

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-129
Revised August 1, 2011

Submit one copy to appropriate
District Office

NFO Permit No. _____
(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 19.15.18.12

(See Rule 19.15.18.12 NMAC and Rule 19.15.7.37 NMAC)

OIL CONS. DIV DIST. 3

A. Applicant Encana Oil & Gas (USA) Inc. **APR 23 2014**

whose address is 370 17th Street, Suite 1700

hereby requests an exception to Rule 19.15.18.12 for 30 days days or until

May 30, 2014 for the following described tank battery (or LACT):

Name of Lease NMNM 112953 Name of Pool Counselors Gallup-Dakota

Location of Battery: Unit Letter M Section 27 Township 23N Range 6W

Number of wells producing into battery 1 well into Lybrook M27-2306 04H

B. Based upon oil production of 225 barrels per day, the estimated * volume
of gas to be flared is 2916 MCF; Value \$13,705 per day.

C. Name and location of nearest gas gathering facility:

Lybrook Trunk#2, SENW Section 27, Township 23N, Range 6W

D. Distance 3,353' Estimated cost of connection \$202,000

E. This exception is requested for the following reasons: Please see attached

OPERATOR

I hereby certify that the rules and regulations of the Oil Conservation
Division have been complied with and that the information given above
is true and complete to the best of my knowledge and belief.

Signature Brenda R. Linster

Printed Name

& Title Brenda R. Linster, Regulatory Lead

E-mail Address brenda.linster@encana.com

Date 04/22/14 Telephone No. 720-876-3989

OIL CONSERVATION DIVISION

Approved Until May 31 2014

By Charles Lerner

Title SUPERVISOR DISTRICT # 3

Date _____

* Gas-Oil ratio test may be required to verify estimated gas volume. **AV**

Reasoning for exception request:

Encana is requesting flare extensions on the Lybrook M27-2306 02H and 04H and the Lybrook E27-2306 01H and 03H due to pipeline capacity and constraints. Individual production rates for the wells are listed below.

LYBROOK E27-2306-01H: 2265 mcf/d 215 bopd 17.8% N₂

LYBROOK E27-2306-03H: 2363 mcf/d 190 bopd 17.9% N₂

LYBROOK M27-2306-02H: 1956 mcf/d 138 bopd 12.1% N₂

LYBROOK M27-2306-04H: 2916 mcf/d 225 bopd 17.5% N₂

These wells tie-in to the Lybrook Trunk 1, which connects to Enterprise's 2C-161 gathering system. Enterprise will accept up to 13 MMCFD at no more than 20% N₂. Based on current production rates during flowback, as much as 18 MMCFD may be available for sales and it may be necessary to curtail or shut production in for a period of time. The request for the flare extension will allow these wells to continue to produce and cleanup the wells while the natural, early decline will minimize gas volumes subject to the pipeline capacity and constraints. Encana will flare only the volume of gas that exceeds the capacity constraints, not to exceed 5 MMCFD combined from these wells.

Encana will pay royalties on the hydrocarbon portion flared during the 30 day flare extension and after the extension ends, Encana will provide an itemized report of the sold volume (oil and gas), flared volume and associated composite gas analysis.