation Meter and Well Injection Meter. (Encana)

Allocation Period is typically a calendar month and will be the same for all individual wells.

Individual Well Gas Production = A + B + C + D + E

A = Allocated Gas production off lease, MCF: $[(W_1-R_1)/((W_1-R_1)+(W_2-R_2)+(W_n-R_n))]*(V)$

B = On lease fuel usage, MCF. Determined from equipment specification and operating conditions. This includes, but is not limited to, compression, vapor recovery unit (VRU) compression, burners, and pump jacks.

C = Lost and/or vented gas from well and/or lease equipment, MCF. Calculated using equipment and piping specifications and operating pressures.

D = Allocated fuel from gathering system equipment, MCF. The total fuel required to operate gathering system equipment will be allocated to the individual wells benefiting from the equipment using allocation factors determined by $[(W_1-R_1)/((W_1-R_1)+(W_2-R_2)+(W_n-R_n))]$.

E = Allocated volume of gas lost and/or vented from the gathering system, gathering system equipment, condensate collection, and water collection in MCF. The total volume will be determined using industry accepted procedures the time of the loss. The total volumes lost and/or vented will be allocated to the individual wells affected using factors determined $[(W_1-R_1)/((W_1-R_1)+(W_2-R_2)+(W_n-R_n))]$.

Individual Well BTU's = $[(((W_1-R_1)*Z)/((W_1-R_1)+(W_2-R_2)+(W_n-R_n)))*Z]*Y$

Individual well gas heating values to be determined in accordance with BLM regulations.