

District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-043-21196
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. NM 16586
7. Lease Name or Unit Agreement Name Lybrook E33-2307 ROVD SEP 25 '14
8. Well Number 02H OIL CONS. DIV. DIST. 3
9. OGRID Number 282327
10. Pool name or Wildcat Alamito-Gallup

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)	
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>	
2. Name of Operator Encana Oil & Gas (USA) Inc.	
3. Address of Operator 370 17th Street, Suite 1700 Denver, CO 80202	
4. Well Location Unit Letter <u>E</u> : <u>1770</u> feet from the <u>NORTH</u> line and <u>545</u> feet from the <u>WEST</u> line Section <u>33</u> Township <u>23N</u> Range <u>7W</u> NMPM County <u>SANDOVAL</u>	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6853' GR	

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

- | | |
|--|---|
| PERFORM REMEDIAL WORK <input type="checkbox"/> | PLUG AND ABANDON <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | CHANGE PLANS <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | MULTIPLE COMPL <input type="checkbox"/> |
| DOWNHOLE COMMINGLE <input type="checkbox"/> | |
| CLOSED-LOOP SYSTEM <input type="checkbox"/> | |
| OTHER: <input type="checkbox"/> | |

SUBSEQUENT REPORT OF:

- | | |
|---|--|
| REMEDIAL WORK <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| COMMENCE DRILLING OPNS. <input type="checkbox"/> | P AND A <input type="checkbox"/> |
| CASING/CEMENT JOB <input type="checkbox"/> | |
| OTHER: Pre-installation of Gas Lift <input checked="" type="checkbox"/> | |

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 02H well. Attached is a schematic of the pad with gas lift and the gas allocation procedure.

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

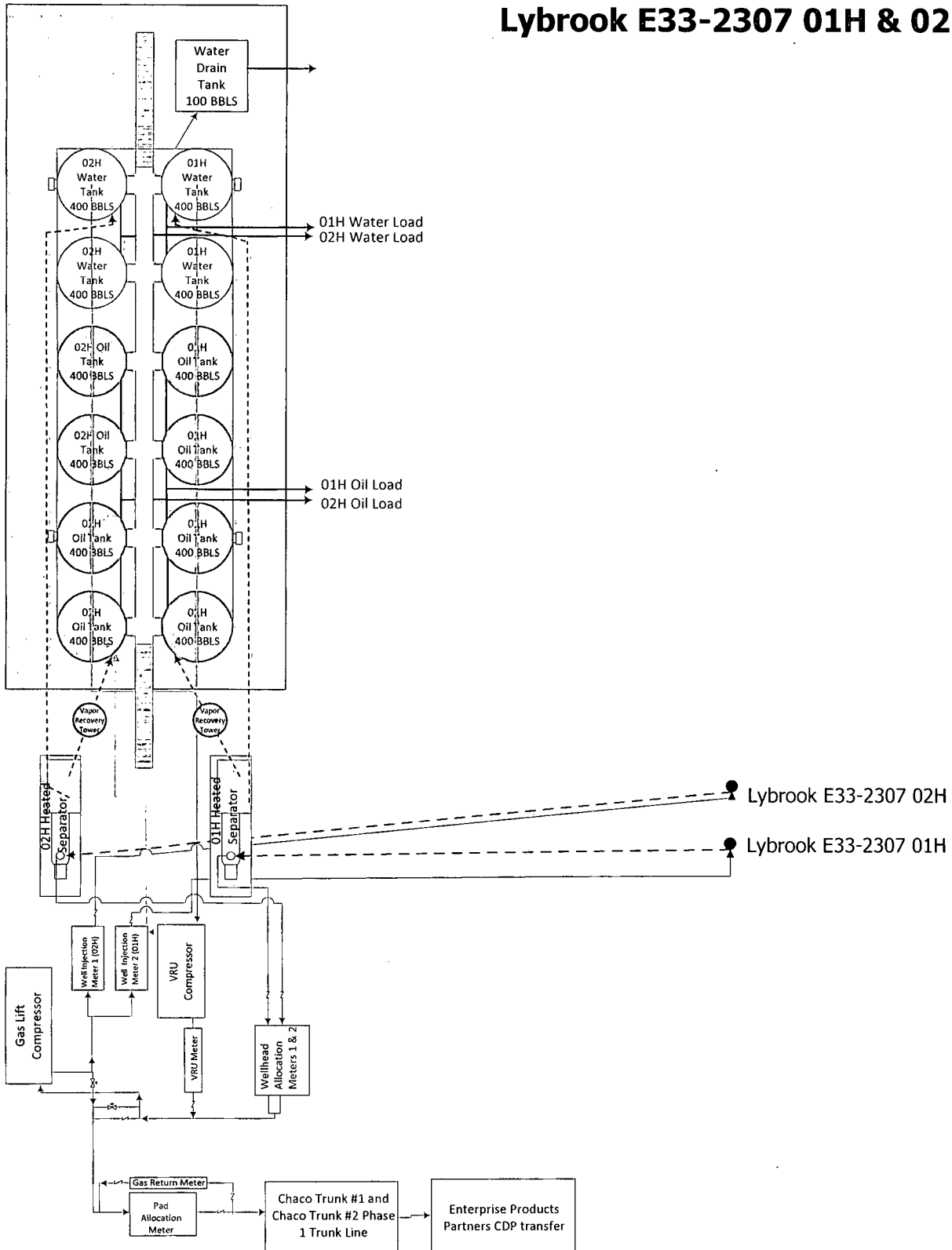
SIGNATURE Cristi Bauer TITLE Operations Technician DATE 9/23/14

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

For State Use Only

APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 3 DATE 9/30/14
Conditions of Approval (if any): A

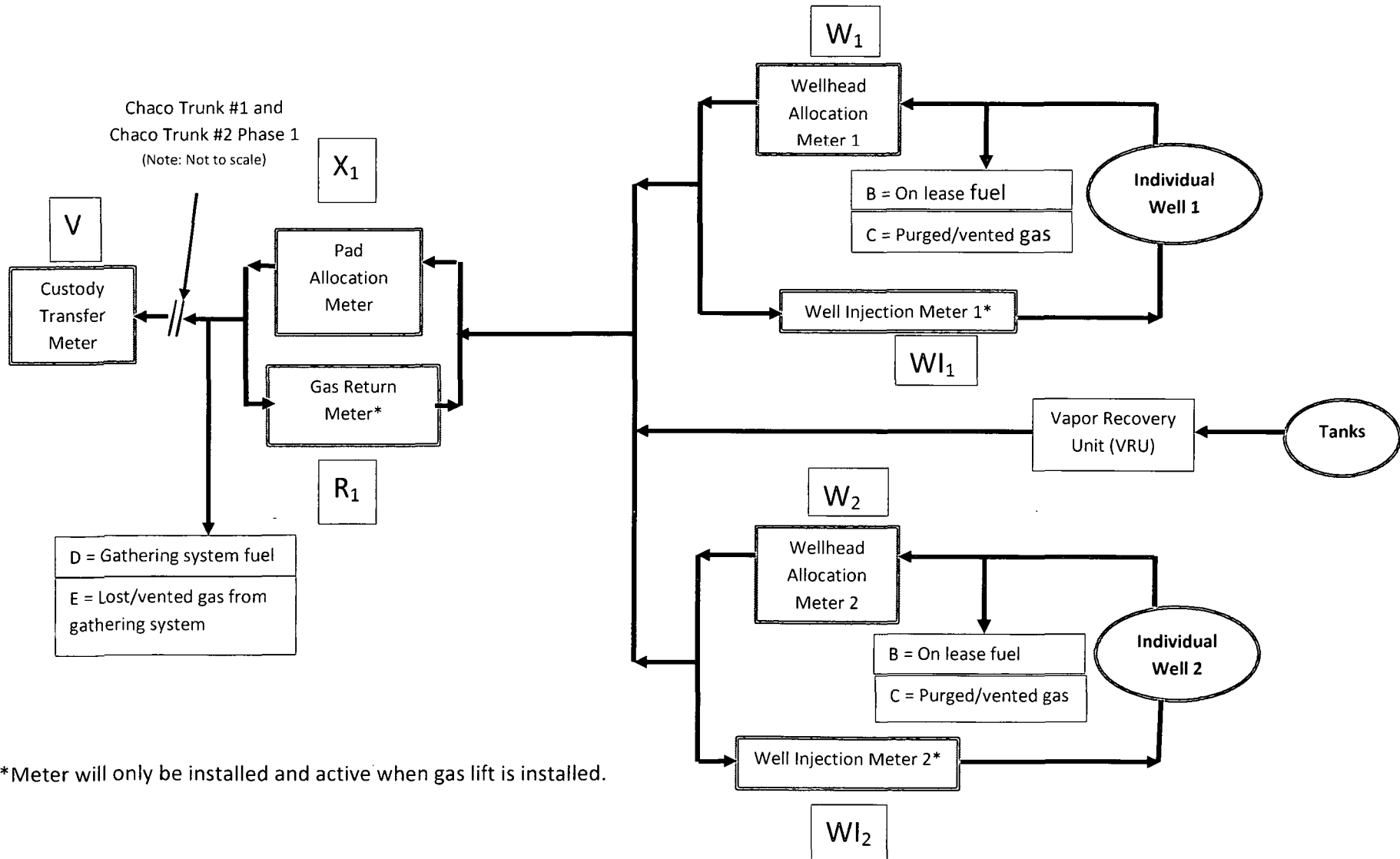
Lybrook E33-2307 01H & 02H



NOT TO SCALE

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

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

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:

$$AL\ Net_n = [(W_1 - WI_1) / ((W_1 - WI_1) + (W_2 - WI_2) + \dots + (W_n - WI_n))] * A_{AL}$$

Determine the final allocated production for each well on the pad

$$\text{Final allocated individual well production (MCF)} = AL\ Net_n + B_n + C_n$$

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.

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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 $[(W_1-W_{I1})/((W_1-W_{I1})+(W_2-W_{I2})+(W_n-W_{In}))]$.

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 $[(W_1-W_{I1})/((W_1-W_{I1})+(W_2-W_{I2})+(W_n-W_{In}))]$.

Individual Well BTU's = $[\{(W_n-W_{In}) * Z_n\} / \{SUM((W_n-W_{In}) * Z_n)\}] * (V * Y) * 1000]$

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