



February 27, 2018

Bureau of Land Management

6251 College Blvd, Ste A
Farmington, NM 87402
Attn: Mr. Joe Hewitt

State of New Mexico Land Office

310 Old Santa Fe Trail
Santa Fe, NM 87504
Attention: Marilyn Gruebel

State of New Mexico Oil Conservation Division

1220 South St. Francis Drive
Santa Fe, NM 87505
Attention: Heather Riley

Re: Plan of Development 2018
Gallo Canyon Unit
Sandoval County, New Mexico

Ladies and Gentlemen:

Encana Oil & Gas (USA) Inc. ("Encana") respectfully submits for your approval the 2018 Plan of Development and Review of Operations for the Gallo Canyon Unit – NMNM 131017X – located in Sandoval County, New Mexico.

The Gallo Canyon Unit was approved effective July 1, 2013. In accordance with the terms Article 9, Encana drilled and completed the Gallo Canyon Unit 209H well (f/k/a Gallo Canyon Unit M27-2306 01H) as the initial unit obligation well and thereafter drilled and completed six (6) additional horizontal wells, all of which are described below.

The Gallo Canyon Unit Mancos Participating Area NMNM 131017A was approved August 25, 2014, which encompassed the entire Gallo Canyon Unit area of 5,760.00 acres, but applied tract participation to only 5,120.00 committed acres.

This 2018 Plan of Development contains a review of the operations conducted in the Gallo Canyon Unit since the July 1, 2013 inception of the unit.

REVIEW OF OPERATIONS (includes all operations conducted since unit inception)

Existing Wells Drilled & Completed

Well Name	Location	Spud Date	Completion Date	Work Performed
Gallo Canyon Unit 206H	26-23N-6W	11/06/2014	12/08/2014	Completed to Mancos Formation
Gallo Canyon Unit 207H	26-23N-6W	11/30/2014	12/17/2014	Completed to Mancos Formation
Gallo Canyon Unit 204H	26-23N-6W	12/13/2014	12/27/2014	Completed to Mancos Formation
Gallo Canyon Unit 208H	26-23N-6W	12/16/2014	12/31/2014	Completed to Mancos Formation
Gallo Canyon Unit 301H	33-23N-6W	12/17/2014	12/31/2014	Completed to Mancos Formation
Gallo Canyon Unit 203H	26-23N-6W	12/28/2014	01/09/2015	Completed to Mancos Formation
Gallo Canyon Unit 209H	27-23N-6W	11/22/2013	2/11/2014	

Other Operations

Workover Operations

Well Name	Work Completed	Date Completed
Gallo Canyon Unit 209H	SI O2 communication ***	2015
Gallo Canyon Unit 206H	Final tie-in	2015
Gallo Canyon Unit 207H	Facilities installation	2015
Gallo Canyon Unit 204H	Facilities installation	2015
Gallo Canyon Unit 208H	Facilities installation	2015
Gallo Canyon Unit 301H	Final tie-in & Facilities installation	2015
Gallo Canyon Unit 203H	Facilities installation	2015
Gallo Canyon Unit 209H	Compressor	2016

***Gallo Canyon Unit M27-2306-01H was shut-in on 3/30/2015 to prevent O2 communication from other completion operations within the Gallo Canyon Unit. This well was turned back to production on 4/9/2015.

Tank Isolation Project – the installation of isolation and de-pressure valves on the tank vapor header system for each storage tank to allow for the safe maintenance of storage tanks.

Well Name	Location	Year Completed
Gallo Canyon Unit 301H	33-23N-6W	2017
Gallo Canyon Unit 206H	26-23N-6W	2017
Gallo Canyon Unit 209H	27-23N-6W	2017

2018 PLAN OF DEVELOPMENT

2018 Drilling Operations

None

2018 Other Operations

Workover Operations

Well Name	Work Completed	Target Date
Gallo Canyon Unit 207H	Pull & replace tubing	2018
Gallo Canyon Unit 208H	Pull & replace tubing	2018

Tank Isolation Project – the installation of isolation and de-pressure valves on the tank vapor header system for each storage tank to allow for the safe maintenance of storage tanks.

Well Name	Location	Year
Gallo Canyon Unit 207H	26-23N-6W	2018
Gallo Canyon Unit 204H	26-23N-6W	2018
Gallo Canyon Unit 208H	26-23N-6W	2018
Gallo Canyon Unit 203H	26-23N-6W	2018



Unit Materials Enclosed

Enclosed herewith are the following materials reflecting current unit and well status.

1. Current Gallo Canyon Unit Existing Well List
 - Production History – Table (by well)
 - Production Curve – Graph (by well)
2. Unit Exhibit B – Updated Interests
3. Grid with Well Locations
4. Current Infrastructure Map

*Note: Unit Agreement Exhibits A & B are available, but have not been included as enclosures herewith because there have been no changes since the last versions were submitted to your offices.

Any additions or modifications to this Plan of Development will be submitted on a Supplemental Plan of Development. If you have any questions regarding this Plan of Development please feel free to contact Mona Binion at mona.binion@encana.com or 720-876-5325.

Sincerely,

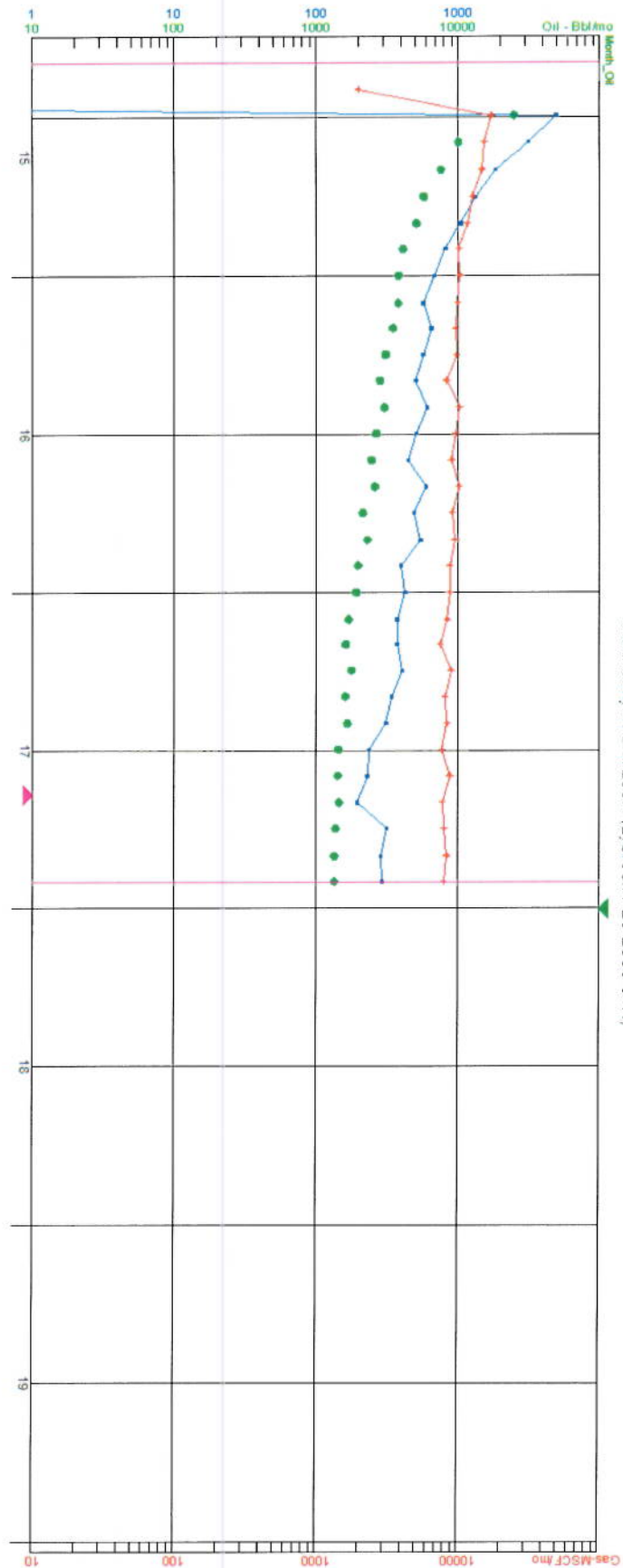
A handwritten signature in black ink that reads "Megan E. Gross".

Megan E. Gross
Land Technician

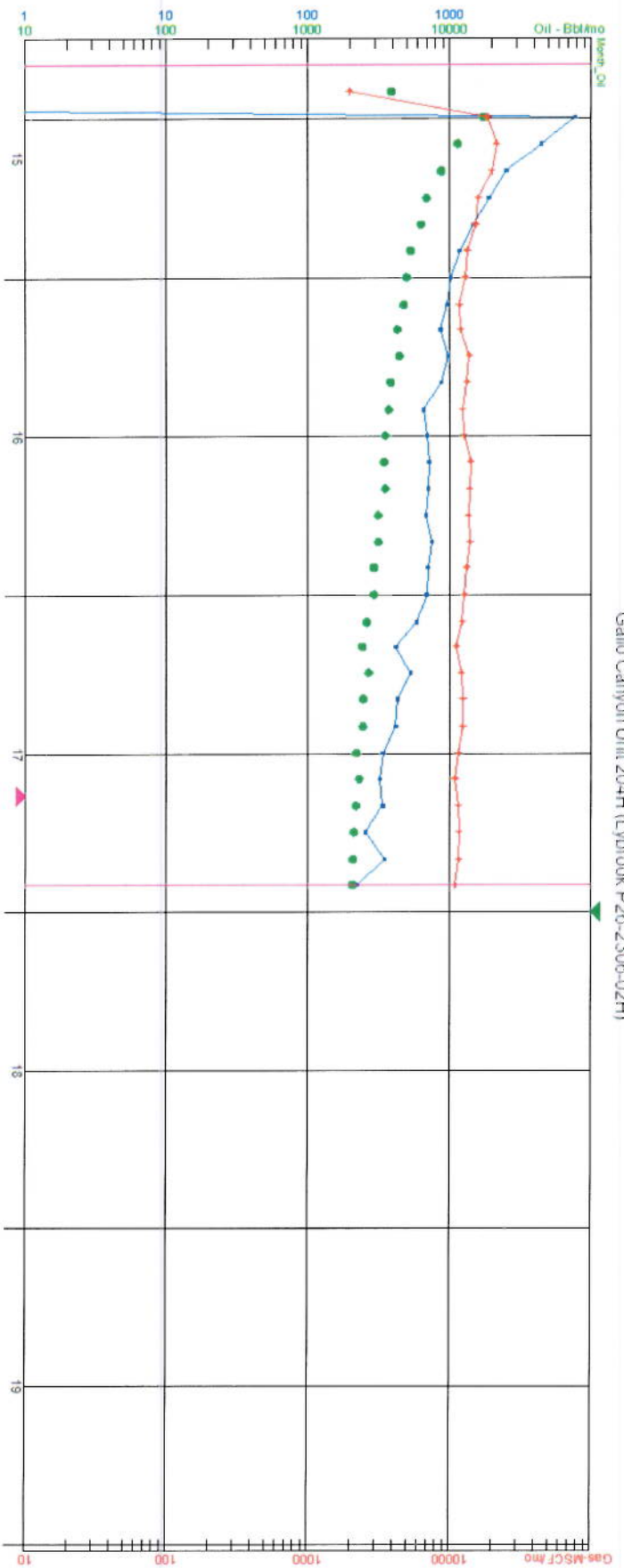
Enclosures:

Cc: Working Interest Owners – Gallo Canyon Unit

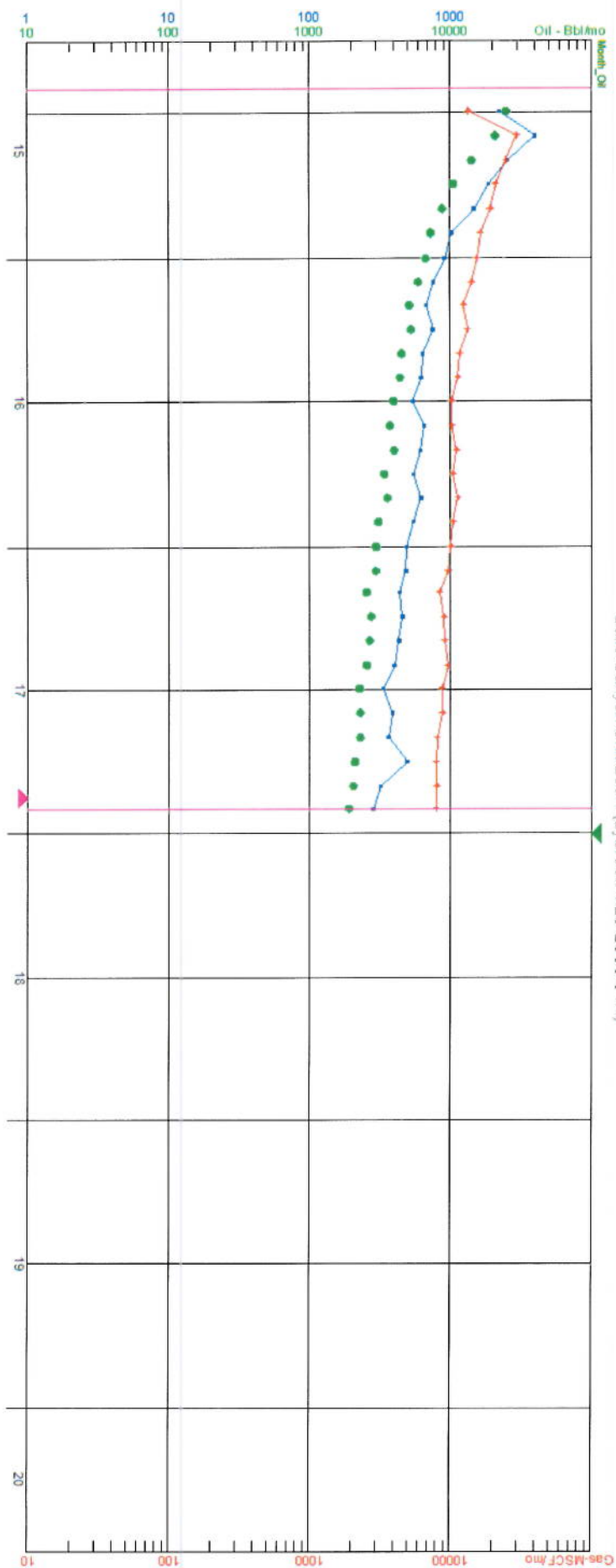
Wells	Sect. Township, Range	County	State	API	Spud Date	First Sales	Status	2014			2015			2016			2017			04/2014 to 11/2017		
								Oil (bbl)	Gas (mcf)	Water (bbl)	Oil (bbl)	Gas (mcf)	Water (bbl)	Oil (bbl)	Gas (mcf)	Water (bbl)	Oil (bbl)	Gas (mcf)	Water (bbl)	Total Oil by well (bbl)	Total Gas by well (mcf)	Total Water by well (bbl)
GALLO CANYON 203H (P26-2306-01H)	26, 23N, 6W	Sandoval	NM	30043212070000	12/27/2014	06/02/2015	PR				61,452	93,676	13,829	32,319	112,019	6,316	16,761	89,284	3,367	110,533	794,979	23,512
GALLO CANYON 204H (P26-2306-02H)	26, 23N, 6W	San Juan	NM	30043212090000	12/13/2014	06/02/2015	PR				65,044	119,001	20,366	43,644	156,141	9,274	25,583	127,541	4,202	134,271	402,683	33,841
GALLO CANYON 206H (M26-2306-01H)	26, 23N, 6W	Sandoval	NM	30043212050000	11/06/2014	06/17/2015	PR				93,737	139,821	14,098	50,322	136,647	7,507	26,528	94,831	4,418	170,591	371,299	26,023
GALLO CANYON 207H (O27-2306-01H)	26, 23N, 6W	Sandoval	NM	30043212060000	11/06/2014	06/23/2015	PR				85,761	160,148	11,176	54,922	138,160	6,378	26,822	126,698	3,330	167,004	475,006	20,884
GALLO CANYON 208H (O27-2306-02H)	26, 23N, 6W	Sandoval	NM	30043212080000	12/16/2014	06/23/2015	PR				71,093	116,001	9,297	43,165	139,161	5,269	21,619	101,636	2,966	135,786	356,778	17,532
GALLO CANYON 209H (M27-2306-01H)	27, 23N, 6W	Sandoval	NM	30043212190000	11/22/2013	04/24/2014	PR	107,889	269,732	15,509	60,293	250,888	16,267	29,861	192,466	3,562	16,611	136,794	1,849	214,654	849,879	37,187
GALLO CANYON 301H (H3-2306-01H)	33, 23N, 6W	Sandoval	NM	30043212330000	12/17/2014	06/24/2015	PR				32,856	111,142	5,658	23,175	144,453	3,004	11,020	100,533	1,193	67,102	356,127	9,855
							Total	107,889	269,732	15,509	469,645	990,677	30,690	277,413	1,069,026	41,309	144,993	777,316	21,375	999,941	3,106,750	168,833



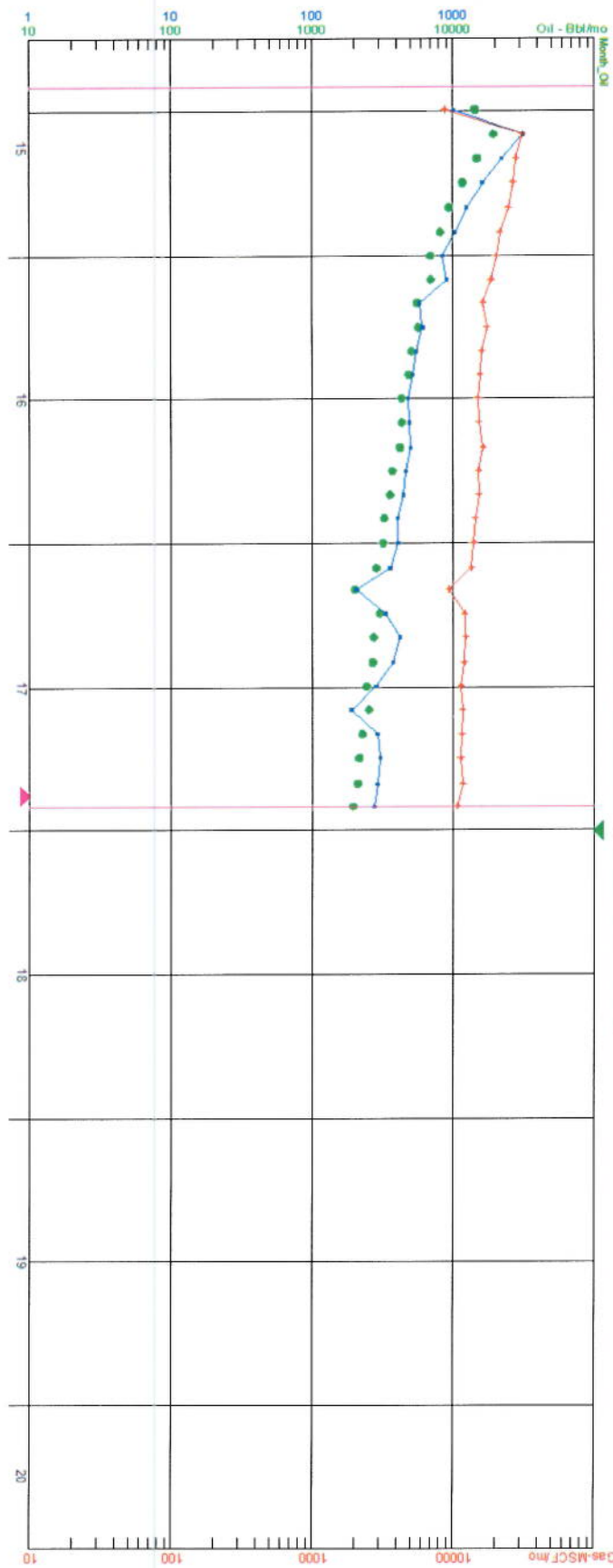
Gallo Canyon Unit 204H (Lybrook P26-2306-02H)



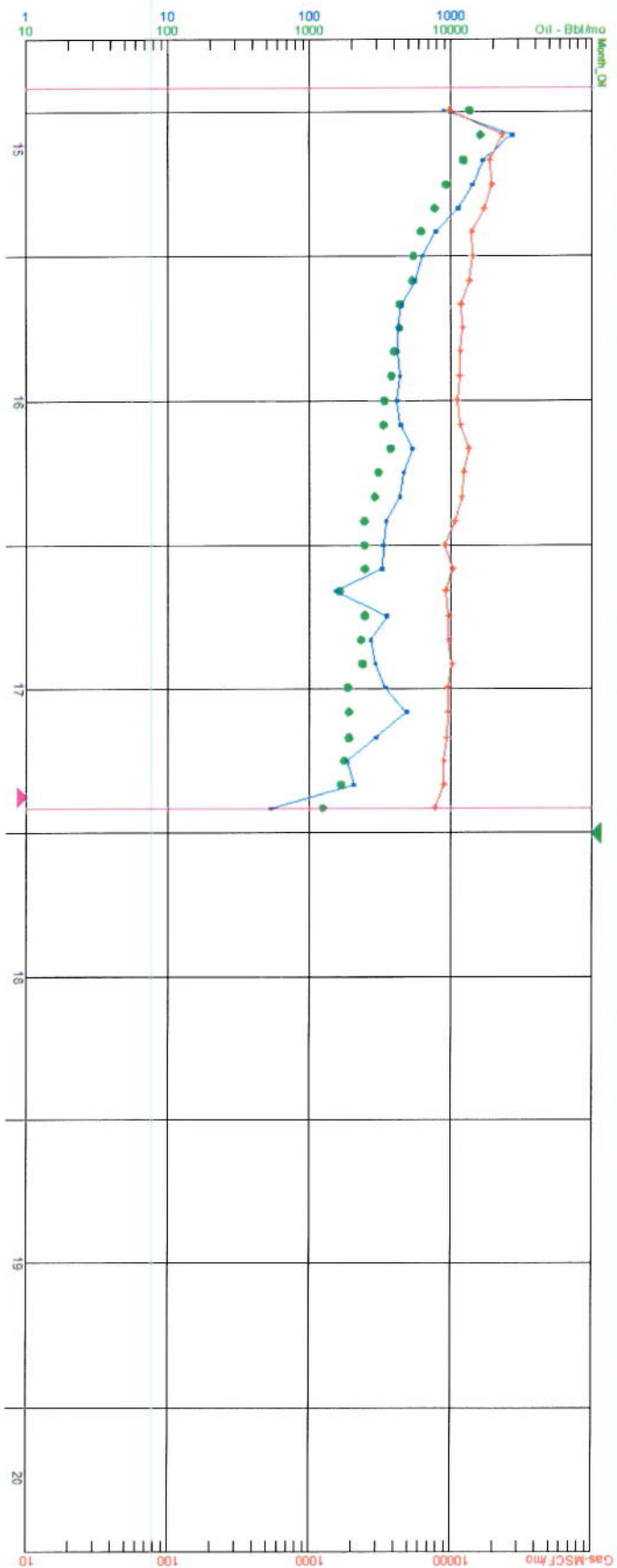
Gallo Canyon Unit 206H (Lybrook M26-2306-01H)



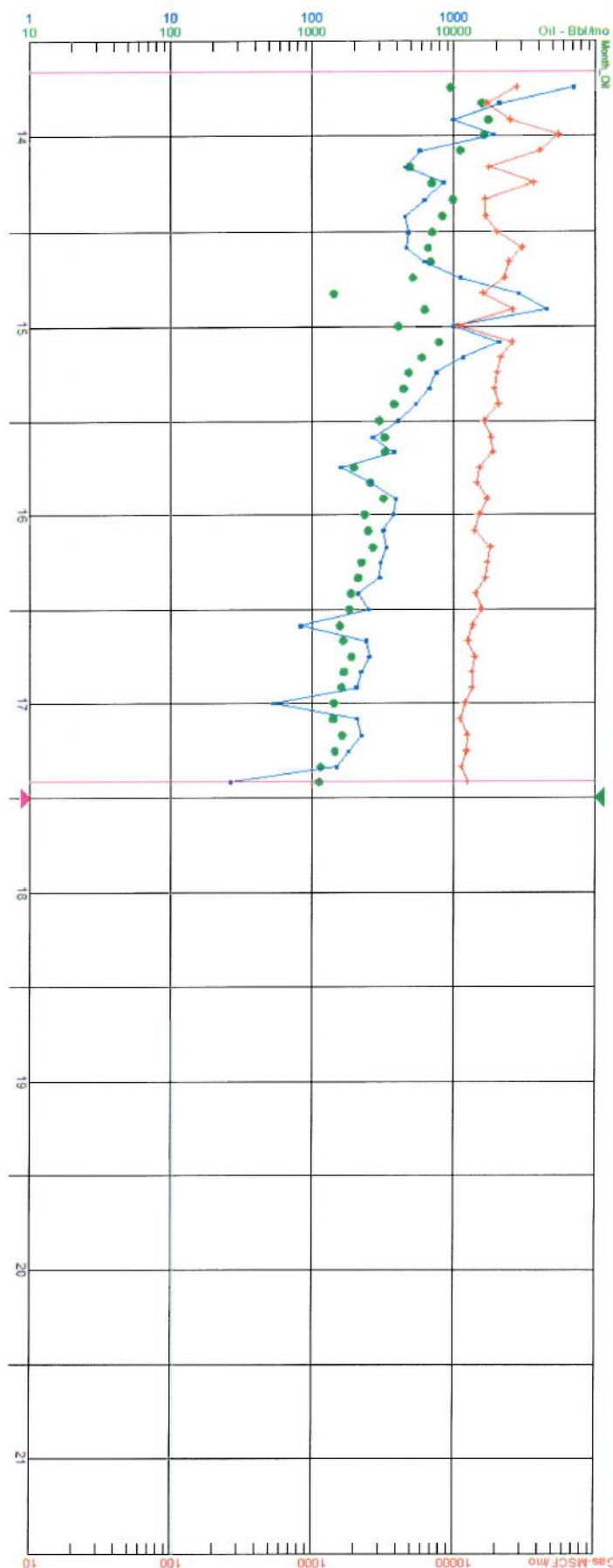
Gallo Canyon Unit 207H (Lybrook 027-2306-01H)



Gallo Canyon Unit 208H (Lvbrook 027-2305-02H)



Gallo Canyon Unit 209H (Lybrook M27-2306-01H)



Gallo Canyon Unit 301H (Ljbrook H33-2306-01H)

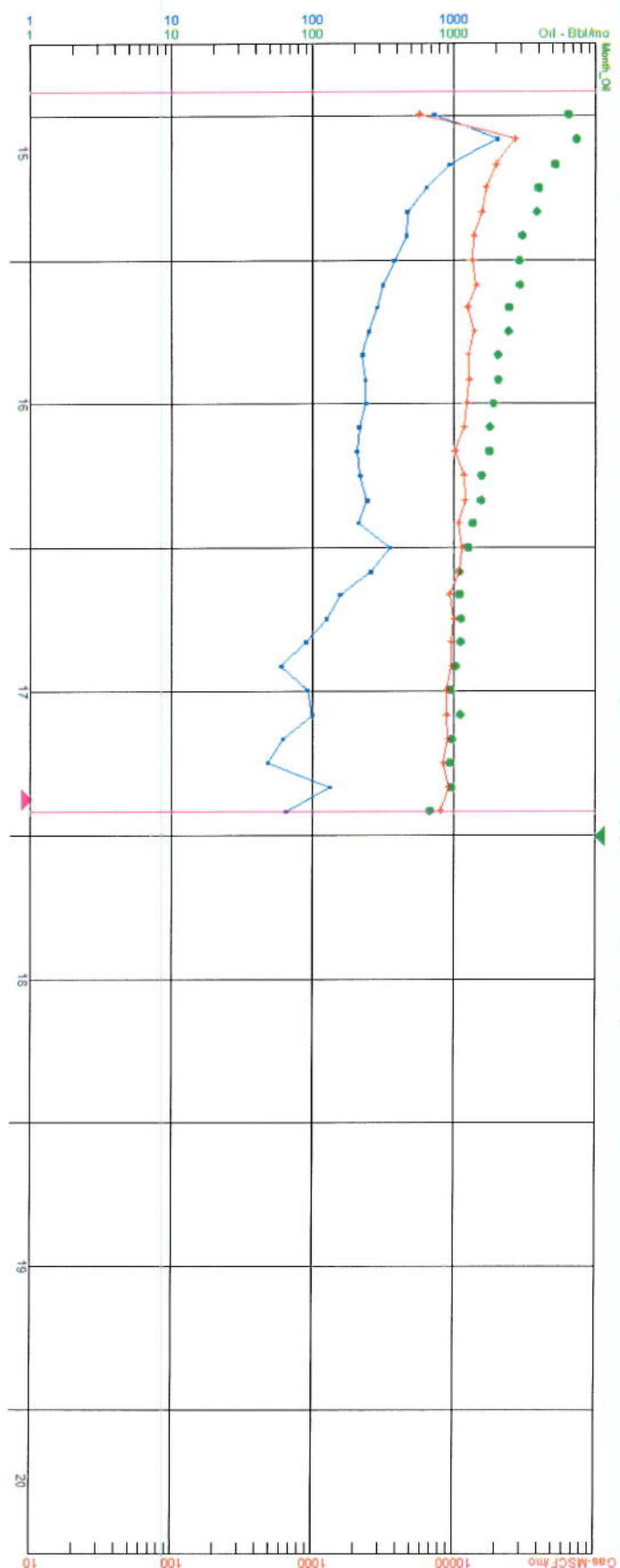


EXHIBIT "B"
SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND GAS INTERESTS
GALLO CANYON UNIT AREA
SANDOVAL COUNTY, NEW MEXICO

TRACT NO	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER & EXPIRATION DATE OF LEASE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD AND PERCENTAGE	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE
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FEDERAL LANDS:

1.	<u>T23N-R06W-23rd P.M.</u> Sec. 22: ALL Sec. 23: ALL Sec. 24: NE, S2 Sec. 25: ALL	2,400.00	NM-017009 Effective 6-1-1973 Expires HBP	U.S.A. - All (12.5% royalty)	MARSHALL R. PERKINS	100.0000%	Marshall R. Perkins and Cynthia Perkins	4.0000%	Encana Oil & Gas (USA) Inc. Dugan Production Corp.	50.0000% 50.0000%
TOTAL								4.0000%		

**2. <u>T23N-R06W-23rd P.M.</u> Sec. 24: NW	160.00	NM-017009	U.S.A. - All (12.5% royalty)	MARSHALL R. PERKINS	100.0000%	Marshall R. Perkins and Cynthia Perkins	4.0000%	Logos Resources, LLC	100.0000%
		Effective 6-1-1973				Tom Dugan Family Ltd Partnership	1.0000%		
		Expires HBP							
					TOTAL		5.0000%		

3.	<u>T23N-R06W-23rd P.M.</u> Sec. 27: ALL	640.00	NM-117564	U.S.A. - All (12.5% royalty)	RESOURCE DEVELOPMENT TECHNOLOGY LLC	100.0000%	James R. J. Strickler and Marie R. Strickler, as Joint Tenants	7.5000%	Encana Oil & Gas (USA) Inc.	87.5000%
			Effective 3-1-2007						JMJ Land and Minerals Company	12.5000%
			Expires 2-28-2017							
TOTAL								7.5000%		

4.	<u>T23N-R06W-23rd P.M.</u> Sec. 26: ALL Sec. 34: ALL Sec. 35: ALL	1,920.00	NM-118128 Effective 6-1-2007 Expires 05-31-2017	U.S.A. - All (12.5% royalty)	LAND PROFESSIONALS, INC.	100.0000% None	QEP Energy Company	100.0000%
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TRACT NO.	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER & EXPIRATION DATE OF LEASE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD AND PERCENTAGE	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE
FEDERAL TRACTS	TOTALING	5,120.00	ACRES	OR 88.89%	OF UNIT AREA		

STATE LANDS.

5	T23N-R06W 23rd P.M. Sec. 36: ALL	640.00	V09212	State of New Mexico (16.667% royalty)	Red Dog Enterprises	100.0000%	None	Dugan Production Corp.	100.0000%
			Effective 6-1-2012						
			Expires 05-31-2017						

STATE TRACTS	TOTALING	640.00	ACRES	OR 11.11%	OF UNIT AREA				
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TRACTS	TOTALING	5,760.00	ACRES	IN UNIT AREA					
** Tract interest subject to additional ownership research.									



