

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location]
 [NSP-Non-Standard Proration Unit]
 [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling]
 [CTB-Lease Commingling]
 [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling]
 [OLS - Off-Lease Storage]
 [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion]
 [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal]
 [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification]
 [PPR-Positive Production Response]

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- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____

30-045-35442 ~~EH~~
 Good times L10-2410 1H
 Encana Oil & Gas

- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
Attachment No. 4 presents copies of notification to interest owners mailed Certified/ Return Receipt (RR). Upon receipt of RRs, copies will be sent to NMOCD.
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate and complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Holly Hill	<u>Holly Hill</u>	Regulatory Analyst	5/30/13
Print or Type Name	Signature	Title	Date
		holly.hill@encana.com	
		e-mail Address	

District I
1625 N. French Drive, 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 Department

Form C-107-B
Revised August 1, 2011

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Encana Oil & Gas (USA) Inc.
OPERATOR ADDRESS: 370 17th Street, Suite 1700, Denver, CO 80202
APPLICATION TYPE:

Pool Commingling Lease Commingling Pool and Lease Commingling Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: Fee State Federal

Is this an Amendment to existing Order? Yes No If "Yes", please include the appropriate Order No. _____
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
 Yes No

(A) POOL COMMINGLING
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production	Calculated Value of Commingled Production	Volumes

- (2) Are any wells producing at top allowables? Yes No
 (3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No.
 (4) Measurement type: Metering Other (Specify)
 (5) Will commingling decrease the value of production? Yes No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING
Please attach sheets with the following information

- (1) Pool Name and Code.
 (2) Is all production from same source of supply? Yes No
 (3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No
 (4) Measurement type: Metering Other (Specify)

(C) POOL and LEASE COMMINGLING
Please attach sheets with the following information

- (1) Complete Sections A and B.

(D) OFF-LEASE STORAGE and MEASUREMENT
Please attached sheets with the following information

- (1) Is all production from same source of supply? Yes No
 (2) Include proof of notice to all interest owners. See Attachment No. 4

(E) ADDITIONAL INFORMATION (for all application types)
Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location. See Attachment No. 2 and Attachment No. 5
 (2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved. Attachment No.2
 (3) Lease Names, Lease and Well Numbers, and API Numbers. See Attachment No. 1

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

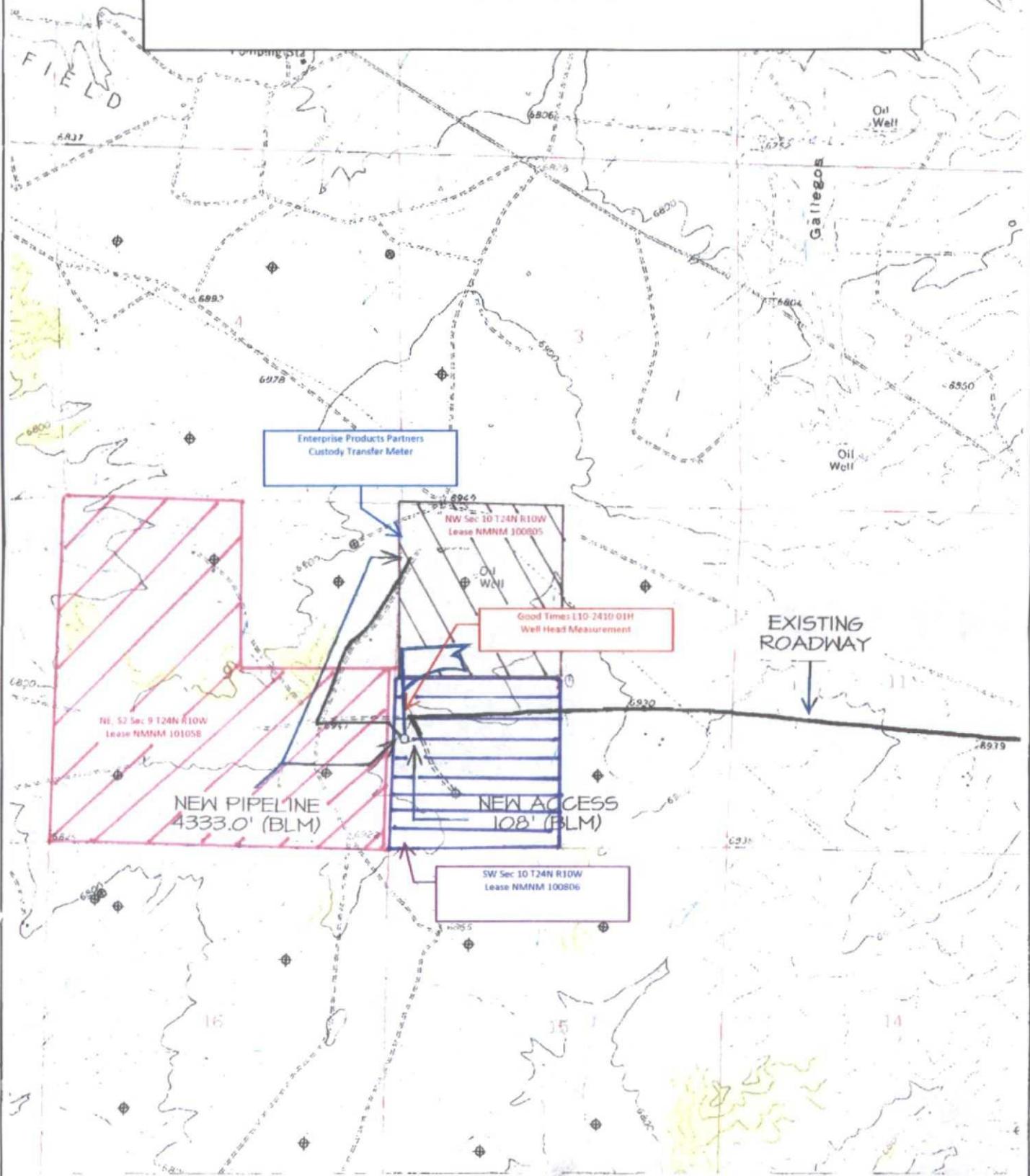
SIGNATURE: Holly Hill TITLE: Regulatory Analyst DATE: 5/30/13
 TYPE OR PRINT NAME: Holly Hill TELEPHONE NO.: 720-876-5331
 E-MAIL ADDRESS: holly.hill@encana.com

Attachment No. 1
 Encana Oil Gas (USA) Inc.
 Good Times L10-2410 01H
 Off-Lease Measurement Application
 Well Pad Measurement: NWNW Sec 10 T24N R10W
 Project Area: S2 Section 9 T24N R10W (NMNM 101058)
 San Juan County, New Mexico

Well Name	API No.	Well Location UL-Sec-Twn-Rng	Project Area	Pool	Lease No.	Lease Type	Completion Date	Well Status
Good Times L10-2410 01H	30-045-35442	L-SWNW-10-24N-10W	S2 Sec 9 24N 10W (320 acres)	Basin Mancos Gas Pool (97232) *	NMNM 101058	Fed	Pending	Approval to Drill

*Pursuant to NMAC 19.15.15.13.C Encana received administrative approval on April 30, 2013 (NSL-6797) for an unorthodox location for the Good Times L10-2409 01H well in the Basin Mancos Gas Pool (Order No.97232)

Attachment No. 2
Encana Oil & Gas (USA) Inc.
Good Times L10-2410 01H
Off-Lease Measurement Application
Well Pad Measurement: NWNW Sec 10 T24N R10W
Project Area: S2 Section 9 T24N R10W (NMNM 101058)
San Juan County, NM



NAME OF TOPO : HUERFANO TRADING POST ⊕ PRODUCING WELL ⊗ PLUGGED & ABANDONED WELL

Attachment No. 2(a)
 Encana Oil & Gas (USA) Inc.
 Good Times L10-2410-01H
 Off-Lease Measurement Application
 Well Pad Measurement: NWNW Sec 10 T24N R10W
 Project Area: S2 Section 9 T24N R10W (NMNM 101058)
 San Juan County, New Mexico

District I
 1625 N. French Drive, Hobbs, NM 88240
 Phone: (575) 393-6161 Fax: (575) 393-0720

District II
 811 S. First Street, Artesia, NM 88210
 Phone: (575) 748-1283 Fax: (575) 748-9720

District III
 1000 Rio Brazos Road, Aztec, NM 87410
 Phone: (505) 334-6178 Fax: (505) 334-6170

District IV
 1220 S. St. Francis Drive, Santa Fe, NM 87505
 Phone: (505) 476-3460 Fax: (505) 476-3462

Form C-102
 Revised August 1, 2011
 Submit one copy to
 appropriate District Office

1220 SOUTH ST. FRANCIS DRIVE
 Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-35442		*Pool Code 97232	*Pool Name BASIN MANCOS
*Property Code	*Property Name GOOD TIMES L10-2410		*Well Number 01H
*OGRID No. 282327	*Operator Name ENCANA OIL & GAS (USA) INC.		*Elevation 6896'

10 Surface Location

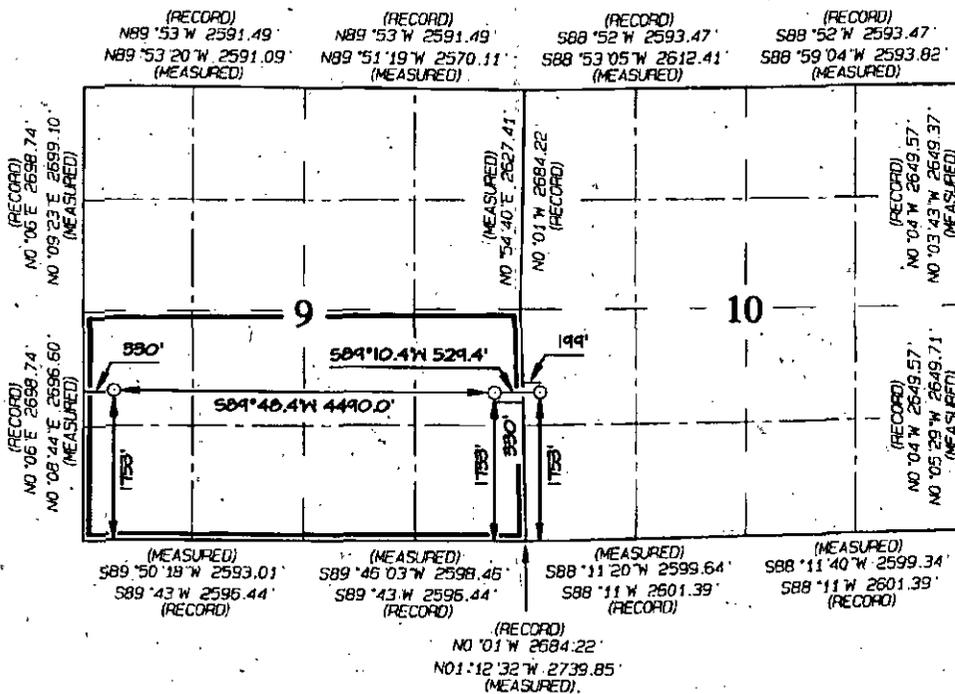
UL or lot no.	Section	Township	Range	Lot 10n	Feet from the	North/South line	Feet from the	East/West line	County
L	10	24N	10W		1753	SOUTH	199	WEST	SAN JUAN

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 10n	Feet from the	North/South line	Feet from the	East/West line	County
L	9	24N	10W		1753	SOUTH	330	WEST	SAN JUAN

*Dedicated Acres 320.0 Acres S/2 - Section 9	*Joint or Infill	*Consolidation Code	*Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE
 BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



END-OF-LATERAL
 1753' FSL 330' FWL
 SECTION 9, T24N, R10W
 LAT: 36.32554°N
 LONG: 107.90807°W
 DATUM: NAD1927
 LAT: 36.32555°N
 LONG: 107.90869°W
 DATUM: NAD1983

POINT-OF-ENTRY
 1753' FSL 330' FEL
 SECTION 9, T24N, R10W
 LAT: 36.32559°N
 LONG: 107.89283°W
 DATUM: NAD1927
 LAT: 36.32560°N
 LONG: 107.89345°W
 DATUM: NAD1983

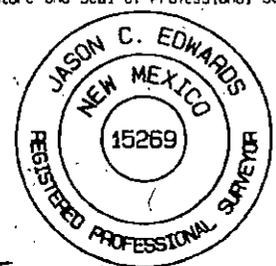
SURFACE LOCATION
 1753' FSL 199' FWL
 SECTION 10, T24N, R10W
 LAT: 36.32561°N
 LONG: 107.89103°W
 DATUM: NAD1927
 LAT: 36.32563°N
 LONG: 107.89165°W
 DATUM: NAD1983

17 OPERATOR CERTIFICATION
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest, or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Holly Hill 3/25/13
 Signature Date
 Holly Hill
 Printed Name
 holly.hill@encana.com
 E-mail Address

18 SURVEYOR CERTIFICATION
 I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date Revised: FEBRUARY 25, 2013
 Survey Date: OCTOBER 10, 2012
 Signature and Seal of Professional Surveyor



JASON C. EDWARDS
 Certificate Number 15269

Attachment No. 3
 Encana Oil Gas (USA) Inc.
 Good Times L10-2410 01H
 Off-Lease Measurement Application
 Well Pad Measurement: NWNW Sec 10 T24N R10W
 Project Area: S2 Section 9 T24N R10W (NMNM 101058)
 San Juan County, New Mexico

Good Times L10-2410 01H
 Unit L, Section 10, T24N R10W
 Project Area: S2 Section 09, T24N R10W (320 acres)
 Federal Lease NMNM 101058
 Basin Mancos Gas Pool

Interest Owner

<u>Working Interest</u>	<u>Gross</u>	<u>Net</u>
Encana Oil & Gas (USA) Inc. 370 17th Street, Suite 1700 Denver, CO 80202	75.000%	60.000%
Coleman Oil & Gas, Inc. 6540 East Main Street Farmington, New Mexico 87402	25.000%	20.625%
<u>Royalty Interest</u>		
BLM	0.000%	12.500%
<u>Overriding Royalty Interest</u>		
Merrion Oil & Gas Corporation 610 Reilly Ave. Farmington, New Mexico 87401	0.000%	5.000%
Coleman Oil & Gas, Inc. 6540 East Main Street Farmington, New Mexico 87402	0.000%	1.875%
TOTAL	<u>100.000%</u>	<u>100.000%</u>

Attachment No. 4
Encana Oil & Gas (USA) Inc.
Good Times L10-2410 01H
Off-Lease Measurement Application
Well Pad Measurement: NWNW Sec 10 T24N R10W
Project Area: S2 Section 9 T24N R10W (NMNM 101058)
San Juan County, New Mexico

As evidence that all interest ownership parties in the subject well have been given notice of Encana's application, attached please find:

- 1) The Leasehold Interest Owner's Address List for the Good Times L10-2410 01H Off-Lease Measurement and Sales of natural produced gas as well as Off-Lease Measurement, Sales and Transportation of produced crude oil and condensate.
- 2) Copies of Encana's letters, dated May 30, 2013, used to send copies of the subject application to the leasehold interest owners for the Good Times L10-2410 01H. The letters were transmitted via certified mail/return receipt. Upon receiving receipts, a copy will be sent to NMOCD.
- 3) All royalty interest is BLM. Since the BLM is receiving this application requesting their approval, a separate notice letter was not sent to the royalty interest owners. The application to the NMSLO and BLM were transmitted via certified mail/return receipt. Upon receiving receipts, a copy will be sent to NMOCD.

Attachment No. 4
Encana Oil & Gas (USA) Inc.
Good Times L10-2410 01H
Off-Lease Measurement Application
Well Pad Measurement: NWNW Sec 10 T24N R10W
Project Area: S2 Section 9 T24N R10W (NMNM 101058)
San Juan County, New Mexico

Working Interest Owners:

Encana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700
Denver CO 80202

Coleman Oil & Gas, Inc.
6540 East Main Street
Farmington, New Mexico 87402

Royalty Interest Owner:

Bureau of Land Management.
6251 College Blvd., Suite A
Farmington, NM 87402

Overriding Royalty Interest:

Coleman Oil & Gas, Inc.
6540 East Main Street
Farmington, New Mexico 87402

Merrion Oil & Gas Corporation
610 Reilly Ave.
Farmington, New Mexico 87401



May 30, 2013

Coleman Oil & Gas, Inc.
6540 East Main Street
Farmington, New Mexico 87402

**Re: Good Times L10-2410 01H (the "Well")
Application for Off-Lease Measurement
San Juan County, New Mexico**

Dear Owner:

Encana Oil & Gas (USA) Inc. (Encana) is seeking administrative approval from the New Mexico Oil Conservation Division (NMOCD) for an Application for Off-Lease Transportation, Measurement, and Sale of produced natural gas, crude oil and condensate from the Well. Encana will operate, producing from the S2 of Section 9, T24N R10W; New Mexico Federal Lease NMNM 101058.

Off-Lease Measurement of natural gas will occur at the well head in the NWSW of Section 10, T24N R10W by a well allocation meter, and in the NWNW of Section 10, T24N R10W at the pipeline tie-in to Enterprise Products Partners' central delivery point, gas custody transfer meter. The Well will be equipped with gas measurement equipment for allocation purposes.

Off-Lease Measurement of produced oil and condensate will occur at the surface location for the Well where Encana plans to install five (5) 400-barrel oil tanks. A gathering company will purchase and transport the product to refining. A strapping table measurement for each oil tank will determine the volume in each tank with run tickets to be filled out at the surface location for each load. Tank seal information will also be recorded to accompany transport.

This matter does not require any action on your part. Current NMOCD Regulations require that all affected interest owners receive notice of proposed Off-Lease Measurement. Should you have any questions, concerns or need additional information please contact me at your earliest convenience at 720-876-5965 and/or billy.mccool@encana.com.

Should you have any objections to our application, please contact the undersigned; you should also contact the NMOCD directly with your objections within twenty (20) days from the date the NMOCD receives our application. The mailing address for the NMOCD is 1220 St. Francis Drive, Santa Fe, New Mexico 87505. We would appreciate a copy of your objection.

Yours Truly,
Encana Oil & Gas (USA) Inc.

A handwritten signature in black ink, appearing to read "B. Wade McCool". The signature is fluid and cursive.

B. Wade McCool
Land Negotiator
720.876.5965 (O)
email: billy.mccool@encana.com

Encana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700, Denver Colorado 80202

SENDER: COMPLETE THIS SECTION		Attachment No. 4 Encana Oil & Gas (USA) Inc. Good Times L10-2410 01H Off-Lease Measurement Application Well Pad Measurement: NWNW Sec 10 T24N R10W Project Area: S2 Section 9 T24N R10W (NMNM 101058) San Juan County, New Mexico		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> Complete Items 1, 2, and 3. Also complete Item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 		<input type="checkbox"/> Agent <input type="checkbox"/> Addressee		<input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
1. Article Addressed to:		Merrion Oil & Gas Corporation 610 Reilly Ave. Farmington, New Mexico 87401		D. Is delivery address different from Item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
2. Article Number (Transfer from service label)		7011 3500 0000 3594 4776		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
PS Form 3811, February 2004		Domestic Return Receipt		102595-02-M-1540	
		4. Restricted Delivery? (Extra Fee)		<input type="checkbox"/> Yes	

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> Complete Items 1, 2, and 3. Also complete Item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 		<input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
1. Article Addressed to:		A. Signature <input type="checkbox"/> Agent X <input type="checkbox"/> Addressee	
Ms. Jami Bailey New Mexico Oil Conservation Division 1220 South St. Francis Drive Santa Fe, NM 87505		B. Received by (Printed Name) C. Date of Delivery	
2. Article Number (Transfer from service label)		D. Is delivery address different from Item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
7011 3500 0000 3594 4769		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
PS Form 3811, February 2004		Domestic Return Receipt	
		4. Restricted Delivery? (Extra Fee)	
		<input type="checkbox"/> Yes	

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> Complete Items 1, 2, and 3. Also complete Item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 		<input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
1. Article Addressed to:		A. Signature <input type="checkbox"/> Agent X <input type="checkbox"/> Addressee	
Coleman Oil & Gas, Inc. 6540 East Main Street Farmington, New Mexico 87402		B. Received by (Printed Name) C. Date of Delivery	
2. Article Number (Transfer from service label)		D. Is delivery address different from Item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
7011 3500 0000 3594 4783		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
PS Form 3811, February 2004		Domestic Return Receipt	
		4. Restricted Delivery? (Extra Fee)	
		<input type="checkbox"/> Yes	

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. / Item 4 if Restricted Delivery is selected
- Print your name and address so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Bureau of Land Management
 6251 College Blvd., Suite A
 Farmington, NM 87402

2. Article Number

(Transfer from service label)

7011 3500 0000 3594 4790

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

Attachment No. 4

Encana Oil & Gas (USA) Inc:

Good Times L10-2410 01H

Off-Lease Measurement Application

Well Pad Measurement: NWNW Sec 10 T24N R10W

Project Area: S2 Section 9 T24N R10W (NMNM 101058)

San Juan County, New Mexico

DELIVERY

Agent

Addressee

C. Date of Delivery

D. Received by (Printed Name)

D. Is delivery address different from item 1? Yes

If YES, enter delivery address below: No

3. Service Type

Certified Mail Express Mail

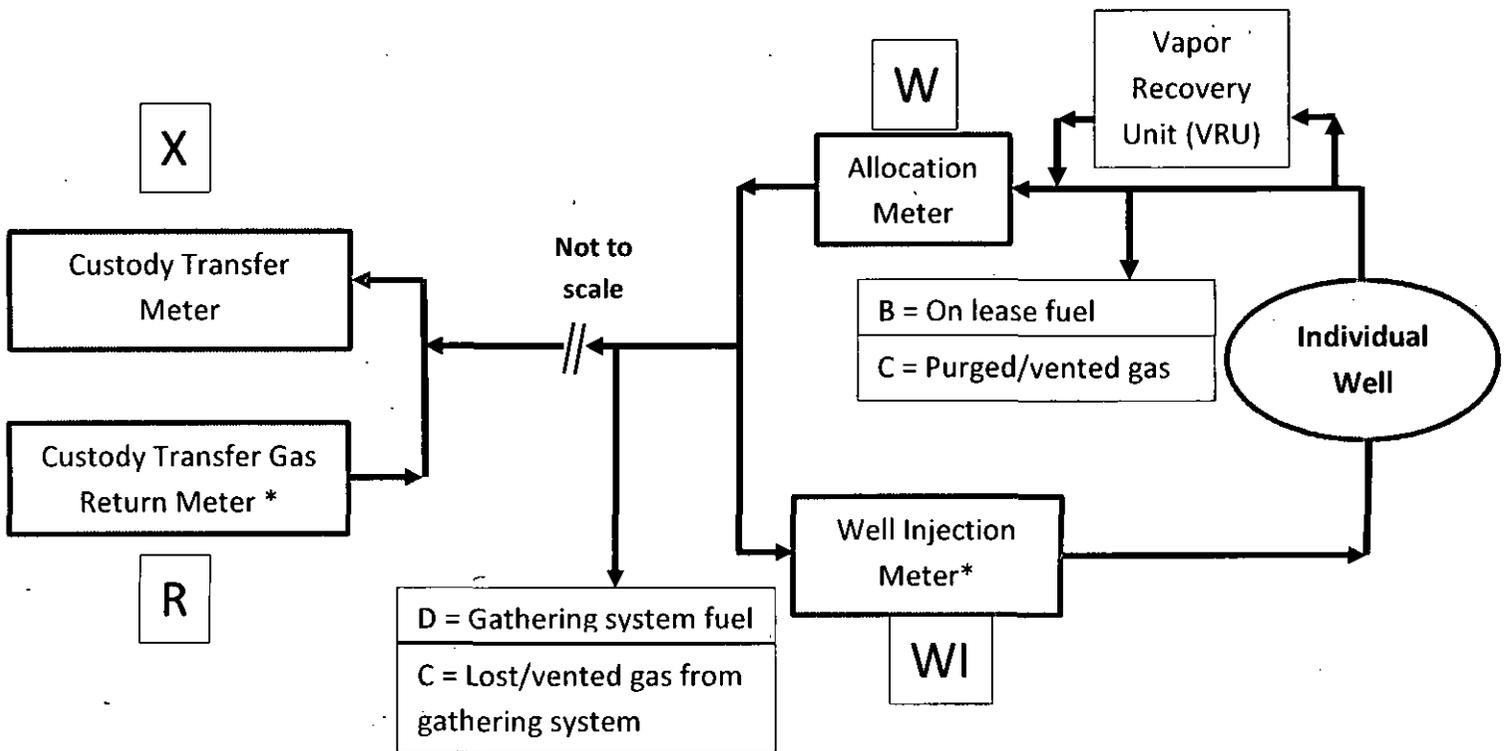
Registered Return Receipt for Merchandise

Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee)

Yes

Allocation Procedures
Good Times L10-2410 01H



*Meter will only be installed and active when gas lift is installed.

Base Data:

X = Gas Volume (MCF) from Custody Transfer Meter during allocation period. (Enterprise)

R = Gas Volume (MCF) from Custody Transfer Gas Return Meter (Enterprise)*

W = Gas Volume (MCF) from allocation meters at individual wells during allocation period. (Encana)

WI = Gas Volume (MCF) from well injection meter at individual wells during allocation period. (Encana)*

Y = Heating Value (BTU/scf) from Custody Transfer Meter and Custody Transfer Gas Return Meter during allocation period. (Enterprise)

Z = Heating Value (BTU/scf) from individual well allocation meter and well injection meter. (Encana)

Attachment No. 5
Encana Oil & Gas (USA) Inc.
Good Times L10-2410 01H
Off-Lease Measurement Application
Well Pad Measurement: NWNW Sec 10 T24N R10W
Project Area: S2 Section 9 T24N R10W (NMNM 101058)
San Juan County, New Mexico

Allocation Period is typically a calendar month and will be the same for all wells.

Individual Well Gas Production = A + B + C + D + E

A = Allocated Gas production off lease, MCF: $((W-WI) / \text{SUM}(W-WI)) * (X-R)$

B = On lease fuel usage, 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.

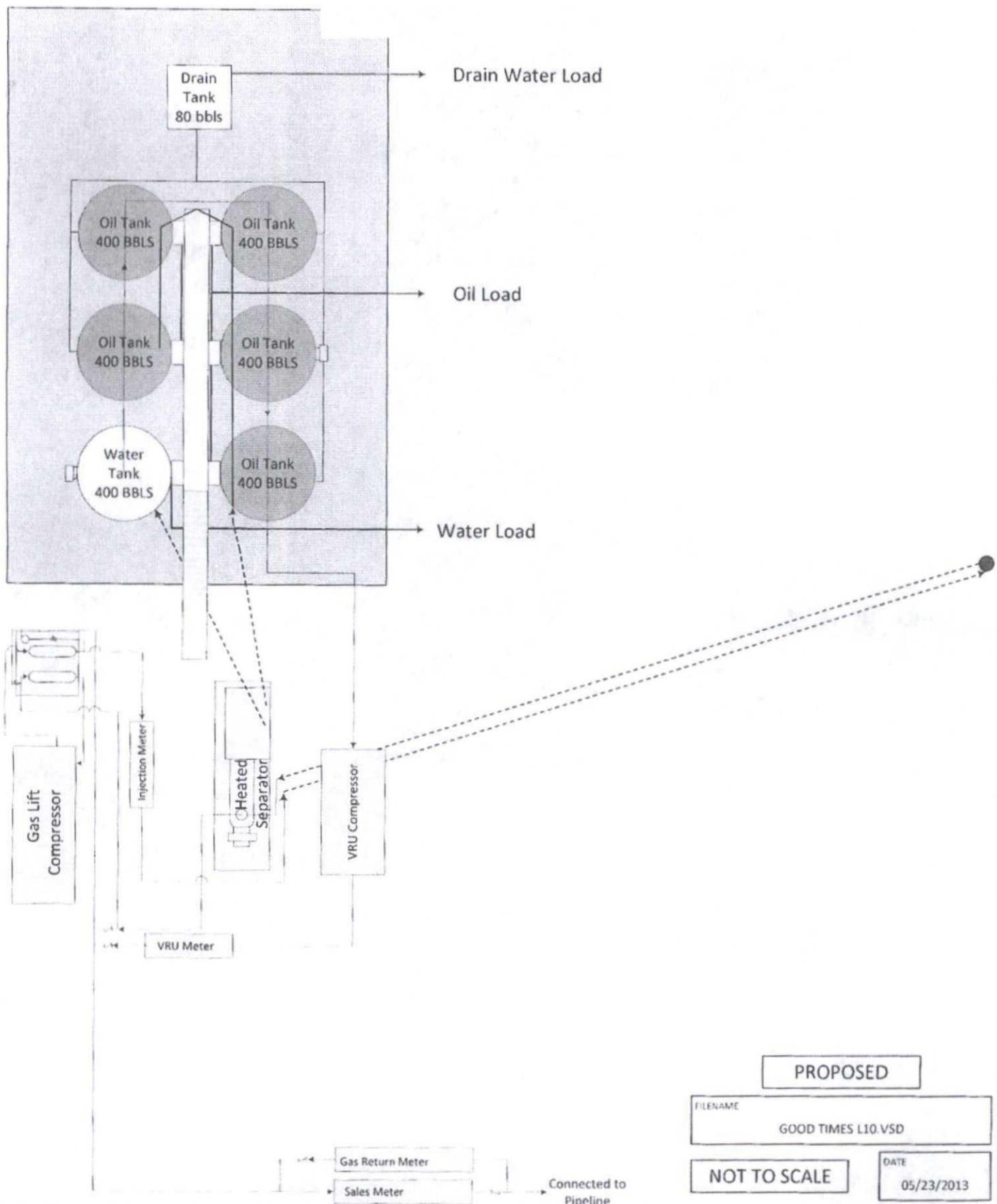
C = Lost and/or vented gas from well and/or lease equipment, MCF. Calculated using equipment and piping specifications and operating pressures.

D = Allocated fuel from gathering system equipment, MCF. The total fuel required to operate gathering system equipment will be allocated to the individual wells benefiting from the equipment using allocation factors determined by $(W-WI) / \text{SUM}(W-WI)$.

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 individual wells affected using factors determined by $(W-WI) / \text{SUM}(W-WI)$.

Individual Well BTU's = $((W-WI)*Z) / \text{SUM}((W-WI)*Z) * Y$

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



PROPOSED

FILENAME
 GOOD TIMES L10.VSD

NOT TO SCALE

DATE
 05/23/2013

Attachment No. 4
Encana Oil & Gas (USA) Inc.
Good Times L10-2410 01H
Off-Lease Measurement Application
Well Pad Measurement: NWNW Sec 10 T24N R10W
Project Area: S2 Section 9 T24N R10W (NMNM 101058)
San Juan County, New Mexico

Gas Metering on Good Times L10-2410 01H with Gas Lift

The Good Times L10-2410 01H will have two additional gas meters installed for use with the gas lift system. The typical sales gas meter continues to be used for the same functionality as if the well did not have gas lift. The additional meters are a buy back meter and an injection (for information purposes only) meter.

The gas return meter is used to meter any gas that is brought back from the Enterprise Pipeline for kickoff and re-start purposes only. This meter will be installed parallel to the sales meter with check valves preventing back flow through either meter. The buy back volume is expected to be minimal on a monthly basis. Once the well is producing excess gas from what is being circulated, the gas is sold and no buy back gas is used. The only difference from a typical well setup is that at the end of the month, the sales meter and buy back meter are combined to determine the net sales volume.

The second additional meter on the pad is the injection meter which is used for metering the injection gas that is circulated through the wellbore. This meter is for informational / operational optimization purposes only. Since this meter is upstream of the sales meter, this meter is not used to calculate sales volumes.

May 30, 2013

Transmitted Via Certified Mail

Ms. Jami Bailey
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Mr. Dave Evans, District Manager
Bureau of Land Management
6251 College Blvd., Suite A
Farmington, NM 87402

**Re: Application for Off-Lease Measurement
Good Times L10-2410 01H
Section 10, Township 24 North – Range 10 West
San Juan County, New Mexico**

Dear Ms. Bailey and Mr. Evans:

Encana Oil & Gas (USA) Inc. (Encana) requests Administrative Approval for Off-Lease Measurement and Sale of natural produced gas as well as Off-Lease Measurement, Sale and Transportation of produced crude oil and condensate from the Good Times L10-2410 01H well. Encana will operate the well, developing production from the S2 of Section 9, T24N R10W, New Mexico Federal Lease NMNM 101058. Further, the well will produce from the Basin Mancos Gas Pool (Order No. R-12984*). There is no Indian acreage associated with the well.

As you are most likely aware, in order to optimally develop horizontal wells, Encana has proceeded with permitting various well pads in the section adjacent to the Project Area (PA) and/or developed acreage. Therefore, in this instance, the well pad surface hole location (SHL) is off-lease in the NWSW of Section 10, T24N R10W.

Off-Lease Measurement of natural gas will occur both at the well head in the NWSW of Section 10, T24N R10W where a well allocation meter will be installed, as well as in the NWNW of Section 10, T24N R10W where the pipeline ties into Enterprise Products Partners' (Enterprise) central delivery point, gas custody transfer meter (CDP). Further, Encana intends to install a gas lift compressor on the well as depicted and described on Attachment No 5, Pages 3 and 4. Please note, Encana intends to submit to the Bureau of Land Management (BLM) a sundry to formally request approval to install the gas lift on the well, which, once approved, will be forwarded on to the New Mexico Oil Conservation Division for their approval. There will not be any commingling of oil or condensate with naturally produced gas in the pipeline.

Off-Lease Measurement, Sale and Transportation of produced oil and condensate will occur at the well pad SHL for the Good Times L10-2410 01H, where Encana intends to install five (5) 400-barrel oil tanks and one (1) 400-barrel water tank. Generally, produced water will be measured using tank gauges and produced oil will be measured using a strapping table measurement by the associated vendors. Run tickets will be filled out onsite for each load of oil, which will show the tank gauge readings, oil gravity, temperature and BS&W content. Each valve on the tanks will have seals. Records will be kept that will show when seals are installed and removed. The tank seal information is also recorded on the run tickets, which will accompany the transportation of the oil.

Enclosed please find the following:

A. Administrative Application Checklist for Off-Lease Measurement dated May 30, 2013.

Encana Oil & Gas (USA) Inc.

370 17th Street, Suite 1700, Denver Colorado 80202 720.876.5331 (O) 303.521.2835 (C) holly.hill@encana.com

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B. State of New Mexico Oil Conservation Division Form C-107-B, Application for Off-Lease Measurement dated May 30, 2013. Attached to and made part of the Application for Off-Lease Measurement please find the following:

Attachment No. 1: Presents the lease and pool information for the well.

Attachment No. 2: Presents a plat depicting the off-lease well pad SHL for the Good Times L10-2410 01H. The well pad SHL will have an allocation meter where Off-Lease Measurement of natural gas will occur; as well as Off-Lease Measurement, Sale and Transportation of produced crude oil and water. Additionally, the plat depicts Off-Lease Measurement for natural gas at the CDP, tying into Enterprise's CDP custody transfer meter in the NWNW of Section 10, T24N R10W where the 4,333-foot long pipeline will be installed, leading back to the Good Times L10-2410 01H well pad SHL. Please note that Encana received BLM approval for the pipeline right-of-way on May 20, 2013 (NMMN 129355). Encana will supply the meter number of the CDP to the BLM once the pipeline has been installed and interconnected into Enterprise's pipeline. The well will be equipped with a continuous recording gas allocation meter (or some form of approved alternative measurement) operated and maintained by Encana. Prior to converting any gas measurement from a conventional allocation meter to an alternative measurement method, Encana will seek formal approvals. The allocation procedures are presented on **Attachment No. 5**.

Condensate and oil will be separated, stored and sold at the well head SHL, which is off-lease. Depending on their availability Encana will enlist the services of High Tech Tools, LLC (mailing address: PO Box 1244 Aztec, NM 87410; phone number: 505-334-2266) or Three Rivers Trucking, Inc. (mailing address: PO Box 2728, Farmington, NM 87499; phone number: 505-632-5300) to transport produced water to Basin Disposal Inc. (address: 300 Legion Road, Aztec, NM 87410; phone number: 505-334-3013). Produced water will be generally measured using tank gauges.

Encana will enlist Western Refining, to transport and purchase crude oil from the Good Times L10-2410 01H to the Gallup Refinery (location: I-40, Exit 39, Jamestown, NM 87347; Route 3, Box 7, Gallup, NM 87301; phone number: 505-722-3833). Western Refining will provide a strapping table measurement for each oil tank at the facility which will be used to determine the exact volume in each tank. Run tickets will be filled out for each load of oil, onsite, which will show the tank gauge readings, oil gravity, temperature and BS&W content. Each valve on the tanks will have seals. Records will be kept and logged into an internal database that will show when seals are installed and removed. The tank seal information is also recorded on the tickets, which will accompany the transportation of the oil.

Attachment No. 2(a): Presents the Good Times L10-2410 01H well dedication acreage as depicted on the NMOCD Form C-102.

Attachment No. 3: Presents a leasehold ownership summary for the well. Encana and Coleman Oil & Gas, Inc. (Coleman) are the only other working interest owners in the well. The royalty interest is Federal; Coleman and Merrion Oil & Gas Corporation are overriding royalty interest owners in the well. As required by the NMOCD all interest owners have been given notice of this application.

Attachment No. 4: Presents a copy of the notice sent to the interest owners. All notice letters have been mailed certified, return receipt. Upon receiving the return receipts, copies will be forwarded to the NMOCD.

Attachment No. 5: Presents the allocation procedures for the Off-Lease Measurement of natural produced gas. Additionally, included is a gas lift well pad schematic and description for the proposed well pad facility layout.

In conclusion, Encana is requesting Administrative Approval for Off-Lease Measurement and Sale of natural produced gas, which will tie into Enterprise Production's CDP in the NWSW of Section 10, T24N R10W.

Encana Oil & Gas (USA) Inc.

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Additionally, Encana is requesting Administrative Approval for Off-Lease Measurement, Sale and Transportation of produced crude oil and condensate from the Good Times L10-2410 01H.

*Pursuant to NMAC 19.15.15.13 Encana received approval on April 30, 2013 (NSL-6797) for an unorthodox well location in the Basin Mancos Gas Pool for the Good Times L10-2410 01H.

Please do not hesitate to contact me directly at 720-876-5331 with any questions or concerns.

Encana Oil & Gas (USA) Inc.

A handwritten signature in black ink that reads "Holly Hill". The signature is written in a cursive, flowing style.

Holly Hill
Regulatory Analyst

Enc.

Encana Oil & Gas (USA) Inc.

370 17th Street, Suite 1700, Denver Colorado 80202 720.876.5331 (O) 303.521.2835 (C) holly.hill@encana.com

encana

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July 1, 2013

Ms. Jami Bailey
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Mr. Dave Evans, District Manager
Bureau of Land Management
6251 College Blvd., Suite A
Farmington, NM 87402

Re: **Submitted Application for Off-Lease Measurement**
Good Times L10-2410 01H
Section 10, Township 24 North – Range 10 West
San Juan County, New Mexico

PAXK1315457040

Ladies and Gentlemen:

On May 30, 2013 Encana Oil & Gas (USA) Inc.'s (Encana) submitted to the New Mexico Oil Conservation Division (NMOCD) and the Bureau of Land Management (BLM) an application for Off-Lease Measurement Sale and Transportation of produced crude oil and condensate from the Good Times L10-2410 01H well. Enclosed please find a copy of the Certified/Return Receipts from Merrion Oil & Gas Corporation, Coleman Oil & Gas, Inc.; the NMOCD and the BLM. Please include these items in the Application submitted by Encana on May 30, 2013.

Please feel free to contact me directly at 720-876-5331 with any questions or concerns.

Encana Oil & Gas (USA) Inc.

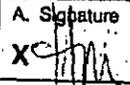


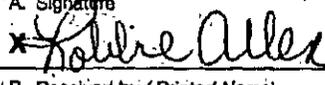
Holly Hill
Regulatory Analyst

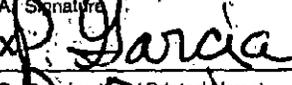
Enc.

Encana Oil & Gas (USA) Inc.

370 17th Street, Suite 1700, Denver Colorado 80202 720.876.5331 (O) 303.521.2835 (C) holly.hill@encana.com

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Signature  <input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
	B. Received by (Printed Name) Jami Bailey	C. Date of Delivery 6/2/2013
1. Article Addressed to: Ms. Jami Bailey New Mexico Oil Conservation Division 1220 South St. Francis Drive Santa Fe, NM 87505	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
2. Article Number (Transfer from service label)	7011 3500 0000 3594 4769	
PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540		

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Signature  <input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
	B. Received by (Printed Name) ROBBIE ALLEN	C. Date of Delivery 6-3-13
1. Article Addressed to: Coleman Oil & Gas, Inc. 6540 East Main Street Farmington, New Mexico 87402	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
2. Article Number (Transfer from service label)	7011 3500 0000 3594 4783	
PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540		

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Signature  <input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
	B. Received by (Printed Name) P. Garcia	C. Date of Delivery
1. Article Addressed to: Merrion Oil & Gas Corporation 610 Reilly Ave. Farmington, New Mexico 87401	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
2. Article Number (Transfer from service label)	7011 3500 0000 3594 4776	
PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-11		

SENDER: COMPLETE THIS SECTION

- Complete Items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Bureau of Land Management
 6251 College Blvd., Suite A
 Farmington, NM 87402

2. Article Number
 (Transfer from service label)

7011 3500 0000 3594 4790

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 X *[Signature]* Agent Addressee

B. Received by (Printed Name): *[Signature]* C. Date of Delivery: *6-3-13*

Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No



3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes