District - (575) 393-6161 Energy, Minerals and Natural Resources Revised July 18, 2013 1625 N. French Dr., Hobbs, NM 88240 District II - (575) 748-123 OIL CONSERVATION DIVISION 811 S. First St., Artesia, NM 88210 OIL CONSERVATION DIVISION 30-043-21195 9 District II - (575) 748-123 OIL CONSERVATION DIVISION 1000 Rio Brazos Rd., Azec, NM 87410 Santa Fe, NM 855155 51. Indicate Type of Lease 5 State Coll & Gas Lease No. 74. Ease Name or Unit Agreement Name 1220 S St. Francis Dr., Santa Fe, NM Santa Fe, NM 855155 74. Ease Name or Unit Agreement Name 00 NO TUSE THIS FORM FOR PROPOSALS TO DRILL OR TO DEPEPN OR PLUG BACK TO A 74. Lease Name or Unit Agreement Name 10 PROPOSALS.) 1. Type of Well: Oil Well ⊠ Gas Well □ Other 8. Well Number 1. Type of Operator 9. OGRID Number 8. Well Number 2. Name of Operator 9. OGRID Number 282327 3. Address of Operator 10. Pool name or Wildcat Basin Mancos 4. Well Location 11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6853' GR 12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data 11. Elevation (Show whether DR, RKB, RT, GR, etc.) 12. Check Appropriate Box to Indicate Nature of Notice, Report or	Submit 1 Copy To Appropriate District Office	State of New Me		Form C					
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	12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data								
PERFORM REMEDIAL WORK PLUG AND ABANDON REMEDIAL WORK ALTERING CASING		~ —							
TEMPORARILY ABANDON CHANGE PLANS COMMENCE DRILLING OPNS. P AND A									
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 OTHER:
 OTHER: Pre-Installation of Gas Lift

 13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Encana Oil & Gas (USA) Inc. is requesting authorization to install gas lift at the Lybrook E33-2307 01H well. Attached is a schematic of the pad with gas lift and the gas allocation procedure.

RCMD SEP 5'14

OIL CONS. DIV.

DIST. 3

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE	PRISTI	BAUFR	_TITLE_Operations	Tech DATE	9/3/14
				•	. , .

Type or print name Cristi Bauer E-mail address: Cristi.Bauer@encana.com PHONE: 720-876-5867

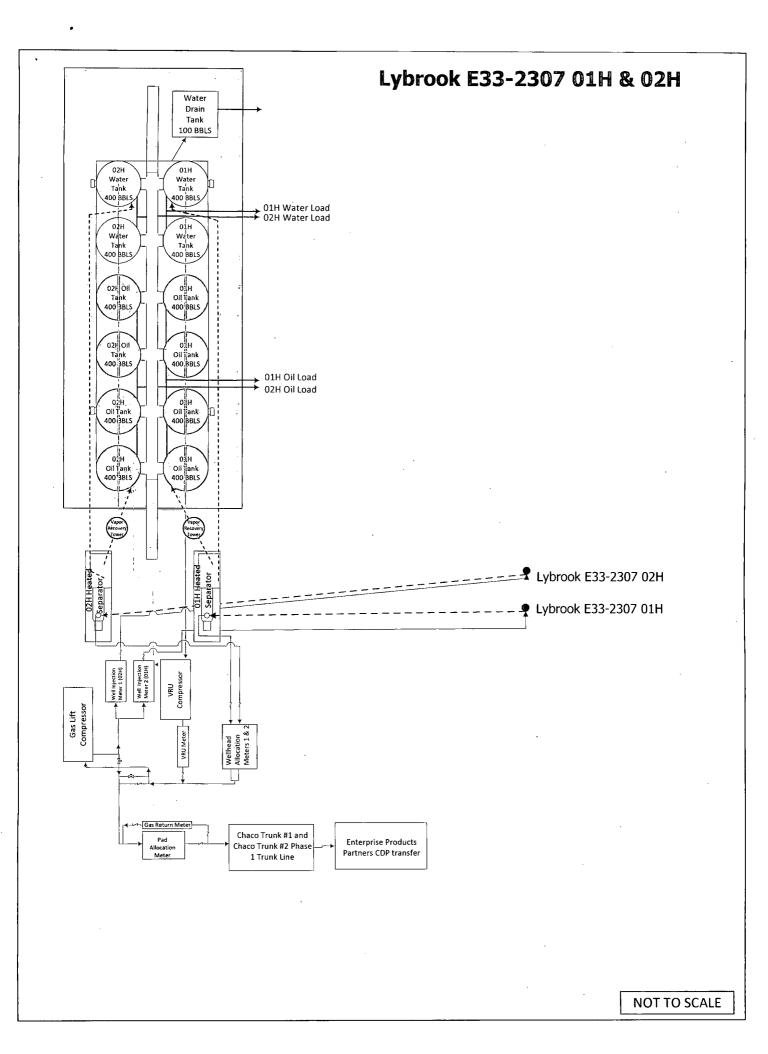
For State Use Only APPROVED BY: DF TITLE Conditions of Approval (if any). PV

DOWNHOLE COMMINGLE

CLOSED-LOOP SYSTEM

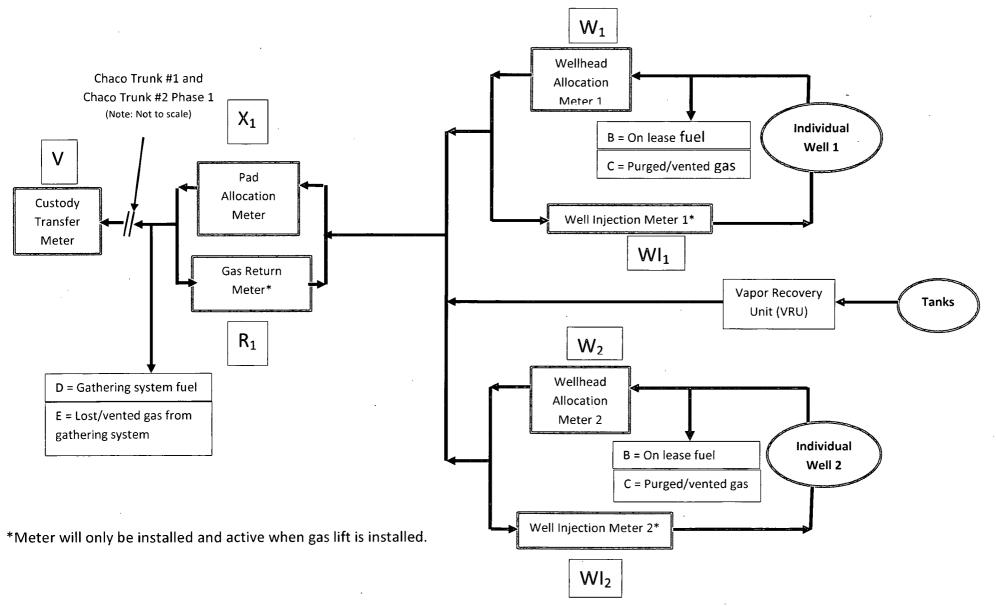
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5



Attachment No. 5 Encana Oil & Gas (USA) Inc. Chaco Trunk #1 and Chaco Trunk #2 Phase 1 Gathering System San Juan and Sandoval Counties, New Mexico

Gas Measurement Allocation Procedure for Multi-Well Pads



Attachment No. 5 Encana Oil & Gas (USA) Inc. Chaco Trunk #1 and Chaco Trunk #2 Phase 1 Gathering System San Juan and Sandoval Counties, New Mexico

Base Data:

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

 X_x = Gas Volume (MCF) from Pad Allocation Meter during allocation period. (Encana)

R_x = Gas Volume (MCF) from Gas Return Meter at Well Pad (Encana)*

 $(X_x - R_x) = Gas Volume (MCF)$ for total Well Pad Production (Encana)

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

WI_x = 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 Products Partners)

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 Well Pads and individual wells.

Allocate the off lease Custody Transfer volume back to the well pad

 A_{AL} = Well pad allocated volume (MCF) = $[(X_1-R_1)/((X_1-R_1)+(X_2-R_2)+(X_n-R_n))]^*(V) + D + E$

Distribute (allocate) the allocated well pad production, (A_{AL}) back to each well on the pad

Gas production (MCF) allocated back to the individual wells on a Well Pad is calculated using the formula: AL Net_n = $[(W_1-WI_1)/((W_1-WI_1)+(W_2-WI_2)+(W_n-WI_n))]^* A_{AL}$

Determine the final allocated production for each well on the pad

Final allocated individual well production (MCF) = AL Net_n + B_n + C_n

 B_n = On lease fuel usage attributed to an individual well, 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.

Attachment No. 5 Encana Oil & Gas (USA) Inc. Chaco Trunk #1 and Chaco Trunk #2 Phase 1 Gathering System San Juan and Sandoval Counties, New Mexico

 C_n = Lost and/or vented gas attributed to an individual well 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 Well Pads benefiting from the equipment using allocation factors determined by $[(X_1-R_1)/((X_1-R_1)+(X_2-R_2)+(X_n-R_n))]$ and for individual wells using allocation factors determined by $[(W_1-WI_1)/((W_1-WI_1)+(W_2-WI_2)+(W_n-WI_n))]$.

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 Well Pads affected using factors determined by $[(X_1-R_1)/((X_1-R_1)+(X_2-R_2)+(X_n-R_n))]$, and for individual wells using factors determined by $[(W_1-WI_1)/((W_1-WI_1)+(W_2-WI_2)+(W_n-WI_n))]$.

<u>Individual Well BTU's</u> = $[[{(W_n-WI_n)*Z_n}/{SUM((W_n-WI_n)*Z_n)}]*(V*Y)*1000]$ Individual well gas heating values to be determined in accordance with BLM regulations.