

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

CONFIDENTIAL

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

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.

SUBMIT IN TRIPLICATE - Other instructions on page 2.

| | | |
|--|---|--|
| 1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Serial No. NMNM 118128 |
| 2. Name of Operator Encana Oil & Gas (USA) Inc. | | 6. If Indian, Allottee or Tribe Name N/A |
| 3a. Address 370 17th Street, Suite 1700 Denver, CO 80202 | 3b. Phone No. (include area code) 720-876-5353 | 7. If Unit of CA/Agreement, Name and/or No. NMNM 131017X |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) SHL: Sec 27, T23N, R6W 990' FSL and 186' FWL BHL: Sec 35, T23N, R6W 324' FSL and 335' FWL | | 8. Well Name and No. Gallo Canyon Unit M27-2306 01H |
| | | 9. API Well No. 30-043-21179 |
| | | 10. Field and Pool or Exploratory Area Counselors Gallup/Dakota |
| | | 11. Country or Parish, State Sandoval |

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 <u>Flare Extension</u> |
| | <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 recompleate 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 recompleation 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.)

Encana Oil & Gas (USA) Inc. (Encana) completed the Gallo Canyon Unit M27-2306 01H on 02/17/14. Encana requests an exception from NTL 4A, III C gas flaring (gas test period of 30 days from well completion or 50 MMCF, whichever comes first) and requests an additional 30 days to flare the gas from this well. This extension is requested because this well was completed using a larger frac design which resulted in larger nitrogen and water volumes and additional time is needed to remove fluid off the formation and clean up the well and additional flaring would allow for a better understanding of the well's potential and the Lybrook area potential.

Encana estimates that an average of approximately 2 MMCF/d will be flared. The gas analysis is attached.

RCVD MAR 20 14
OIL CONS. DIV.
DIST. 3

Approved pursuant to
NTL4A, Part III C

| | |
|---|------------------------------|
| 14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) Amie Weis | Title Operations Engineer |
| Signature <i>Amie Weis</i> | Date 03/14/2014 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|---------------------------|------------------------|
| Approved by <i>[Signature]</i> | Title <i>Ret. Eng.</i> | Date <i>3/18/14</i> |
| 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)

Diablo Analytical BTU Report

Sample Information

| Sample Information | |
|------------------------|-------------------------------|
| Sample Name | GCU M27 01H |
| TAKEN BY: | RICK BAIRD |
| Method Name | RICKNGAH2S |
| Injection Date | 3/10/2014 2:10:00 PM |
| Report Date | 03/10/2014 02:13:44 PM |
| BTU Configuration File | hexanes plus.cfg |
| Data Source | Cerity data system connection |
| Instrument | G2801AGC - US10317001 |

Component Results

| Component Name | Ret. Time | Peak Area | Normalized Mole% | Heating Value (Btu / cu. ft.) | Molar Mass Ratio (G) | GPM (Gal. / 1000 cu. ft.) |
|------------------|-----------|-----------|------------------|-------------------------------|----------------------|---------------------------|
| Nitrogen | 0.478 | 341573 | 39.595 | 0.000 | 0.3830 | 4.3673 |
| Methane | 0.499 | 230551 | 37.634 | 380.980 | 0.2085 | 6.3964 |
| Carbon Dioxide | 0.647 | 1843 | 0.199 | 0.000 | 0.0030 | 0.0340 |
| Ethane | 0.730 | 94821 | 9.815 | 174.098 | 0.1019 | 2.6306 |
| Hydrogen Sulfide | 0.000 | 0 | 0.000 | 0.000 | 0.0000 | |
| Propane | 1.890 | 86901 | 7.990 | 201.497 | 0.1217 | 2.2060 |
| i-Butane | 0.308 | 33732 | 0.962 | 31.360 | 0.0193 | 0.3156 |
| n-Butane | 0.328 | 81213 | 2.334 | 76.314 | 0.0468 | 0.7378 |
| i-Pentane | 0.393 | 18689 | 0.509 | 20.420 | 0.0127 | 0.1869 |
| n-Pentane | 0.420 | 17990 | 0.469 | 18.824 | 0.0117 | 0.1702 |
| Hexanes Plus | 1.110 | 6682 | 0.494 | 25.412 | 0.0159 | 0.2150 |
| Total: | | | 100.000 | 928.905 | 0.9244 | 17.2597 |

Results Summary

| Result | Dry |
|---|---------|
| Total Unnormalized Mole% | 95.233 |
| Pressure Base (psia) | 14.730 |
| Gross Heating Value (Btu / Ideal cu. ft.) | 928.905 |
| Gross Heating Value (Btu / Real cu. ft.) | 931.524 |
| Real Relative Density | 0.92663 |
| Gas Compressibility (Z) Factor | 0.99719 |