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)

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| <b>APPLICATION FOR EXCEPTION_TO_NO_FLARE RULE 19.15.18.12</b> |
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|---|

| (See Rule 19.15.18.12 NMAC and Rule 19.15.7.37 NMAC)                            | OIL CONS. DIV DIS   |
|---|---------------------|
| Applicant Encana Oil & Gas (USA) Inc.   | NOV 1 4 2014        |
| whose address is 370 17th Street, Suite 1700 Denver, CO 8020                    | )2,                 |
| hereby requests an exception to Rule 19.15.18.12 for <sup>30</sup>              | days or until       |
| $\frac{12/15}{\text{API: } 30-043-21194}$ , for the following described tank b  | battery (or LACT):  |
| Name of Lease Lybrook M28-2306 03H Name of Pool Lybrook                         | Gallup              |
| Location of Battery: Unit Letter <u>M</u> Section <u>28</u> Township <u>23N</u> | Range <sup>6W</sup> |
| Number of wells producing into battery3   |                     |
| Based upon oil production of <u>300</u> barrels per day, the es                 | stimated * volume   |
| of gas to be flared is 39,000 MCF; Value \$2925                                 | per day.            |
| Name and location of nearest gas gathering facility:                            |                     |
| Lybrook Trunk CDP   |                     |
| Distance <u>N/A</u> Estimated cost of connection <u>Already</u> c               | onnected            |
| This exception is requested for the following reasons:                          |                     |
| The wells early production is being impacted by high back                       | kpressure on        |
| the gas gathering line. The wells should optimally be pro                       | oduced with         |
| minimum backpressure during early life to ensure proper                         | load water recovery |

| OPERATOR  | OIL CONSERVATION DIVISION     |
|---|-------------------------------|
| I hereby certify that the rules and regulations of the Oil Conservation |                               |
| Division have been complied with and that the information given above   | Approved Until 12-1-2014      |
| is true and complete to the best of my knowledge and belief.            |                               |
| Signature CRISTC BAUER  | By Charlister                 |
| Printed Name  |                               |
| & Title Cristi Bauer, Operations Technician                             | Title SUPERVISOR DISTRICT # 3 |
|   | NOV 1 4 2014                  |
| E-mail Address cristi.bauer@encana.com                                  | Date                          |
|   |                               |
| Date Telephone No. 720-876-5867   |                               |
| Bute  |                               |

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