

Submit 1 Copy To Appropriate District Office.

District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised July 18, 2013

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

CONFIDENTIAL

WELL API NO. 30-043-21198
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. ST NM V-1697, ST NM LG-3924
7. Lease Name or Unit Agreement Name Lybrook P32-2307
8. Well Number 01H
9. OGRID Number 282327
10. Pool name or Wildcat Alamito-Gallup
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6874' GR

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well Gas Well Other

2. Name of Operator
Encana Oil & Gas (USA) Inc.

3. Address of Operator
370 17th Street, Suite 1700 Denver, CO 80202

4. Well Location
Unit Letter P : 664 feet from the SOUTH line and 31 feet from the EAST line
Section 32 Township 23N Range 7W NMPM County SANDOVAL

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

- PERFORM REMEDIAL WORK
- TEMPORARILY ABANDON
- PULL OR ALTER CASING
- DOWNHOLE COMMINGLE
- CLOSED-LOOP SYSTEM
- OTHER:
- PLUG AND ABANDON
- CHANGE PLANS
- MULTIPLE COMPL

SUBSEQUENT REPORT OF:

- REMEDIAL WORK
- COMMENCE DRILLING OPNS.
- CASING/CEMENT JOB
- OTHER: Pre-Installation of Gas Lift
- ALTERING CASING
- P AND A

RCUD SEP 26 '14
OIL CONS. DIV.

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

DIST. 3

Encana Oil & Gas (USA) Inc. is requesting authorization to install gas lift at the Lybrook P32-2307 01H well. Attached is a schematic of the pad with gas lift and the gas allocation procedure.

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

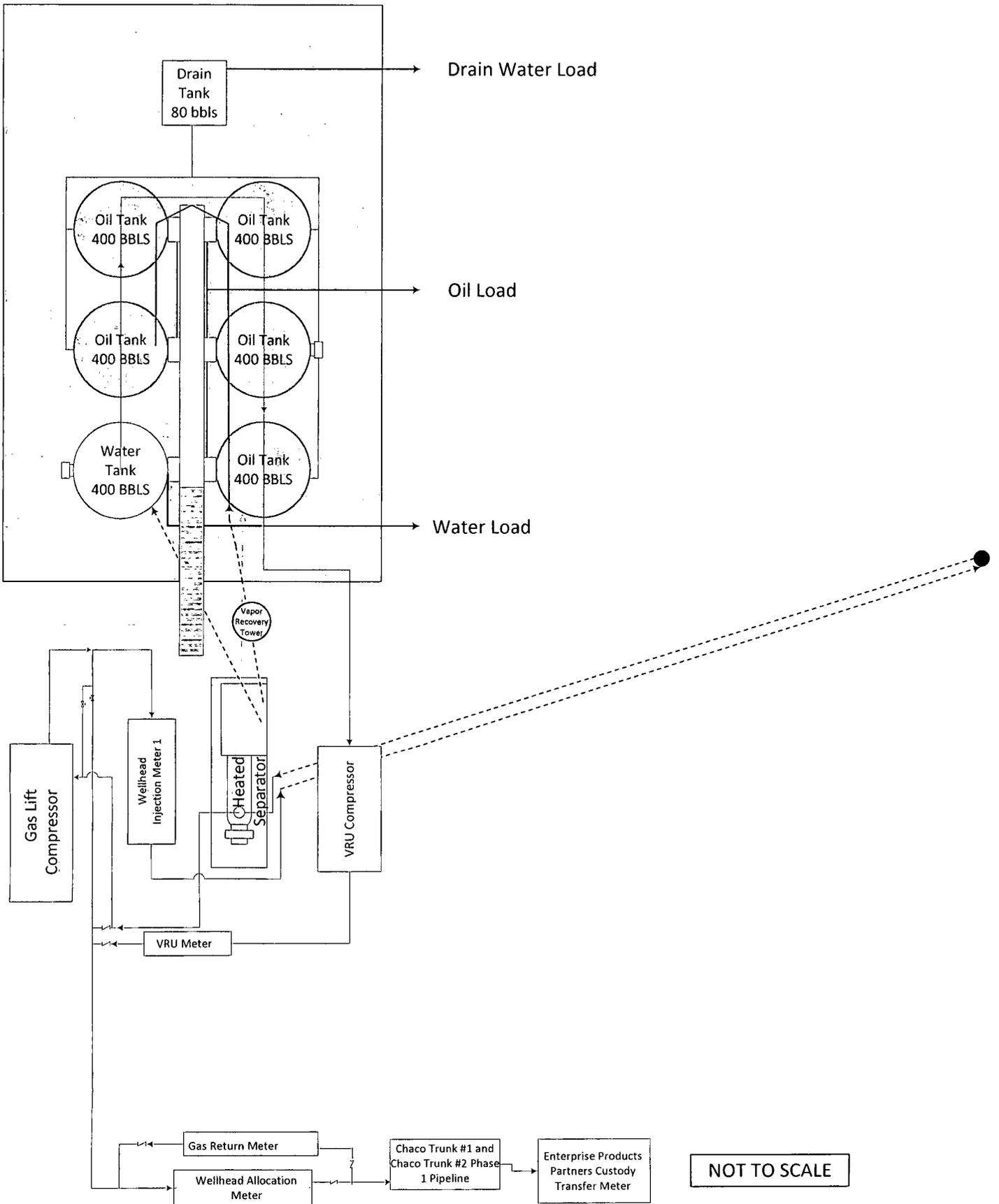
SIGNATURE Cristi Bauer TITLE Operations Technician DATE 9/23/14

Type or print name Cristi Bauer E-mail address: Cristi.Bauer@encana.com PHONE: 720-876-5867

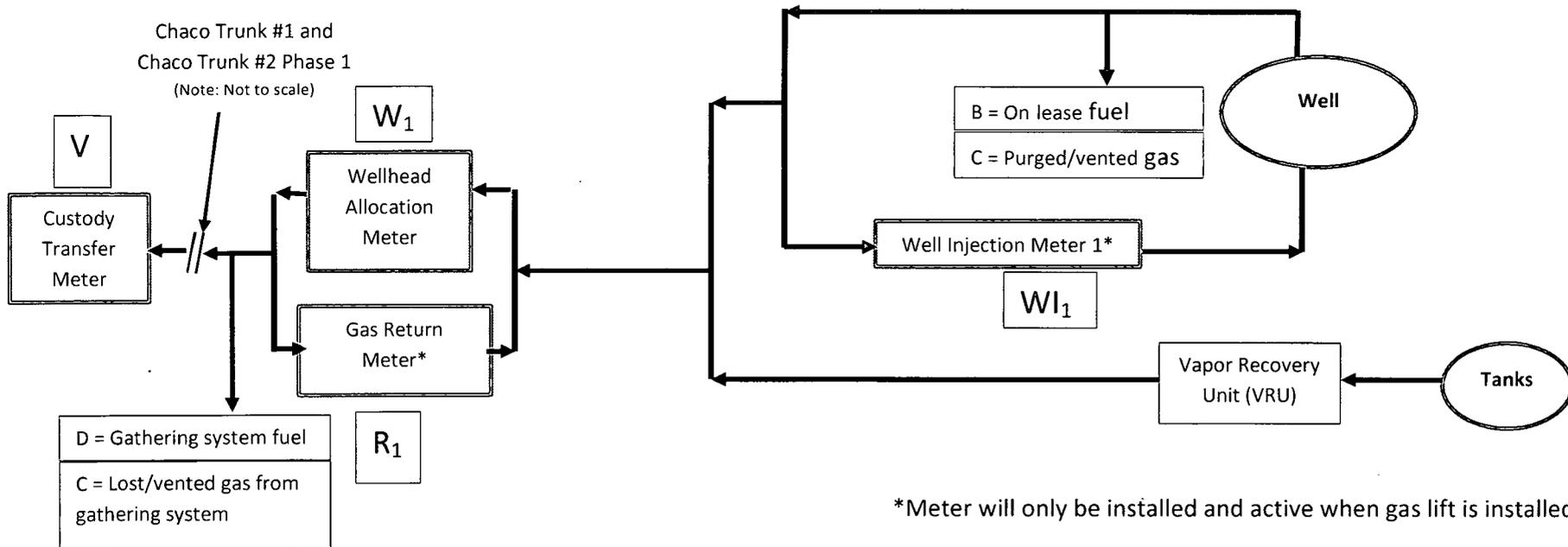
For State Use Only

APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 3 DATE 9/30/14
Conditions of Approval (if any): AV

Lybrook P32-2307 01H



Gas Measurement Allocation Procedure for Single Well Pads



Base Data:

- V = Gas Volume (MCF) from Custody Transfer Meter during allocation period (Enterprise Products Partners)
- R = Gas Volume (MCF) from Gas Return Meter (Encana)*
- W₁ = Gas Volume (MCF) from Wellhead Allocation Meter at individual wells during allocation period. (Encana)
- WI₁ = Gas Volume (MCF) from Well Injection Meter at individual wells during allocation period. (Encana)*
- Y = Heating Value (BTU/scf) from Custody Transfer Meter during allocation period. (Enterprise Products Partners)
- Z = Heating Value (BTU/scf) from individual Wellhead Allocation Meter and Well Injection Meter. (Encana)

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

Attachment No. 5
Encana Oil & Gas (USA) Inc.
Chaco Trunk #1 and Chaco Trunk #2 Phase 1 Gathering System
San Juan and Sandoval Counties, New Mexico

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

A = Allocated Gas production off lease, MCF: $[(W_1-R_1)/((W_1-R_1)+(W_2-R_2)+(W_n-R_n))]*(V)$

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 $[(W_1-R_1)/((W_1-R_1)+(W_2-R_2)+(W_n-R_n))]$.

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 $[(W_1-R_1)/((W_1-R_1)+(W_2-R_2)+(W_n-R_n))]$.

Individual Well BTU's = $[\{(W_n-W_{In}) * Z_n\} / \{SUM((W_n-W_{In}) * Z_n)\}] * (V * Y) * 1000]$

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