

RECEIVED

Form 3160-5
(March 2012)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

MAR 27 2014

FORM APPROVED
OMB No. 1004-0137
Expires: October 31, 2014

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

| |
|---|
| 5. Lease Serial No. NMNM 17009; NMNM 118128; V0 9212 |
| 6. If Indian, Allottee or Tribe Name N/A |

SUBMIT IN TRIPLICATE - Other instructions on page 2.

| |
|--|
| 7. If Unit of CA/Agreement, Name and/or No. NMNM 131017X |
| 8. Well Name and No. Gallo Canyon Unit P26-2306 01H |
| 9. API Well No. 30-043-21207 |
| 10. Field and Pool or Exploratory Area Counselors Gallup-Dakota |
| 11. County or Parish, State San Juan County, NM |

| | |
|--|-----------------------------------|
| 1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | |
| 2. Name of Operator Encana Oil & Gas (USA) Inc. | |
| 3a. Address 370 17th Street, Suite 1700 Denver, CO 80202 | 3b. Phone No. (include area code) |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) SHL: 250' FSL and 967' FEL Section 26, T23N, R6W BHL: 330' FSL and 2495' FEL Section 36, T23N, R8W | |

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|--|---|---|--|--|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other Info for 10-day Letter |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Per the BLM's request in the 10-day letter submitted to Encana Oil & Gas (USA) Inc. (Encana) on March 24, 2014, Encana is submitting the following information for the Gallo Canyon Unit P26-2306 01H APD package:

- 1. Topo and plats showing culvert placement, TUAs, low water crossings, etc. - Please note, there are no cattleguards or road upgrade points associated with this location
- 3. An updated SUPO, which includes truck staging locations

Please attach these updates to the Gallo Canyon Unit P26-2306 01H APD package.

ACCEPTED FOR RECORD

OIL CONS. DIV DIST. 3
MAY 14 2014

APR 01 2014
FARMINGTON FIELD OFFICE
BY

| | |
|---|--------------------------|
| 14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) Katie Wegner | Title Regulatory Analyst |
| Signature | Date 03/26/2014 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

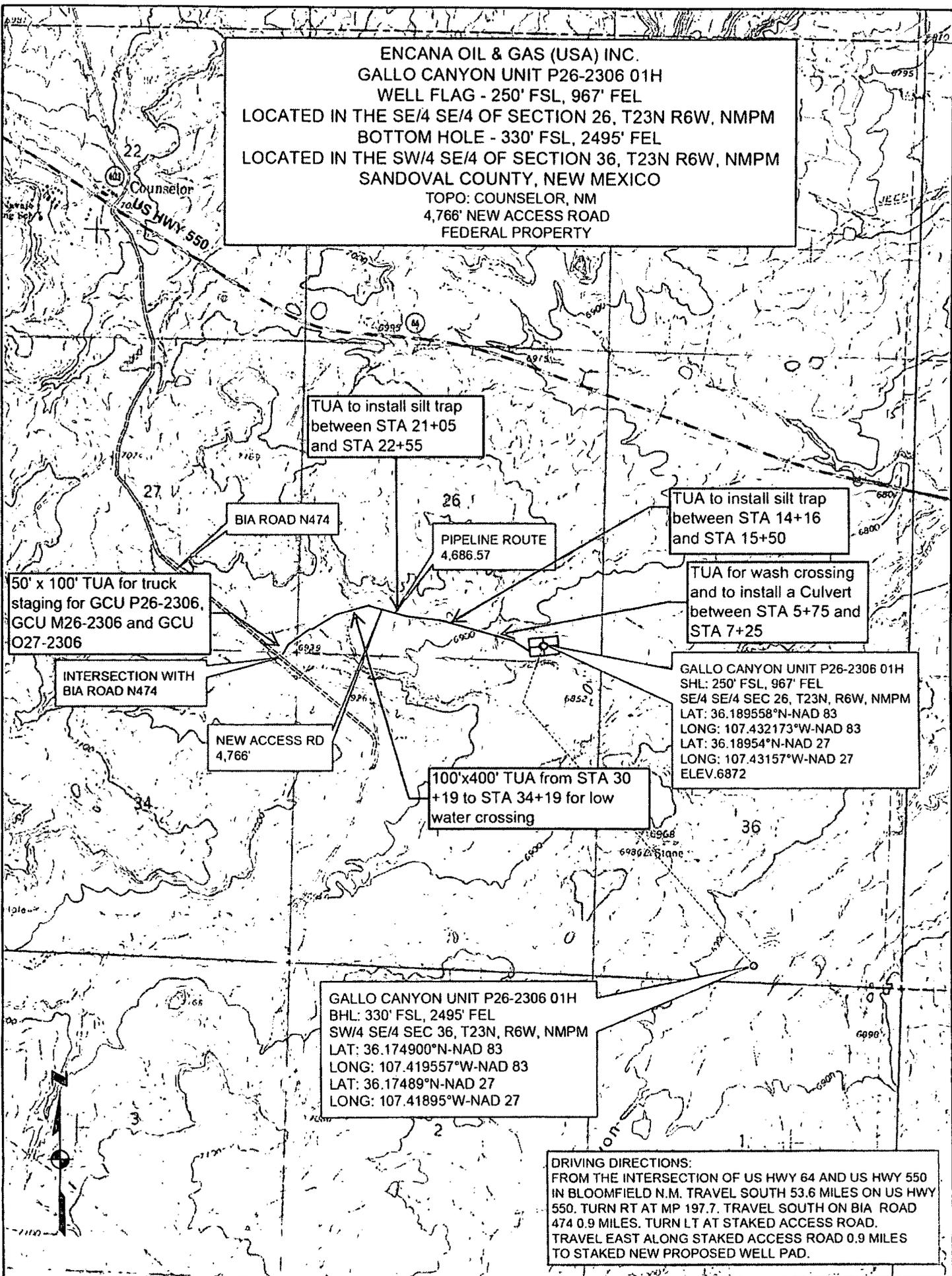
| | | |
|---|--------|------|
| Approved by | Title | Date |
| Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. | Office | |

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

NMOCD AV

ENCANA OIL & GAS (USA) INC.
 GALLO CANYON UNIT P26-2306 01H
 WELL FLAG - 250' FSL, 967' FEL
 LOCATED IN THE SE/4 SE/4 OF SECTION 26, T23N R6W, NMPM
 BOTTOM HOLE - 330' FSL, 2495' FEL
 LOCATED IN THE SW/4 SE/4 OF SECTION 36, T23N R6W, NMPM
 SANDOVAL COUNTY, NEW MEXICO
 TOPO: COUNSELOR, NM
 4,766' NEW ACCESS ROAD
 FEDERAL PROPERTY



TUA to install silt trap
 between STA 21+05
 and STA 22+55

BIA ROAD N474

PIPELINE ROUTE
 4,686.57

TUA to install silt trap
 between STA 14+16
 and STA 15+50

50' x 100' TUA for truck
 staging for GCU P26-2306,
 GCU M26-2306 and GCU
 O27-2306

TUA for wash crossing
 and to install a Culvert
 between STA 5+75 and
 STA 7+25

INTERSECTION WITH
 BIA ROAD N474

NEW ACCESS RD
 4,766'

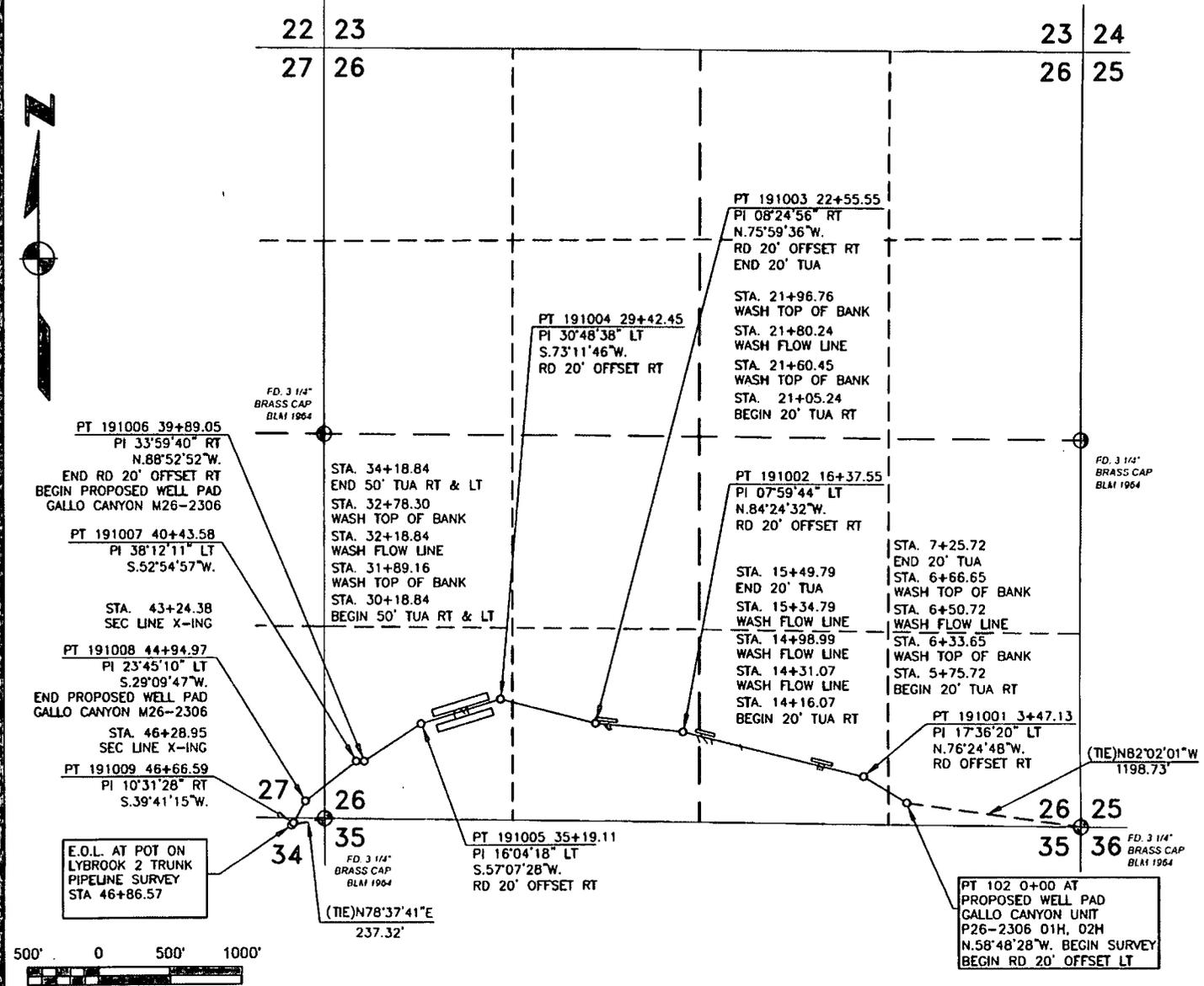
GALLO CANYON UNIT P26-2306 01H
 SHL: 250' FSL, 967' FEL
 SE/4 SE/4 SEC 26, T23N, R6W, NMPM
 LAT: 36.189558°N-NAD 83
 LONG: 107.432173°W-NAD 83
 LAT: 36.18954°N-NAD 27
 LONG: 107.43157°W-NAD 27
 ELEV.6872

100'x400' TUA from STA 30
 +19 to STA 34+19 for low
 water crossing

GALLO CANYON UNIT P26-2306 01H
 BHL: 330' FSL, 2495' FEL
 SW/4 SE/4 SEC 36, T23N, R6W, NMPM
 LAT: 36.174900°N-NAD 83
 LONG: 107.419557°W-NAD 83
 LAT: 36.17489°N-NAD 27
 LONG: 107.41895°W-NAD 27

DRIVING DIRECTIONS:
 FROM THE INTERSECTION OF US HWY 64 AND US HWY 550
 IN BLOOMFIELD N.M. TRAVEL SOUTH 53.6 MILES ON US HWY
 550. TURN RT AT MP 197.7. TRAVEL SOUTH ON BIA ROAD
 474 0.9 MILES. TURN LT AT STAKED ACCESS ROAD.
 TRAVEL EAST ALONG STAKED ACCESS ROAD 0.9 MILES
 TO STAKED NEW PROPOSED WELL PAD.

ENCANA OIL & GAS (USA) INC.
CENTERLINE SURVEY OF PROPOSED PIPELINE
GALLO CANYON UNIT P26-2306 01H, 02H
LOCATED IN THE S/2 SEC 26, SE/4 SEC 27 AND NE/4 SEC 34 T23N, R6W, N.M.P.M.,
SANDOVAL COUNTY, NEW MEXICO



| OWNERSHIP | LOCATION | ENGINEERING STATION | OWNER | FEET / RODS |
|-----------|-------------------|----------------------|-------|--------------------|
| | S/2 SEC. 26 | 0+00 TO 43+24.38 | BLM | 4,324.38' / 262.08 |
| | SE/4 SE/4 SEC. 27 | 43+24.38 TO 46+28.95 | BLM | 304.57' / 18.46 |
| | NE/4 NE/4 SEC. 34 | 46+28.95 TO 46+86.57 | BLM | 57.62' / 3.49 |

NOTES

DATE OF SURVEY: 1-30-14

1.

BASIS OF BEARING:
 AS MEASURED BY GPS BETWEEN FOUND MONUMENTS AT THE SOUTHWEST CORNER AND THE SOUTH QUARTER CORNER OF SECTION 27, T23N, R6W, N.M.P.M., SANDOVAL COUNTY, NEW MEXICO. LINE BEARS S89°34'11"E, A DISTANCE OF 2620.36'.

II, WILLIAM E. MAHNKE II, A DULY LICENSED SURVEYOR IN THE STATE OF NEW MEXICO HEREBY CERTIFY THAT THIS SURVEY WAS PERFORMED BY ME OR UNDER MY DIRECT SUPERVISION AND IS CORRECT TO MY KNOWLEDGE AND BELIEF.

2-4-14
DATE

WILLIAM E. MAHNKE II, P.S. 8466
 STATE OF NEW MEXICO PROFESSIONAL LAND SURVEYOR

SRVD BY: KW Sr

DWN. BY: KWSr

CHKD. BY: WEM

JOB #: ENG019P26

DATE: 1/30/14

SCALE: 1"=1000'

DWG. NO.: ENG019P26_PL

| REVISIONS | | | |
|-----------|----------|----|------------------------|
| NO. | DATE | BY | DESCRIPTION |
| 1 | 11-16-13 | KW | LINE CHANGE |
| 1 | 1-30-14 | KW | LINE CHANGE- NEW ROUTE |

Red Skies Surveying & Mapping, Inc.

A Native American Owned Company
 101 Fauver Lane Bloomfield, NM 87413
 Telephone: (505) 632-3863
 Fax: (505) 632-6823 Cell: 793-5325

Gallo Canyon Unit P26-2306 01H
SHL: SESE Section 26, T23N, R6W
250 FSL and 967 FEL
BHL: SWSE Section 36, T23N, R6W
330 FSL and 2495 FEL
Sandoval County, New Mexico
Lease Number: NMNM 131017X

Encana Oil & Gas (USA) Inc.
Surface Use Plan of Operations

Please see attached survey package and supporting documents:

Survey Package:

Sheets A-1 and A-2 - Form C-102
Sheets B-1 and B-2 - Topo Map Depicting Well Site, Access Roads, and Pipeline
Sheet C- Directions to Site
Sheet D- Adjacent Wells
Sheet E - Proposed Pipeline Survey
Sheets F-1 and F-2- Proposed Well Site Plan and Profile
Sheets G-1 and G-2- Proposed Well Site Layout

Appendix A- Reclamation Plan

Appendix B- Road Maintenance Plan

1. EXISTING ROADS

- A. Existing access roads are shown on Sheets B-1 and B-2.
- B. Directions to the site are provided on Sheet C.
- C. The existing road that will be used to access the location was identified at the onsite as a Local Road in good condition and regularly maintained. This road will not need any upgrades.
- D. Roads will be maintained in the same or better condition as existed prior to the commencement of operations and said maintenance will continue until final abandonment and reclamation of the well location. Encana will inspect and maintain the roads as outlined in the attached Road Maintenance Plan (Appendix B).
- E. Dust emissions will be controlled on the roads and locations, as necessary, with the application of dust suppressants (e.g. magnesium chloride) and/or water. Dust control will be implemented when dust plumes become larger than normal road use conditions or when directed by the BLM Authorized Officer.
- F. If the well is commercially viable, Encana will schedule a meeting with the BLM to discuss which portions of the existing roads may require upgrades and/or surfacing to prevent soil erosion and accommodate year-round traffic.

2. NEW OR RECONSTRUCTED ACCESS ROADS

- A. The proposed access road is staked as shown on Sheets B-1 and B-2. Approximately 4766 feet of new resource road will be constructed entirely on BLM lands.
- B. The proposed well pad access road was defined as a Resource Road during the onsite conducted on January 22, 2014.
- C. Maximum width will be a 30-foot overall right-of-way with a 14-foot road running surface. During drilling and subsequent operations, all equipment and vehicles will be confined to the 14-foot driving surface.

Gallo Canyon Unit P26-2306 01H

**SHL: SESE Section 26, T23N, R6W
250 FSL and 967 FEL**

**BHL: SWSE Section 36, T23N, R6W
330 FSL and 2495 FEL**

Sandoval County, New Mexico

Lease Number: NMNM 131017X

- D. Culverts will be installed as needed along the new access.
- E. A 20'x150' Temporary Use Area (TUA) will be required from STA 21+05 to STA 22+55 to construct a silt trap on the high side of the new access.
- F. A 20'x134' Temporary Use Area (TUA) will be required from STA 14+16 to STA 15+50 to construct a silt trap on the high side of the new access.
- G. Maximum grade will average 2-3 percent.
- H. Construction materials and methods – See Item 6.A.
- I. Encana will be responsible for road maintenance from the beginning of construction to completion of operations and the well is plugged and abandoned. See attached Road Maintenance Plan (Appendix B).
- J. Dust emissions will be controlled on the roads and locations, as necessary, with the application of dust suppressants (e.g. magnesium chloride) and/or water. Dust control will be implemented when dust plumes become larger than normal road use conditions or when directed by the BLM Authorized Officer.

3. LOCATION OF EXISTING WELLS

Please refer to Sheet D.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

A. Survey Monuments

Encana will protect all survey monuments, witness corners, reference monuments and bearing trees in the affected areas against disturbance during construction, operation, maintenance and termination of the facilities authorized herein.

Encana will immediately notify the BLM Authorized Officer in the event that any corners, monuments or markers are disturbed or are anticipated to be disturbed. If any monuments, corner or accessories are destroyed, obliterated or damaged during construction, operation or maintenance, Encana will secure the services of a Registered Land Surveyor to restore the disturbed monuments, corner or accessories, at the same location, using surveying procedures found in the Manual of Surveying Instructions for the Survey of the Public Lands of the United States, latest edition. Encana will ensure that the Registered Land Surveyor properly records the survey in compliance with 12.8.2 NMAC and will send a copy to the BLM.

B. Pipeline

- 1. A 4,687 foot (0.9 miles), up to 6-inch outside diameter, steel gas pipeline, is proposed. The entire length of the pipeline will be co-located with an existing road entirely on BLM lands. This well will be connected to the existing Encana Lybrook #2 Trunk pipeline this tie in will be located in the NENE of Section 34, T23N R6W. Please refer to Sheets B-1, B-2 and E
- 2. A 20'x150' Temporary Use Area (TUA) will be required from STA 5+75 to STA 7+25 on the high side of the access for pipeline installation across a wash.
- 3. Encana will request a 40-foot right-of-way for the pipeline. Construction width of the pipeline workspace will be restricted to 50 feet of disturbance, including the access road and will be designated as 20 feet of disturbance adjacent to the road and 30 feet of disturbance on the road.

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4. All buried pipelines will be buried to a depth of 3 feet, except at road crossings where they will be buried to a depth of 4 feet.
5. Pipeline location warning signs will be installed within 90 days after construction is completed.
6. The pipeline right-of-way will be conditioned in a manner to preclude vehicular travel upon said right-of-way, except for access to pipeline above-ground appurtenances.

C. Production Facility

1. The production equipment and facility layout will be deferred until the facility and reclamation onsite with the BLM prior to setting any equipment.
2. Production equipment will be placed on location in such a manner to minimize long-term disturbance and maximize interim reclamation. As practical, access will be provided by a teardrop-shaped road through the production area so that the center may be revegetated.
3. A berm will be constructed completely around any production facilities which contain fluids (i.e. production tanks, produced water tanks, etc.) These berms will be constructed of compacted subsoil, corrugated metal, or equivalent, be impervious, and hold 110 percent of the capacity of the largest tank.
4. All permanent (onsite for 6 months or longer) above-ground equipment constructed or installed, including pumping units, will be painted Covert Green. All production facilities will be painted within 6 months of installation. Facilities that are required to comply with Occupation Health and Safety Act Rules and Regulations will be excluded from this painting requirement.

5. LOCATION AND TYPES OF WATER SUPPLY

- A. Water to be used for the drilling and completing of this well will be hauled by truck over the roads described in Items 1 and 2. The water source will be from an existing private water well located in the SWNE of Section 32, T25N, 9W. The well has been assigned the POD Number SJ 01979-S4 by the New Mexico Office of the State Engineer. To access the well pad from this water well, travel NE on Highway 57 approximately 0.1 miles to Highway 550. Turn right onto Highway 550 and travel 24 miles to MP 197.7 at BIA Indian Service Route (ISR) 474 (Councelors). Turn right onto Indian Service Road 474 and travel 1.7 miles. The new access road will be staked to the left of the road traveling Easterly through the North edge of the Gallo Canyon Unit M26-2306 01H to the Gallo Canyon Unit P26-2306 01H well pad. Encana does not plan to drill a water well.

6. CONSTRUCTION MATERIALS AND METHODS

A. Access Road

1. The access road will be designed and constructed as a Resource Road in accordance with the BLM Gold Book Standards and BLM 9113-1 (Roads Design Handbook) and BLM 9113-2 (Roads National Inventory and Condition Assessment Guidance and Instructions Handbook). Construction will include ditching, draining, installing culverts, crowning and capping or sloping and dipping the roadbed, as necessary, to provide a well-constructed and safe road.

The proposed access road will not be constructed to all-weather standards prior to drilling and completing the proposed well. If the well is commercially viable, Encana will schedule a meeting with the BLM to discuss which portions of the roads (proposed access road and existing access roads) may require upgrades and/or surfacing to prevent soil erosion, and accommodate year-round traffic. All other construction requirements will be completed prior to drilling.

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2. No fence lines will be cut and braced for the access road and pipeline installation. No cattleguard or fences required.
3. Any trees larger than 3-inches in diameter will be cut at ground level and delimbed. The trunks will be stacked whole along the access road, well pad, and/or pipeline for wood gathering. Stumps will be cut as close to the ground as possible. Stumps and root balls will be hauled to an approved disposal site or stockpiled at the edge of the well pad and buried in the cut slopes of the pad during interim reclamation.

Any trees smaller than 3-inches in diameter, slash and brush will be chipped, shredded or mulched and incorporated into the topsoil for later use in interim reclamation.

Remaining brush will be brush-hogged or scalped at ground-level prior to ground disturbance.

4. After removal of vegetation, topsoil will be segregated and windrowed on the edge of the access road. Topsoil will be defined as the top six (6) inches of soil. The stockpiled topsoil will be free of brush and tree limbs, trunks and root balls, but may include chipped or mulched material so long as it is incorporated into the topsoil stockpile.

Topsoil will not be stripped when soils are moisture-saturated or frozen below the stripping depth.

5. All construction materials for the access road will consist of native borrow and subsoil accumulated during road construction. If additional fill or surfacing material is required, it will be obtained from existing permitted or private sources and will be hauled in by trucks over existing access roads to the area.
6. The proposed access road will be crowned and ditched or sloped and dipped, and water turnouts installed as necessary to provide proper drainage. Drainage design will be in accordance with BLM Gold Book standards and BLM 9113-1 (Roads Design Handbook) and BLM 9113-2 (Roads National Inventory and Condition Assessment Guidance and Instructions Handbook).
7. The proposed access road will cross a wash and will require a 72-inch squash-pipe culvert with a sediment trap before the culvert at STA 6+51. 24" culverts will be installed where needed along new access. See Sheets B-1 and B-2. Culverts will be installed if needed on the upgraded portion of the existing access road. Culverts will be sized and installed in accordance with BLM Gold Book standards and BLM 9113-1 (Roads Design Handbook) and BLM 9113-2 (Roads National Inventory and Condition Assessment Guidance and Instructions Handbook).
- A. The proposed access road crosses a wash and will require the construction of a low water crossing at STA 32+19. A 100'x400' Temporary Use Area (TUA) will be required from STA 30+19 to STA 34+19 to construct a low water crossing. The low water crossing will be constructed in accordance with BLM Gold Book standards and BLM 9113-1 (Roads Design Handbook) and BLM 9113-2 (Roads National Inventory and Condition Assessment Guidance and Instructions Handbook). The road will be dipped to the bed of the drainage. Twenty four inches of fill in the drainage will be removed and filled with an appropriate sized rip-rap material. The low water crossing will not impound water.

Gallo Canyon Unit P26-2306 01H

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Sandoval County, New Mexico

Lease Number: NMNM 131017X

8. Construction equipment may include chain saws, a brush hog, scraper, maintainer, excavator, and dozer. Construction of the access road and well pad will take approximately 4 weeks.

B. Well Pad

1. Any trees larger than 3-inches in diameter will be cut at ground level and delimbed. The trunks will be stacked whole along the access road, well pad, and/or pipeline for wood gathering. Stumps will be cut as close to the ground as possible. Stumps and root balls will be hauled to an approved disposal site or stockpiled at the edge of the well pad and buried in the cut slopes of the pad during interim reclamation.

Any trees smaller than 3-inches in diameter, slash and brush will be chipped, shredded or mulched and incorporated into the topsoil for later use in interim reclamation.

Remaining brush will be brush-hogged or scalped at ground-level prior to ground disturbance.

2. After removal of vegetation, topsoil will be segregated and windrowed on the edge of the well pad in the construction zone. Topsoil will be defined as the top six (6) inches of soil. The stockpiled topsoil will be free of brush and tree limbs, trunks and root balls, but may include chipped or mulched material so long as it is incorporated into the topsoil stockpile.

Topsoil will be stockpiled separate from subsoil with a noticeable gap left between the stockpiles. Vehicle/equipment traffic will be prevented from crossing topsoil stockpiles.

Topsoil will not be stripped when soils are moisture-saturated or frozen below the stripping depth.

If the location becomes prone to wind or water erosion, Encana will take appropriate measures to prevent topsoil loss from wind. Such measures may include using tackifiers or water to wet the topsoil stockpile so that a crust is created across the exposed soil to prevent soil loss.

3. All construction materials for the well pad will consist of native borrow and subsoil accumulated during well pad construction. If additional fill or surfacing material is required, it will be obtained from existing permitted or private sources and will be hauled in by trucks over existing access roads.

The maximum cut will be approximately 6.1 feet on the northwest corner (corner 6) and the maximum fill will be approximately 6.4 feet on the southeast corner (corner 3).

4. As determined during the onsite on January 22, 2014, the following best management practices will be implemented:
 - a. Water will be diverted around the pad and silt traps installed as needed upon interim reclamation.
5. Construction equipment may include chain saws, a brush hog, scraper, maintainer, excavator, and dozer. Construction for the access road and well pad will take approximately 4 weeks.

C. Pipeline

See the Plan of Development submitted with the final Standard SF-299 Application for authorization to construct, operate, maintain and terminate a 4,687 foot, up to 6-inch outside

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diameter, buried steel well connect pipeline that was submitted to the BLM concurrently with the APD.

7. METHODS FOR HANDLING WASTE

A. Cuttings

1. A closed-loop system will be used. Cuttings will be moved through a shaker system on the drill rig that separates drilling fluids from the cuttings. Cuttings will be stored onsite in above-ground storage tanks. Cuttings will be pulled from the storage tanks, mixed with saw dust or similar absorbent material, and disposed of at the Envirotech, Inc. and/or Industrial Ecosystem, Inc. waste disposal facilities.
2. The closed-loop system storage tanks will be adequately sized to ensure confinement of all fluids and will provide sufficient freeboard to prevent uncontrolled releases.
3. A 20-mil liner will be installed under tanks, pumps, ancillary facilities, and truck loading/unloading areas associated with the closed-loop system.

B. Drilling Fluids

1. A closed-loop system will be used. Drilling fluids will be stored onsite in above-ground storage tanks. Upon termination of drilling operations, the drilling fluids will be recycled and transferred to other permitted closed-loop systems or returned to the vendor for reuse, as practical. Residual fluids will be vacuumed from the storage tanks and disposed of at Basin Disposal, Inc. and/or Industrial Ecosystem, Inc. waste disposal facilities.
2. The closed-loop system storage tanks will be adequately sized to ensure confinement of all fluids and will provide sufficient freeboard to prevent uncontrolled releases.
3. The closed-loop system storage tanks will be placed in bermed secondary containment sized to accommodate a minimum of 110 percent of the volume of the largest storage tank.
4. A 20-mil liner will be installed under tanks, pumps, ancillary facilities, and truck loading/unloading areas associated with the closed-loop system.

C. Flowback Water

1. The water-based solution that flows back to the surface during and after completion operations will be placed in storage tanks on the location.
2. Flowback water will be confined to a storage tank for a period not to exceed 90 days after initial production and will be disposed of at Basin Disposal, Inc. and/or Industrial Ecosystem, Inc. waste disposal facilities.

D. Spills – any spills of non-freshwater fluids will be immediately cleaned up and removed to an approved disposal site.

E. Sewage – self-contained, chemical toilets will be provided for human waste disposal. The toilet holding tanks will be pumped, as needed, and the contents thereof disposed of in an approved sewage disposal facility. The toilets will be onsite during all operations.

F. Garbage and other waste material – garbage, trash and other waste materials will be collected in a portable, self-contained and fully-enclosed trash container during drilling and completion operations. The accumulated trash will be removed, as needed, and will be disposed of at an authorized sanitary landfill. No trash will be buried or burned on location.

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- G. Immediately after removal of the drilling rig, all debris and other waste materials not contained in the trash container will be cleaned up and removed from the well location.
- H. No chemicals subject to reporting under SARA Title III in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling, testing or completing of this well.
- I. No extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling, testing, or completing of this well.

8. ANCILLARY FACILITIES

- A. Standard drilling operation equipment that will be on location includes: drilling rig with associated equipment, temporary office trailers equipped with sleeping quarters for essential company personnel, toilet facilities, and trash containers.

9. WELL SITE LAYOUT

- A. The proposed well pad layout is shown on Sheets F-1, F-2, G-1, and G-2. Cross sections have been drafted to visualize the planned cuts and fills across the location. Refer to Item 6 for construction materials and methods.
- B. No permanent living facilities are planned. Office trailers equipped with living quarters will be provided on location during drilling and completions operations.
- C. The production facility layout is being deferred until the Facility and Reclamation onsite with the BLM Representative.

10. PLANS FOR SURFACE RECLAMATION

The project falls within the Sagebrush Vegetation Community. During the onsite on 11-6-13, plant species were picked from the Sagebrush-Grass Community Seed List. These species will be used in the vegetation seed mixture. –Please see Reclamation Plan (Appendix A).

The well pad, road and pipeline will fall under the BLM Vegetation Reclamation Procedure B. A site-specific Reclamation Plan is located in Appendix A. The BLM will be contacted 48 hours prior to construction and reclamation.

11. SURFACE OWNERSHIP

Bureau of Land Management
Farmington Field Office
6251 College Blvd., Suite A
Farmington, NM 87402
(505) 564-7600

12. OTHER INFORMATION

- A. A final Standard Form SF-299 Application for authorization to construct, operate, maintain and terminate a 30-foot overall right-of-way access road with a 14-foot road running surface and a Surface Use Plan of Operation was submitted to the Bureau of Land Management concurrently with the APD reflecting a 4,766' access road.
- B. The Well pad is on lease and will not require a right-of-way.

Gallo Canyon Unit P26-2306 01H
SHL: SESE Section 26, T23N, R6W
250 FSL and 967 FEL
BHL: SWSE Section 36, T23N, R6W
330 FSL and 2495 FEL
Sandoval County, New Mexico
Lease Number: NMNM 131017X

- C. An initial Standard Form 299 Application and Plan of Development for authorization to construct, operate, maintain and terminate a 4,686.6-foot, up to 6-inch buried, steel well connect pipeline was submitted to the Bureau of Land Management on September 30, 2013. The final modifications to the Standard Form 299 Application and Plan of Development were submitted concurrently with the APD.
- D. A Class III Cultural Resource Inventory of the proposed well pad, access road, and pipeline route will be conducted and filed with the BLM-Farmington Field Office.
- E. Construction contractors will call New Mexico One-Call (or equivalent) to identify the location of any marked or unmarked pipelines or cables located in proximity to the proposed well pad, access road, and pipeline at least two working days prior to ground disturbance.
- F. All operations will be conducted in such a manner that full compliance is made with the applicable laws and regulations, the approved Application for Permit to Drill, and applicable Notice(s) to Lessees.
- G. Encana will be fully responsible for the actions of its subcontractors. A complete copy of the approved Application for Permit to Drill will be furnished to the field representatives and will be on location during all construction, drilling, and completions operations.
- H. Mr. Pat Castillo is the grazing allottee and will be contacted prior to construction activity commencing.
- I. A 50' x 100' TUA for truck staging will be located along the Gallo Canyon Unit M26-2306 access road. Trucks may also be staged on the Gallo Canyon Unit M26-2306 well pad.