

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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

Jami Bailey, Division Director
Oil Conservation Division



July 18, 2014

ADMINISTRATIVE POOL/LEASE COMMINGLING ORDER
(including provision for OFF LEASE STORAGE AND MEASUREMENT)

Administrative Order PLC-389-A
Administrative Application Reference No. pMAM1417743860

Administrative Order OLM 84-A
Administrative Application Reference No. pMAM1417746320

Encana Oil & Gas (USA) Inc.
Attn: Ms. Jessica Gregg

Pursuant to your application received on June 25, 2014, 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)
South Bisti Gallup	(5860)
Basin Mancos (Gas)	(97232)

and from the following diversely owned wells. These wells are identified in Attachment No. 1, and made part of this order. These wells are located on federal and state leases in said Townships and Ranges in San Juan County, New Mexico.

Each well produces from only the pool or pools identified on Attachment No. 1.

Each well will be equipped with individual gas meters for allocation purposes. Gas that has passed through the well meters will be commingled in operator's Good Times Trunk No. 1 Gathering System and will be again measured, and sold, at the transfer point to the Olympic Torch pipeline.

The operator shall notify the transporter of this commingling authority.

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

July 18, 2014

Page 2

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.

No commingling of oil or condensate is authorized. However, where the surface location of any well is not located on any lease from which the well produces, measurement and storage of oil and condensate at the well's surface location is authorized.

Done at Santa Fe, New Mexico, on July 18, 2014.

A handwritten signature in black ink, appearing to read "Jami Bailey". The signature is fluid and cursive, with the first name "Jami" and last name "Bailey" clearly distinguishable.

Jami Bailey
Division Director

JB/mam

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

Initial Application for Good Times Trunk Gathering System Dated December 16, 2013 PLC-389/OLM-84																
Well Name	API No.	Well Location UL-Sec-Twn-Rng	Communitization No. if Applicable	Well No.	Project Area	Pool	Lease No.	Lease Type	Completion Date	Well Status	Projected Gas Rate (Mcf/Dav)	Projected Lease Gas	Projected Gas %	*Projected Initial Gas Heating Value (Btu/scf)	Projected Gas Heating Value	Comments
Escrito H31-2409 01H	30-045-35390	H-SENE-31-24N-9W	NMNM 130466	1a	N2 Sec. 31 T24N R9W 320 acres	Bisti Lower-Gallup	NM51000, NM4958	Federal	07/18/2013	COMPLETED	350	700	9%	950	1215	Current Status: Wells are currently drilled and completed
Escrito A31-2409 01H	30-045-35391	A-NENE-31-24N-9W		1b	N2 Sec. 31 T24N R9W 320 acres	Bisti Lower-Gallup			07/22/2013	COMPLETED	350			950	1215	
Good Times D06-2309 01H	30-045-35419	D-NWNW-6-23N-9W	N/A	2a	W2 Sec. 6 T23N R9W 322.6 Acres	South Bisti Gallup & Basin Mancos Gas	NM8005	Federal	09/11/2013	COMPLETED	350	350	4%	950	1215	
Good Times P34-2410 01H	30-045-35367	P-SESE-34-24N-10W	NMNM 128058	3	S2 Sec. 34 T24N R10W 320 Acres	South Bisti Gallup	NO-G-0902- 1754, NO-G-	Navajo Allotted	11/27/2013	COMPLETED	350	350	4%	950	1215	Current Status: Future wells are contingent on success of initial wells Note: Total rate is not expected to equal 3.85 MMcfd due to wells being drilled/completed and coming online at different times.
Escrito M30-2409 01H	PENDING	M-SWSW-30-24N-9W	N/A	4a	S2 Sec. 25 T24N R10W 320 Acres	Basin Mancos Gas	NM5991	Federal	PENDING	NOT DRILLED	350	700	9%	950	1215	
Escrito M30-2409 02H	PENDING	M-SWSW-30-24N-9W	N/A	4b	S2 Sec. 25 T24N R10W 320 Acres	Basin Mancos Gas			PENDING	NOT DRILLED	350			950	1215	
Good Times P36-2410 01H	30-045-35476	P-SESE-36-24N-10W	PENDING	5a	S2 Sec. 36 T24N R10W 320 acres	South Bisti Gallup & Basin Mancos Gas	LG9804, LG5686	State of New Mexico	PENDING	DRILLED	350	700	9%	950	1215	
Good Times P36-2410 02H	30-045-35482	P-SESE-36-24N-10W		5b	S2 Sec. 36 T24N R10W 320 acres	South Bisti Gallup & Basin Mancos Gas			PENDING	DRILLING	350			950	1215	
Good Times P36A-2410 01H	30-045-35449	P-SESE-36-24N-10W	N/A	6a	W2E2 Sec. 1 T23N R10W 159.79 Acres	South Bisti Gallup	NM42059	Federal	PENDING	NOT DRILLED	350	700	9%	950	1215	
Good Times P36A-2410 03H	30-045-35450	P-SESE-36-24N-10W	N/A	6b	E2E2 Sec. 1 T23N R10W 159.93 Acres	South Bisti Gallup			PENDING	NOT DRILLED	350			950	1215	
1st Amendment for Good Times Trunk Gathering System Dated June 19, 2014																
Well Name	API No.	Well Location UL-Sec-Twn-Rng	Communitization No. if Applicable	Well No.	Project Area	Pool	Lease No.	Lease Type	Completion Date	Well Status	Projected Gas Rate (Mcf/Dav)	Projected Lease Gas	Projected Gas %	*Projected Initial Gas Heating Value (Btu/scf)	Projected Gas Heating Value	Comments
Good Times N02-2410 01H	PENDING	N-SESW-2-24N-10W	N/A	7a	W2 Sec11 T24N R10W (320 Acres)	Basin Mancos Pool	NM112955	Federal	N/A	NOT DRILLED	350	700	9%	950	1215	Current Status: Future wells are contingent on success of initial wells Note: Total rate is not expected to equal 3.85 MMcfd due to wells being drilled/completed and coming online at different times.
Good Times N02-2410 02H	PENDING	N-SESW-2-24N-10W	N/A	7b	W2 Sec11 T24N R10W (320 Acres)	Basin Mancos Pool			N/A	NOT DRILLED	350			950	1215	
Pinon Unit D14-2410 01H	30-045-35493	D-NENE-14-24N-10W	N/A	8a	ALL Sec15 T24N R10W (640 Acres)	Basin Mancos Pool	NM100807/ Pinon Unit**	Federal	N/A	NOT DRILLED	350	700	9%	950	1215	
Pinon Unit D14-2410 02H	30-045-35530	E-SWNNW-14-24N- 10W	N/A	8b	ALL Sec15 T24N R10W (640 Acres)	Basin Mancos Pool			N/A	NOT DRILLED	350			950	1215	
Escrito N31-2409 01H	PENDING	N-SESW-31-24N-9W	N/A	2b	W2 Sec6 T23N R9W (320 Acres)	South Bisti Gallup Pool/Basin Mancos	NM8005	Federal	N/A	NOT DRILLED	350	350	4%	950	1215	
Good Times P25-2410 01H	PENDING	P-SESE-25-24N-10W	N/A	4c	S2 Sec25 T24N 10W (320 Acres)	Basin Mancos Pool	NM5991	Federal	N/A	NOT DRILLED	350	700	9%	950	1215	

EXPLANATION LEGEND:

To date, Encana has two (2) horizontal wells producing from the Bisti Lower Gallup Pool, one (1) well producing from the South Bisti Gallup Pool, and one (1) well producing from both the South Bisti Gallup and Basin Mancos Pools. Encana intends to drill and produce ten (10) wells that will produce exclusively from the Basin Mancos Pool; five (5) wells that will produce exclusively from the South Bisti Gallup Pool; four (4) wells that will produce from both the Bisti Lower Gallup and Basin Mancos Gas pools, and five (5) wells that will produce from both the South Bisti Gallup and Basin Mancos Pools. 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.

Projected decline rates for all wells listed above: Di/b: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 well is produced.

** The Pinon Unit lease number has not been issued as of the date of the application.