

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Susana Martinez**  
Governor

**David Martin**  
Cabinet Secretary

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

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



October 2, 2014

ADMINISTRATIVE POOL/LEASE COMMINGLING ORDER

Administrative Order PLC-378-A  
Administrative Application Reference No. pMAM1420333003

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

Pursuant to your application received on July 21, 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)
Bisti, South-Gallup	(5860)
Basin Mancos (Gas)	(97232)
Nageezi Unit Hz (Oil)	(98080)

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 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.

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.

October 2, 2014

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Done at Santa Fe, New Mexico, on October 2, 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

Attachment No. 1  
Encana Oil Gas (USA) Inc.  
Escrito Trunk #1 Gathering System Application  
San Juan County, New Mexico  
Amendment Dated July 16, 2014

Initial Application for Escrito Trunk #1 Gathering System Dated June 28, 2013

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/Day)	Projected Lease Gas Rate (Mcf/day)	Projected Gas %	*Projected Initial Gas Heating Value (Btu/scf) (through 1st ~6 Months)	Projected Gas Heating Value (Btu/scf)	Comments
✓ Escrito E07-2409 01H	30-045-35432	E-SWNW-7-24N-9W	N/A	1a	N2N2 Sec 12 24N 10W (160 acres)	Bisti Lower-Gallup	NM112955	Federal	05/06/2014	Completed	350	700	6%	950	1215	Current Status: Wells are currently drilled and completed
✓ Escrito E07-2409 02H	30-045-35433	E-SWNW-7-24N-9W	N/A	1b	S2N2 Sec 12 24N 10W (160 acres)	Bisti Lower-Gallup		Federal	05/06/2014	Completed	350			950	1215	
✓ Escrito I16-2409 01H	30-045-35362	I-NESE-16-24N-9W	897775	2a	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	Completed	350	350	3%	950	1215	
✓ Escrito M07-2409 01H	30-045-35435	M-SWSW-7-24N-9W	N/A	3a	N2S2 Sec 12 24N 10W (160 acres)	Bisti Lower-Gallup	NM112955	Federal	09/07/2013	Completed	350	700	6%	950	1215	
✓ Escrito M07-2409 02H	30-045-35434	M-SWSW-7-24N-9W	N/A	3b	S2S2 Sec 12 24N 10W (160 acres)	Bisti Lower-Gallup		Federal	09/07/2013	Completed	350			950	1215	
✓ Escrito D34-2409 01H	30-045-35440	D-NWNW-34-24N-9W	Pending	4a	N2N2 Sec 33 24N 9W (160 acres)	Bisti Lower Gallup/BMG**	NM12374, NM90843	Federal, Federal	N/A	Not Drilled	350	1400	13%	950	1215	Current Status: Future wells are contingent on success of initial wells Note: Total rate is not expected to equal 3.85 MMcfpd due to wells being drilled/completed and coming online at different times.
Escrito D34-2409 02H	PENDING	D-NWNW-34-24N-9W	Pending	4b	N2N2 Sec 33 24N 9W (160 acres)	Bisti Lower Gallup/BMG**		Federal, Federal	N/A	Not Drilled	350			950	1215	
Escrito D34-2409 03H	30-045-35445 PENDING	D-NWNW-34-24N-9W	Pending	4c	S2N2 Sec 33 24N 9W (160 acres)	Bisti Lower Gallup/BMG**		Federal, Federal	N/A	Not Drilled	350			950	1215	
Escrito D34-2409 04H	PENDING	D-NWNW-34-24N-9W	Pending	4d	S2N2 Sec 33 24N 9W (160 acres)	Bisti Lower Gallup/BMG**		Federal, Federal	N/A	Not Drilled	350			950	1215	
Escrito L27-2409 01H	30-045-35474 PENDING	L-NWSW-27-24N-9W	N/A	5a	S2N2 Sec 28 24N 9W (160 acres)	Bisti Lower Gallup/BMG**	NM12374	Federal	N/A	Not Drilled	350	1750	16%	950	1215	
Escrito L27-2409 02H	30-045-35481 PENDING	L-NWSW-27-24N-9W	N/A	5b	N2S2 Sec 28 24N 9W (160 acres)	Bisti Lower Gallup/BMG**		Federal	N/A	Not Drilled	350			950	1215	
Escrito A28-2409 01H	PENDING	A-NENE-28-24N-9W	N/A	5c	N2N2 Sec 28 24N 9W (160 acres)	Bisti Lower Gallup/BMG**		Federal	N/A	Not Drilled	350			950	1215	
Escrito M27-2409 01H	30-045-35490 PENDING	M-SWSW-7-24N-9W	N/A	5d	N2S2 Sec 28 24N 9W (160 acres)	Bisti Lower Gallup/BMG**		Federal	N/A	Not Drilled	350			950	1215	
Escrito M27-2409 02H	30-045-35479 PENDING	M-SWSW-7-24N-9W	N/A	5e	S2S2 Sec 28 24N 9W (160 acres)	Bisti Lower Gallup/BMG**		Federal	N/A	Not Drilled	350			950	1215	
Escrito L17-2409 01H	30-045-35481 PENDING	L-NWSW-17-24N-9W	N/A	6a	N2S2 Sec 18 24N 9W (160 acres)	Bisti Lower-Gallup	NM16760	Federal	N/A	Not Drilled	350	1400	13%	950	1215	
Escrito L17-2409 02H	30-045-35488 PENDING	L-NWSW-17-24N-9W	N/A	6b	S2S2 Sec 18 24N 9W (160 acres)	Bisti Lower-Gallup		Federal	N/A	Not Drilled	350			950	1215	
Escrito L18-2409 01H	30-045-35486 PENDING	L-NWSW-18-24N-9W	N/A	7a	N2S2 Sec 13 24N 10W (160 acres)	Bisti Lower-Gallup		Federal	N/A	Not Drilled	350			950	1215	
Escrito L18-2409 02H	30-045-35489 PENDING	L-NWSW-18-24N-9W	N/A	7b	S2S2 Sec 13 24N 10W (160 acres)	Bisti Lower-Gallup		Federal	N/A	Not Drilled	350			950	1215	
Good Times L10-2309 01H	PENDING	L-NWSW-10-23N-9W	N/A	8a	S2 Sec 9 23N 9W (320 acres)	South Bisti-Gallup	NM0085	Federal	N/A	Not Drilled	350	1400	13%	950	1215	
Good Times L10-2309 02H	PENDING	L-NWSW-10-23N-9W	N/A	8b	S2 Sec 9 23N 9W (320 acres)	South Bisti-Gallup		Federal	N/A	Not Drilled	350			950	1215	
Good Times L10-2309 03H	PENDING	L-NWSW-10-23N-9W	N/A	8c	S2 Sec 9 23N 9W (320 acres)	South Bisti-Gallup		Federal	N/A	Not Drilled	350			950	1215	
Good Times L10-2309 04H	PENDING	L-NWSW-10-23N-9W	N/A	8d	S2 Sec 9 23N 9W (320 acres)	South Bisti-Gallup		Federal	N/A	Not Drilled	350			950	1215	
Escrito P16-2409 01H	30-045-35313	P-SESE-16-24N-9W	897775	2b	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	Completed	350	350	3%	950	1215	Current Status: Wells are currently drilled and completed

Attachment No. 1  
Encana Oil Gas (USA) Inc.  
Escrito Trunk #1 Gathering System Application  
San Juan County, New Mexico  
Amendment Dated July 16, 2014

1st Amendment for Escrito Trunk #1 Gathering System Dated July 16, 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/Day)	Projected Lease Gas Rate (Mcf/day)	Projected Gas %	*Projected Initial Gas Heating Value (Btu/scf) (through 1st ~6 Months)	Projected Gas Heating Value (Btu/scf)	Comments
Escrito D19-2409 01H	pending	D-NWNW-19-24N-9W	Pending	9a	N2 Sec 24 24N 10W (320 acres)	Basin Mancos	NM54983, NM62973	USA; USA	N/A	Not Drilled	350	700	6%	950	1215	<b>Current Status:</b> Future wells are contingent on success of initial wells  <b>Note:</b> Total rate is not expected to equal 3.85 MMcfpd due to wells being drilled/completed and coming online at different times.
Escrito D19-2409 02H	pending	D-NWNW-19-24N-9W	Pending	9b	N2 Sec 24 24N 10W (320 acres)	Basin Mancos		USA; USA	N/A	Not Drilled	350			950	1215	
Nageezi Unit L22-2409 01H	pending	L-NWSW-22-24N-9W	Pending (Unit Order)	10a	N2S2 Sec 21 24N 9W (160 acres)	Nageezi Unit	NM12374	USA	N/A	Not Drilled	350	700	6%	950	1215	
Nageezi Unit L22-2409 02H	pending	L-NWSW-22-24N-9W	Pending (Unit Order)	10b	S2S2 Sec 21 24N 9W (160 acres)	Nageezi Unit		USA	N/A	Not Drilled	350			950	1215	
Nageezi Unit L22-2409 03H	pending	L-NWSW-22-24N-9W	Pending	10c	Sec 27 24N 9W (transverse 640 acres)	Nageezi Unit	NM12374; AL211443	USA; Allottee	N/A	Not Drilled	350	350	3%	950	1215	
Good Times G24-2410 01H	pending	G-SWNE-24-24N-10W	N/A	11a	S2 Sec 24/N2 Sec 25 24N 9W (640)	Basin Mancos	SF-078860	Federal	N/A	Not Drilled	350	1400	13%	950	1215	
Good Times G24-2410 02H	pending	G-SWNE-24-24N-10W	N/A	11b	S2 Sec 24/N2 Sec 25 24N 9W (640)	Basin Mancos		Federal	N/A	Not Drilled	350			950	1215	
Good Times G24-2410 03H	pending	G-SWNE-24-24N-10W	N/A	11c	S2 Sec 24/N2 Sec 25 24N 9W (640)	Basin Mancos		Federal	N/A	Not Drilled	350			950	1215	
Good Times G24-2410 04H	pending	G-SWNE-24-24N-10W	N/A	11d	S2 Sec 24/N2 Sec 25 24N 9W (640)	Basin Mancos		Federal	N/A	Not Drilled	350			950	1215	
TOTALS												11200	100%			

\* To date, Encana has six (6) horizontal wells producing from the Bisti Lower Gallup Pool. Encana intends to drill and produce four (4) wells that will produce exclusively from the South Bisti Gallup pool; four (4) wells that will produce exclusively from the Bisti Lower Gallup Pool; six (6) wells that will produce exclusively from the Basin Mancos Pool; three (3) wells that will produce exclusively from the Nageezi Unit; and nine (9) 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.

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.