



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Farmington Field Office  
6251 College Blvd., Suite A  
Farmington, New Mexico 87402

IN REPLY REFER TO:

3162.7-3

Lybrook Trunk #1 Gathering System (LGS)  
Central Delivery Point (CDP)

May 28, 2013

RCVD MAY 30 '13  
OIL CONS. DIV.  
DIST. 3

Encana Oil and Gas (USA) Inc.  
Ms. Holly Hill  
370 17<sup>th</sup> Street  
Suite 1700  
Denver, CO., 80202

Dear Ms. Hill:

Reference is made to your application dated March 26, 2013, and supplemented on April 11, and May 15, 2013, requesting approval for off-lease measurement and sales of gas. Per your application, gas will be measured and sold to Enterprise Products Partners (Enterprise) at the following off-lease, central delivery point (CDP) location:

**Unit E, Section 36, T.23N., R.7W., Sandoval County New Mexico on a State of New Mexico oil and gas lease. Enterprise will operate and maintain the sales meter facility (meter no. 91085).**

Oil production from the attached list of wells will be stored and sold on each respective lease and is not considered part of this off-lease measurement and sales application. Gas production will be measured and sold in accordance with the procedures identified in your application unless otherwise modified herein.

The buy-back meters and the allocation methodology for the gas lift system will be addressed for each well pursuant to your Sundry Notice applications filed on May 15, 2013. These applications will be processed separately from this off-lease sales and measurement application.

After considering the merits of your application, your application for off-lease measurement is hereby authorized. This measurement system will hereafter be referenced as the Lybrook Trunk #1 Gathering System (LGS) Central Delivery Point. The following are conditions of this approval:

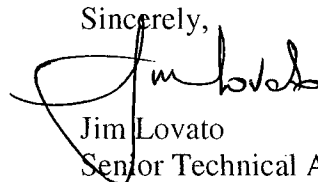
- Post a Facility sign at the CDP listing the following information:
  - Operator Name
  - Facility Name (i.e. Lybrook Truck #1 Gathering System CDP)

○ UL, S-T-R, County and State

- There are currently no separation or compression facilities at the proposed CDP facility however, should future system needs require separation and/or compression equipment, any liquid hydrocarbons recovered at the CDP must be allocated back to each well in proportion to the well's allocated gas production. Any fuel used at the CDP must also be allocated back to each contributing well in proportion to each well's allocated gas production.
- Allocation must be made on an MMBTU basis.
- Measurement of gas at the well sites and the CDP must be conducted in accordance with the requirements outlined in Onshore Order No. 3, Site security, Onshore Order No. 4, Oil Measurement, Onshore Order No. 5, Gas Measurement and NM NTL 2008-01, Electronic Flow Measurement.
- In Order to prevent waste and conserve natural gas, periodic review of each well's venting procedures must be conducted in accordance with the requirements outlined in NTL-ADO-93-1.
- No other wells beyond those on the attached list of can be added to this measurement system without the prior authorization of this office.
- Contact this office in the event of any lost hydrocarbons between the wells and the CDP.
- This office reserves the right to require audit records of all wells contributing to this CDP.

Failure to operate this facility in accordance with the conditions outlined above and in accordance with your application will subject this approval to revocation. In addition, this office reserves the right to rescind this approval should future evaluation of this method of measurement indicate lost or reduced royalties. If you have any questions regarding the above, please contact me at (505) 564-7735.

Sincerely,



Jim Lovato  
Senior Technical Advisor  
Petroleum Management Team

cc: NMOCD, Aztec

Bcc:

Lybrook Trunk #1 Gathering System CDP

Well File (5)

Lybrook Trunk #1 Gathering System CDP  
Well List

| <u>Well Name and No.</u> | <u>API No.</u> | <u>Lease/Agreement No.</u> | <u>Location</u> |
|--------------------------|----------------|----------------------------|-----------------|
| Lybrook H36-2307 01H     | 3004321117     | State of NM/<br>N/A        | H 36-23N-7W     |
| Lybrook A03-2206 01H     | 3004321130     | NMNM109386<br>N/A          | A 3-22N-6W      |
| Lybrook H03-2206 01H     | 3004321123     | NMNM109386<br>N/A          | H 3-22N-6W      |
| Lybrook D22-2206 01H     | 3004321131     | NMNM109389<br>N/A          | D 22-22N-6W     |
| Lybrook A32-2306 01H     | 3004321127     | NMNM89021<br>NMNM130514    | A 32-23N-6W     |
| Lybrook H32-2206 01H     | 3004321126     | NMNM89021<br>NMNM130513    | H 32-23N-6W     |
| Lybrook I32-2306 01H     | P3004321129    | State of NM<br>N/A         | I 32-23N-6W     |
| Lybrook I32-2306 02H     | P3004321125    | State of NM<br>N/A         | I 32-23N-6W     |