

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



January 31, 2017

ADMINISTRATIVE POOL/LEASE COMMINGLING ORDER

Administrative Order PLC-378-B
Administrative Application Reference No. pKSC1700548194

Encana Oil & Gas (USA) Inc.
Attn: Ms. Holly Hill

Pursuant to your application received on January 5, 2017, and Encana Oil & Gas (USA) Inc. (OGRID 282327) is hereby authorized to surface commingle gas production from the following pools:

Bisti lower-Gallup (O)	(97032)
Blanco Wash Mancos (Oil)	(98173)
Basin Mancos	(97232)
Nageezi Unit; Mancos (Oil)	(98080)

These diversely owned wells identified in Attachment No. 1, and made part of this order. These wells are located on Federal, Indian Allotte, and State leases in in San Juan County, New Mexico.

Each well will be equipped with an individual gas meter for allocation purposes. Gas that has passed through the well meters will be commingled in operator's Escrito Trunk No. 1 Gathering System, and will be again measured, and sold, at the transfer point on Enterprise Products Partners' pipeline, located in the Lot 1 (NW/4 NW/4) equivalent of Irregular Section 7, Township 24 North, Range 9 West, San Juan County, New Mexico.

Gas production from each well shall be separately metered before commingling with production from other wells. The allocation meters shall be calibrated quarterly in accordance with Rule 19.15.12.10.C (2) NMAC.

Subsequently drilled wells that produce from the subject pool within the project areas approved by this order may be added to this commingling authority by submittal of a Sundry Notice to the Engineering Bureau in Santa Fe.

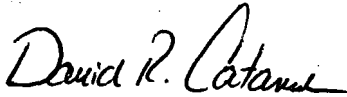
The operator shall notify the transporter of this commingling authority.

This Division Order supersedes Division Order PLC-378-A, issued on October 2, 2014. The amended Administrative Order has new proposed wells which were not part of previous administrative orders.

This approval is subject to like approval from the Bureau of Land Management and New Mexico State Land Office before commencing commingling operations.

The operator shall notify the Aztec District Office upon commencement of commingling operations.

DONE at Santa Fe, New Mexico, on January 31, 2017.



DAVID R. CATANACH
Director

DRC/mam

cc: Oil Conservation Division District Office – Aztec
New Mexico State Land Office – Oil, Gas and minerals
United States Bureau of Land Management - Farmington

Attachment No. 1
Encana Oil Gas (USA) Inc.
Escrito Trunk #1 Gathering System Application
San Juan County, New Mexico
2nd Amendment to Gathering System

Initial Application for Escrito Trunk #1 Gathering System Dated June 28, 2013 - PLC-378								
Well Name	API No.	Well Location UL-Sec-Twn-Rng	Communitization No. If Applicable	Well No.	Project Area	Pool	Lease No.	Lease Type
Escrito E07-2409 01H	30-045-35432	E-040000-7-2400-00H	N/A	1a	E-040000-7-2400-00H	Bisti Lower-Gallup	NAG 112000	Federal
Escrito E07-2409 02H	30-045-35433	E-040000-7-2400-00H	N/A	1b	E-040000-7-2400-00H	Bisti Lower-Gallup		Federal
Escrito P16-2409 01H	30-045-35313	P-040000-10-2400-00H	00775	2	E-040000-10-2400-00H	Bisti Lower-Gallup	04-00000-10-2400-00H	State of NM
Escrito M07-2409 01H	30-045-35435	M-040000-7-2400-00H	N/A	3a	E-040000-7-2400-00H	Bisti Lower-Gallup	NAG 112000	Federal
Escrito M07-2409 02H	30-045-35434	M-040000-7-2400-00H	N/A	3b	E-040000-7-2400-00H	Bisti Lower-Gallup		Federal
Nageezi Unit 320H (aka Escrito D34-2409 01H)	30-045-35440	D-040000-04-2400-00H	NAG 112000	4	N/A	Nageezi Unit Hz (Oil) Pool	NAG 112000	Federal, State of NM, Adjudicated
Nageezi Unit 321H (aka Escrito D34-2409Y 03H)	30-045-35583	D-040000-04-2400-00H						
Nageezi Unit 219H (aka Escrito L27-2409 01H)	30-045-35478	L-040000-07-2400-00H						
Nageezi Unit 220H (aka Escrito L27-2409 02H)	30-045-35481	L-040000-07-2400-00H						
Nageezi Unit 226H (aka Escrito A28-2409 01H)	30-045-35558	A-040000-09-2400-00H						
Nageezi Unit 222H (aka Escrito M27-2409 01H)	30-045-35480	M-040000-7-2400-00H						
Nageezi Unit 223H (aka Escrito M27-2409 02H)	30-045-35479	M-040000-7-2400-00H						
Nageezi Unit 503H (aka Good Times L10-2309 01H)	30-045-35546	L-040000-10-2300-00H						
Nageezi Unit 504H (aka Good Times L10-2309 02H)	30-045-35547	L-040000-10-2300-00H						
Escrito L17-2409 01H	30-045-35487	L-040000-17-2400-00H	N/A	1a	E-040000-17-2400-00H	Bisti Lower-Gallup	NAG 112000	Federal
Escrito L17-2409 02H	30-045-35488	L-040000-17-2400-00H	N/A	1b	E-040000-17-2400-00H	Bisti Lower-Gallup		Federal
Escrito L18-2409 01H	30-045-35486	L-040000-18-2400-00H	N/A	1a	E-040000-18-2400-00H	Bisti Lower-Gallup		Federal
Escrito L18-2409 02H	30-045-35489	L-040000-18-2400-00H	N/A	1b	E-040000-18-2400-00H	Bisti Lower-Gallup		Federal
Blanco Wash Unit 328H (aka Escrito P16-2409 01H) *	30-045-35362	P-040000-10-2400-00H	00775	2	E-040000-10-2400-00H	Blanco Wash Unit (Hz) Oil	04-00000-10-2400-00H	Federal, State of NM, Adjudicated, Lease, Adjudicated

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1st Amendment to Escrito Trunk #1 Gathering System Dated July 16, 2014 - PLC-378A								
Well Name	API No.	Well Location UL-Sec-Twn-Rng	Communitization No. If Applicable	Well No.	Project Area	Pool	Lease No.	Lease Type
Escrito D19-2409 01H	30-045-35590	G-045W-19-2409-01H	Pending	8	802 Sec 24 T24N 120E 120E 40W	Basin Mancos	NAGEEZI UNIT#27	118A, 118A
Escrito D19-2409 02H	30-045-35591	G-045W-19-2409-02H	Pending			Basin Mancos		118A, 118A
Nageezi Unit 101H (aka L22-2409 01H)	30-045-35702	L-045W-22-2409-01H	NAGEEZI 1200E1	4	87 of Section 21-23, 88 of Section 29-30, T24N 120W; 88 of Section 1-4, 12 of Section 1, 88 of Section 10, 10W of Sec 11 T24N 120W (15,475.12 Acres)	Nageezi Unit Hz (Oil) Pool	Sec 4 (Section 1) Unit # 1 for Nageezi Unit	Federal, State of NM, Adverse
Nageezi Unit 102H (aka L22-2409 02H)	30-045-35700	L-045W-22-2409-02H						
Nageezi Unit 103H (aka L22-2409 03H)	30-045-35704	L-045W-22-2409-03H						
Good Times G24-2410 01H	30-045-35592	G-045W-24-2409-10W	N/A	9	87 Sec 14, 88 Sec 25 T24N 120W (200)	Basin Mancos	NAG 1001 & NAG 2002	Federal
Good Times G24-2410 02H	30-045-35594	G-045W-24-2409-10W	N/A			Basin Mancos		Federal
Good Times G24-2410 03H	PENDING	G-045W-24-2409-10W	N/A			Basin Mancos		Federal
Good Times G24-2410 04H	PENDING	G-045W-24-2409-10W	N/A			Basin Mancos		Federal
Nageezi Unit 322H (aka Escrito D34-2409 02H)	PENDING	G-045W-24-2409-02H	NAGEEZI 1200E1	4	87 of Section 21-23, 88 of Section 29-30, T24N 120W; 88 of Section 1-4, 12 of Section 1, 88 of Section 10, 10W of Sec 11 T24N 120W (15,475.12 Acres)	Nageezi Unit Hz (Oil) Pool	Sec 4 (Section 1) Unit # 1 for Nageezi Unit	Federal, State of NM, Adverse
Nageezi Unit 323H (aka Escrito D34-2409 04H)	PENDING	G-045W-24-2409-04H						
Nageezi Unit 505H (aka Good Times L10-2309 03H)	PENDING	L-045W-10-2309-03H						
Nageezi Unit 506H (aka Good Times L10-2309 04H)	PENDING	L-045W-10-2309-04H						
Blanco Wash 329H (aka Escrito L17-2409 03H) *	30-045-35313	L-045W-17-2409-03H	Pending	7	88 of Section 6-11, 10-12 T24N 120W; 88 of Section 1, 12 of Section 2, 40W of Section 1, 88 of Section 1, 88 of Section 1-4, 12 of Section 10, 10W of Section 24 T24N 120W (15,475.12 Acres)	Blanco Wash Unit (Hz) Oil	Sec 4 (Section 1) Unit # 1 for Blanco Wash Unit	Federal, State of NM, Private/Adverse, Adverse

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Nageezi Unit 313H (A34-2409)	PENDING	A-NEE-13-A-100-1000
Nageezi Unit 314H (M35-2409)	PENDING	M-NEE-13-A-100-1000
Nageezi Unit 315H (M35-2409)	PENDING	M-NEE-13-A-100-1000
Nageezi Unit 316H (M35-2409)	PENDING	M-NEE-13-A-100-1000
Nageezi Unit 317H (M35-2409)	PENDING	M-NEE-13-A-100-1000
Nageezi Unit 318H (M35-2409)	PENDING	M-NEE-13-A-100-1000
Nageezi Unit 319H (M35-2409)	PENDING	M-NEE-13-A-100-1000
Nageezi Unit 324H (B33-2309)	PENDING	B-NEE-13-B-100-1000
Nageezi Unit 325H (B33-2309)	PENDING	B-NEE-13-B-100-1000
Nageezi Unit 326H (B33-2309)	PENDING	B-NEE-13-B-100-1000
Nageezi Unit 327H (B33-2309)	PENDING	B-NEE-13-B-100-1000
Nageezi Unit 405H (K03-2309)	PENDING	K-NEE-13-K-100-1000
Nageezi Unit 406H (K03-2309)	PENDING	K-NEE-13-K-100-1000
Nageezi Unit 407H (K03-2309)	PENDING	K-NEE-13-K-100-1000
Nageezi Unit 408H (K03-2309)	PENDING	K-NEE-13-K-100-1000
Nageezi Unit 409H (K03-2309)	PENDING	K-NEE-13-K-100-1000
Nageezi Unit 410H (K03-2309)	PENDING	K-NEE-13-K-100-1000
Nageezi Unit 501H (F33-2309)	PENDING	F-NEE-13-F-100-1000
Nageezi Unit 502H (F33-2309)	PENDING	F-NEE-13-F-100-1000
Nageezi Unit 507H (A09-2309)	PENDING	A-NEE-13-A-100-1000
Nageezi Unit 508H (A09-2309)	PENDING	A-NEE-13-A-100-1000
Nageezi Unit 509H (A09-2309)	PENDING	A-NEE-13-A-100-1000
Nageezi Unit 510H (A09-2309)	PENDING	A-NEE-13-A-100-1000
Nageezi Unit 511H (A09-2309)	PENDING	A-NEE-13-A-100-1000
Nageezi Unit 512H (A09-2309)	PENDING	A-NEE-13-A-100-1000
Nageezi Unit 513H (P09-2309)	PENDING	P-NEE-13-P-100-1000
Nageezi Unit 514H (P09-2309)	PENDING	P-NEE-13-P-100-1000

seismic currently has completed 17 wells total, 9 of which produce from the Blain Limer Dallas, 9 which produce from the Hagest Unit H₂ (O) pool and 3 wells which production will be attributed to the pending Blain Wash Unit (O) H₂ Pool or whichever pool is designated for this Unit. Enzone intends to drill and produce 54 wells on the Hagest Unit H₂ (O) Pool, 5 wells in the Blain Wash Unit H₂ (O) Pool (or whichever pool is designated for this unit) and 9 wells in the Blain Maroon Gas Pool. Completion design is very similar in these wells. Initial feedback and hydrocarbon analysis results in the area show very similar STV content.

Projected decline rates for all wells listed above: OMB: 75%/1.8

BTU value is lower over the 1st 6 months due to pumping nitrogen while completing the well. Nitrogen introduced while completing decreases over time as the well is produced. Future wells are contingent on success of initial wells.

Note: Total rate is not expected to equal 3.95 MMbpd due to wells being drilled/completed and coming online at different times.