

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Susana Martinez**  
Governor

**David Martin**  
Cabinet Secretary-Designate

**Brett F. Woods, Ph.D.**  
Deputy Cabinet Secretary

**Jami Bailey, Division Director**  
Oil Conservation Division



July 31, 2013

ADMINISTRATIVE POOL/LEASE COMMINGLING ORDER

Administrative Order PLC-378  
Administrative Application Reference No. pPRG1318931655

Encana Oil & Gas (USA) Inc.  
Attn: Ms. Katie Wegner

Surface Commingling of Natural Gas

Pursuant to your application received on July 1, 2013, Encana Oil & Gas (USA) Inc. (OGRID 282327) is hereby authorized to surface commingle **gas production only** from the following pools:

Bisti; Lower Gallup (Oil)      (5890)  
Basin; Mancos (Gas)            (97232)

and from the following diversely owned wells located on federal and State of New Mexico leases in San Juan County, New Mexico:

See Exhibit A attached hereto.

This Order only authorizes surface commingling in the pipeline of gas produced from the separate wells identified in Exhibit A. Downhole commingling within the wellbore of any of the listed wells that is completed in more than one pool must be authorized by separate order.

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 NW/4 NW/4 of Section 7, Township 24 North, Range 9 West, San Juan County, New Mexico.

The operator shall notify the transporter of this commingling authority.

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The operator shall notify the Aztec district office of the Division upon commencement of commingling operations.

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

Off-Lease Storage and Measurement of Oil of Condensate, and Measurement of Natural Gas

Pursuant to the same application Encana Oil & Gas (USA) Inc. (OGRID 282327) is hereby authorized to store, measure and sell oil and condensate, and to measure natural gas for allocation purposes, at the surface location of each well identified on Exhibit A, including those wells that are drilled directionally from off-lease surface locations. No commingling of oil or condensate produced from separate wells is authorized.

Future Addition of wells to the Escrito Trunk No. 1 Gathering System

Pursuant to Division Rule 19.15.12.10.C(4)(g) NMAC, additional wells may be added to the Escrito Trunk No. 1 Gathering System, and surface commingling of natural gas from such wells in the said system may be authorized by administrative order of the Division, with notice only to the owners of interests in such wells, provided that (1) all such orders shall provide for separate metering for allocation purposes, at or near the wellhead, of all production from each well so added, and (2) the operator in such application demonstrates that the addition of production from wells so added will not adversely affect the interests of the owners of wells already producing into the system.

Sincerely,



Jami Bailey  
Division Director

JB/db

cc: Oil Conservation Division District Office – Aztec  
New Mexico State Land Office  
United States Bureau of Land Management

Exhibit A to  
Administrative Order PLC-378

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

Well Name	API No.	Well Location UL-Sec-Twn-Rng	Project Area/Acreage Dedication	Pool	Lease No.	Lease Type	Completion Date
Escrito E07-2409 01H	30-045-35432	E-SWNW-7-24N-9W	N2N2 Sec 12 24N 10W (160 acres)	Bisti Lower-Gallup	NM112955	Federal	N/A
Escrito E07-2409 02H	30-045-35433	E-SWNW-7-24N-9W	S2N2 Sec 12 24N 10W (160 acres)	Bisti Lower-Gallup	NM112955	Federal	N/A
Escrito I16-2409 01H	30-045-35362	I-NESE-16-24N-9W	S2 Sec 16 24N 9W (320 acres)	Bisti Lower-Gallup	B-10889, V-7918, V0-8941	State of NM, State of NM, State of NM	02/25/2013
Escrito M07-2409 01H	30-045-35435	M-SWSW-7-24N-9W	N2S2 Sec 12 24N 10W (160 acres)	Bisti Lower-Gallup	NM112955	Federal	N/A
Escrito M07-2409 02H	30-045-35434	M-SWSW-7-24N-9W	S2S2 Sec 12 24N 10W (160 acres)	Bisti Lower-Gallup	NM112955	Federal	N/A
Escrito D34-2409 01H	30-045-35440	D-NWNW-34-24N-9W	N2N2 Sec 33 24N 9W (160 acres)	Bisti Lower Gallup/BMG**	NM12374, NM90843	Federal, Federal	N/A
Escrito D34-2409 03H	PENDING	D-NWNW-34-24N-9W	S2N2 Sec 33 24N 9W (160 acres)	Bisti Lower Gallup/BMG**	NM12374, NM90843	Federal, Federal	N/A
Escrito L27-2409 01H	PENDING	L-NWSW-27-24N-9W	S2N2 Sec 28 24N 9W (160 acres)	Bisti Lower Gallup/BMG**	NM12374	Federal	N/A
Escrito L27-2409 02H	PENDING	L-NWSW-27-24N-9W	N2S2 Sec 28 24N 9W (160 acres)	Bisti Lower Gallup/BMG**	NM12374	Federal	N/A
Escrito A28-2409 01H	PENDING	A-NENE-28-24N-9W	N2N2 Sec 28 24N 9W (160 acres)	Bisti Lower Gallup/BMG**	NM12374	Federal	N/A
Escrito M27-2409 01H	PENDING	M-SWSW-7-24N-9W	N2S2 Sec 28 24N 9W (160 acres)	Bisti Lower Gallup/BMG**	NM12374	Federal	N/A
Escrito M27-2409 02H	PENDING	M-SWSW-7-24N-9W	S2S2 Sec 28 24N 9W (160 acres)	Bisti Lower Gallup/BMG**	NM12374	Federal	N/A
Escrito L17-2409 01H	PENDING	L-NWSW-17-24N-9W	N2S2 Sec 18 24N 9W (160 acres)	Bisti Lower-Gallup	NM16760	Federal	N/A
Escrito L17-2409 02H	PENDING	L-NWSW-17-24N-9W	S2S2 Sec 18 24N 9W (160 acres)	Bisti Lower-Gallup	NM16760	Federal	N/A
Escrito L18-2409 01H	PENDING	L-NWSW-18-24N-9W	N2S2 Sec 13 24N 10W (160 acres)	Bisti Lower-Gallup	NM16760	Federal	N/A
Escrito L18-2409 02H	PENDING	L-NWSW-18-24N-9W	S2S2 Sec 13 24N 10W (160 acres)	Bisti Lower-Gallup	NM16760	Federal	N/A
Good Times L10-2309 01H	PENDING	L-NWSW-10-23N-9W	S2 Sec 9 23N 9W (320 acres)	South Bisti-Gallup	NM0085	Federal	N/A
Good Times L10-2309 02H	PENDING	L-NWSW-10-23N-9W	S2 Sec 9 23N 9W (320 acres)	South Bisti-Gallup	NM0085	Federal	N/A
Escrito P16-2409 01H	30-045-35313	P-SESE-16-24N-9W	S2 Sec 16 24N 9W (320 acres)	Bisti Lower-Gallup	B-10889, V-7918, V0-8941	State of NM, State of NM, State of NM	05/10/2012

\* To date, Encana has two (2) horizontal wells producing from the Bisti Lower Gallup Pool. Encana intends to drill and produce two (2) wells that will produce exclusively from the South Bisti Gallup pool; eight (8) wells that will produce exclusively from the Bisti Lower Gallup Pool; and seven (7) wells that will produce from both the Bisti Lower Gallup and Basin Mancos Gas Pool. All of the wells listed above are targeted to be completed in a correlative interval within the Mancos formation. We anticipate completion design to be similar for all of these wells.

\*\* BMG = Basin Mancos Gas Pool