



## United States Department of Interior

**Bureau of Land Management**  
Farmington Field Office  
6251 College Blvd. Suite A  
Farmington, New Mexico 87402

IN REPLY REFER TO:

3162.7-3

Escrito E26-2407 01H CDP

August 14, 2013

RCVD AUG 21 '13  
OIL CONS. DIV.  
DIST. 3

Encana Oil and Gas (USA) Inc.  
Ms. Holly Hill  
370 17<sup>th</sup> Street  
Suite 1700  
Denver, CO., 80202

30-039-31148

Dear Ms. Hill:

Reference is made to your application dated July 11, 2013 requesting approval for off-lease measurement and sales of gas from the following well:

**Escrito E26-2407 01H well located at a surface hole location in unit letter (UL) E, Section 26, T., 24N., R.07W., on Federal Oil and Gas lease NMSF-078563; and a bottom hole location in (UL) E, Section 27, T., 24N., R. 07W., Rio Arriba County, New Mexico on Federal Oil and Gas lease NMNM-014023.**

Gas will be measured and sold to Enterprise Products Partners (Enterprise) at the following off-lease, central delivery point (CDP) location:

**Unit O, Section 23, T.24N, R.07W, on Federal Oil and Gas lease NMSF-080202-B. Enterprise will operate and maintain the sales meter facility (meter no. TBD).**

Oil production from the subject well will be stored and sold at the off-lease well site located in:

**Unit E, Section 26, T.24N, R. 07W.** Please be advised that commingling of oil, condensate and gas from other leases is not authorized.

Although not addressed in this application, the CDP facility will also serve as a gas acquisition point for your proposed gas lift system for the above wells. The CDP will have a separate buy-back meter which will be used when supplemental gas is required for gas lift operations. This buy-back meter will also be maintained and operated by Enterprise. The buy-back meter and the allocation methodology for the gas lift system will be addressed under a separate application.

After considering the merits of your application, your application for off-lease measurement is hereby authorized for the following reasons:

- Resource recovery will be maximized from the additional completion interval as a result of the off-lease well site while minimizing resource waste.

This measurement system will hereafter be referenced as the Escrito E26-2407 CDP.

**The following are conditions of this approval:**

- Post a Facility sign at the CDP listing the following information:
  - Operator Name
  - Facility Name (i.e. Escrito E26-2407 CDP)
  - UL, S-T-R, County and State
- There are currently no separation or compression facilities at the proposed CDP facility however, should future system needs require separation and/or compression equipment, any liquid hydrocarbons recovered at the CDP must be allocated back to each well in proportion to the well's allocated gas production. Any fuel used at the CDP must also be allocated back to each contributing well in proportion to each well's allocated gas production.
- Allocation must be made on an MMBTU basis.
- Measurement of gas at the well sites and the CDP must be conducted in accordance with the requirements outlined in Onshore Order No. 3, Site security, Onshore Order No. 4, Oil Measurement, Onshore Order No. 5, Gas Measurement and NM NTL 2008-01, Electronic Flow Measurement.
- In Order to prevent waste and conserve natural gas, periodic review of each well's venting procedures must be conducted in accordance with the requirements outlined in NTL-ADO-93-1.
- No other wells can be added to this measurement system without the prior authorization of this office.
- Contact this office in the event of any lost hydrocarbons between the wells and the CDP.
- This office reserves the right to require audit records of all wells contributing to this CDP.
- **This approval is for commingling and off-lease measurement only, a separate application must be filed if off-lease Beneficial Fuel Use is necessary**

Failure to operate this facility in accordance with the conditions outlined above and in accordance with your application will subject this approval to revocation. In addition, this office reserves the right to rescind this approval should future evaluation of this method of measurement indicate lost or reduced royalties. If you have any questions regarding the above, please contact me at (505) 564-7743.

Sincerely,

*Ty Salyers*

Troy Salyers  
Petroleum Engineer  
Petroleum Management Team

cc: NMOCD, Aztec  
Bcc:  
Escrito E26-2407 CDP  
Well File